

**Perceptions of Legitimacy amongst Members and Non-Members
of a Federated Network:
A Case Study of the
New Zealand Register of Exercise Professionals (REPs NZ)**

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Note: All tables and figures have been created by the researcher.

Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Full Name: John Douglas MacFarlane

Signed _____

Dated _____

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Firstly, I would to thank my academic supervisors, Sean Phelps and Nico Schlenker, for their keen assistance, guidance, and support throughout this research project. Without you both, I would be still wandering in the woods somewhere.

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Finally, and most of all, I would like to thank my family. Without your support and belief in me, I would never have found the time or commitment to complete such a task. Thank-you!

AUTEC Ethics Approval



MEMORANDUM

Auckland University of Technology Ethics Committee (AUTEC)

To: Sean Phelps
From: **Madeline Banda** Executive Secretary, AUTEC
Date: 28 May 2010
Subject: Ethics Application Number 10/67 **Perceptions of legitimacy between members and non-members of an affiliated network: a case study of the New Zealand Register of Exercise Professionals (RepsNZ)**

Dear Sean

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by a subcommittee of the Auckland University of Technology Ethics Committee (AUTEC) at their meeting on 22 April 2010 and that I have approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTEC's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTEC's meeting on 14 June 2010.

Your ethics application is approved for a period of three years until 27 May 2013.

I advise that as part of the ethics approval process, you are required to submit the following to AUTEC:

- A brief annual progress report using form EA2, which is available online through <http://www.aut.ac.nz/research/research-ethics>. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 27 May 2013;
- A brief report on the status of the project using form EA3, which is available online through <http://www.aut.ac.nz/research/research-ethics>. This report is to be submitted either when the approval expires on 27 May 2013 or on completion of the project, whichever comes sooner;

It is a condition of approval that AUTEC is notified of any adverse events or if the research does not commence. AUTEC approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are reminded that, as applicant, you are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

Please note that AUTEC grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this. Also, if your research is undertaken within a jurisdiction outside New Zealand, you will need to make the arrangements necessary to meet the legal and ethical requirements that apply within that jurisdiction.

When communicating with us about this application, we ask that you use the application number and study title to enable us to provide you with prompt service. Should you have any further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at ethics@aut.ac.nz or by telephone on 921 9999 at extension 8860.

On behalf of the AUTEC and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely

Madeline Banda
Executive Secretary
Auckland University of Technology Ethics Committee

Cc: John MacFarlane johmac87@aut.ac.nz, Nico Schulenkorf, AUTEC Faculty Representative, Business and Law

Dedications

For Sean and Michaela,

Thanks for putting up with Dad going back to school.

I love you both.

Abstract

Increased marketplace pressures have encouraged the strategic development of federated networks as a form of industry self-regulation. Globally, fitness industries have embraced self-regulation strategies over the last decade resulting in a proliferation industry-based registers that are supposed to facilitate legitimization and professionalism. Although some research has been undertaken in this area, most have observed fitness industry registers in relation to: political economic strategies, human resource management, and educational provision for the field. The perceptions of organisational managers, regarding affiliation or non-affiliation with a fitness industry register at the operational level, are decidedly absent in the literature.

This research explores the perceivable legitimating benefits that can be incurred through associating with a voluntary federated network. In particular, it attempts to identify how a selection of managers perceives their respective centres with a fitness industry register. A case study approach was utilised that involved a selection of 12 Auckland, New Zealand fitness centre managers and two representatives from the New Zealand Register of Exercise Professional (REPs NZ) and Fitness New Zealand. Following an interpretive mode of inquiry, data collection encompassed 14 semi-structured interviews and fitness centre participants were characterised as: (a) affiliated or non-affiliated, and, (b) for-profit or non-profit. The personal perceptions of these individuals were recorded in relation to three distinct but interrelated perspectives. Namely, organisational, network, and industry level perceptions. Conclusions for each perspective were derived from a thematic analysis. Perceptions of the federated network as a whole were subsequently derived from the amalgamation of the aforementioned perspectives.

Findings suggest that although participants are congruent with the concept of fitness industry regulation, perceptions of how it should be implemented are fragmented. There are also differences of opinions between the register and centre participants regarding REPs NZ promotion, its strategic direction, and its formal communication processes. Tensions between for-profit and non-profit affiliates appear absent and most multi-sector participants are generally

isomorphic. Nonetheless, tensions appear to exist between affiliated and non-affiliated participants regarding instances of observed free-riding, industry exclusions, and the type governance that is in place. Interestingly, the actual benefits experienced by affiliates at the organisational level are perceived as minimal. Organisational legitimacy enhancement is identified by participants as the most desired benefit, which underpins affiliation motivations. The perceived limitations are similar among both affiliates and non-affiliates: increased administrative complexity and costs.

Conclusions from this research identify that REPs NZ is still in a nascent stage of development. Research findings also lend further support that managers are both strategically and institutionally motivated to participate in a voluntary federation to acquire organisational legitimacy. Additionally, the fragmented perceptions of the field potentially stem from a lack of comprehension regarding the nature of REPs NZ and self-regulation. Nonetheless, adequate formal communication processes can contribute to reinforcing its institutional structure and comprehensiveness and therefore should be encouraged. Network legitimacy is also critical as it encourages field buy-in and REPs NZ dependencies which needs to include three critical components: network management legitimacy, affiliate legitimacy, and institutional structure. Future research on voluntary federations needs to identify what their affiliates perceive as important to build network legitimacy, and how this can be achieved that will provide substantive industry regulatory systems that is reciprocally beneficial for all its members.

Chapter 1: Introduction

1.1 Background to the Research

Increased public scrutiny, social expectation, and political pressure have imposed marketplace environments that are rife with operational unpredictability. A common cooperative strategy by many industries to ebb the stream of environmental pressure has been the development of industry funded regulatory systems (Gunningham & Rees, 1997; Lenox, 2006; Long & Driscoll, 2008; Provan, 1983). Referred to as *industry self-regulation*, it represents the voluntary actions of an industry to self-regulate devoid of any governmental involvement in the system (Campbell, 2006; Gupta & Lad, 1983; King & Lenox, 2000). The development of self-regulatory systems is particularly common when an industry's credibility is brought into question and subject to criticism (Ashby, Chuah, & Hoffmann, 2004; Gunningham & Rees, 1997). Consequently, self-regulatory bodies can prove to be a powerful legitimization tool for an organisational field (Christmann & Taylor, 2006; Lenox, 2006; Provan, 1983; Provan & Kenis, 2008).

What eventuates is a *voluntary federated network* of relatively autonomous organisations that belong to the same *organisational field* that is essentially coordinated through a central administrative body (Provan, 1983). The term, "organisational field" encompassing all the organisations and individuals that either belong to or service a particular industry or field (DiMaggio & Powell, 1983). The federation providing a legitimating function for its members by inflicting a form of network governance that is enforced through the establishment of industry-based standards and monitoring of their adherence (Gupta & Lad, 1983; Lenox, 2006; Long & Driscoll, 2008; Provan & Kenis, 2008). Consequently, strategic alignment with other organisations within an *organisational field* represents a common strategy to combat environmental adversity and uncertainty (Child, Faulkner, & Tallman, 2005; Gulati, 1998; Kraatz, 1998; Williams, 2005). The partnering of organisations in this manner is frequently referred to by the literature as *inter-organisational relationships* (IORs) (Babiak, 2007; Frisby, Thibault, & Kikulis, 2004; Oliver, 1990).

Despite the potential benefits, IORs can be exceedingly complex to coordinate and are marked with high failure rates (Barringer & Harrison, 2000; D'Aunno & Zuckerman, 1987; Erickson & Kushner, 1999). IORs are often boundary spanning arrangements that encompass multi-sector organisations, power imbalances, and interdependencies (Babiak, 2007; Dickson, Arnold, & Chalip, 2005; Frisby et al., 2004; Pfeffer & Salancik, 1978/2003; Thibault, Slack, & Hinings, 1993). Consequentially, larger IORs often require some form of governance to coordinate and manage a multiplicity of organisations to be successful. Federated networks can provide a particularly effective form of field coordination and congruence (Jones, Hesterly, & Borgatti, 1997; Provan & Kenis, 2008; Provan, Kenis, & Human, 2008; Provan & Milward, 2001).

Over the last decade, the fitness industry has embraced self-regulation through the development of industry-based registers. Registers are regulatory bodies that maintain a listing of an organisational field's members that are observed by the register as being professionally legitimate. Essentially a voluntary federated network (Provan, 1983) of previously independent non-profit and for-profit fitness centre organisations is enabled. Association with the register providing a legitimating function for its affiliates effected through the imposition of industry-based standards (Christmann & Taylor, 2006; Gupta & Ladd, 1983; Human & Provan, 2000). The effectiveness of industry self-regulation however are fragmented and generally observed as unknown (Gunningham & Rees, 1997; Porter & Ronit, 2006). Provan et al. (2008) also argued that despite the overwhelming consensus in the literature regarding the importance of legitimacy for the formation of IORs, little work has been done on the importance of network legitimacy. Research regarding fitness industry self-regulatory systems also appears to be decidedly absent from the literature.

1.2 Research Context: Fitness Industry Self-Regulation and Registers

The development of fitness industry registers has become an international phenomenon over the last decade. Countries such as Australia, Canada, New Zealand, South Africa, and the United Kingdom (UK) as well as many European Union countries maintain fitness industry registers. The registry system inflicts a form of industry compliance through the establishment of a federated network of fitness centre organisations and exercise professionals that are coordinated by

a central organisation, the fitness industry register. The development of international linkages with other fitness industry registers has resulted in larger organisational conglomerations such as the International Confederation of Register for Exercise Professionals (ICREPs) and the European Register of Exercise Professionals (EREPs).

Fitness industry registers exist to provide a legitimating function for the field by providing quality assurance to those it services as well as attempting to instil perceptions of professional practice with health and medical professionals. Exercise professionals are consequently required to meet these industry standards to be employed by the industry while fitness centres associate themselves with the register voluntarily pledging conformance to the expectations of the register. The register enforces its compliance through the establishment of industry-based standards that represent the normative behavioural expectations of the field's fitness centre organisations and exercise professionals. It is common for industry standards to be aligned with the industry's institutional beliefs, values and behaviours (Klijn & Koppenjan, 2006; Provan, 1983). Consequently, industry standards represent the minimal acceptable behaviour that will be socially tolerated by an industry (Gupta & Lad, 1983; Lenox, 2006; Long & Driscoll, 2008). The fact that these standards exist is what legitimises the register and the behaviour of its affiliated fitness centres (Richardson, 1985). Any behaviour below this standard suggests social irresponsibility (Campbell, 2006). Consequently, the field's members can claim that they are suitably qualified and that their behaviours are monitored by the register (Campbell, 2006; Christmann & Taylor, 2006; Oliver, 1990).

Occasionally, the decision to self-regulate a fitness industry has been governmentally driven to ensure the health and safety of the industry's clientele such as in South Africa (Sport and Recreation South Africa, 2010). Most fitness industry registers however are voluntary arrangements derived from the direct actions of the industry's trade association. Their existence is driven by concepts derived from political economic strategies and industry identity concerns. The motivations for fitness industry self-regulation fall into three distinct rationales: (a) political incentives to up-skill the nation's workforce, (b) to address poor reputation that has traditionally been associated with the fitness industry, and, (c) to encourage professionalisation of the field to allow access to and the

formation of stronger relationships with the health and medical sectors (Crone, Johnston, & Grant, 2004; Handcock & Jenkins, 2003; Lloyd, 2005a, 2005b, 2008; New Zealand Register of Exercise Professionals [REPs NZ], 2003; Viallon, Camy, & Collins, 2003). It is anticipated that the development and maintaining of an industry register will help to mollify these aforementioned concerns. Derived from similar rationales, in 2003 the New Zealand Register of Exercise Professionals (REPs NZ) was established by the New Zealand fitness industry's trade association Fitness New Zealand (Fitness NZ).

Background: REPs NZ and New Zealand fitness industry

The results from a 1999 New Zealand fitness industry survey undertaken by Fitness NZ had suggested that the industry had expressed some concern in relation to three significant issues (REPs NZ, 2003). Firstly, the survey had suggested that the industry's employers were confused over the array and varying level of relevant industry qualifications. The lack of industry level qualification was also having a negative effect on other industries observed the New Zealand fitness industry. The health and medical sectors for instance failed to indentify the potential benefits of utilising the fitness industry's exercise professionals and organisations. Secondly, this same confusion was serving to be problematic for those individuals wishing to identify suitable courses of study to gain sequential employment by the fitness industry. Thirdly, participants in the survey expressed concern regarding the number of unqualified individuals working in the New Zealand fitness industry and the potential reputational harm to the field that these individuals could incur. It was concluded by Fitness NZ that, the development of industry standards was its number one priority to counteract the aforementioned concerns (REPs NZ, 2003).

A further two-year consultation period with the industry was undertaken by Fitness NZ to determine the most favourable and appropriate manner to establish and implement relevant standards for the New Zealand fitness industry. Fitness NZ's consultation involved various industry related tertiary institutions, key industry individuals and fitness centres. Research of existing forms of industry regulation including fitness industry registers in Australia and the United Kingdom were also observed. A sequential proposal of the working registry model to the fitness industry had received considerable support with

Fitness NZ claiming that it had received nearly 90% of respondents supported the system. Fitness NZ's efforts to establish a set of industry standards had also coincided with the field's Industry Training Organisation (ITO) formally known as Sport Fitness and Recreation Industry Training Organisation (SFRITO). Now known as Skills Active, the ITO had indicated that the establishment of a industry register for the New Zealand fitness industry was a critical issue (REPs NZ, 2003).

Sequentially, REPs NZ was launched in 2003 as a joint venture with Skills Active and Fitness NZ with the trade association maintaining the major share of the register. Ownership of REPs NZ was divided into 10 "nil value" shares with Fitness NZ owning nine shares and Skills Active maintaining one share (REPs NZ, 2003). Fitness NZ is also a partial owner of Skills Active (Fitness New Zealand, 2006) being the ITO's majority shareholder (Skills Active, 2009). Regardless of ownership, REPs NZ has been established as a self-governed autonomous entity (REPs NZ, 2009a). In the mid-2008, Skills Active decided to relinquish its 10% holding of REPs NZ claiming that it was essential for the ITO to operate independently to ensure the quality and integrity of its qualifications were upheld. Nonetheless, Skills Active still retains a close partnership with both Fitness NZ and REPs NZ (REPs NZ, 2009a; Sport Fitness and Recreation Industry Training Organisation, 2008).

A representative from Fitness NZ affirmed that it is necessary for the close relationship between REPs NZ and Skills Active to remain in place as the ITO provides access to the National Qualifications Framework (NQF) (FNZ, personal communication, October 14, 2010). ITOs such as Skills Active are recognised by the New Zealand Qualifications Authority (NZQA) under the New Zealand Industry Training Act, 1992. This act enables ITOs the ability to facilitate industry level training and assessment to further develop labour force skills (New Zealand Qualifications Authority, 2009). REPs NZ standards were initially developed from the results of a Fitness NZ National Roadshow that visited approximately 150 New Zealand fitness centres throughout New Zealand. Feedback was recorded by the trade association regarding the type of qualifications and skills that these centres considered as essential employee requirements. The results from this Roadshow were sequentially aligned with the NQF by matching the identified requirements to industry unit standards as

set by Skills Active (FNZ, personal communication, October 14, 2010). The register's linkage with Skills Active also provided further validation of legitimacy for REPs NZ to develop, implement, and monitor its standards by maintaining an identifiable linkage with a governmentally recognised entity (REPs NZ, 2009a).

The fundamental strategy of REPs NZ is threefold. Firstly, industry-training providers apply to REPs NZ to have their courses accessed by the register for appropriateness and relevancy. Approved courses become recognised by REPs NZ as recommended industry entry level and/or ongoing educational courses. Secondly, REPs NZ maintains a register of exercise professionals working in the industry who have successfully completed one of the aforementioned courses. These individuals are required to adhere to the REPs NZ Code of Conduct and are required to attain an ongoing quota of Continuing Education Credits (CECs) which must be obtained every two years. Thirdly, fitness centres affiliate with the register to become a REPs NZ recognised facility. REPs NZ registered fitness facilities are required to adhere to the Fitness NZ Code of Ethics and to employ only REPs NZ registered exercise professionals. In return for their affiliation, REPs NZ recognised fitness centres receive access to the promotable quality mark (i.e. the REPs NZ logo) and contractual, informational and marketing materials (REPs NZ, 2009b; 2009c). Regardless of these strategies, it is important to note, that REPs NZ is a voluntary organisation. Industry training providers, exercise professionals, and fitness centres organisations voluntarily choose to associate themselves with the register rather than out of necessity derived from a form of mandated compliance.

During its inception in 2003, REPs NZ secured approximately 1200 of the New Zealand fitness industry's exercise professionals on its register (REP, personal communication, October 16, 2010). For the few years, the register's further growth was relatively inert (FNZ, personal communication, October 14, 2010). Today it maintains a much stronger presence in the industry by maintaining a register of approximately 2000 exercise professionals and 150 exercise facilities (MacDonald, 2009). According to REPs NZ's registrar Stephen Gacsai (as cited by MacDonald, 2009), "that's well more than 50 percent of the industry, serving between 60 percent and 70 percent of the consumer market" (p. 124).

Additionally, REPs NZ is also a member of the ICERPs, which also includes fitness industry registry bodies from Australia, Europe, and the United Kingdom among its members (International Confederation of registers for exercise Professionals, 2009). This relationship provides international credibility of the New Zealand registry system and instant recognition of local and international fitness industry qualifications in over thirty countries (REPs NZ, 2009c).

The register observes its future growth is aligned with assisting in the further professionalisation of the New Zealand fitness industry. Consequently, REPs NZ in collaboration with Fitness NZ are currently in the process of developing two higher levels of exercise professional registration. These new levels will recognise a minimum requirement of industry experience and the acquirement of higher levels of relevant educational qualifications. It is anticipated that the higher standards will help develop stronger relationships with the health and medical sectors subsequently facilitating working relationships and potential access to governmental health funding (FNZ, personal communication, October 14, 2010; REP, personal communication, October 16, 2010).

The establishment of REPs NZ offers an interesting opportunity to explore the implications of maintaining a register of industry professionals within a fitness industry in a New Zealand context. In a relatively short period, REPs NZ appears to have become institutionalised into the New Zealand fitness industry. It is intriguing when taking into consideration that affiliation with REPs NZ is voluntary yet at cost, the amount of support the register has received from the industry. It is also interesting that this has been achieved in the absence of any direct governmental support or involvement with either REPs NZ or Fitness NZ.

Although it has generally been recognised by the literature that there is a necessity for fitness industry registers to exist, determination of a favourable form of fitness industry regulation and its effectiveness have been fragmented (Crone et al., 2004; Handcock & Jenkins, 2003; Lloyd, 2005a, 2005b, 2008; Sekendiz, Kocak, & Korkusuz, 2009). Similar perceptions regarding affiliation with REPs NZ are common tacit knowledge in the industry and are commonly expressed themes among its members.

1.3 Purpose of the Research

The objective of this research is to determine the perceivable legitimating benefits that can be incurred by voluntarily affiliating with and participating in an industry-based federated network. More specifically, the interpretations, opinions, and insights (i.e. *perceptions of legitimacy*) by a selection of Auckland fitness centre managers regarding affiliation with an industry register (i.e. REPs NZ). It was anticipated that the research would provide some insight into the implications of maintaining a federated network of fitness centres that is comprised of multi-sector organisations. It was also anticipated that this research project would provide a broader spectrum of perceptions at the operational (i.e. the fitness centre) level regarding affiliation with a fitness industry register by examining the impressions of not just its affiliates, but its non-affiliates as well.

To achieve this objective, four research questions were formulated. These questions were designed to address four distinct but interrelated perspectives. It was hypothesised that, for perceptions of network legitimacy to be examined in its entirety, it is necessary to examine how research participants perceive the effects of network affiliation at three distinct levels. Consequently, the first three research questions address these differing perceptions at the organisational, network, and industry levels:

Q1: What are the perceived benefits and limitations by an organisational field's members regarding affiliation or non-affiliation with a voluntary federated network at an organisational level?

Q2: What is the perceived role of an industry register, its legitimating benefits, and the degree of conformance, by an organisational field's members regarding affiliation to a voluntary federated network at the network level?

Q3: What is the perceived role of an industry register and its legitimating benefits by an organisational field's members regarding affiliation with a voluntary federated network at the industry level?

Finally, the themes expressed in the previous three perspectives are amalgamated into an over-arching research question that attempts to determine the overall perceivable legitimating benefits of affiliating with an industry federation as a whole:

Q4: How do affiliates and non-affiliates evaluate network participation and the perceivable legitimate benefits that can be incurred through affiliation with a voluntary federated network?

1.4 Justification for the Research

Federated networks are a common form of inter-organisational governance in the sport and recreation field. Accordingly, sport federations can facilitate inter-organisational connections, cooperation, and collectiveness among separate competitor organisational entities (Dickson et al., 2005). Despite this commonality, study regarding the federated network in the sport and recreation context has been significantly limited (Ferkins & Shilbury, 2010; Leberman & Collins, 2006). The work of Dickson et al., Ferkins and Shilbury, and Phelps and Kent (2010) being among the few. Similarly, although fitness industry federations facilitated by the establishment of an industry registry body have become a regular occurrence globally, the degree of attention that these organisations have received by the inter-organisational literature has also been limited.

Nonetheless, there has been some work undertaken regarding fitness industry registers. For instance, some have focused their attention on the provision of service quality and human resource management by fitness centres (Chang & Chelladurai, 2003; Chelladurai & Chang, 2000; Lloyd, 2005a, 2008; Moxham & Wiseman, 2009). Others have examined the formation of industry fitness industry registers in relation to the development of professional practice and exercise referral systems (Crone et al., 2004; Handcock & Jenkins, 2003; Robinson, Graham, & Bauer, 2006; Sekendiz et al., 2009). Few authors have examined the implications of developing organisational field governance of the fitness industry from a regulative perspective (Lloyd, 2005b; Viallon et al., 2003). These latter studies however have tended to address issues derived from political economic strategies and the legitimating enhancement of the

industry. Additionally, most of these studies have ignored examination of the varying perceptions of organisational managers at the operational level. The various works of Lloyd, who examined the impact of fitness industry registers from the perspective of human resource management, being among the few exceptions.

Overall, the perceptions of fitness industry organisations regarding affiliation or non-affiliation with a fitness industry register as an industry regulatory body appear to have been overlooked. Attempting to fill the gaps in such research and practice, this study does not only observe the perceptions of a sport and recreation federation's members, as in previous governance studies (Babiak, 2007; Frisby et al., 2004; Shaw & Allen, 2006; Thibault & Harvey, 1997), but also examines the perceptions of those who choose not to associate with an industry federation.

1.5 Overview of Research Design

The *interpretive* paradigm was employed for this research project. The primary focus of this research was to determine and understand the perceptions of research participants regarding the socially constructed realities which they inhabit (refer section 3.2). The qualitative methods involved a multiple-case study approach that included 14 semi-structured interviews with an equal representation of for-profit and non-profit fitness organisations located in Auckland, New Zealand. Research participants were comprised of 12 individuals from 11 differing fitness centre chains or independent centres and two separate interviews were undertaken with differing individuals from Fitness NZ and REPs NZ respectively (refer section 3.6.2).

The *inductive analysis* of data involved the thematic analysis of research participants' responses (refer section 3.7). These themes were then categorised into three differing but interrelated research perspectives. Specifically, these perspectives are, organisational, network, and, industry level perspectives. Conclusions were drawn from the findings from each of these perspectives. Further thematic analysis involved allocation of these themes into a proposed conceptual model development by the researcher (refer Figure 1, section 2.6) adapted from the work of Human and Provan (2000) regarding network

legitimacy. Additional conclusions were drawn by the researcher regarding the perceived legitimacy of the federation as a whole from the organisational (i.e. the affiliate or non-affiliate) level.

1.6 Outline of this Thesis

This section outlines the remaining content of this thesis. A review of the literature is undertaken in Chapter 2, which discusses concepts in relation to organisational legitimacy, federations and network governance, network legitimacy, and industry self-regulation. Chapter 3 outlines the methods undertaken in this research project including the research philosophy, approach and methods of data analysis. Chapter 4 details the findings from the interviews conducted with the research participants. Chapter 5 discusses the findings at the organisational, network, and industry level perspectives. Finally, overall conclusions regarding perceivably legitimating benefits of affiliating with a voluntary federated network as a whole are presented in Chapter 6.

1.7 Key Concepts and Definitions

There are three key concepts that need to be preliminarily defined: organisational legitimacy, networks and federations, and, industry self-regulation. *Organisational legitimacy* is a socially constructed perception that is derived from the interpretations of organisational behaviours within the social context (Pfeffer & Salancik, 1978/2003; Suchman, 1995). A desirable degree of organisational legitimacy is not only critical for proving organisational credibility to acquire valuable resources from their environments, but also to reduce the amount of criticism that the organisation will experience (refer section 2.2.1). The desire for organisations to acquire a favourable degree of organisational legitimacy can be a primary motivation for organisational change and participation in IORs (Oliver, 1990; Suchman, 1995).

IORs are frequently observed by the literature as the voluntary strategic actions that involve two or more organisations that work together to achieve a common beneficial purpose or goal (Babiak, 2007; Frisby et al., 2004; Oliver, 1990). There are many types of organisational types and distinctions (see section 2.3). To add further confusion, some authors have also commented that the vast variety of IOR distinctions generally refer to the same thing (Barringer &

Harrison, 2000; Gulati, 1998; Leberman & Collins, 2006; Provan, Fish, & Sydow, 2007). Regardless, this research will focus its attention on a type of IOR referred to as the *inter-organisational network*, or rather, *networks* (Child et al., 2005; Gulati, 1998; Jones et al., 1997; Kraatz, 1998; Provan et al., 2008; Provan & Milward, 1991, 2001; Williams, 2005). Provan and Kenis (2008) defined networks as, “Groups of three or more legally autonomous organizations that work together to achieve not only their own goals but also a collective goal” (p. 231). A particular variant of the network that provides an effective function is of particular importance for this research, the *federated network* or *federation* (see section 2.3.3). Essentially federations are networks of organisations that maintain a central administrative organisation that coordinates and oversees network members (D'Aunno & Zuckerman, 1987; Dickson et al., 2005; Provan, 1983; Provan & Kenis, 2008; Provan et al., 2008). To avoid confusion throughout this thesis, it is important to note that the term “network” is used generally to represent the type of organisational grouping relevant to this study. Additionally, the terms “federated network” and “federation” are used synonymously to represent a centrally governed form of the network.

Additionally, the form of governance referred to throughout this thesis is *industry self-regulation*. Industry self-regulation denotes the processes of an industry regulating itself, which is contrary to governmental regulation of an industry (Gunningham & Rees, 1997; Gupta & Lad, 1983). In some instances motivations for an industry to self-regulate is observed as a natural deterrent for governmental agencies to become involved in an industry (see section 2.5). Usually established by an industry's trade association, self-regulation of an industry enforces a voluntary compliance of its members through the establishment of industry standards (Christmann & Taylor, 2006; Gupta & Lad, 1983; Provan, 1983; Viallon et al., 2003). Although these three concepts have been briefly discussed above, more in-depth definitions and explanations are presented in Chapter 2.

1.8 Delimitations of Scope and Key Assumptions

A proportionate number of research participants characterised by the sampling framework were identified for this research project (see section 3.6.2). This was

intentionally undertaken to acquire information-rich data relevant for each participant category rather than provide statistically proportioned findings that support REPs NZ market share. Additionally, research participants were further categorised by commonly shared distinct organisational features. As the New Zealand fitness industry is compiled of a diverse number of organisational types and structures, it is possible that the findings from this study are specific to this organisational type.

The researcher also acknowledges that due to the sample size and singular geographical location of where research participants reside (i.e. Auckland, New Zealand) that the findings of this research may be limited to those who participated. Consequently, the findings from this research might be specific to the socially constructed environment which they reside in, rather than instilling potential transferability of these findings to other social settings (Denzin, 1971; Glesne, 1999; Golden-Biddle & Locke, 1993). Instead, research findings may be carefully transferred to inform other projects and networks in similar settings, rather than suggest a general criterion for multiply situations.

The researcher also recognises that the quality of the research's findings is dependent on the voluntary contribution of the personal perceptions by individuals. Wherever possible, some important accounts were validated by the researcher with available secondary data. However, the degree of readily available secondary data regarding the New Zealand fitness is limited. Therefore, there is an assumption that the personal reflections of these individuals are reflective of the fitness organisations that they belong too. Additionally, the research findings were reliant on these participants in providing truthful responses. For instance, some research participants may have been reserved or exaggerated either in their responses to prove a point or out of loyalty to their respective organisation or REPs NZ.

1.9 Summary

This chapter has outlined the background and rationale for this research to be undertaken. The aim of this research project is to attempt to determine the perceivable legitimating benefits that can be incurred by voluntarily affiliating with, and participating in, an industry-based federation. Its objective is to not

only identify the perceptions of REPs NZ affiliated organisations, but non-affiliated organisations as well. The setting for this research is a selection of New Zealand fitness centre organisations located in the greater Auckland area and representatives from REPs NZ and Fitness NZ. Research questions have been designed to provide a full perspective of how these individuals perceive and rationalise affiliation or non-affiliation with a federated network. Concepts of, organisational legitimacy, federation networks, and industry self-regulation guide this research and are discussed in more detail in the next chapter.

Chapter 2: Review of the Literature

2.1 Introduction

This chapter reviews several key theoretical perspectives from the IOR literature. Firstly, the theoretical constructs of organisational legitimacy and its underpinning concepts of institutional and strategic choice perspectives are discussed. Then themes regarding networks and federated networks are presented. Discussion in this area also includes networks as a form of governance and identification of what motivates organisations to participate in such arrangements. Subsequently, Human and Provan's (2000) framework which explains the importance of the multilateral concept of network legitimacy is then presented. Finally, concepts in relation to field legitimacy that can be acquired through self-regulation of an industry by a federated network are reviewed. The above areas have been identified as appropriate as they provide the necessary lens to observe this research's underlying intricacies.

2.2 Theoretical Constructs

2.2.1 Perceptions of organisational legitimacy.

Organisational legitimacy is considered critical for the establishment of a new organisation and its continued successful economic viability and sustainability. Organisations that maintain a favourable degree of legitimacy can prove their credibility to a field's suppliers to acquire vital resources (Pfeffer & Salancik, 1978/2003; Suchman, 1995; Tornikoski & Newbert, 2007; Zimmerman & Zeitz, 2002). Perceivably legitimate organisations are also less likely to face challenge and criticism for their behaviours by their respective constituents (Pfeffer & Salancik, 1978/2003; Suchman, 1995). Ashforth and Gibbs (1990) argued that, the less legitimate a focal organisation is perceived by its constituents, the greater its need to improve its legitimacy standing with its interested parties. Often the need to acquire legitimacy can be a key motivational determinate for organisational change as perceivably legitimate organisations are endowed with environmental stability, and comprehensibility of organisational behaviour and existence (Oliver, 1990; Pfeffer & Salancik, 1978/2003; Suchman, 1995).

Fundamentally, organisations are responsible for a diverse number of interested parties which Suchman (1995) referred to as constituents. An organisation's credibility is therefore determined by the appropriateness and comprehensibility of its behaviour as scrutinised by its constituents (Oliver, 1990; Suchman, 1995). Organisations are monitored by their respective constituents who exert social pressures to ensure that the organisation behaves accordingly (Campbell, 2006; Dacin, Oliver, & Roy, 2007; Deephouse & Carter, 2005; DiMaggio & Powell, 1983). The more desirable and comprehensible organisational behaviours are perceived by constituents, the greater the degree of perceived legitimacy that is bestowed to the organisation. Organisational legitimacy is not naturally possessed, but rather something that is conferred and controlled by those other than the organisation itself (Pfeffer & Salancik, 1978/2003; Suchman, 1995).

In other words, organisational legitimacy is a socially constructed perception. It is derived from the consequence of constituent decisions regarding the interpretations of organisational actions within its social context. As Suchman (1995) affirmed, legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, beliefs, and definitions" (p. 574). How an organisation is perceived by its constituents, and how they will react towards the organisation, is largely dependent on the degree of legitimacy that an organisation possesses. Organisations that exhibit behaviours that are observed as outside the existing societal norm are sequentially challenged by its constituents as *illegitimate* (Pfeffer & Salancik, 1978/2003; Suchman, 1995). Legitimacy can therefore be observed as a form of social control where organisations must adhere to the societal rules of constituents to be taken seriously (Kumar & Das, 2007; Long & Driscoll, 2008).

There is a necessity for organisations to ensure that its structures and procedures are perceived favourably by its constituents (Human & Provan, 2000; Kumar & Das, 2007; Provan et al., 2008). Even though, the establishment and maintenance of organisational legitimacy can be problematic. Organisational managers are faced with the predicament of finding congruence among the diverse and conflicting needs and expectations of its differing social groups of constituents (Ashforth & Gibbs, 1990; Brown, 2005; Ferkins &

Shilbury, 2010; Pfeffer & Salancik, 1978/2003). Consequently, organisational legitimacy can be contradictory, perceived by some as legitimate whereas by others, illegitimate (Suchman, 1995).

Organisational legitimacy is dependent on the collective observations of an organisation's constituents rather than those of any particular societal group or individual (Suchman, 1995). Accordingly, constituent groups can be observed as two distinct forms: (a) *internal constituents*, those that an organisation is responsible for; and, (b) *external constituents*, representing the larger societal environment of those outside the organisation (Child, 1997; Pfeffer & Salancik, 1978/2003; Suchman, 1995). Each constituent group provides a different legitimating function, referred to by Kumar and Das (2007) as, *internal legitimacy*, and, *external legitimacy*. Organisations are not generally weighed against any singular particular action or occurrence, but rather against a history of past performances (Zimmerman & Zeitz, 2002). Legitimacy can therefore be observed as a social justification of an organisation's historical existence and behaviour as congruent with the current societal values (Kumar & Das, 2007; Pfeffer & Salancik, 1978/2003; Suchman, 1995). Nonetheless, it is important to note that what is considered legitimate by differing social actors can vary over time (Barley & Tolbert, 1997; Kikulis, 2000; Long & Driscoll, 2008). Organisational managers need to be aware of what constituents currently perceive as legitimate when instigating strategic measures to align the organisation with societal expectations. Occasionally, such strategic initiatives can be delegitimising as these actions are still scrutinised by the same cynical constituents (Ashforth & Gibbs, 1990; Pfeffer & Salancik, 1978/2003; Richardson, 1985; Suchman, 1995).

Despite the necessity for organisations to achieve social congruence, some organisations however do not need to be perceived legitimate by a large social audience to attain sustainability (Pfeffer & Salancik, 1978/2003). Occasionally, organisations may even depart from the accepted societal norms and are perceived as unique, rather than illegitimate (Suchman, 1995). In such instances, legitimacy can be observed by organisational managers as a resource that can be strategically extracted from the environment (Ashforth & Gibbs, 1990; Long & Driscoll, 2008; Pfeffer & Salancik, 1978/2003; Suchman, 1995; Zimmerman & Zeitz, 2002). Often, organisational managers will target

and actively seek support from other favourably legitimate organisations or specific groups of constituents to acquire legitimacy through association (Oliver, 1990; Pfeffer & Salancik, 1978/2003; Suchman, 1995).

According to Suchman (1995), there are three primary forms of legitimacy: (a) *pragmatic*, (b) *moral*, and, (c) *cognitive legitimacies*. Each legitimacy form is characterised by its distinct behavioural dynamic varying from self-interested motivations to enforced and implied compliance, which can be evident in larger contexts. Understanding that three legitimacy forms exist can help identify and explain the differing and interrelated rationales for legitimating behaviour by organisations. It is important to note that although these three forms are characterised as distinct, each is still a socially constructed perception (Suchman, 1995). These three forms of legitimacy will now be discussed in more detail.

Pragmatic legitimacy.

Pragmatic legitimacy is derived from the value judgements of various groups of constituents regarding the personal benefits that can be obtained from an organisation (Long & Driscoll, 2008; Suchman, 1995). According to Suchman, the degree of pragmatic legitimacy that can be incurred by an organisation is dependent on calculations of perceivable value or benefits the organisation confers to its constituents. Such self-interested evaluations usually involve the direct interaction between the organisation and its respective constituents. Although pragmatic evaluations can also be made, when an organisation can be observed as attempting to adhere to prevailing political, economic, or social expectations, that directly affect its constituents (Suchman, 1995).

Pragmatically legitimate organisations are the product of the self-interested calculations by various groups of constituents. Accordingly, Suchman (1995) explained that pragmatic calculations are determined via three modes of evaluation regarding existing organisational policy, the organisation's responsive behaviour to certain issues of interest, and its perceivable empathic behaviour towards its constituents. In some instances, constituents may become involved in the development of organisational policy to ensure to that the organisation behaves accordingly (Suchman, 1995).

Some authors have also referred to pragmatic legitimacy as strategic legitimacy emphasising the managerial focus of this approach (Long & Driscoll, 2008; Tornikoski & Newbert, 2007; Zimmerman & Zeitz, 2002). More specifically, organisations can strategically achieve legitimacy by exhibiting behaviours that suggest conformity to society's established rules and regulations. Prior to such actions though, the costs of conformance and non-conformance are calculated by organisational managers (Deephouse & Carter, 2005; Long & Driscoll, 2008). Strategic legitimisation initiatives are therefore the rationalised behaviours of managers to justify and gain support for their organisations to acquire resources from the environment (Long & Driscoll, 2008).

Moral legitimacy.

Moral legitimacy refers to the favourable perceptions of organisational activities within the larger social context (Suchman, 1995). Essentially, those organisations that are observed by their constituents as maintaining and conducting their business in congruence with the institutionalised social values and expectations are perceived as legitimate (Deephouse & Carter, 2005; Long & Driscoll, 2008; Suchman, 1995). Suchman however suggested that organisational managers will attempt to acquire moral legitimacy by strategically making "self-serving claims of moral propriety and buttress these claims with hollow gestures" (p. 579). Nevertheless, such claims of organisational morality by managers can be futile as constituents still base their decisions on the field's socially constructed social beliefs and value systems. Consequentially, the manipulation of constituent moral concerns by organisational managers can be difficult (Suchman, 1995).

Moral legitimacy evaluations by constituents are derived from three instances (Suchman, 1995). Firstly, organisations are judged on what they have accomplished. The criteria to make these evaluations are defined within the societal context. Secondly, organisations can garner a degree of moral legitimacy by espousing socially accepted professional practices and procedures. This form of moral legitimisation is particularly important in professional practices. Finally, organisations can be observed as being morally legitimate by imitating the structures and behaviours of other organisations within the field that are already perceived as morally legitimate. Through

adoption of these structures and behaviours, a focal organisation can also be perceived as morally legitimate (Suchman, 1995). Underpinning the concept of moral legitimacy is the notion that organisations are ethically obligated to their constituents to behave socially acceptable (Long & Driscoll, 2008). Organisations are weighed against the institutionalised social expectations of its constituents of how organisations should ethically behave (Kumar & Das, 2007).

Cognitive legitimacy.

Cognitive legitimacy refers to legitimacy that is based on the cognitions of constituents, rather than self-interested or socially constructed evaluations (Suchman, 1995). Constituent evaluations are based on perceptions of organisational comprehensibility and congruency of behaviour with other organisations within the field (Deephouse & Carter, 2005; Long & Driscoll, 2008; Suchman, 1995). In the first instance, Suchman claimed that organisational comprehensibility could be achieved through the adoption of the organisational field's institutionalised models of behaviour. Through the adoption of proven models, organisational behaviour becomes predictable and infused with meaning. In the second instance, institutional environments provide predictability by constraining organisations to behaviour in a desirable manner (1995). These normative expectations providing a form of social control over organisational behaviour (Barley & Tolbert, 1997; Campbell, 2006; DiMaggio & Powell, 1983) as these institutionalised behaviours become unquestioned and taken-for-granted (Kikulis, 2000; Klijn & Koppenjan, 2006).

Those organisations that are historically institutionalised within a field can have considerable influence over other organisations. Their perceivably legitimate organisational functioning providing adequate pressure for the development of the field's normative expectations, which in turn bestow these organisations their degree of influence over a field (Barringer & Harrison, 2000; Klijn & Koppenjan, 2006; Provan et al., 2007; Suchman, 1995). Suchman referred to *taken-for-grantedness* as the "most subtle and powerful source of legitimacy" (p. 583). Essentially, any organisational behaviour that is considered contrary to the field's normative behaviours are perceived as inconceivable and delegitimising (Suchman, 1995). Cognitive legitimacy is therefore achieved by

an organisation's visible adoption of the field's normative behaviours (Long & Driscoll, 2008; Zimmerman & Zeitz, 2002).

In sum, organisational legitimacy can be achieved through the conformance and adherence to normative expectations and behaviours of the organisational field (DiMaggio & Powell, 1983; Kikulis, 2000; Klijn & Koppenjan, 2006; Oliver, 1991). It is also apparent that organisational managers can proactively incur legitimacy through strategic initiatives (Ashforth & Gibbs, 1990; Child, 1997; Pfeffer & Salancik, 1978/2003; Provan et al., 2008; Stevens & Slack, 1998; Tornikoski & Newbert, 2007). Accordingly, organisational legitimacy studies are generally divided into two schools of thought, *institutional* and *strategic choice*. Accordingly, institutional theory suggests that organisational managers experience pressure to ensure that their respective organisations behave in a socially acceptable and predictable manner. Meanwhile strategic choice theory suggests that managers can incur organisational legitimacy through strategic legitimating strategies. Some authors have argued that the concept of organisational legitimacy can be observed as having both an institutional and strategic function (Dacin et al., 2007; Oliver, 1991; Suchman, 1995; Zimmerman & Zeitz, 2002). Both perspectives are considered relevant for organisational legitimacy study. Concepts relating to institutional theory and strategic choice are discussed in the next two sections.

2.2.2 Institutional theory.

Organisational legitimacy is considered the central component that underpins institutional theory (Deephouse, 1996; Oliver, 1990; Suchman, 1995). For example, Long and Driscoll (2008) argued, "Legitimacy is the natural by-product of institutionalism, because to deviate from institutional norms is perceived as synonymous with deviating from the reality of the social world" (p. 176). Institutional environments compel organisations to conform to the prevailing social norms to be perceived as legitimate (Barringer & Harrison, 2000; DiMaggio & Powell, 1983; Long & Driscoll, 2008). Organisational fields are highly institutionalised environments (Child, 1997).

For instance, Deephouse's (1996) study involving Minneapolis-Saint Paul (USA) metropolitan banks suggested that those organisations that conformed to

normative strategies were perceived by external constituents (i.e. the media and government regulators) as more legitimate than those organisations that did not. Favourable perceptions of legitimacy consequently allowed some banks to use these third parties as a resource to enhance their organisational legitimacy. Meanwhile, those organisations that tried to be innovative were considered unique and boundary spanning sequentially experiencing constituent challenges regarding the acceptability and credibility of their actions (Deephouse, 1996).

Institutional theory suggests that organisational fields are socially constructed environments that are characterised by the existence of institutionalised social values, beliefs and taken-for-grantedness that constrain individualistic behaviour (Barley & Tolbert, 1997; Coakley, Hallinan, Jackson, & Mewett, 2009). Fundamentally, institutions are derived from the historical accreditations of perceivably legitimate behaviours that through their repetitive re-enactment have become taken-for-granted. Predictability in this manner instils environmental stability by providing a effective but cost and time efficient means of negating operational uncertainty (Barley & Tolbert, 1997; Kikulis, 2000). Institutions therefore form the social infrastructure for collective behaviour thus providing behavioural predictability (Klijn & Koppenjan, 2006). Institutions determine how those belonging to an organisational field behave by providing a form of unquestioned behavioural control (Barley & Tolbert, 1997; Kikulis, 2000; Oliver, 1991).

The need for organisations to acquire legitimacy can be a particularly powerful force (DiMaggio & Powell, 1983; O'Brien & Slack, 2004). Organisations however cannot automatically glean legitimacy from their institutional environments. Instead, institutionalised environments depict how an organisation is structured, behaves and is evaluated and understood by others within the organisational field (Suchman, 1995). Institutions provide the template for which constituents measure the legitimacy of organisational behaviour by setting the boundaries of what is considered acceptable and what is not (Barley & Tolbert, 1997; Deephouse, 1996). Organisations therefore attempt to exhibit behaviour that suggest institutional conformance to the socially accepted rules and normative expectations and behaviours of their professional environments (Barringer & Harrison, 2000; Long & Driscoll, 2008).

Despite the potential benefits for developing institutions, such structures can also have negative connotations for its respective members. For instance, organisational attempts to be innovative run the risk of its legitimacy being scrutinised by institutional members (Barley & Tolbert, 1997; Deephouse, 1996; Kikulis, 2000). Additionally, any pre-existing power imbalances also run the risk of becoming part of a new institutional structure (Klijn & Koppenjan, 2006). Interestingly, Pfeffer and Salancik (1978/2003) argued that institutionalisation of power can actually be an intentional action by those organisations who already have power within an organisational field. The establishment of formal structures and policies assuring the future stability and sustainment of these power imbalances consequently allowing some organisations to have considerable influence over the institution's strategic direction, resources and information flow (Pfeffer & Salancik, 1978/2003).

Although institutions can be observed as inflexible organisational structures that control and inhibit the individual behaviours of its members, it is important to recognise the role that human agents external and internal to the institution play in the processes of institutionalisation. For instance, human agents play an active role in the determination of normative expectations and behaviours, which define institutional boundaries (Barley & Tolbert, 1997; Kikulis, 2000; Klijn & Koppenjan, 2006). Once institutionalised, these normative actions become separated from those human agents who created them. Subsequently these human agents are further shaped and constrained by the same ideas and values, behaviours, and beliefs that they had previously created (Child, 1997; Kikulis, 2000). Nonetheless, for institutional processes to exist, the normative expectations and behaviours must first be perceived as legitimate by the institution's members (Barley & Tolbert, 1997; DiMaggio & Powell, 1983; Klijn & Koppenjan, 2006). Consequently, existing institutional practices and principles can become the subject of delegitimising internal and external constituent challenges. Such challenges are derived from: notions of changing political and societal values; shifts in the effectiveness of organisational functioning; and constituent comparisons with other more successful institutional models in the marketplace (Kikulis, 2000; Oliver, 1991).

In this light, institutions are not dormant structures but instead dynamic entities that are the net result of an ongoing process of adoption, modification and

reproduction of institutional norms. Institutional boundaries can therefore be either eliminated or modified if human agents desire (Barley & Tolbert, 1997; DiMaggio & Powell, 1983; Kikulis, 2000; Oliver, 1991). Changes in longer standing institutional structures are usually met with resistance by some members as such changes not only affect the institution's formal structure but also the institutionalised culture that underpins it (Kikulis, 2000; Klijn & Koppenjan, 2006).

Furthermore, some authors have suggested that institutional theory is complementary with *structuration* (Barley & Tolbert, 1997; DiMaggio & Powell, 1983; Kikulis, 2000). For instance, institutional theory explains how and why organisations conform to the historically embedded norms of the field, whereas structuration recognises that institutions are dynamic structures that are constant processes of adaptation and re-modification by human agents. Still in this vein, some proponents of institutional theory have suggested that institutionalisation and structuration are synonymous concepts (Barley & Tolbert, 1997; Kikulis, 2000). Fundamentally, both theories can help explain how institutions are created, maintained, and changed through the actions of human agents (Barley & Tolbert, 1997; DiMaggio & Powell, 1983). As Klijn and Koppenjan (2006) suggested, institutional structures are imperfect and are subject to adaptation and change. It is still important to note that institutional designs are a historical process that can only be observed over a period of time (Barley & Tolbert, 1997; DiMaggio & Powell, 1983; Kikulis, 2000; Klijn & Koppenjan, 2006).

Institutional theory therefore posits that organisational change is not a proactive process, but is rather a reactive method to concede to institutional pressures derived from social accepted norms, values and beliefs of the organisational field (DiMaggio & Powell, 1983; Pfeffer & Salancik, 1978/2003; Suchman, 1995). Organisational change is consequently an organisation's reactive response to environmental pressure to be seen as legitimate by its constituents (Suchman, 1995). It is a consequence of an organisation's need to be observed by its constituents as legitimate and of value (Kikulis, 2000).

Thus, organisations exist in environments that are fraught with institutional pressures that not only constrain their behaviour, but also determine how these

organisations are structured, and maintained to be perceived by their constituents as being legitimate. Those organisations that choose not to conform to the prevailing normative behaviours by trying to be innovative are usually perceived as unique and illegitimate entities hindering sustainability and performance. Nascent institutions for instance are particularly susceptible to legitimacy challenges and sequential institutional pressure to change (Barley & Tolbert, 1997). Institutional pressure therefore provides the necessary motivations for organisations to change to be perceived by constituents as legitimate. It is common for organisations that belong to a given field to be visibly homogenous, resembling each other structurally, behaviourally and culturally (Deephouse & Carter, 2005; DiMaggio & Powell, 1983; Kikulis, 2000; Kraatz, 1998).

Referred to as *institutional isomorphism* (1983), it is common for the members of an organisational field to experience pressures to adopt or voluntarily mimic the structures and behaviours of other perceivably more legitimate organisations within a field. It is a constraining force, which encourages field homogeneity and usually derives from desires of organisational power and institutional legitimacy. Essentially organisations are subject to field *isomorphic pressures* to visibly become and behave institutionally similar (DiMaggio & Powell, 1983).

According to DiMaggio and Powell (1983), there are three distinct forms of isomorphic pressure: (a) *coercive* (b) *mimetic* and, (c) *normative*. *Coercive isomorphism* refers to an organisational need to be perceived legitimate, as a consequence of pressure that is usually political in nature. Sources of coercive pressures can be either formal or informal and are normally exerted by a larger more powerful organisation such as resource suppliers, industry regulatory bodies, and/or government agencies. *Mimetic isomorphism* refers to the mimicking of the structures and actions of other organisations to facilitate “standardised responses to uncertainty” (DiMaggio & Powell, 1983, p. 150). Accordingly, organisational modelling usually involves the imitation of a field’s more perceivably legitimate and successful organisations. The imitation of proven existing models can provide a focal organisation a cost and time efficient means of achieving environmental predictability. Finally, *normative isomorphism* refers to the pressures that are derived from the professionalisation of a field

and the specialisation of those individuals it employs. Therefore, organisational change is observed as being normative and stem primarily from the concept of professionalisation (DiMaggio & Powell, 1983).

Institutional isomorphism is particularly prevalent in instances of environmental uncertainty and in highly competitive marketplaces. Where competitive pressures encourage less rational actions of mimicking driven by organisational fears of being left behind their competitors (DiMaggio & Powell, 1983; Kraatz, 1998). Accordingly, institutional isomorphism therefore does not necessarily contribute to organisational effectiveness (Long & Driscoll, 2008; O'Brien & Slack, 2004). Rather homogeneous organisations are comprehensible and observed by constituents as legitimate entities (Barringer & Harrison, 2000; Deephouse, 1996; DiMaggio & Powell, 1983; Suchman, 1995). The significance of isomorphic pressures on a organisational can be seen in a case study undertaken by O'Brien and Slack (2004) that involved the English Rugby Football Union's (RFU) struggle, with the institutional shift from amateurism to professionalism in 1995.

Initially, an environment of uncertainty existed, as most RFU members were uncertain of how to structure and maintain a professional sports club. The strategic initiatives of a few new entrants to the field wishing to capitalise on its professionalisation quickly exhibited organisational behaviours and structures of other professional sport leagues. What resulted was unrestrained organisational mimicking and prolonged financial crisis as the field's existing clubs acted out of fear of being left behind. The innovations of a few key clubs legitimised their adoption, encouraging their mimetic adoption by other clubs. Overtime, through their repeated adoption, these innovations became further legitimised and sequentially institutionalised as normative actions resulting in the deinstitutionalising of the fields dominant amateur logic (O'Brien & Slack, 2004).

An institutional perspective identifies a normative influence that pressures organisations to conform and adopt institutional accepted norms of structure and behaviour and explains the processes of inter-organisational diffusion of innovations (Kraatz, 1998; O'Brien & Slack, 2004; Provan & Milward, 1991). If such instances are relevant to the New Zealand fitness industry, it is unknown; specifically, do the innovative actions of some of the organisational field's

larger, ostensibly legitimate fitness centres to associate with REPs NZ facilitate grounds to legitimise affiliate and subsequent isomorphic pressures? O'Brien and Slack's case study does however did illustrate the extreme lengths that organisations will go to be perceived as legitimate. Regardless of the substantial financial loss that was being experienced by the field's organisations, the competitive isomorphic pressures that existed were so strong that clubs continued to mimic the actions of others with financial abandonment (O'Brien & Slack, 2004).

Some authors however have argued that the institutional perspective is limited in that it ignores the strategic decisions of managers to proactively change an organisation's institutional environment (Child, 1997; Suchman, 1995). After all, institutional structures are still subject to the strategic choices made by organisational managers and industry regulatory bodies (2006). Accordingly, this review of the literature will now look at the implications of the strategic choice construct regarding the study of organisations.

2.2.3 Strategic choice perspective.

Where institutional theory posits that organisations are the product of their own environments, *strategic choice* suggests that managers proactively determine their respective organisations operational environment. Although managers remain subject to institutional pressures that constrain organisational behaviour, these same human agents can still take steps to alter and modify this environment to allow future strategic initiatives (Child, 1997). Accordingly, organisational environments are not observed as being the result of institutional pressures, but rather the direct result of organisational directors and managers (Cunningham, 2002; Stevens & Slack, 1998). Such strategic measures can be particularly effective in achieving external legitimacy for an organisation, as institutional conformance tends to be more internal (Tornikoski & Newbert, 2007). The lobbying of regulatory changes and initiatives that positively promote an organisation's legitimacy externally, can be effective managerial strategies (Zimmerman & Zeitz, 2002). Strategic choice observes organisational legitimacy as being the net result of the calculated and purposeful strategies of organisational managers to manipulate, and to suggest to their respective

constituents, their organisation's credibility (Pfeffer & Salancik, 1978/2003; Suchman, 1995; Zimmerman & Zeitz, 2002).

Child (1997) observed the strategic actions of managers as processes of proactive and reactive initiatives regarding their respective organisational environments. Managerial decisions are derived from two key sources: (a) the manager's personal interpretations of their organisation's environments; and, (b) the proactive attempts of managers to curb the unpredictability of their environments (Child, 1997). Managerial initiatives can involve strategies regarding the structural and performance standards of their respective organisations as well as the proactive manipulation or creation of its operational environment (Child, 1997; Zimmerman & Zeitz, 2002).

Strategic choice suggests that organisational managers have considerable control of their respective organisation's legitimation processes (Suchman, 1995). Legitimacy can then be observed as being a resource that is strategically extracted from the environment (Long & Driscoll, 2008; Pfeffer & Salancik, 1978/2003; Suchman, 1995). Organisational managers proactively make strategic decisions that will have a positive impact on their organisation's degree of perceived legitimacy (Ashforth & Gibbs, 1990; Suchman, 1995; Zimmerman & Zeitz, 2002). In uncertain environments, such proactive legitimation strategies can be particularly successful (Zimmerman & Zeitz, 2002).

For instance, Cunningham and Ashley's (2001) study regarding the isomorphism of National Collegiate Athletic Association (NCAA) members in the United States found that the strategic choices by key individuals had a significant effect on the organisation's change. Regardless of NCAA's membership base of more than 500 universities that are divided into three differing divisions, the organisational structures and managerial roles of these universities were largely similar. Using a framework that included both institutional and strategic choice perspectives, they found that NCAA members were not as influenced by external institutional pressures as previously thought. Similarities among NCAA's affiliates appeared to be the result of the strategic initiatives of individual organisational managers, rather prevalent isomorphic pressures. Interestingly, those organisations that tended to be more

endomorphous, performed just as well (Cunningham & Ashley, 2001). Such findings may be prevalent in large multinational organisation such as the NCAA, but are similar occurrences observable in smaller organisational environments such as the New Zealand fitness industry?

Tornikoski and Newbert (2007) identified three such legitimisation strategies. Firstly, organisations can attempt to prove their marketplace credibility by engaging in activities that will result in positive tangible outputs (i.e. product or services) by using what resources are available (Tornikoski & Newbert, 2007). Through positive organisational performance, the credibility of the organisation can be measured and gauged by its external constituents and resource suppliers. Such organisational actions can be effective in opening pathways to resource supply and future organisational sustainability and financial success (Ashforth & Gibbs, 1990; Dacin et al., 2007; Pfeffer & Salancik, 1978/2003; Suchman, 1995; Tornikoski & Newbert, 2007).

Secondly, organisations can use “acting-as-if” behaviour by mimicking the behaviours and structures of existing organisations (Tornikoski & Newbert, 2007). Essentially managers can attempt to acquire organisational stability by purposefully aligning their organisational behaviour and strategic direction to be congruent with societal norms and expectations (Pfeffer & Salancik, 1978/2003). A field’s constituents have a pre-existing perception of what a successful organisation is like, based on what has been previously socially constructed (Deephouse, 1996; Suchman, 1995). The mimicking of these social expectations can provide a focal organisation functional credibility (DiMaggio & Powell, 1983; Tornikoski & Newbert, 2007). Essentially, such behaviours provide organisational comprehensibility (Suchman, 1995), although are largely superficial (2007).

Finally, Tornikoski and Newbert (2007) claimed that organisational legitimacy can be attained through the alignment and interaction with other organisations within the field. Through organisational alignment, managers can manipulate constituent perceptions of their respective organisations. For example, managers may attempt to associate their organisations with other more perceivably legitimate organisations. Through association, a focal organisation can enhance its degree of legitimacy as constituents observe the aligned

organisations as being synonymous (Babiak, 2007; Oliver, 1990; Pfeffer & Salancik, 1978/2003; Zimmerman & Zeitz, 2002). The development and participation in IORs can also have a positive effect on institutional congruence. For example, through affiliation to field's regulatory body, network members can symbolically portray to constituents their institutional congruence. Affiliated organisations are observed concurrently by external constituents and sequentially perceived as synonymous entities (Pfeffer & Salancik, 1978/2003; Zimmerman & Zeitz, 2002).

The strategic choices of managers can also help explain social changes within an organisational field (Child, 1997). Organisational managers are usually linked to some form of internal and external social groups. These linkages result in the development of a social network involving the organisational field's professional staff and industry-based organisations. Consequentially, these social networks can have considerable influence in the formation and promotions of innovative strategies and policies derived from collective lobbying. Any relationships that exist between this social network and those external to the field can have an effect on the social change of the field (Child, 1997). Consequentially, as societal values change, so does the organisation's strategic direction to maintain societal congruency (Pfeffer & Salancik, 1978/2003).

In sum, strategic choice is primarily an internally focused concept that identifies the proactive role of human agents in organisational change (Child, 1997; Stevens & Slack, 1998). The strategic choice perspective can also explain the processes of organisational legitimation regarding external constituents (Child, 1997; Pfeffer & Salancik, 1978/2003). Furthermore, strategic choice can be useful in identifying and explaining power asymmetries within a field or federated network through the examination of successfully implemented strategic initiatives (Cunningham, 2002).

Barringer and Harrison (2000) however argued that the strategic choice construct was very broad that can facilitate motivational determinants from a number of other organisational theories. Managerial decisions to participate in a federated network can be rationalised as simply being the strategic choice of the human agent to achieve or maintain organisational sustainability. Any

managerial strategic decision to develop and/or participate in a network can simply be explained as, a “strategic choice” (Barringer & Harrison, 2000).

2.2.4 An integrated approach.

Despite the merits and facility of taking either an institutional, or a strategic choice perspective, some authors have recognised that an integrated approach that combines both is more beneficial as each perspective only identifies the concepts that underpin each construct (Cunningham, 2002; Oliver, 1991; Pfeffer & Salancik, 1978/2003; Stevens & Slack, 1998; Tornikoski & Newbert, 2007; Zimmerman & Zeitz, 2002). For instance, institutional pressures exist in organisational environments (Barley & Tolbert, 1997; DiMaggio & Powell, 1983; Kikulis, 2000; Suchman, 1995), and the strategic initiatives of organisational managers can have a significant effect on institutional structures (Child, 1997; Oliver, 1991; Suchman, 1995; Zimmerman & Zeitz, 2002). Consequently, utilisation of both constructs provides a fuller understanding of organisational behaviour. As Suchman (1995), observed the distinction between strategic choice proponents and institutional theorists is a matter of perspective.

According to Suchman (1995), both constructs are relevant for the study of organisational legitimacy, as organisations exist in environments fraught with both operational challenges as well as institutional pressures. The strategic choice perspective identifies the roles of human agents whereas institutional theory illustrates the role of the organisation’s environment (Suchman, 1995). Stevens and Slack (1998) also suggested that an integrated approach was more beneficial as it allows analysis of organisational behaviour from two key perspectives: (a) managerial decisions and institutional pressures both provide organisational adaption; and, (b) that human agents and institutional contexts are a never-ending cyclic process. Consequently, organisational managers can be observed as making strategic decisions regarding their organisations. Even so, the extents of such decisions are limited by the existing institutionalised context, or norms (Stevens & Slack, 1998).

For example, Stevens and Slack’s (1998) 25 year study that focused on the organisational change of a Canadian amateur sport organisation, illustrated that both institutional pressures and the strategic decisions of key individuals

played a significant role in the isomorphic change of the organisation. The organisation was responsible for the coordination of women's amateur ice hockey in the country and was in desperate need of resources. They found that the institutional pressures that constrained the organisation to become structurally similar to the men's league in the early stages of change, actually provided access to valuable resources. The women's organisation experienced coercive and normative isomorphic pressure to restructure in such a manner that was perceived as being legitimate by the resource suppliers. Interestingly though, the decision to formalise the organisation were made by a few key individuals who possessed a certain amount of control and influence that essentially resulted in the voluntary action (Stevens & Slack, 1998).

Stevens and Slack (1998) concluded that socially constructed organisations can manipulate their environments to acquire favourable perceptions of legitimacy sequentially deterring constituent protests. In the initial stages of organisational change, environments tend to be more deterministic whereas more voluntary in the later stages. Conformance to institutional pressures can sequentially provide opportunities later to exercise strategic choices (Stevens & Slack, 1998). However, in instances where steps to formalise an industry are innovative, such as the establishment of an industry register, pre-existing institutional pressures may not exist (D'Aunno & Zuckerman, 1987; Human & Provan, 2000; Suchman, 1995). Additionally, a fitness centre's existing and potential clientele are arguably its primary resource rather than a governmental funding body. Consequently, the importance of proving organisational legitimacy to centre customers is paramount. Why fitness centre managers would voluntarily affiliate with a federated network in the absence of institutional pressure is interesting. Are such organisational actions potentially more strategically focused rather than institutionally derived?

As Tornikoski and Newbert (2007) affirmed, "In reality, organizations likely obtain legitimacy via some combination of both approaches" (p. 315). Therefore, by examining organisational behaviour through either the institutional or strategic choice construct may actually fail to identify the important motivations and implications relevant to each specific perspective (Suchman, 1995; Tornikoski & Newbert, 2007). As Oliver (1991) claimed, organisational behaviour to conform to institutional norms can actually

encompass a broad range of strategic managerial choices. An integrated perceptive was utilised in this research that drew on concepts of the institutional and strategic choice perspectives. In the next section, this review of the literature will now focus and discuss concepts regarding network formation, federated networks as a form of governance, and motivations for affiliate participation. Such concepts are not only important for understanding why such multi-organisational structures exist, but also how they gain the voluntary support and commitment by their members necessary for network sustainment.

2.3 Networks and Federations

The organisational literature offers many differing names to characterise, explain, and differentiate variant IORs. For example: *strategic alliances* (Child et al., 2005; Gulati, 1998; Kumar & Das, 2007); *joint ventures* (Child et al., 2005; Oliver, 1990); *exchange relationships* (Cousens, Barnes, Steven, Mallen, & Bradish, 2006; Jones et al., 1997); *trade associations* (Barringer & Harrison, 2000; Gupta & Lad, 1983; Oliver, 1990), to name a few. To add further confusion, some authors have commented that the variety of IOR distinctions generally refer to the same thing (Barringer & Harrison, 2000; Provan et al., 2007).

Regardless to the lack of consensus, this review of the literature will focus its attention on a type of IOR referred to as an *inter-organisational network*, or a *network* (Child et al., 2005; Kraatz, 1998; Provan, 1983; Provan & Milward, 2001; Williams, 2005). Of particular interest is a unique type of network that maintains a central administrative body referred to as a *federated network* or *federation* that affects a form of field regulation (D'Aunno & Zuckerman, 1987; Dickson et al., 2005; Phelps & Kent, 2010; Provan, 1983; Provan & Kenis, 2008). This section will now discuss the characteristics and implications of networks and federations in more detail.

2.3.1 Networks.

Williams (2005) defined networks as “groups of legally separate organizations connected with each other through exchange relationships, common or complementary goals, and/or common bonds or social relationships that are sustained over time” (p. 223). Similarly, Provan and Kenis (2008) described

networks as “Groups of three or more legally autonomous organizations that work together to achieve not only their own goals but also a collective goal” (p. 231). Barringer and Harrison (2000) observed networks as “constellations of businesses that organize through the establishment of social, rather than legally binding contracts” (p. 387). In essence, networks facilitate the cooperative coordination of an organisational field’s resources and efforts to serve and protect the best interests of an organisational field (Barringer & Harrison, 2000; Thibault & Harvey, 1997). This arrangement is preferable as network members are normally legally independent entities that are often competitors (Dickson et al., 2005; Provan et al., 2008).

Networks exist as a subset of organisations that belong to a particular field that regularly interact with each other (Jones et al., 1997). Network organisations can be linked to each other directly through their respective contacts, or by the flow of resources, information, services and support that is facilitated by the network (Jones et al., 1997; Provan et al., 2007). The nature of such linkages being either, based on trust and are informal in nature, or rather regulated by control mechanisms such as formal contracts and policy (Das & Teng, 1998; Klijn & Koppenjan, 2006; Porter & Ronit, 2006). This arrangement allows network members to focus their attention on their core competencies, rather than the complexity of managing the network (Barringer & Harrison, 2000; Erickson & Kushner, 1999). Network participation can provide members efficiency, specialisation, development and growth, and the sharing of knowledge (Child et al., 2005; Jones et al., 1997).

Networks can be particularly effective in the partnering of organisations that belong to different sectors as their structures can facilitate the coordination of various for-profit and non-profit organisations (Barringer & Harrison, 2000; Jones et al., 1997; Provan et al., 2008). It is common however for tension to exist in networks that maintain multi-sector members derived from differing organisational missions, cultures, and values (Babiak, 2007; Babiak & Thibault, 2009; Frisby et al., 2004; Shaw & Allen, 2006). For instance, for-profit organisations are strategically driven to ensure financial return for their respective shareholders (Shilbury, 2001; Thibault et al., 1993). For-profit organisations commonly determine operational effectiveness by a simple a

cost/benefit analysis (Brown, 2005; Freidman & Mason, 2004; Pfeffer & Salancik, 1978/2003).

Conversely, non-profit organisations are motivated to achieve a multiplicity of objectives, rather than just financial gain (Hoye, Smith, Nicholson, Stewart, & Westerbeek, 2009; Shilbury, 2001; Thibault et al., 1993). Determination of the effectiveness of non-profit organisations through a cost/benefit analysis is significantly inadequate as they are responsible for a diverse number of stakeholders with a multiplicity of organisational expectations (Brown, 2005; Ferkins & Shilbury, 2010; Shilbury, 2001). On the other hand, non-profit organisations primarily exist to provide a service, so organisational profitability is secondary (Freidman & Mason, 2004; Hoye et al., 2009). Tensions between multi-sector organisations can hinder the effectiveness network interactions (Babiak, 2007; Babiak & Thibault, 2009; Frisby et al., 2004; Shaw & Allen, 2006).

As networks increase in size, they tend to become increasingly complex to coordinate due the large number of organisations that comprise the network. Larger networks are usually less efficient as coordination costs and complexity are also increased (D'Aunno & Zuckerman, 1987; Erickson & Kushner, 1999; Provan & Milward, 2001). Measures to curb network complexity and tensions from multi-sector partnering can be achieved when there is some form of governance in place (Provan & Kenis, 2008). Forms of network governance are discussed in the next section.

2.3.2 Network governance.

Jones et al. (1997) defined *network governance* as a set of autonomous organisations that operate like a single entity, to achieve a common purpose. Usually network governance forms are: non-hierarchical in nature; have limited accountability; and, infer voluntary conformity through the setting of industry-based standards (Provan & Kenis, 2008). However in some instances, network governance can be particularly strict with some key organisations having considerable power and control of network members (Dickson et al., 2005; Provan, 1983). Provan et al. (2007) recognised three similar but distinct network

governance types: (a) *shared*, (b) *lead organisation*, and (c) *administrative organisation governance*.

Shared governed networks allow its members the flexibility to determine the network's operational conditions, and strategic direction, cooperatively. Consequently, there is no formal governing structure. Instead, members are connected only through their interactions with other members (Child et al., 2005; Jones et al., 1997; Provan et al., 2007). Coordination and control of network members is achieved formally through regular network meetings, and also informally through the existing inter-organisational linkages and interactions (Provan et al., 2007). Shared network governance in this manner can be advantageous by providing members operational efficiency (Child et al., 2005).

Lead-organisation governed networks differ from other forms of network governance models, in that, network members are coordinated by a more prominent organisation, or in some instances, a small group of organisations (Provan et al., 2007). Lead organisations are usually larger existing network members that are more visible and influential compared to other network members. Lead organisations are perceived as being credible organisational entities and legitimately capable of representing and coordinating the best interests of the whole network. The lead organisation's role is to maintain and develop internal and external network relationships (Child et al., 2005; Provan et al., 2007). This form of network governance still recognises the collective objectives of all network members, and allows them to share in the decision-making process. These decisions are still coordinated through the lead organisation (Provan et al., 2007).

The final type of network governance involves the establishment of a new separate, autonomous organisational entity referred to as the network administrative organisation (NAO) (Human & Provan, 2000; Provan et al., 2007; Provan & Kenis, 2008; Provan et al., 2008). NAO governance differs from the lead organisation model in that the NAO's sole purpose is to oversee the whole network. Consequentially, NAOs refrain from conducting business within the field, rather facilitating a supportive role (Provan et al., 2007). NAOs take the responsibility for the decision-making and strategic direction of the network

while network members continue to operate relatively autonomously (Provan, 1983).

The term *centrality* denotes the amount of influence lead organisations or an NAO maintains (Provan, 1983; Williams, 2005). These organisations are observed as more “centrally” located in the network. Centrality is therefore, “A measure of network power, with more central organizations having greater power than organizations that are less central within the ION [i.e. inter-organisational network]” (Williams, 2005, p. 266). The degree that decision-making authority is dispersed throughout a network is referred to as *centralisation*. For instance, highly centralised federations maintain a traditional “top-down” style of decision-making where the central governing body has authority to undertake the major decisions regarding the strategic direction of the network and how affiliates should behave (Auld & Cuskelly, 2006; Hoye et al., 2009).

Contrary to centralisation, highly *decentralised* networks empower their affiliates to act as delegates. The authority to make decisions does not lie solely with the central governing body. Rather decision-making is diffused throughout the network. Affiliates are allowed the flexibility to determine their own operational and strategic decisions, facilitating a “bottom-up” approach to the network’s strategic direction. It is important to note that centralisation and decentralisation are relative concepts. As one increases the other decreases and vice versa. Most networks are exclusively not one or the other, but rather exist between both extremes. Some authors have argued that networks can only function effectively if an effective balance is found (Auld & Cuskelly, 2006; Hoye et al., 2009).

The NAO governance form is of particular interest for this review of the literature, as it typifies the network structure that is apparent in this research’s case study. Commonly referred to in the literature as a *federated network*, or *federation*, they are a unique network variant that can provide an effective means of coordination a diverse number of organisations (D’Aunno & Zuckerman, 1987; Dickson et al., 2005; Provan, 1983; Provan et al., 2007). Federated networks are discussed in more detail next.

2.3.3 The federated network.

Federated networks are established out of a perceived necessity, to coordinate and control the independent behaviour and activities of a group of organisations belonging to an organisational field (Provan, 1983; Provan & Milward, 2001). According to Provan (1983), the likelihood of a federation being established within an organisational field, is dependent on three important preconditions. Namely, the extent of existing inter-organisational dependencies; the lack of expertise needed to acquire organisational objectives; and finally, the degree of external pressure to ensure that the organisational behaviour is desirable. Federations fundamentally function to provide their affiliated organisations environmental predictability and strategic growth (Provan & Kenis, 2008).

D'Aunno and Zuckerman (1987) explained that, federated networks differ from other forms of IOR by three distinctive characteristics. Firstly, similar to non-federated networks, federations involve the alignment of three or more organisations (D'Aunno & Zuckerman, 1987; Erickson & Kushner, 1999; Provan, 1983; Provan et al., 2007). Often federation members are separately autonomous and legally independent entities. Consequently, organisations that exist as direct competitors in a marketplace can be partnered via an industry federation (Human & Provan, 2000; Provan et al., 2008). For instance, federated networks are a commonly used form of inter-organisational governance in the sport and recreation field as sport federations can facilitate inter-organisational connections, cooperation, and collectiveness between separate competitor organisational entities (Dickson et al., 2005).

Inevitably, federations tend to be complex, far more so than simpler *dyadic* forms of IOR (D'Aunno & Zuckerman, 1987; Jones et al., 1997; Provan & Milward, 2001). In fact, any *dyadic relationships* (i.e. the interactions between two organisations) that do exist in a network are not considered isolated arrangements, but rather *micro-networks* or *clusters* of organisations that still contribute to, and are part of the whole network (Erickson & Kushner, 1999; Jones et al., 1997; Provan & Kenis, 2008). This suggests that they must also be evaluated as being such (Child et al., 2005)

Secondly, the criterion that can either include or exclude potential new entrants to federations are set and determined by its existing members. Federated networks are therefore observed as maintaining a *selective membership* (D'Aunno & Zuckerman, 1987). Often, federations will strategically limit membership levels in steps to reduce complexity and maintain its efficiency (Jones et al., 1997). Selective membership can also confer an NAO considerable power. Networks are commonly a product derived from a necessity to acquire valuable resources (Child et al., 2005; Erickson & Kushner, 1999; Oliver, 1990). As members gain access to these resources through affiliation with the federated network, selective membership can limit the number of organisations that actually do (Dickson et al., 2005). The more select access to a federation's resources is, the more power the NAO maintains (Pfeffer & Salancik, 1978/2003). In some instances, potential new entrants will go to extraordinary lengths to earn membership with the federation, and the subsequent NAO's resource benefits (Dickson et al., 2005).

Finally, what further distinguishes federated networks from other forms of organising is, their structures facilitate the existence of an NAO (D'Aunno & Zuckerman, 1987; Provan, 1983). Typically, non-profit organisations, NAOs are the legal and corporate entity for the federation (Dickson et al., 2005; Provan & Kenis, 2008). NAOs facilitate the centralised control and coordination of the independent actions of affiliates as well as determining the federation's strategic direction (Oliver, 1990; Provan, 1983). Federation members expect in return for their affiliation reductions in operational complexity and environmental uncertainty (Pfeffer & Salancik, 1978/2003; Provan, 1983; Provan & Kenis, 2008). NAOs justify their existence to affiliates by providing such functions as: governmental lobbying, attracting new members, acquiring funding, and enhancing affiliate legitimacy (Provan & Kenis, 2008). This arrangement allows its affiliates a reasonable amount of operational autonomy, provided they behave within the best interests of the federation (Dickson et al., 2005; Oliver, 1990; Provan, 1983).

Federation NAO's have also been commonly referred to in network literature *federated management organisations* (FMOs) (D'Aunno & Zuckerman, 1987; Dickson et al., 2005; Provan, 1983; Provan et al., 2008). Nonetheless, both of these central administrative organisations (i.e. NAOs and FMOs) are

fundamentally the same (Provan et al., 2008). The variant term that is used throughout this thesis to represent this central organisation is, “NAO”. Provan (1983) further characterised three distinct types of federation: (a) participatory; (b) independent; and, (c) mandated federations. These are discussed in the next section.

2.3.4 Federated network types.

Each federated network characterised by its, unique network structure, the degree of NAO control, and rationale for the federation’s formation (Provan, 1983). Participatory and independent federated networks are voluntary whereas mandated federations are compulsory arrangements where affiliation is usually a legal requirement (Oliver, 1990; Provan, 1983). For instance, participatory federations represent a federation where affiliates have a high degree of contact with each other. This type of federation allows its members to retain control of the network while simultaneously incurring a reduction in environmental uncertainty. The NAO’s board of participatory federations are usually comprised of members derived from its affiliated organisations. Affiliates play an active role in the development and implementation of federation policy and its strategic direction (Provan, 1983). Participatory forms of governance represent a “delegate style of decision making” (Dickson et al., 2005, p. 146). The survival of the participatory federation is therefore not only in the hands of just the NAO, but the willingness of the federation’s affiliates to cooperate with each other (Provan, 1983).

Commonly referred to as a “commission” (Dickson et al., 2005), the independent federation offers a more controlled voluntary federation model. Affiliated organisations have little contact in independent federations as any such contacts are usually centralised through the NAO (Child et al., 2005; Provan, 1983). Contrary to a participatory federation which is observed as being internally governed, independent federations are governed externally (Provan & Kenis, 2008). Accordingly, the independent federation’s NAO is a separate autonomous entity devoid of any affiliate control. NAO independence and autonomy is reinforced by its independent board of directors, and management staff, absent of any affiliate representatives. The NAO’s board provides the federation’s strategic direction, while its CEO takes responsibility for any

operational decisions. The interests of individuals employed by the independent NAO tend to lie with the central organisation rather than the federation's affiliates. Consequentially, independent NAOs can be observed by their affiliates as uncooperative structures, making decisions that are self-interested, rather than for the benefit of individual federation members (Dickson et al., 2005; Provan, 1983; Provan & Kenis, 2008).

Finally, mandated federations are usually established out of necessity to address the interests of a third party organisation such as governmental agencies or similar external regulatory body (Oliver, 1990; Provan, 1983). This is a major distinction between mandated federations and voluntary federations. Organisational cooperation is achieved through compliance, rather than the voluntary cooperation of autonomous organisations (Williams, 2005). In fact, without the mandate, the development of the federated network may not have happened naturally, as in voluntary networks (Oliver, 1990). Interactions among members are coordinated by a higher authority such as a government agency, by legalisation, or an industry-based regulatory body or professional association. The source of the mandate is what bestows the federation's NAO its legitimate authority to control affiliates. Imposed sanctions are usually in place to encourage participation and to reprimand non-compliance (Oliver, 1990; Provan, 1983; Williams, 2005).

Where participatory federations can be observed as the least stringent form of federation governance, mandated federations represent the strictest extremity. Determination of which type of federation an organisational field will develop, is largely dependent on the rationale for the formation of the federation in the first place, and the degree of organisational control that needs to be in place to achieve its intended purpose (Provan, 1983). The source of the NAO's power is derived from its centrality and the management of the federation's resources.

2.3.5 NAO power and resource dependency.

The NAO derives its power from the centralisation of the federated network's resources (Provan, 1983). Fundamentally, organisations are reliant on other organisations to acquire necessary resources to ensure organisational growth, sustainment, and survival (Child et al., 2005; Pfeffer & Salancik, 1978/2003;

Suchman, 1995). Pfeffer and Salancik suggested that, those organisations that are responsible to supply an organisational field with resources retain a reasonable degree of power in these exchange relationships. Essentially, a power imbalance exists, where resource suppliers maintain the upper hand. Where alternative options to acquire resources are few, a focal organisation can become over reliant on the resource supplier. The more critical and scarce these resources are, the greater the degree of power the resource supplier can have. The *resource dependency* perspective suggests that organisations that supply a field with its critical resources can maintain a reasonable amount of influence over other organisations within the same field (Pfeffer & Salancik, 1978/2003).

A key distinction between federated and non-federated networks is the flow of resources among network members. In non-federated networks, resources flow through direct inter-organisational linkages among its members. In federations, external and internal resource flows are centralised through the NAO (Provan, 1983). This is how NAOs maintain their power imbalance, through the control of critical federation resources. The availability of resources also playing a significant part in how an NAO is perceived by its affiliates as a legitimate entity (Pfeffer & Salancik, 1978/2003; Provan et al., 2007). Consequentially, an asymmetrical degree of power exists within federations in favour of the NAO, which in some instances can be considerable (Babiak, 2007; Dickson et al., 2005; Erickson & Kushner, 1999; Pfeffer & Salancik, 1978/2003). NAOs are observed as maintaining more centrality in a federated network when compared to affiliates, ensuring network coordination and sustainability (Auld & Cuskelly, 2006; Provan et al., 2007; Williams, 2005). Its centrality also plays an important legitimating function not just for itself, but also for the entire federated network by providing a focal point for external constituents to observe the federation and its affiliates (Ashby et al., 2004; Provan, 1983; Provan & Kenis, 2008; Richardson, 1985).

It is not uncommon in networks, for some members to be observed as more centrally located than others. This is largely due to the non-hierarchical nature of networks that can allow a few larger and more influential organisations to have more leverage over its strategic direction (Barringer & Harrison, 2000; Provan et al., 2007; Williams, 2005). These organisations tend to be resource

suppliers to the federation and derive their power accordingly (Dickson et al., 2005; Erickson & Kushner, 1999; Pfeffer & Salancik, 1978/2003). In some instances, certain organisations will strategically participate in a network to acquire an asymmetrical degree of influence over a field (Oliver, 1990).

When referring to the effectiveness of federated networks, Provan and Milward (2001) stated that, NAOs are “both the agent of the community and the principle of the network participants” (p. 418). Consequently, network effectiveness can be observed on two distinct variables: (a) membership retention level variances; and, (b) the variance between the services that a federation provides against the actual services acquired by its constituents stakeholders (Provan & Milward, 2001). Therefore, the determination of what motivates organisations to participate in a federated network is of importance for determining network effectiveness. The rationales for IOR participation are discussed in the next section.

2.3.6 Network participation motivational determinants.

For an organisation to participate in an IOR, Oliver (1990) identified six motivational determinants: *necessity*, *asymmetry*, *reciprocity*, *stability*, *efficiency*, and, *legitimacy*. Each of the six motivational determinants represents a specific organisational need or requirement. Oliver’s conceptual framework is discussed in more detail in the following paragraphs. It is important to note, that although this section frequently refers to IORs in accordance with Oliver to represent motivations of organisational partnering from a general perspective, the underlying concepts and principles are still relevant for a network or federation perspective.

As previously discussed (see section 2.3.2), occasionally networks are the direct result of mandate from a higher authority (Provan, 1983). Consequently, organisations participate in a mandated IOR out of *necessity*, to meet a legal or regulatory requirement, or face the sanctions imposed by the higher authority for non-participation (Oliver, 1990). According to Oliver, the distinction between voluntary and mandated IORs is important, as the motivations and consequences of participation in either type of IOR are different. Of Oliver’s six

determinates, necessity is the only one that implies enforced IOR participation. The remaining five determinants relate to voluntary participation.

Organisational *asymmetry* denotes the strategic motivations of organisations to gain influence and control over another organisation and/or its resources (Oliver, 1990). Through the control of these resources, a focal organisation can incur a reasonable amount of control over other organisations (Pfeffer & Salancik, 1978/2003). Organisational managers are therefore strategically motivated to attempt to gain control of a field's resources to reduce in their own resource dependencies and to increase dependencies that are in their favour (Pfeffer & Salancik, 1978/2003). The development and participation in IORs can be an effective means of achieving asymmetrical motives (Oliver, 1990).

The concept of organisational *reciprocity* is contrary to asymmetry motivations. Organisations instead participate to coordinate their efforts for reciprocally beneficial reasons (Oliver, 1990). Organisational reciprocity is achieved through the sharing of each organisation's core competences (Child et al., 2005; Erickson & Kushner, 1999; Jones et al., 1997). Accordingly, the IOR facilitates a network of collectiveness that recognises a common objective (Barringer & Harrison, 2000; Oliver, 1990; Provan et al., 2008).

Organisations generally exist and operate in environments that are fraught with operational uncertainty, or rather, instability (Babiak, 2007; Gulati, 1998). Such uncertainty usually stems from concerns regarding resource acquisition and marketplace information (Oliver, 1990; Pfeffer & Salancik, 1978/2003). The formation and participation in IORs however can be a particularly effective means of providing environmental stability by cooperatively safeguarding organisational interactions and exchanges, be it financial or other (Child et al., 2005; Gulati, 1998; Jones et al., 1997; Williams, 2005). *Stability* therefore denotes the proactive actions of organisations to enter into an IOR in an attempt to reduce environmental uncertainty (Oliver, 1990). The desire for environmental stability is also a primary motivator in the development of institutions (DiMaggio & Powell, 1983; Jones et al., 1997; Kikulis, 2000).

IORs can also facilitate the improvement in organisational *efficiency* though the pooling of resources, sharing of information, and specialist abilities (Child et al.,

2005; DiMaggio & Powell, 1983; Erickson & Kushner, 1999; Oliver, 1990). Participating organisations can experience reduced production and operational costs while increasing speed-to-market. Usually, determinations of organisational effectiveness are derived by weighing an organisation's input/output ratios (Child et al., 2005; Oliver, 1990; Pfeffer & Salancik, 1978/2003). In this instance, the notion of efficiency is more internally focused rather than external (Oliver, 1990).

Oliver's (1990) final motivational determinant relates to the concept of organisational *legitimacy*. Participation in an IOR can be a particularly effective strategy for enhancing a focal organisation's perceivable degree of legitimacy (Dacin et al., 2007; Suchman, 1995; Tornikoski & Newbert, 2007; Zimmerman & Zeitz, 2002). The concept of organisational legitimacy, and how it can be acquired through participation in an IOR, has already been discussed in detail in section 2.2.1. Regardless of the specificity of Oliver's determinates, she did recognise that organisational managers are strategically motivated to participate in an IOR for a number of reasons. Consequently, organisations are potentially motivated to acquire several key objectives represented in her framework rather than any singular motivational determinate (Oliver, 1990). Babiak's (2007) case study involving the CSC successfully illustrates Oliver's point.

Babiak (2007) used Oliver's (1990) framework to determine the motivational determinants for the development of the Canadian Sports Centre (CSC). The CSC was developed to facilitate the delivery of high performance sport in Canada that involved the collaboration and interaction of a number of for-profit and non-profit organisations. Babiak found that although some organisations identified, necessity and asymmetry as motivations, stability, efficiency, reciprocity, and legitimacy were of particular importance. Babiak also found that as network participation allowed some members access to valuable resources, resource suppliers maintained more network power derived from the resulting dependencies. The resource dependencies also further contributed to the complexity of coordinating the network. Complexity also increased as the network grew, resulting in additional constraints being imposed on its members regarding the allocation of resources and increased coordinating challenges. Babiak (2007) concluded that the "formation of IORs often appeared to be both contradictory and complementary to the organizations involved" (p. 371).

As the CSC involves for-profit and non-profit organisations to deliver high performance sport in Canada, these relationships can be observed as collaborative relationships. The network allows its members too collaboratively achieve its intended purpose through the sharing of core organisational specialities (Erickson & Kushner, 1999; Jones et al., 1997). Similar multi-sector linkages in the instance of the fitness industry however, involve little collaboration. Fitness centres are essentially autonomous independent entities that exist in a highly competitive marketplace. Consequently, perceptions of for-profit and non-profit fitness centres in this research's setting may be different from those in the CSC.

Perceptions of organisational legitimacy are of particular interest for this review of the literature. More specifically, legitimacy that can be acquired through the development and participation in federated networks. The concept of network participation is interesting, as it involves not just the legitimization of individual affiliated organisations but also the legitimacy of the network itself. Concepts relating to network legitimacy are discussed next.

2.4 Network Legitimacy

The existence of a network within an organisational field can facilitate a legitimization function for its members. Nevertheless, for legitimacy to be bestowed or incurred in this manner, the network must first be perceived as being legitimate by its constituents (Deephouse, 1996; Pfeffer & Salancik, 1978/2003; Provan et al., 2007; Richardson, 1985; Suchman, 1995). As Provan et al. (2008) argued, concepts relating to the importance of legitimacy from a network perspective is considerably absent in the IOR literature. One of the few who has, Human and Provan (Human & Provan, 2000) suggested that networks experience legitimacy pressures at three distinct by interrelated dimensions: (a) *network-as-form*; (b) *network-as-entity*; and, (c) *network-as-interaction*. Consequently, networks need to ensure that environmental pressures that pertain to each dimension are accordingly addressed, as failure to do so will ultimately result in its eventual demise (Human & Provan, 2000; Provan et al., 2008).

2.4.1 Network-as-form.

Network-as-form denotes the perceived legitimacy for the network concept itself; specifically, the rationale and purpose for the network to exist (Human & Provan, 2000). The need to develop network-as-form is most crucial at the pre-formation and early establishment stage of the network. This is when field uncertainty regarding the potential benefits of affiliating with the network is at its greatest (Provan et al., 2008). D'Aunno and Zukerman (1987) identified two key challenges that nascent federated networks are faced with. Firstly, some organisations will oppose the federation concept to limit the level of influence that its supporters might incur, if the federation existed. Secondly, other organisations may be opposed to relinquishing a portion of operational autonomy to an NAO (D'Aunno & Zuckerman, 1987). Additionally, an organisational field's institutional environment can also provide challenges for a nascent network. The innovativeness of the network-as-form can be poorly understood and subsequently shunned or challenged by field members (Deephouse & Carter, 2005; Human & Provan, 2000; Long & Driscoll, 2008; Provan et al., 2008; Suchman, 1995).

D'Aunno and Zukerman (1987) also observed that in the early stages of a federation, membership attrition is high. As affiliation benefits are perceived as minimal or nonexistent at this stage, federations need to rely on the collective support of its affiliates to survive (D'Aunno & Zuckerman, 1987). There can also be technical issues stemming from the lack of institutionalised behaviour that exists within a field (Suchman, 1995). Over time, this is eventually overcome as the federated network's practices and principles become normative functioning (Kikulis, 2000; Zimmerman & Zeitz, 2002). Further evolution of the network at this stage is dependent on how legitimate network-as-form is perceived by its constituents (Human & Provan, 2000).

Eventually, as networks become more readily accepted and recognised, network-as-form becomes less important (Provan et al., 2008). Federated networks become more centralised in efforts to address the complexity of coordinating an increased affiliate membership. The increase in centralisation facilitates an increase in an NAO's power and ability to control (D'Aunno & Zuckerman, 1987; Provan & Kenis, 2008). Increased centralisation however can

also have adverse outcomes. As centralisation increases, the level of cooperation that exists in a network decreases (Williams, 2005). Highly centralised federations can be observed as unstable environments where affiliates are less autonomous and more NAO dependent providing sufficient motivations for affiliates to withdraw from the federation or seek alternative less binding arrangements (D'Aunno & Zuckerman, 1987; Pfeffer & Salancik, 1978/2003). Such occurrences illustrate the linkage between network-as-form and network-as-interaction.

2.4.2 Network-as-interaction.

Network-as-interaction refers to the perceived legitimacy of the inter-organisational linkages that are facilitated by a network (Human & Provan, 2000). This does not specifically imply that affiliated organisations need to interact directly. Rather affiliates actively cooperate to provide a network of collectiveness that recognises a common objective (Barringer & Harrison, 2000; Oliver, 1990; Provan et al., 2008). The need to develop legitimacy for network-as-interaction is the greatest at the formation and nascent stages of a network that encourages multi-sector relationships. NAOs can play a significant role in the legitimation and maintenance of interactions (Provan et al., 2008). For instance, Human and Provan (2000) described affiliates in nascent networks as “young and evolving” (p. 340) and reluctant to develop connections with each other. Network interactions need to become internally legitimised and institutionalised to ensure the willingness of affiliates to cooperate providing the network’s sustainability (Human & Provan, 2000; Klijn & Koppenjan, 2006). Eventually over time, affiliates are likely to recognise the individual and network benefits that can be attained through collectiveness and affiliates become more willing to interact (Das & Teng, 1998; Human & Provan, 2000).

Provan et al. (2008) argued that the strongest contributor for building network-as-interaction legitimacy is the perceivable positive outcomes experienced by affiliates derived from the interactions facilitated by the network. Determination of network effectiveness among differing groups of constituents however can be conflicting as such assessments are based on the social context that each group resides in (Pfeffer & Salancik, 1978/2003; Provan & Milward, 2001). For instance, perceptions of network-as-interaction legitimacy can be problematic in

environments where organisations from differing sectors compete for similar resources and competitive advantage (Provan et al., 2008). Non-profit community-based organisations are generally observed by constituents as more morally legitimate and maintaining more social value than self-interested, privately owned organisations (Pfeffer & Salancik, 1978/2003). Essentially, even though some strategies and activities may be effective for some parties, those same strategies and procedures may be ineffective to others (Pfeffer & Salancik, 1978/2003; Provan & Milward, 2001). The role of the NAO then is to attempt to address the best interests of their respective groups, and by doing so, legitimising the federation's existence and its activities (Hung, 1998; Provan & Milward, 2001).

The federation's impartial NAO plays an important role in demonstrating to competitor and multi-sector organisations the potential benefits that can be achieved through collective cooperation. Essentially the NAO establishes a common ground to facilitate the inter-organisational cooperation among these organisations (Provan et al., 2008). NAOs play an important role in the legitimisation of network-as-interaction. Accordingly, two types of interaction can be observed: the interactions among affiliates, and, the interactions between the NAO and affiliates. Ultimately, the success of the NAO to legitimise the above interactions is what sequentially builds its own legitimacy (i.e. network-as-entity).

2.4.3 Network-as-entity.

Even if a network's form and interactions are perceived as a legitimate form of organising, this is still insufficient to guarantee sustainability. Networks are prone to legitimacy challenges regarding the viability of their objectives, structure, and governance (Provan et al., 2008). Human and Provan (2000) referred to network identity as *network-as-entity*. A favourable degree of network-as-entity encourages affiliate collectiveness and external resource acquisition. Without a recognisable and credible identity, a network's external constituents perceive that an organisational field is comprised of various separate autonomous organisations rather than a credible inter-organisational entity with clout. Without it, networks cannot be taken seriously. The development of network-as-entity is crucial during the formation and early

growth stages of a network (Human & Provan, 2000; Provan, 1983; Provan et al., 2008).

Although networks can achieve network-as-entity legitimacy through the collective support of its members, a far more effective result can be achieved through maintaining an NAO (Human & Provan, 2000; Provan, 1983; Provan et al., 2008). According to Human and Provan, the NAO is “the organizational embodiment of the network as a whole and its primary focal point” (p. 339). Therefore, the degree of network-as-entity legitimacy is essentially dependant on the development of its own identity (Provan et al., 2008). How the NAO is perceived by external observers represents the identity of the network and its affiliates (Ashby et al., 2004; Provan, 1983; Richardson, 1985). Favourably legitimate NAOs bestow its affiliates a reciprocal degree of legitimacy accordingly, through association (Deephouse, 1996; Provan et al., 2007; Suchman, 1995). Such legitimacy reciprocity runs both ways however as NAOs risk delegitimation through association with perceived illegitimate entities (Richardson, 1985).

Network-as-entity is considered most crucial for nascent federated networks (Provan et al., 2008; Richardson, 1985). Organisations usually contemplate affiliation with a nascent NAO cautiously and make such decisions only after careful calculation and consideration (Provan et al., 2008). According to Provan et al., this is largely due to two important considerations. Firstly, prior to the formation of the federated network, the NAO did not exist. Nascent NAOs lack credibility as its constituents struggle to comprehend the organisation’s appropriateness and its intentions. Secondly, once established, the NAO needs to smartly, demonstrate its worth to its constituents. Essentially, NAOs owe their existence to the collective and continued support from their affiliates. Without it, NAOs fail to acquire the necessary resources and power that they need to ensure the survival of the federation (D’Aunno & Zuckerman, 1987; Human & Provan, 2000). The degree of NAO legitimacy that can be incurred is largely dependent on the type of governance system that is in place, and, how effective the NAO is fulfilling its role (Provan & Kenis, 2008). From a theoretical perspective, by maintaining a favourable degree of network-as-entity, federated networks achieve growth and sustainability by garnering further support from existing affiliates while simultaneously attracting new members (Human &

Provan, 2000; Suchman, 1995). However there is a strong need to investigate empirically how network-as-entity is evaluated and perceived by network affiliates.

In sum, despite their uniqueness, each dimension is interrelated to some extent and attention to building legitimacy for each is critical to ensuring network effectiveness and sustainability. Even so, this does not necessarily imply that each dimension needs to be addressed simultaneously, but rather at some stage in time. Strategies to build legitimacy for one dimension has a reciprocal effect on the legitimacy of the other two dimensions (Human & Provan, 2000; Provan et al., 2008). For example, Human and Provan suggested that, legitimization strategy approaches that can be taken. Firstly, an “inside-out” approach can be taken where internal legitimacy is first achieved which subsequently lead to external legitimation. Network-as-interaction for instance, needs to be perceived as legitimate by affiliates to gain their commitment to ensure that network has external substantiality and credibility (i.e. network-as-form) rather than exist in name only. Alternatively, networks can take an “outside-in” approach where external legitimacy is established first which will presumably lead to internal legitimation. NAOs for example provide the focal point for external observers of the network. A favourably legitimate NAO (i.e. network-as-entity) further enhances the commitment of its affiliates (Human & Provan, 2000; Provan & Kenis, 2008).

This review of the literature will now look at the concept of field regulation more closely. More specifically, field legitimacy that can be incurred through an industry regulatory body and its federated network of organisations. After all, as Provan (1983) argued, regulation of a field is what infers organisational legitimacy to a federation’s members.

2.5 Field Legitimacy: Institutional Control and Industry Self-Regulation

Industry self-regulation can be observed as a form of governance that regulates the behaviours of organisations within an industry through a cooperative organisational approach. Self-regulation represents the voluntary collective actions of an organisational field, to regulate the behaviours of its members (King & Lenox, 2000; Porter & Ronit, 2006). Industry self-regulation is therefore

a process of an industry regulating itself, which is contrary to *governmental direct-regulation* of an industry (Gunningham & Rees, 1997; Gupta & Lad, 1983). Essentially self-regulation involves the regulation of an industry that is centralised through an industry regulatory body such as a trade association or a specifically formed NAO (Barringer & Harrison, 2000; Gupta & Lad, 1983; Provan, 1983; Provan & Kenis, 2008). In most instances, regulatory bodies are developed by trade associations as federated networks can facilitate a more substantive system. Where trade associations attempt to encourage collective congruence to expected behaviours, industry federations enforce it (Ashby et al., 2004; King & Lenox, 2000; Oliver, 1990). What results is an federated network of an organisational field's organisations that is centralised through an NAO (Provan, 1983).

The development of self-regulatory systems are prevalent when there is threat of governmental involvement in an industry and can be an effective means to avoid such occurrences (Gunningham & Rees, 1997; Gupta & Lad, 1983). As Gupta and Ladd explained, often industry self-regulation is observed as being synonymous with governmental regulation. The development of self-regulatory systems can therefore represent an industry's strategic attempts to avoid such occurrences. The potential drawbacks of the self-regulatory system are observed by an organisational field as less disruptive and expensive than governmental involvement in an industry (Ashby et al., 2004; Gupta & Lad, 1983; Porter & Ronit, 2006).

The establishment of self-regulation is particularly prevalent in industries when its reputation and credibility is being brought into question (Ashby et al., 2004; Gunningham & Rees, 1997; King & Lenox, 2000; Lloyd, 2005b; Viallon et al., 2003). Legitimation of an industry being derived from the fact the field is regulated, and that the behaviour of its members is being monitored. Reciprocally, through association with the central regulatory body (i.e. the NAO) field members can signal their own organisational social standing and superiority over those organisations that are not (Ashby et al., 2004; Lenox, 2006; Oliver, 1990; Provan, 1983).

The NAO exerts its control over its affiliates through the establishment of *industry-based standards* that represent the professional expectations of the

field (Christmann & Taylor, 2006; Gupta & Lad, 1983; Provan, 1983; Viallon et al., 2003). The development of industry standards is what implies that those who belong to an organisational field are acting approximately (Barringer & Harrison, 2000; Gupta & Lad, 1983; Lenox, 2006; Long & Driscoll, 2008; Provan, 1983). Standards define the minimal behavioural standard of the federation, whereas behaviour below this level indicates social irresponsibility (Campbell, 2006). Thus through affiliation with the NAO, an organisation or individual can be observed as industry certified. Industry certification in turn providing a reliable indicator of an organisation's or individual's credibility for constituents (Christmann & Taylor, 2006).

Industry standards exemplify a federation by characterising what societal norms it considers institutionally important. Often these standards are encoded with the embedded cultural language of the field that provide their legitimating function (Klijn & Koppenjan, 2006; Long & Driscoll, 2008; Provan, 1983). The legitimisation benefits of these institutionalised standards serving dual purposes: (a) the legitimisation of affiliates and their practices; and, (b) the legitimisation of the NAO (Richardson, 1985). This is fundamentally how NAOs control the behaviours of its affiliates, through the existence of institutionalised formal and informal rules that codify the federation and its existence (Klijn & Koppenjan, 2006; Long & Driscoll, 2008; Provan, 1983). Consequently, institutional pressures exist in self-regulatory systems that encourage a field's organisations to participate in the federation and substantially conform to its expectations (Campbell, 2006; King & Lenox, 2000; Kumar & Das, 2007; Porter & Ronit, 2006). Gunningham and Rees (1997) referred to such instances as, corporate peer pressure.

Industry standards can be particularly powerful tool for ensuring field congruence to professional expectations. For instance, Provan (1991) suggested that industry-based standards are important for providing guidance for the acceptable delivery of services as measures of professional performance can be hard to determine. The effectiveness if industry standards are largely dependent by the institutional context that they represent (Klijn & Koppenjan, 2006; Porter & Ronit, 2006; Provan, 1983). In some other instances, the minimal nature of industry standards can instigate constituent challenges regarding their appropriateness. Constituents perceiving such standards are set

to low to have any value. Accordingly, it is common for those belonging to a field to observe industry-based standards as having little relevance and sequentially dismissed as trivial (Gunningham & Rees, 1997; Lloyd, 2005b; Sekendiz et al., 2009). This lack of congruence to industry standards was observed in the UK fitness industry by Lloyd (2005a) who claimed that although industry standards did exist, there was little or none observable distinctions among those organisations and individuals that adhered to the regulations, and those that do not. Regardless of their context, for industry-based standards to be effective, they need to be considered by those they service as appropriate and transparent (Christmann & Taylor, 2006; King & Lenox, 2000).

Gunningham and Rees (1997) argued that industry self-regulation usually fails to meet its theoretical promise. Instead, it is a symbolic gesture to improve the social perceptions of an organisational field in a form of strategic legitimacy devoid of how to encourage affiliates to behave accordingly (Gunningham & Rees, 1997; Gupta & Lad, 1983; Long & Driscoll, 2008). Often organisations will enter into a federated network to strategically acquire the legitimisation benefits rather than for the betterment of the organisational field (Dacin et al., 2007). These organisations *symbolically* associate with the self-regulatory insincerely to incur the legitimisation benefits that it espouses without any intentions of abiding to industry standards (Christmann & Taylor, 2006; King & Lenox, 2000; Zimmerman & Zeitz, 2002). Meanwhile, some organisations can also receive the legitimising benefits of self-regulation without being associated with the federation (Gunningham & Rees, 1997; Lenox, 2006). A consequence of external observers perceiving that all organisations that belong to the same field are synonymous entities and are rewarded accordingly (Oliver, 1990; Suchman, 1995; Tornikoski & Newbert, 2007; Zimmerman & Zeitz, 2002).

Industry self-regulation can provide an environment for *free-riding* (Ashby et al., 2004; Lenox, 2006). The term “free-riders” denotes those organisations that can reap the participatory benefits of industry self-regulation though symbolic practice or nonparticipation (Gunningham & Rees, 1997; King & Lenox, 2000; Lynch-Wood, Williamson, & Jenkins, 2009). Lenox even argued that free-riding was a far more attractive option for organisations as it can avoid the costs of affiliation. For instance, industry self-regulation participants usually tend to be the larger more visible organisations within a field whereas those that do not

participate tend to be the smaller less visible organisations. Smaller organisations do not attract the same attention that larger organisations do and hence do not experience the same institutional pressures to participate in self-regulatory systems as larger organisations do. Regardless of the risks of free riding, affiliated organisations will still maintain self-regulatory system. Larger organisations in particular tend to brunt the costs of maintaining self-regulation as they stand to lose the most through its collapse (Lenox, 2006; Lynch-Wood et al., 2009).

Some have encouraged the notion of governmental involvement (i.e. third-party monitoring) in self-regulation as a deterrent for free-riding and to enhance substantive participation (Campbell, 2006; Christmann & Taylor, 2006; Porter & Ronit, 2006). Gupta and Lad (1983) even argued that industry self-regulation falls significantly short when compared to governmental regulation of an industry. Conversely, others have suggested that self-regulation can be far more effective than governmental regulation as it encourages field participation (Gunningham & Rees, 1997; 2000). Nonetheless, the overall effectiveness of such systems is still largely unknown (Gunningham & Rees, 1997; Porter & Ronit, 2006).

Regardless of the differing perceptions for or against industry self-regulation, industry self-regulation is greatly dependent on the social and economic context of its institutional design (Campbell, 2006; Gunningham & Rees, 1997; Porter & Ronit, 2006). For industry self-regulation to succeed it needs to be perceived as being effective and legitimate by others within the field. Consequently, there needs to be significant buy-in by the field's organisations (Christmann & Taylor, 2006; King & Lenox, 2000). Often when self-regulation emerges in an industry, the effectiveness and legitimacy of the self-regulatory body are scrutinised and questioned (Porter & Ronit, 2006). If self-regulation addresses issues that are of particular importance to constituents, organisations are more likely to take a substantive approach to the regulatory system (Christmann & Taylor, 2006). Over time industry self-regulation becomes less apparent and instead a form of institutional functioning (Porter & Ronit, 2006).

2.6 Summary

This chapter has presented and discussed several key contributions from the IOR literature. In particular are the: notions of organisational legitimacy and its underlying concepts of institutional and strategic choice theories; network and federation structures and how they can facilitate a form of field governance; motivational determinates of network participation; network legitimacy and its reciprocal legitimating benefits; and the nature, effectiveness and legitimating benefits of industry self-regulation. These themes have been identified as having particular importance for the analysis of data collected during this research. These themes have also been applied to a proposed conceptual model developed by the researcher and presented below (see Figure 1).

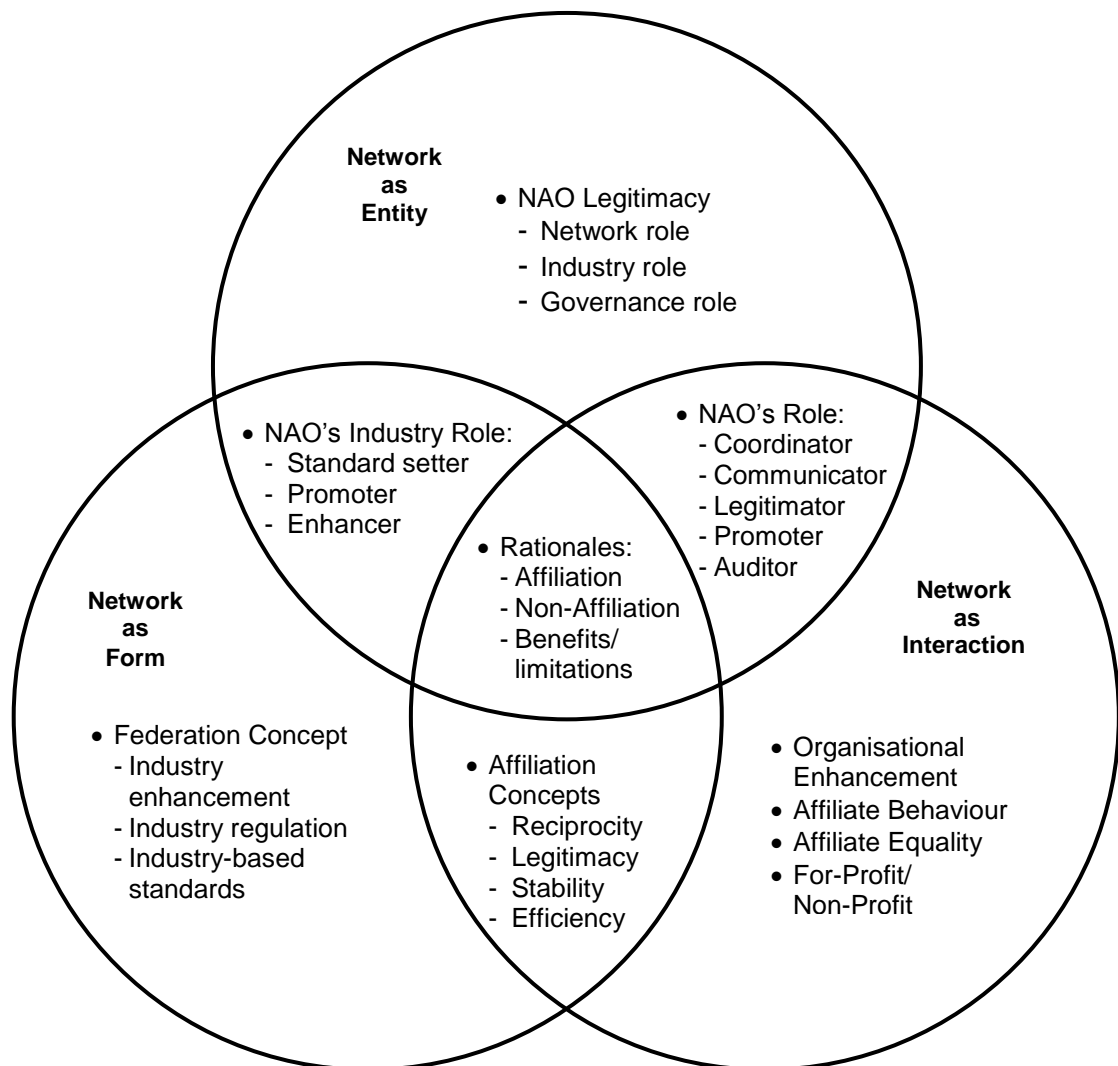


Figure 1. Conceptual Model: Perceptions of network legitimacy at the operational level. Framework has been developed on concepts introduced by Human and Provan, (2000).

The conceptual model functions to provide synthesis of the various concepts from the literature as discussed throughout this chapter, with the findings derived from this research. Its design has been heavily adapted from the work of Human and Provan (2000) regarding network legitimacy development and sustainment. In line with these authors, the network legitimacy dimensions in the conceptual model also interrelate. Allocation of the key concepts to each dimension was determined by the researcher's interpretations by how each relate to Human and Provan's framework. Additionally, three key over-arching themes are centrally located in the conceptual model as they are observed as having significant reliance for understanding how and why respondents determine and evaluate their perceptions. The utilisation of this model will help to identify the social importance and relevance of how research participants evaluate federated network participation as whole. The research design for this thesis is presented in the next chapter.

Chapter 3: Methodology

3.1 Introduction

This chapter presents and discusses the research philosophy, approach and methods that were utilised by the researcher. Initially the researcher's philosophical standpoint and research approach will be discussed followed by the synergy of these perspectives in relation to qualitative inquiry and the case study approach. The research design will then be presented in detail explaining the methods used regarding the identification and recruitment of participants, and the collection of data and subsequent analysis. Ethical considerations and the management of potential bias in relation to this research are also discussed.

3.2 Research Philosophy

This study utilised a qualitative research strategy taking the ontological position of the *interpretivist*, also commonly referred to as *constructionism* (Glesne, 1999). Interpretivists observe social settings as socially constructed realities that are derived from the commonly shared values, beliefs and meanings of social actors (Glesne, 1999; Golden-Biddle & Locke, 1993). Consequently, constructionism suggests that social settings cannot be observed objectively as any actions that take place within these social realities, may be perceived by external observers as meaningless. After all, the meaning of actions can only be fully understood by those social actors who have constructed and enacted these actions (Bryman & Bell, 2007). Interpretivists therefore rationale, interpretations of social behaviour can only be examined through the combined perceptions of the actors that inhabit a particular social reality (Denzin, 1971; Glesne, 1999; Golden-Biddle & Locke, 1993).

Where positivists may argue that social explanations can be achieved through the objectivity of quantitative research and analysis, interpretivists contend that social realities are multifaceted and complicated. An interpretivist approach not only identifies existing occurrences or situation (i.e. the "what") at a given point in time. Rather, it strives to look below the phenomenon's existence to understand reasons "why" and "how" it exists (Yin, 2009). The perceptions among social actors however can be diverse and complex, thus interpretivists

attempt to identify and recognise the multiplicity of perceptions of differing social actors (Glesne, 1999; Grant & Giddings, 2002; Miles & Huberman, 1994). Interpretivists even posit whether organisations do in fact exist beyond the socially constructed reality of where they reside (Bryman & Bell, 2007). Consequently, interpretivists are subjectively instrumental in research projects by allowing the questioning of and interaction with social actors (Denzin, 1971; Glesne, 1999).

The interpretive perspective facilitated the collection of the diverse number of the research participants' perceptions involved in this project (Glesne, 1999). Consequentially collected data was analysed and understood by contextualising the perceptions of participants within the socially constructed reality and culture of the organisational field (Bryman & Bell, 2007; Miles & Huberman, 1994). This was an important consideration, as organisational fields are highly institutionalised environments that encompass commonly shared social values, beliefs, and meanings (DiMaggio & Powell, 1983). As the research project focused on the perceptions of organisational managers that belong to the New Zealand fitness industry, it was considered important to understand their respective legitimacy perceptions within their institutional context. To ensure that this contextual authenticity was maintained, a *naturalist* approach was adopted during this research project.

3.3 The Naturalist Approach

Defining *naturalism* appears to be no easy task. For instance Denzin (1971) claimed that the role of the naturalist researcher was enigmatic and had never been fully clarified. Existing contention among differing naturalistic theorists and practitioners has failed to determine any standardised naturalistic inquiry method (Denzin, 1971). Lincoln and Guba (1985) therefore purposefully avoided defining the naturalist approach, instead arguing that it can only be fully understood as an overall perspective. As Lincoln and Guba explained:

What is salient to us is that, first, no manipulation on the part of the inquirer is implied, and, second, the inquirer imposes no a priori units on the outcome. Naturalistic investigation is what the naturalistic investigator does, and these two tenets are the prime directives. (p. 8)

Bryman and Bell (2007) suggested that, the concept of naturalism was confusing whose various distinct but interrelated meanings being contradictory. Even so, they attempted to provide an all encompassing definition by stating that the naturalistic approach “seeks to understand social reality in its own terms; ‘as it really is’; provides rich descriptions of people and interaction in natural settings” (Bryman & Bell, 2007, p. 403). Naturalistic inquiry therefore attempts to define social realities in their natural settings to provide deeper interpretations and meanings of these social realities (Denzin, 1971). The naturalist therefore recognises that social environments are socially constructed realities, which further supports and assists the interpretivist perspective.

Denzin (1971) referred to naturalistic inquiry as *naturalistic behaviourism*, as naturalistic inquiry involves the study of social behavioural acts. The researchers immerse themselves into a social reality allowing the commonly shared behaviours, languages, values, meanings and beliefs of those actors who inhabit this reality to be observed and recorded (Denzin, 1971). The researcher’s intent to uncover the fundamental issues and needs of the focal study’s participants (Rubin, 1982). Immersion in the participant’s social setting consequently allow collected data to remain true to the occurrence being investigated (Bryman & Bell, 2007; Lincoln & Guba, 1985). As Denzin (1971) so aptly put, “humans have social selves and as such act in ways that reflect their unfolding definitions of the situation. The naturalist is thus obliged to enter people’s minds, if only through retrospective accounts of past actions” (pp. 167-168).

The naturalist observes the use of tacit knowledge as not only being legitimate, but also a critical tool in the analysis and interpretation of collected data. *Tacit knowledge* denoting a type of awareness that can only be gained from personal experience rather than formally taught processes. Tacit knowledge cannot be codified or quantified, as it will then become explicitly known (Berman, Down, & Hill, 2002). Without the subjective interaction between researcher and participant, the context of the social realities cannot be fully understood. Tacit knowledge after all provide the researcher basis for determining insights, and formation of further hypotheses (Lincoln & Guba, 1985). It is also important to note, the naturalist still acknowledges the effect of external influences on these

social environments. Such external pressures providing a deeper understanding of social behaviours and perceptions (Rubin, 1982).

Naturalistic inquiry is regularly characterised by the recurring themes that are inherent of qualitative research (Denzin, 1971; Lincoln & Guba, 1985; Miles & Huberman, 1994; Rubin, 1982). Naturalists use a variety of differing, but interdependent key qualitative methods when developing naturalist designs of inquiry (Lincoln & Guba, 1985; Miles & Huberman, 1994). Nonetheless, not all of these key qualitative methods are strictly necessary for every particular research project (Bryman & Bell, 2007; Glesne, 1999; Miles & Huberman, 1994). Instead a combination of qualitative methods are selected that will satisfactorily facilitate the desired naturalist approach (Lincoln & Guba, 1985; Miles & Huberman, 1994). What remains salient is the desire to keep collected data true and specific to the social setting being investigated (Lincoln & Guba, 1985). Consequentially, naturalistic designs tend to differ from study to study (Miles & Huberman, 1994).

Drawing on Lincoln and Guba's (1985) characteristics of naturalistic inquiry, the overarching design of this research project involved several qualitative methods that are intrinsic to the naturalist paradigm. Namely, (a) field research of social actors in their natural environment; (b) collection and analysis of the perceptions of various individuals; (c) various forms of propulsive sampling; (d) inductive data analysis; (e) the utilisation of the researchers pre-existing tacit knowledge during data analysis; and, (f) research facilitated by a case study approach. A brief overview of qualitative inquiry and the specific qualitative methods used in this research project will now be presented in more detail.

3.4 Qualitative Inquiry

According to Miles and Huberman (1994), qualitative inquiry preserves the social and historical contexts of specific focuses of study. Consistent with the naturalist perspective, the qualitative researcher attempts to capture the "inside" perspectives of the social actors that dwell within a social setting. Collection of data in this manner provides a fuller more holistic view of a social setting, which assists in the interpretation of collected research data. Consequentially, a more prolific and insightful understanding of a particular social setting or instance can

be achieved. Usually qualitative findings tend to be unexpected and opportune in nature, identifying further avenues of inquiry (Miles & Huberman, 1994).

The primary focus of qualitative inquiry is not to explore and derive at statistical generalisations. Instead qualitative researchers endeavour to immerse themselves in their cases to record in-depth and meaningful data (Bryman & Bell, 2007; Lincoln & Guba, 1985; Patton, 2002). Consequently, qualitative research designs usually involve a smaller sample size. The primary determinant for participant selection being based on which samples possess the most valuable information required for the study. Subjectively recruiting participants in this manner is referred to as *purposeful* or *propulsive sampling* (Bryman & Bell, 2007; Miles & Huberman, 1994; Patton, 2002). “The logic and power of purposeful sampling lie in selecting *information-rich cases* for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry . . .” (Patton, 2002, p. 230).

Instead of numbers, qualitative inquiry uses words and images to determine common themes and meanings that define conclusions rather than find social generalisations through numerical commonalities (Bryman & Bell, 2007; Patton, 2002). Any generalisations that are derived from qualitative inquiry are rather theory-based, that generalise and expand the contextual existing knowledge (Hyde, 2000; Yin, 2009). This is contrary to quantitative generalisations that are derived from random sampling and objectively (Patton, 2002). As Miles and Huberman (1994) affirmed, “Qualitative data are sexy. They are a source of well-grounded, rich descriptions and explanations of processes in identifiable local contexts” (p. 1).

3.5 The Case Study Approach

Qualitative research usually presents itself in the form of the *case study* (Hyde, 2000). Yin (2009) defined case study research as a “...empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (p. 18). The case study approach therefore can allow researchers to interpret meaningful understandings of specific social settings,

especially when the societal variables, values and meanings are not yet largely understood (Yin, 2009). Findings that are derived from a case study are usually observed as being unique, specific to the social context of the case's sample rather than transferable to other social settings or other generalisations (Bryman & Bell, 2007). The case study approach has been a common strategy in the IOR literature when studying networks and/or federations (D'Aunno & Zuckerman, 1987; Dickson et al., 2005; Human & Provan, 2000; O'Brien & Slack, 2004; Phelps & Kent, 2010; Provan & Milward, 2001).

This research project was designed to provide a qualitative comparative analysis of the perceptions of a variety of Auckland, fitness centre managers. This was achieved through a multiple-case study approach (Yin, 2009). Case study research that involves multiple cases has become increasingly common when studying the management of organisations. The multiple-case study's design facilitates the creation of a number of differing cases that can be used for comparative purposes. Any specific commonalities or uniqueness's expressed by participants can be identified (Bryman & Bell, 2007; Patton, 2002). It was anticipated that the competitive approach utilised in this research project would provide insight in any such commonalities, or uniqueness' expressed by participants, regarding REPs NZ affiliation or non-affiliation.

3.6 Research Design and Methods

The collection of data for this research can be observed over several processes. Firstly, a secondary data scan of the New Zealand fitness industry was undertaken to gain further knowledge of the field's environment, and to identify potential research participants. Sequentially, after initial contact and confirmation by interested participants, data was collected via semi-structured interviews, which were later transcribed. The analysis of this data involved a thematic analysis with key themes being coded and collated. Identifiable key commonalities and uniqueness's were subsequently related to the literature for further explanation. Each of these processes is explained in more detail below.

3.6.1 Secondary data scan.

Initially, an exploration of readily accessible secondary data relating to the proposed research project was undertaken. This was largely an internet-based

search of relevant websites belonging to key New Zealand fitness industry organisations. Other sources of secondary data involved searches of newsprint articles, magazines and any other documentation that could be relevant to the research project. The rationale for conducting this research was that it facilitated several objectives.

Firstly, the secondary data scan assisted the researcher in developing suitable knowledge and background of the New Zealand fitness industry. Secondly, this scan also provided insight into the extent of industry affiliation with REPs NZ through any available statistical information that could be found. Similarly, other international models of fitness industry registration were also examined. Thirdly, the background of REPs NZ and its key relationships with other industry organisations and individuals were also identified. Finally, the analysis of this secondary data also assisted in the identification of potential research participants for the case study and the development of appropriate research questions for the respective interviews. Contact details for potential participants were also acquired through these processes.

3.6.2 Participant criteria and identification.

A purposive sampling approach was utilised for the research project. Patton (2002) identified 16 differing types of propulsive sampling strategies. While the majority of Patton's sampling strategies denoted specific differing techniques that enabled the qualitative researcher to resource information-rich participants, he also offered a final sampling strategy that suggested the utilisation of a selection of these strategies. Referred to as *combined/mixed purposeful sampling* (Patton, 2002), this research project involved a mixture of such purposeful sampling strategies to varying degrees. Namely:

1. *Maximum variation sampling*, the propulsive selection of participants that cut across a range of variation to determine common themes.
2. *Snowball sampling*, allowing the facilitation of referrals by participants to indentify further potential participants.
3. *Convenience sampling*, allowing the researcher to draw from his own personal network of contacts.

The purposive approach was particularly useful for insuring that participants were suitably experienced and/or educated to provide the necessary relevant and detailed data needed for the research project (Bryman & Bell, 2007; Patton, 2002) rather than what would be achieved if a random sampling approach was taken. Maximum variation sampling facilitated the identification and categorisation of participants by observing distinct commonalities. Namely, the variations utilised for this thesis are, (a) “for-profit” versus “non-profit organisations”; and, (b) “REPs NZ affiliated” versus “REPs NZ non-affiliated organisations”.

Snowball sampling allowed the researcher to be directed to other potential participants by others who had participated in the research project. This strategy was particularly useful in identifying potential participants who were good sources of information. Furthermore, it was often the case that upon initial contact with centre managers, the researcher would be referred further up the hierarchical ladder to a higher-level organisational manager or director.

A selection of centres was selected by the researcher that met the above maximum variation sampling criteria. Participant identification and selection was largely derived from the secondary data scan of the New Zealand fitness industry. In total, eight centre managers, two organisational directors, and two centre owner/operators from differing health and fitness centres located in the greater Auckland area were interviewed. Three participants were selected from the researcher’s personal network of contacts for convenience.

Initially, it was intended for the research project to include 16 different fitness centres and a representative for REPs NZ. Due to time restraints however and the difficulty of recruiting participants for the project, this sample size was later reduced to 12 centres. It was also decided that the involvement of a second industry level participant would further characterise the industry-level perspective, would be beneficial to this research. An additional interview was undertaken with a representative from Fitness NZ. In sum, a total of 12 interviews (including two fitness centre chain directors) were conducted at the fitness centre level, and a further two interviews involving representatives from REPs NZ and Fitness NZ were also undertaken.

Individual fitness centre managers were selected on criteria relating to the characteristics of their respective organisations. Each centre was characterised by:

1. Being geographically located in the greater Auckland area.
2. Maintaining a sizable membership base (i.e. approximately 1000 plus members).
3. Providing a variety of available services (e.g. cardio equipment, weight lifting equipment, group fitness classes, fitness instruction, personal training, etc.) which are not unique.
4. Its organisational type (i.e. “for-profit”, or “non-profit”).
5. Its REPs NZ affiliation status (i.e. “affiliate”, or “non-affiliate”).

The geographic location for this research project was conducted in the greater Auckland area. The decision to conduct research in the same geographic was rationalised by three reasons. Firstly, as the researcher’s place of domicile was Auckland, conducting research in this geographic region facilitated the ability for “face-to-face” interviews to be undertaken during the research project. Secondly, it was also rationalised that by focusing the research on a sample of Auckland fitness centres would provided a microcosm of the national organisational field. Finally, by focussing on one geographical location provided data uniformity as all the organisations within this microcosm are affected by the same cultural influences and institutional existence (DiMaggio & Powell, 1983). Consequently allowing controls for any cultural or field differences that might be incurred through differing geographic organisational fields (Deephouse & Carter, 2005).

As is common in industry self-regulatory systems, the larger more visible organisations tend brunt the cost of maintaining such regulatory systems while the industry’s smaller organisations exhibit free-riding behaviours (Ashby et al., 2004; King & Lenox, 2000; Lenox, 2006; Lynch-Wood et al., 2009). It was therefore posited that the fitness industry’s “medium” to “larger” organisations would be suitably educated regarding REPs NZ affiliation as well as gratifying the stereotypical image that is representative of the New Zealand fitness industry. A sizable membership base was utilised during participant selection processes as it was posited that membership size successfully provided a fair

representation of organisational size. It was hypothesised that centres that maintained a membership base of approximately 1000 members or more represented that larger interests of the New Zealand fitness industry. Similar fitness centre categorisations are observed by the New Zealand Fitness Awards 2010, which typifies “medium-size” centres as maintaining a membership base of 501 to 1500 members, whereas “large centres” are categorised by a higher membership level (New Zealand Fitness Awards 2010, 2009).

Such membership distinctions facilitated the purposive sampling of various corporate and community-based organisational entities ranging from single community centres and owner/operator entities to large fitness centre chains. Additionally, a variety of services provided by centres was considered important as it was also rationalised that such distinctions typified and characterised a commonly shared perception of what a health and fitness centre is. Both these distinctions (i.e. membership size and service multiplicity) consequently eliminated smaller organisational structures from the research project. For example, small personal training businesses, boutique gyms, school and sport club gyms, and un-staffed health and fitness centres were excluded.

Further considerations were taken to attempt to ensure that an even spread of centres for each category. For instance, there are a proportionate number of for-profit and non-profit centres. Similarly, there is also a proportionate number of REPs NZ affiliated and non-affiliated centres. The rationale for this equality was to facilitate a fair representation of the differing perceptions of the industry. Selection of participants in this manner was facilitated through the development of a “2X2 matrix” format sampling framework (refer Figure 2). The development of sampling frameworks being an essential and fundamental element for multiply-case sampling and the naturalistic approach (Denzin, 1971; Miles & Huberman, 1994).

3.6.3 Participant recruitment and challenges.

Initial contact with potential participants was by either, (a) telephone conversation, (b) email, or, (c) in person by the researcher at the facility’s location, offering an invitation to participate in the research project. Participant

	Federation Affiliated Centres	Non-Affiliated Centres
Non-Profit Organisations	NP-FA	NP-NA
For-Profit Organisations	FP-FA	FP-NA

Figure 2. 2X2 Matrix Sampling Framework: Non-profit vs. for-profit, and federation affiliated vs. non-affiliated fitness centres.

information sheets and consent forms (refer Appendices A, B, C and D) were supplied to those centre managers who expressed interest in participating in the research project. A list of interview questions was also supplied in advance to those who requested it (refer Appendix E). Centre managers were also given the opportunity for a personal meeting with the researcher to discuss the nature of the research project if it was desired. Research was usually undertaken within one to two weeks after this initial contact stage. This was to allow interested participants a suitable amount of time to contemplate or consult with others regarding their commitment in the research project.

Initial contact followed by a subsequent telephone call and/or further email proved to be the most effective for acquiring participants. Eight participants were secured in this manner. Respectively, three participants were acquired through referrals, and another three through the researcher's personal network of contacts. Even so, there were some difficulties experienced by the researcher during the participant recruitment processes, which are discussed below.

Firstly, of the 40 Auckland fitness centres that were contacted regarding this study, only 11 different organisations expressed interest in participating in the research project. The failure to secure a twelfth centre for one category (i.e. For-Profit Non-Affiliated, or FP-NA) was particularly challenging with only two organisations from the 18 centres contacted expressing interest. The lack of response by this category was interesting as it was posited that FP-NA centres would have the most to express about their non-affiliation with REPs NZ. In some instances, a few FP-NA centre managers had initially expressed interest in being involved in a research project that involved the fitness industry, however after the forwarding of the participant information documents there was no further response from these individuals. Generally, there was a considerable lack of response by FP-NA centres to the researchers repeated attempts of contact. Whether this was due to: workload commitments; lack of interest in the project; and/or lack of knowledge regarding the topic, it is unknown. Fortunately, one of the larger organisations offered the possibility of an interview with another organisational manager, which once undertaken, was subsequently used to fill this category.

Although beneficial in the above case, in other instances the processes of internal organisational referrals proved to be either enabling or inhibiting when dealing with fitness centre chains. Due to operational processes, centres that are part of a chain tended to refer the research participant proposal further up the hierarchical ladder to an organisational director. In two instances, this was particularly advantageous as some rich information was acquired from these individuals. In two other instances, these same processes were limiting. One privately owned organisational director declined to participate due their relationship with Fitness NZ. Another community-based chain director declined due to increased workload commitments involved in the governance restructuration of the Auckland City Council at the time of this research. The refusal of these directors to participate in the research, made it clear that non-participation was at an organisational level effectively removing all their respective centres as potential participants.

A final challenge experienced during the participant recruitment process involved challenges by REPs NZ regarding the wording of the participant information sheets (refer Appendix A). Specifically the organisation expressed

concern that the academic terms (i.e. 'legitimizing benefits', 'perceived credibility', 'professional legitimacy', 'legitimizing', etc.) might misled the participant "...to the conclusion that there are pre-existing concerns as to REPs NZ's 'legitimacy' and 'credibility'" (REP, personal communication, September 7, 2010). Even though this was an independent research project, it was agreed that the participant information sheets would be altered were possible to remove these academic terms in the interest of cooperation. Furthermore, the researcher also reinforced the research project's focus (i.e. those fitness centres either affiliate of not affiliated with REPs NZ) rather than to question the legitimacy and credibility of REPs NZ in any initial personal communications with potential participants. Two revised versions of the document were produced (refer Appendices B and C). Although not completely satisfied with the wording of the final version, REPs NZ felt that this revised document provided "more clarity" (REP, personal communication, September 28, 2010) regarding the research project's intentions. Any initial appointments involving REPs NZ affiliated centres were postponed until these issues were resolved.

3.6.4 Data collection.

The interviews that were undertaken in the project involved a single key managerial individual from each Auckland fitness centre. Interviews were conducted at either the participant's place of employment or another suitably prearranged public location if so desired. Interviews were conducted from the 10th September to the 1st November 2010. It was intended that each interview to be approximately 45 to 60 minutes in duration. Although there was no specific time limit as the length of these interviews ranged from 25 to 70 minutes. Questions were designed to identify key themes relevant for each perceptual level (see section 1.3), essential for the research project. Interview questions can be observed in Appendix E. Interviews were *semi-structured* in nature. Consequentially the interview questions provided a guideline for conducting the interview rather than formally structured procedure (Bryman & Bell, 2007). The researcher simultaneously recorded these interviews by making written notes and digital recordings. Interview recordings were sequentially downloaded directly to a computer where they were stored.

As the main purpose of the research project to capture the perceptions of these individuals, semi-structured interviewing was considered a crucial component of the study. Any data collected from these interviews needed to be contextualised by the participant's institutional environment for their perceptions to be fully understood (Bryman & Bell, 2007; Deephouse & Carter, 2005). Other rationale for utilising a semi-structured approach was derived from several key factors. Firstly, semi-structured interviews provided the flexibility for participants to discuss certain topics in greater detail consequently providing a fuller, more "richer" picture of the case (Bryman & Bell, 2007). Semi-structured interviews also allowed further discussion to be undertaken regarding any new topics of interest as they arose during the interview process (Dickson et al., 2005). Finally, as the researcher commenced the research project with a certain amount of existing tacit knowledge of the industry coupled with any additional knowledge that was obtained through the preliminary secondary data scan, the semi-structure approach was considered appropriate (Bryman & Bell, 2007).

Dickson et al. (2005) for example found the use of semi-structured interviews in their study regarding the expansion of the Victorian Football League (VFL) in Australia a valuable strategy. The authors claimed that the use of semi-structured interviews allowed interviewees to express their experiences and opinions. These types of interviews also allowed the researchers the ability to clarify and confirm specific archival information regarding the federated network (Dickson et al., 2005). Regardless of their flexibility, semi-structured interviews still have enough structured element in their design to allow for a reasonable amount of data consistency. Data consistency was also considered important for this research project due to the multiplicity of organisational types involved in its design. More specifically, the "structured" component of the semi-structured interview process ensured cross-comparability of data between these organisations (Bryman & Bell, 2007).

Prior to the transcription of interviews, each participant was labelled with a code to provide anonymity for ethical reasons (Bryman & Bell, 2007). The codifying of participants in this manner also provided impartialness during the data analysis process as each participant was not readily recognisable, but rather characterised by where their organisation was positioned within the sampling framework. Interviews were subsequently transcribed into Microsoft Word 2007

documents personally by the researcher. Transcripts were also checked as being accurate by the researcher reading the transcripts while simultaneously listening to the audio-recorded interviews. In some instances, certain key accounts offered by participants were validated by an additional secondary data scan of the internet for any relevant available documentation substantiating these accounts.

3.7 Data Analysis

Analysis of the data involved various stages of data codification and categorisation to identify commonly shared perceptions, referred to as “themes”. Themes were sequentially reduced, condensed, and further specified through various stages of the data analysis process. Miles and Huberman (1994) referred to this analysis of field notes in the manner as data reduction which is “the process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in written-up field notes or transcriptions” (p. 10). The rationale for these processes and their implementation during this research, are discussed in the two following sections.

3.7.1 Coding, categorising, and thematic analysis.

As qualitative data is usually compiled of words and images rather than statistical information, analysis needs to be undertaken to determine common social themes (Bryman & Bell, 2007; Patton, 2002). This usually involves a *thematic analysis* to systematically identify and interpret any commonly expressed themes or perceptions by the participants (Bryman & Bell, 2007). This is not to say that any singular themes or cases that arose were discounted. Rather, any such unique instances are still observed as contributing to a fuller more contextualised understanding of the social environment (Patton, 2002). As qualitative inquiry involves the interpretation of multiple social realities (Glesne, 1999; Grant & Giddings, 2002; Lincoln & Guba, 1985), this is important for understanding the perceptions of participants within the social reality of where they reside (Glesne, 1999; Golden-Biddle & Locke, 1993; Patton, 2002).

Initially, research themes are usually unclear or unidentifiable. Hence the qualitative researcher will generally take an inductive approach to systematically transform and quantify the distinct multifaceted personal perceptions of

participants (Bryman & Bell, 2007; Lincoln & Guba, 1985). An *inductive analysis* being particularly useful in this instance as it also takes into consideration the social contexts of where the participants reside (Lincoln & Guba, 1985). An inductive data analysis approach was undertaken in this research project to determine and interpret findings through the identification of common themes.

Lincoln and Guba (1985) identified two fundamental sub-processes that are involved in inductive data analysis. Namely, (a) *unitising*, and, (b) *categorising*. Unitising is a form of coding where small chunks of important information are sequentially “unitised” with a code representing its distinguishing and characteristic significance. Codified text are generally specific sentences and paragraphs that might be of particular significance or importance to a research project (Lincoln & Guba, 1985; Miles & Huberman, 1994). Once unitised, coded text are subsequently categorised. Categorising involving the process of sorting codified data into distinctive categories denoting their significant contextual setting (Lincoln & Guba, 1985). Usually at this stage the distinctive themes to categorise codified data may be unclear (Bryman & Bell, 2007). Miles and Huberman referred to the sub-processes of unitisation and categorisation of data as *indexing*, or more commonly, *coding*. This thesis uses the later term to represent the inductive data analysis approach, namely, “coding”. Themes are usually unclear until they start to become apparent during the coding process (Bryman & Bell, 2007; Lincoln & Guba, 1985; Miles & Huberman, 1994). Eventually repetitive themes may present themselves as commonalities which formalise these categories for further analysis (Bryman & Bell, 2007; Lincoln & Guba, 1985; Miles & Huberman, 1994). Initial categorisation of codified data is usually tacitly determined by the naturalist researcher (Lincoln & Guba, 1985).

3.7.2 Research data analysis methods.

The primary analysis of the collected data involved the matching of each interviewed transcript with its respective written field notes. Firstly, participant transcripts were “copied and pasted” into Microsoft OneNote 2007 where a specific “Notebook” was created for the sole purpose of this research project. Each organisational category was allocated a Microsoft OneNote 2007 “Notebook Section” (i.e. a folder/file specific to each category) which contained a separate section “Page” unique to each participant. These pages were used

to store each participant's respective interview transcripts and any other relevant notes and information for further data analysis. During the initial analysis of these transcripts, the researcher added marginal remarks and memos next to particular chunks of text within the transcripts where it was felt necessary. Reminders were added directly to the transcripts in Microsoft OneNote 2007 by certain new text box and an arrow from the "Drawing Tools" option. These inserted remarks and memos acted as reminders for the researcher to provide comments and ideas derived from these sections of transcript (Miles & Huberman, 1994).

Any large chunks of text that were identified as relating to particular identified research themes were tagged with codes to illustrate their relevance and/or importance (Miles & Huberman, 1994). Coding of this data was applied to transcripts by using the "Insert Tag" option available in Microsoft OneNote 2007. A tag was created to represent any new themes observed in the transcripts. This tag was then placed next to the sentence or paragraph. As well as the researcher's tacit knowledge, an interpretivist approach was also needed so that the data was not superficially observed at "face-value" only. Rather, the social values and meanings that underpinned these data were also examined. Such notions and concepts justifying the data's existence and signifying its importance (Bryman & Bell, 2007).

This section of text was then separated into paragraphs within the transcript itself by pushing the "Enter" button on the computer keyboard. This ensured that when summaries of the tagged sections of data were conducted, that only the relevant text relating to this tag would be displayed. Where any similar occurring themes presented itself in either the same or other transcripts, regardless of its origin, the same tag was used. Occasionally more than one tag was used for the same section of text which signified the multiply themes that were involved in its interpretation.

Summary pages of the tagged text were then created using the "Create Summary Page" option in Microsoft OneNote 2007. Summarising tagged data in this way allows for any common themes and uniqueness' to be accumulated or singled out. Regardless of the accumulation of this data, it is important to note that the data remained unique to its organisational category in the sampling

framework. Sequentially, the summarised data was then further condensed by the marrying and simplifying of certain themes that appeared to be conceptually similar. Large sections of data were also reduced were applicable by the use of bullet pointing to reduce wordiness. A further summary page of the condensed data was produced.

At this point, new Microsoft OneNote 2007 tags were assigned. These tags were specific to each interview question and its relationship to the key research questions. This was to allow for re-categorisation of the summarised data back to the key research questions and a further summary page was generated on Microsoft OneNote 2007. Finally, a spreadsheet was created in Microsoft OneNote 2007. This spreadsheet provided a matrix of summarised data categorised by each centre and organisational type as observed in the sampling framework. This data was also cross-referenced with each key research question to assist in the manual final analysis by the researcher.

These themes were then allocated into three predetermined perspectives at the organisational, network and, industry levels. To determine perceived network legitimacy at the organisational level, the conclusions from these themes were allocated to three network legitimacy dimensions as identified by Human and Provan (2000). The researcher developed a conceptual model based on the work of Human and Provan including other relevant concepts from the literature, as discussed in Chapter 2 (refer Figure 1, section 2.6). It was anticipated that the proposed conceptual model would assist further data analysis of network participation as a whole. The findings from these research methods are discussed in the next chapter.

3.8 Potential Bias

The inter-subjective nature of qualitative inquiry requires that the researcher interact with the participant. This interaction allows the researcher the ability to contextually interpret the information gathered from interviews (Glesne, 1999; Grant & Giddings, 2002). As Grant and Giddings explained, "This requires a degree of reflexivity. Although both the researcher and participant are involved in data collection, it is the researcher's interpretation that is fore fronted in the analysis process" (p. 17). There is always the possibility for bias during

qualitative research processes to the innate relationship between the researcher and the participant (Glesne, 1999; Patton, 2002) or other preconceptions the researcher may have regarding the subject matter (Bryman & Bell, 2007).

Although tacit knowledge is observed as a legitimate and essential tool of naturalist inquiry (Lincoln & Guba, 1985), it is still important to note that, at the time this research project was conducted, the researcher had pre-existing tacit knowledge of the New Zealand fitness industry. For instance, the researcher was formally employed at two different New Zealand fitness centres (i.e. one privately owned, the other community-based) on separate occasions for approximately seven years. During this period, the researcher was also a REPs NZ registered exercise professional. Even so, at the time that this research project was undertaken, the researcher was neither employed by any New Zealand fitness centre nor registered with REPs NZ. Any potential for bias was subsequently monitored and guided by the researcher's academic supervisors.

3.9 Ethical Considerations

As the research project involved the use of human participants in the collection of research data, it was essential to ensure that ethical approval had been provided by the Auckland University of Technology Ethics Committee (AUTEC) (refer prefaces) prior to its commencement. Although the data collection procedures and the nature of information sort during the data collection process were of low ethical risk, it was still important to recognise that there was always the potential for risk to occur. The term "risk" denoting any physical, psychological, and/or social harm that could potentially be incurred by informants through their participation in this research project (Auckland University of Technology, 2009).

To ensure that ethical concerns were addressed, several critical procedures were undertaken during the course of this research. For instance, prior to the commencement of interviews, potential participants were provided with a Participant Information Sheet (Appendix C) outlining the intent and purpose of the research project. This document ensured that participants were fully informed of the research project's main objectives and that their involvement in

this study was strictly voluntary. The form also assures potential participants that any personal and/or other identifiable information would be kept strictly confidential and securely stored. Consent Forms (Appendix D) were also provided advising participants of their right to withdraw from the research project, at any stage and without any personal consequences being incurred by these individuals.

Additionally, the collection and storage of research data were managed in compliance with AUTC guidelines. To ensure participant anonymity all participants (i.e. individuals and organisations) were allocated a code to act as a pseudonym for the labelling of collected data and to provide impartialness during data analysis. Protecting the identity of participants in this manner ensured that no individual was identifiable during transcription of interviews, analysis of data, and later reporting of research findings (Bryman & Bell, 2007). The unique code used for each participant was created to reflect their respective sample characteristics (refer Table 1, section 4) rather than any specific individual or organisational identity. Coding in this manner was done prior to the transcription of interviews and the analysis of this data.

The use of pseudonyms also allowed for in-text referrals to be used during the course written component of this research while protecting individual participant identities. Any communications and information collected by the researcher were safely secured in a locked cabinet, a password protected computer at Auckland University of Technology (AUT), North Shore Campus, and on a personal memory device belonging to the researcher. Post research, hard copies of interview transcripts and other identifiable materials will be stored by the AUT Business Faculty for a period of six years at which point it will be destroyed by AUT's commercial office, documentation destruction service. Signed consent forms will be handled similarly, however these are stored at a separate location to eliminate any chance of them being matched to the transcripts.

3.10 Limitations

Several potential limitations were identified during the collection of data in this research project. As discussed in section 3.6.3, of those individuals who

participated in this research project, two were from the same organisation (i.e. FP-NA1 and FP-NA3) and two other were organisational directors (i.e. FP-FA3 and NP-FA2). Firstly, the failure to acquire a third independent FP-NA participant might well have limited the degree of difference among perceptions that occur between differing organisations. Consequently, an additional perspective from a third organisation for this sampling framework category may have been more beneficial to this research project. Additionally, although the participation of organisational directors was welcomed and valued by the researcher, in hindsight the perceptions of fitness centre managers may have provided further contextualisation of research findings at the operational level. Nonetheless, all participants can still be observed as belonging to the Auckland fitness organisational field, at the fitness centre level.

Finally, there appears to be a considerable lack of available secondary data relating to the New Zealand fitness industry. Of the scant information that is freely offered by various websites most lacked depth, timeliness, and reliability. Potentially the most credible source of New Zealand fitness industry information was Fitness NZ. Unfortunately, the information that could be freely obtained from the organisation was significantly limited. For instance, Fitness NZ conducts annual industry research. Although the findings of these surveys are restricted to affiliated members (Fitness NZ, 2009). Additionally, Fitness NZ offers an information sheet regarding the New Zealand fitness for students conducting study in this field, nonetheless this document is over seven years old (Fitness NZ, 2003). Consequently, much of the data collected by the researcher was dependent on the honest and reliable responses of research participants as processes for validating responses with secondary data was limited, further identifying the researcher's reliance on the truthfulness of research participant's responses.

3.11 Summary

This chapter has provided detail of the paradigm and qualitative methods used in this research. Namely, an interpretivist approach was undertaken to determine the commonly shared and unique perspectives of the participants involved in the research project. Semi-structured interviews were conducted with 12 Auckland City fitness centre managers or directors and a further two

interviews involving representatives from differing New Zealand fitness associations. The transcripts from these interviews were subjected to various coding processes to facilitate a thematic analysis of these individuals' perceptions of the legitimating benefits of being either affiliated or non-affiliated with a fitness industry register. The findings from this data analysis will be discussed in the next chapter.

Chapter Four: Analysis of Data

4.1 Introduction

This research project involved 16 semi-structured qualitative interviews with an average duration of approximately 40 minutes. The data collected from these interviews were transcribed and sequentially allocated to three pre-determined perspectives that relate to the first three research questions for this project. Specific are the perceptions of research participants regarding the effects of federation affiliation at the organisational, network, and industry levels. Thematic analysis provided more illumination of important themes as they became apparent during the deeper analysis of data. These themes provided the basis for further discussion and conclusions to be drawn in Chapter 5. Firstly, this chapter will characterise those individuals who participated in this research project. Then findings for each research question, which relate to each perspective as described above, are presented.

4.2 Research Participants

This research project involved the participation of individuals who were either employees or owners of fitness centres based in the greater Auckland area. Data was collected from 12 individuals from 11 differing fitness centre organisations. Four organisations were located in Central Auckland; three on Auckland's North Shore; two in East Auckland; two centres located in South Auckland; and one West Auckland located centre (refer Table 1).

However, it is important to note that, although most participants were allocated a specific location, participant interviews that involved directors of chains actually represented multiple Auckland locations and were labelled accordingly. It is also important to note (as previously discussed in the research method), two individuals participated from the same organisation to complete the number of participants for that category (i.e. FP-NA category), which had been particularly challenging to full. Consequently this allowed for three individuals for each organisational categorisation as per the sampling framework (refer Figure 2).

Table 1

Participant and Organisational Characteristics

Category	Location	Type	Individual	Organisational description
For-Profit/Federation Affiliated				
FP-FA1	Central	Chain	Centre Manager	Exercise & fitness specialist facility
FP-FA2	West	Independent	Owner/Operator	Exercise & fitness specialist facility
FP-FA3	Multiple	Chain	Director ^a	Multi-purpose facilities
For-Profit/Non-Affiliated				
FP-NA1 ^b	Central	Independent	Centre Manager	Multi-purpose facility
FP-NA2	South	Independent	Owner/Operator	Exercise & fitness specialist facility
FP-NA3 ^b	Central	Independent	Centre Manager	Multi-purpose facility
Non-Profit/Federation Affiliated				
NP-FA1	North Shore	Chain	Centre Manager	Multi-purpose facility
NP-FA2	Multiple	Chain	Director ^a	Multi-purpose facilities
NP-FA3	North Shore	Independent	Centre Manager	Tertiary-based multi-purpose facility
Non-Profit/Non-Affiliated				
NP-NA1	North Shore	Independent	Centre Manager	Multi-purpose facility tertiary relationship
NP-NA2	Central	Independent	Centre Manager	Tertiary-based multi-purpose facility
NP-NA3	East	Independent	Centre Manager	Community-level multi-purpose facility
Industry Representatives				
FNZ	Fitness New Zealand			
REP	The New Zealand Register of Exercise Professionals (REPs NZ)			

Note. ^a Director contributions represent multiple fitness centres that belong to the same organisation located throughout Auckland.

^b FP-NA1 and FP-NA3 are two separate centre managers that belong to the organisation.

In sum, six individuals from five for-profit organisations and six individuals from six non-profit organisations took part in the research project. Namely, eight centres managers, two fitness chain directors, and two owner/operators offered their personal insights and perceptions regarding organisational affiliation or

non-affiliation with REPs NZ. Two additional interviews were also undertaken involving a single representative from REPs NZ and Fitness NZ.

4.3 Research Question 1: Rationales, Benefits, and Limitations of Affiliates and Non-Affiliates

What are the perceived benefits and limitations by an organisational field's members regarding affiliation or non-affiliation with a voluntary federated network at an organisational level?

4.3.1 Rationale and benefits of affiliation.

Affiliated centres rationalised their association with REPs NZ as providing a supportive role to the register to protect the best interests of the New Zealand fitness industry. Organisations pledged their support to REPs NZ to safeguard and enhance the industry's reputation and credibility. The reduction of "Cowboys" (i.e. unqualified and unskilled individuals) working in the industry was observed by affiliated participants as the major motivation that underpinned this rationale. As FP-FA1 explained:

We wanted to obviously try and support that, because we think that it is good thing for the industry to have some sort of industry-recognised standard, and to enhance the credibility of both the industry and the people working in the industry. For years and years there has been a lot of 'fly-by-nighters' or 'Cowboys' or 'Cowgirls' in the industry. And there have been no real complaints or no real structure or system that they have to comply to. (FP-FA1, personal communication, September 28, 2010)

Similarly, NP-FA2 commented, "Until the remit of REPs occurred internationally, there wasn't anything to stop Joe Bloggs from saying: 'I'm a personal trainer, I'm great, I can train you', and people got hurt (personal communication, October 19, 2010). NP-FA1 suggested that affiliation with an industry register might benefit customer retention as well as the community as a whole:

If you join a gym and you get poor service and you pick up an injury because of what has been prescribed to you, you're probably never going to go back to a gym. But if you have an enjoyable experience and

you are well looked after...you would feel that's worthwhile and stay in the industry. So...I guess putting on a holistic hat for a minute, it's important that we keep more of New Zealand people active, rather than loose them because they had a bad experience. (personal communication, September 23, 2010)

Two affiliated participants felt that it was ethically the right thing to do. NP-FA3 for example observed affiliation with REPs NZ as logical, "Before REPs was formed, we listened to what they were about, and we liked the direction that they were looking at leading the industry into" (NP-FA3, personal communication, November 1, 2010). FP-FA3 felt that they had a responsibility to be associated with REPs NZ, "For me, I think because that we are a big chain, it's best for us to be associated with them" (personal communication, September 30, 2010).

Affiliated participants also identified organisational profile enhancement as a significant motivation for affiliation. "So by being a part of REPs we wanted to reassure the general public that we had met certain basic criteria and insurances and the correct skill sets and minimum training requirements in place" (NP-FA2, personal communication, October 19, 2010). Similarly, FP-FA3 claimed that by their centres being identifiable as REPs NZ registered "would put us in good stead with the community" (personal communication, September 30, 2010).

Both industry representatives suggested that fitness centres affiliate with REPs NZ as they see the value in the concept of the industry maintaining a register of exercise professionals. As FNZ explained, "I think for the vast majority of people, they get it now. They get that being part of something, some sort of quality mark (personal communication, October 14, 2010). Similarly, REP suggested that the register's members affiliate "Because they are looking for a quality mark and in terms of the industry itself" (personal communication, October 16, 2010). While recognising that affiliation with REPs NZ is voluntary, REP also commented, "Well it's compulsory, it's as compulsory as the industry makes it. And by having the large clubs on board, makes it reasonably compulsory anyway without having to force it upon the industry" (personal

communication, October 16, 2010). FNZ also suggested that affiliated organisations also did so to gain access to REPs NZ's resources.

Affiliation benefits.

FP-FA participants largely perceived the organisational benefits incurred by REPs NZ as minimal. As FP-FA1 commented, "To be honest: none" (personal communication, September 28, 2010). FP-FA1 also suggested that the real benefit of affiliation with REPs NZ is the ability to prove to the public that the organisation conducted business as mandated by industry. Nevertheless, this was only effective if the public are aware of such guidelines. Similarly, FP-FA2 mentioned that one of the benefits received through association with REPs NZ. FP-FA2 also perceived that this had little leverage due to the public's lack of awareness: "Although, when they give me that REPs 'sticker', I put in there [gesturing to reception area] that we are all REPs registered. But all the time that I have been here, nobody would ever ask: 'Are you REPs?'" (personal communication, October 13, 2010).

NP-FA3 felt similarly, "To be honest there aren't huge benefits yet, I think other than the fact that we could say that we are a REPs registered facility" (personal communication, November 1, 2010). NP-FA3 also felt that the recognition for exercise professionals is not there with everybody being lumped into the same categories. Both NP-FA2 and NP-FA3 however did feel that the public awareness had improved over the last year or two as REPs NZ had become more proactive in promoting the registry system and the provision of additional resources. NP-FA2 suggested that the resources provided by REPs NZ were beneficial and that using the REPs NZ brand was great for marketing centres (personal communication, October 19, 2010).

NP-FA1 felt that such benefits were experienced more at the industry level by the provision of industry education and the up-skilling of the workforce. The requirement by REPs NZ that exercise professionals maintain ongoing training forced fitness organisations to find CEC training options for employees. "So, I guess there's a cost to that, but the flip side of that is you are keeping staff up-skilled...it's probably helping the industry, in many ways" (NP-FA1, personal communication, September 23, 2010). NP-FA1 also felt that the REPs NZ

provided some credibility for those employed by the industry the ability for exercise professionals to prove to potential employers that they can do the job (personal communication, September 28, 2010).

The discounts for conferences that can be obtained through affiliation with REPs NZ were considered important by three affiliates (FP-FA2, personal communication, October 13, 2010; FP-FA3, personal communication, September 30, 2010; NP-FA2, personal communication, October 19, 2010). FP-FA2 and NP-FA2 also suggested that REPs NZ fulfilled an important platform for field networking via these conferences.

Most of the affiliated participants mentioned that they were aware of the resources that REPs NZ provided, but only NP-FA2 mentioned that they used the resources rating them as valuable. As NP-FA2 explained:

Now, more so in the last year, I think they are more thorough because they're a lot more comprehensive in their coverage. For who they're working with [i.e. REPs affiliated organisations], they've actually got some really good materials in terms of, I think there are a great supplier to individual clubs. (personal communication, October 19, 2010)

Two other centres placed little value on these resources. FP-FA3 for instance mentioned that: "There are benefits on their website that personal trainers can get. A lot of resources and things like that. Which I don't get time to [look at], I let my staff know but I don't get time" (personal communication, September 30, 2010). FP-FA2 also placed little value on these resources:

You get contracts that help if you've got personal training and they have all these standards about helping you and how to run the business. It's all a lot of contracts. Although there is not much, the only one probably that I got from them was the personal trainer contract. (personal communication, October 13, 2010)

REP suggested that affiliated organisational benefits included the access to its resources and a promotable quality mark that enhanced the profile of affiliated organisations. The quality by an effective marketing tool to promote a particular centre:

The other benefit is of course this promotable quality mark. Clubs had to try and build this themselves before. They had to go to their public and say, “See we are good, Just trust me” whereas now, the registration system and the registration with REPs just brings them a quality mark, and a promotable mark. (personal communication, October 16, 2010)

FNZ claimed that registration provided credibility for those working in the industry whereas the resources offered by REPs NZ were more beneficial for the smaller operators: “I think it is fair to say that as you get smaller and less structured and less supported as a club...REPs will provide them with tangible resources” (personal communication, October 14, 2010). Similarly, REPs NZ suggested that new entrants to the field benefited from affiliating themselves with REPs NZ as the register provided these organisations with “a pool if employees and professionals that they can instantly draw on” (personal communication, October 16).

Affiliation impact on staff recruitment.

REP mentioned that the register assisted fitness organisations when recruiting new staff by providing a “pool” of suitably qualified staff, and clarity regarding industry-based qualification:

Prior to REPs it meant that when they [i.e. centres] employed new staff, firstly they had to do a lot of verification themselves in terms of checking qualifications whereas when registration came in, because REPs does that whole role for them, so all they need to look for is registrations. (personal communication, October 18, 2010)

All affiliated participants said the association with REPs NZ has helped with the recruitment of new staff. Overall, it was felt REPs NZ’s recognition of qualifications provided clarity amongst the confusing array of fitness industry courses. As FP-FA1 stated: “It is because then we know straight away that they have a base-line qualification that meets industry standard” (personal communication, September 28, 2010). FP-FA3 and NP-FA2 also mentioned that it made centre managers more aware of the importance of qualifications when recruiting. NP-FA2 explained:

So generally speaking, it's been a clear-cut process of saying: "Yeah, you've got the qualifications, if you have passed our interview process you will definitely be able to be REPs registered, you'd get the registration straight away", and that tends to happen or it has happened without a problem. (personal communication, October 19, 2010)

FP-FA3 thought that REPs NZ registration said something about the individual's personal characteristics: "They've gone through the trouble of getting qualified, and they've gone through the trouble of getting REPs [registered], so to me it tells me that they are really conscientious about the health and fitness aspect of their career" (personal communication, September 30, 2010).

4.3.2 Rationales and benefits of non-affiliation.

Rationales for non-association with REPs NZ by non-affiliates stemmed from concerns regarding the lack of perceivable benefits and increased operational costs and complexity. Non-affiliates also perceived that the register was largely unknown by the New Zealand public, inhibiting its legitimating benefits. For instance, NP-NA2 mentioned that the public had "no idea" who REPs NZ are or its purpose and role, and that discounts for conferences are the only real benefit that could be obtained through affiliation (personal communication, September 14, 2010). FP-NA3 similarly stated, "So if it doesn't mean anything to Jane and Joe public, why should we link them to us?" (personal communication, September 16, 2010).

A previous member REPs NZ member, FP-NA2 felt that his centre was getting no benefit from its affiliation due to lack of public profile possessed by REPs NZ. "My competitors were not REPs registered, it didn't affect them all" (FP-NA2, personal communication, October 19, 2010). Similarly, community level NP-NA3 commented that the registry system was ineffective due to lack of public awareness. NP-NA3 also stated that he could not see the benefits of the registry system claiming that it is just a marketing tool for the larger centres:

If there is no benefit, I'm not going to spend two to three hundred bucks or whatever it is to join. I am talking about rising of standards, giving us advice, and that sort of thing. Just to go along to meetings to get advice

that is relevant to us, opposed to the big players. (personal communication, October 28, 2010)

In addition, three independent centres said that non-affiliation with REPs NZ was cost related. For instance, FP-NA2 was previously a member, but had to cut back on costs due to the recent New Zealand recession and affiliation with REPs NZ and Fitness NZ was “one of the first things to go”.

And I looked at Fitness NZ and REPs and thought, “Well there’s a grand straight away”. And it’s financially not an issue now. I just don’t see the point. I’m sort of tempted to kind of go back, but I sort of feel that: “no they haven’t [helped me], they don’t deserve my money”. (personal communication, October 19, 2010)

NP-NA3 suggested that non-affiliation was a positive thing as it kept costs and sequential customer pricing down:

At no point in effect have we employed REPs qualified staff. To become REPs affiliated would add cost to the running of the centre, and we want to keep our costs to the bare minimum. So primarily, a local facility reflects on everything we do, and not go down the REPs route, is one of those. (personal communication, September 28, 2010)

NP-NA3 also claimed the complexity of organising and maintaining the system in house would be too difficult: “Being a small operator, all the work comes back on to one person. So you can get rid of things that you don’t have to do. Which means you can focus on the things that you do need to do” (personal communication, October, 28).

NP-NA1 cost concerns were more centred on the management of exercise professional registration. NP-NA1 claimed that their centre focused on staff retention and that compulsory registration counteracted this, as the centre would not pay registration fees. Consequently, if the centre were to pay for these individuals, due to high staff turnover, affiliation with REPs NZ would be too expensive to maintain. NP-NA1 also claimed that their staff roles were too diverse as this centre maintained multiply facilities instead preferring a registry

system that would envelope all these distinctions under one category (personal communication, September 10, 2010).

Some participants felt that non-affiliation with REPs NZ was also beneficial for their employees. NP-NA1 for instance explained that it was unfair to expect centre staff to pay for their personal registrations. “It’s just that there’s not that many perks for the fitness instructors right at this point”. NP-NA1 also added, “If they came into this facility, and they’re a really good trainer, and I know that they know their stuff and their customer service is brilliant, if they can’t afford to pay that, then I’m not going to make them” (personal communication, September 10, 2010).

Similarly, NP-NA2 perceived that the registry system was more suited to the personal trainer rather than the fitness instructor. Therefore, it was pointless for the centre to be affiliated with REPs NZ, as there was nothing in it for their instructors (personal communication, September 14, 2010). FP-NA1 mentioned that some of their personal trainers are independently registered with REPs NZ but observed that most do not re-register due the costs associated with registration fees and the ongoing educational requirements to obtain CECs (personal communication, September 15, 2010).

According to REP, it is predominantly the smaller operators that choose not to affiliate with the register. Nonetheless, REP still affirmed that the register kept in contact with these organisations:

REPs does work with them, we keep in contact with them, tell them what we are doing, let them know about new registration levels. But at the end of day, it's just some people have just made the decision that for some reason or another it's just something that they're not on board with at this moment in time. (personal communication, October 16, 2010)

Both REP and FNZ concurred that non-affiliates just do not see the tangible benefits in affiliating with REPs NZ. As FNZ commented, non-affiliates fail to see the “bigger picture” (i.e. the concept) and are more self-interested:

I think it's fair to say, some people don't get it. Some people look at it superficially and think “oh but I have to pay some money, and what do I

get for it. I don't get, you know, where's the stuff? Where's my thing?"
(personal communication, October 14, 2010)

REP also thought that non-affiliation was cost related. However, he did also perceive that some non-affiliates feel that their own internal standards are sufficient whereas others are deterred by the potential loss of autonomy:

Some centres...feel that they don't need standards because they have already got their own. And it's a challenging one because the test is always going to be when something goes wrong. Then it comes back to have they actually followed their own standards. There is always going to be that percentage that philosophically doesn't believe that someone else should be involved. I call it "telling them what to do". (personal communication, October 16, 2010)

Non-affiliation impact on staff recruitment.

Non-affiliated participants place little value on whether potential employees are REPs NZ registered when recruiting. FP-NA1 and FP-NA3 both said that they were not interested in employees being REPs NZ registered. Instead, both participants look for some form of formal qualification and the rest is based on personal characteristics and practical skills:

I really don't believe that there is any great value in being registered with REPs. I mean they talk about, it ensures that a client is getting someone of higher standard because they are REPs registered, which is not true at all. Do they go out and measure how good this person is? How do they measure that the person is good or not? The fact that they attended a course doesn't decide on the quality of the value of the trainer at all.
(FP-NA1, personal communication, September 15, 2010)

NP-NA1 and NP-NA2 both said that when interviewing potential employees that it was noticed, but not essential. NP-NA1 for instance mentioned that it showed that the individual had some "initiative" (personal communication, September 10, 2010). Both NP-NA1 and NP-NA2 mentioned that due to respective centres' existing profiles and reputation, they prefer staff that have higher-level qualifications, as REPs NZ standards are too low. According to NP-NA2:

We wouldn't employ somebody with a qualification like that, because it's the bare minimum, we would want somebody with a bit more qualification. I think that the minimum standards are probably not enough, anybody can go out and get a minimum course [qualification]. (personal communication, September 14, 2010)

NP-NP3 is not interested in REPs NZ registered staff at all, as it is considered that the centre would have to pay more to attract and maintain these individuals (personal communication, October 28, 2010).

4.3.3 Limitations of affiliation.

Limitations of affiliation with REPs NZ were largely identified by affiliates as being expense, administrative and recognition of staff qualifications related. All three of the FP-FA participants expressed concerns regarding the cost of affiliating with REPs NZ. The expense of REPs NZ registration fees and other related costs was a commonly expressed concern by affiliates. The FP-FA organisations were particularly vocal in this aspect with all three participants offering opinions regarding the cost of being affiliated. Largely these concerns were centred on the cost of providing CEC courses for staff, centre membership fees, and administration expenses to maintain the system.

For instance, FP-FA1 claimed that the costs of ensuring that all their staff are REPs NZ compliant, and providing CEC courses was expensive:

The compliance thing is a big thing for me personally. We get targeted because of the name and the organisation, but we try and do our best to make sure that we are compliant. And we've paid huge money, huge money, to be a registered exercise facility and then to ensure that all our staff are registered as well. (personal communication, September 28, 2010)

Similarly, owner/operator FP-FA2 expressed concerns regarding the cost of maintaining the registration system:

I find it very costly because I have to comply with a number of credits, and as an owner, I'm very busy. You know, I have to go to this, and go to all the seminars [to earn CECs], plus I pay this, and I pay that, it's quite

expensive. Especially if I also pay for all the staff. (personal communication, October 13, 2010)

FP-FA2 felt that there needed to be more return on their centre's investment to be a REPs NZ member suggesting free or greater discounts for conference admissions: "I think that it is too much for everyone though. Especially if you have to register every time [i.e. year] and they are not doing anything you know...we should get to go to all the seminars for free" (personal communication, October 13, 2010).

Three affiliated (two for-profit and one non-profit) centres mentioned the inconvenience of paying "two lots" of registration fees to two industry associations, REPs NZ and Fitness NZ. NP-FA2 for example wondered why there needed to be the distinction:

You know, it's a little bit of a double whammy in the subscriptions. I wonder if it could come under either just one banner. If you are a part of Fitness NZ, you can actually have everybody accredited, through the REPs process. Perhaps that would be more transparent, that it is all "part-and-parcel". (personal communication, October, 2010)

For independent affiliated centres, the day-to-day maintenance of affiliation did not appear to be too much of an issue as no such concerns were expressed. Participants from the larger organisations felt differently. This is contrary to NP-NA3 who suggested that the registry system was better suited to larger organisations as they had the resources to manage it (personal communication, October 28, 2010).

For instance, two participants who belonged to chains claimed that the administration of the registry system internally was challenging. FP-FA1 for example commented that such inconveniences were just cost related. Ensuring staff were compliant with REPs NZ was also challenging:

Our biggest challenge is with administration. Having all the personal trainers conformed and signed up, because we're a large team, 70 odd trainers. It's quite an administrative nightmare to make sure that they are

all registered, have first aid certificates and all compliant. (personal communication, September 28, 2010)

FP-FA1 perceived that although the organisation knew that its staff were compliant at the centre level, the challenge arose with issues of proving this compliance to REPs NZ.

FP-FA3 also had issues regarding the administration of implementing and managing the registry system at its individual centres. According to FP-FA3, getting these centres “onboard” was easy. The challenge was getting those employed at those centres. High staff turnover also not contributing to the manner:

It would be good to have somebody who would get on to it for us. If they had people that sort of, went out and sat down with staff and sorted people out. Actually spent some time with them and really worked on getting that staff information specifically just for that site [i.e. the centre]. Spend a week with that site and get all those details sorted. (personal communication, September 30, 2010)

NP-FA2 also recognised the increased workload that was placed on the chain’s administration of ensuring staff is REPs NZ compliant. Although this was welcomed by the organisation, “So it means that there is a bit of admin’ and checking, but we actually welcome that because it’s a due diligence process that we think we should be going through anyway (personal communication, October 19, 2010). NP-FA2 also mentioned that the processing of re-registrations by REPs NZ can be a lengthy process: “It’s almost like: ‘give that paper work later and we will put an extension on it for six months’, so you can actually get someone almost registered for a year who hasn’t actually done all the bits and pieces” (personal communication, October 19, 2010).

Four participants identified as a limitation, REPs NZ’s lack of recognition of some industry-based qualifications and long-term industry experience. Three of these participants were from the NP-FA category. For instance, both NP-FA1 and NP-FA2 identified the lack of international qualification as being limiting (NP-FA1, personal communication, September 28, 2010; NP-FA2, personal communication, October 19, 2010).

NP-FA2 also observed that it is only those educational providers who approach REPs NZ, that have their respective courses recognised by the register. NP-FA2 used the example of Otago University, one of New Zealand's leading tertiary providers of sport and exercise:

I believe "Otago" might be one of those, and they have nothing to do with it, and they have the highest qualifications as far as I'm concerned when taking someone on board. I recognise it within the industry and yet, it doesn't carry any REPs [recognition], it's weird. (personal communication, October 19, 2010)

NP-FA3 also identified that there was little differentiation between exercise professional levels: "The recognition isn't probably there. Everybody is lumped as a personal trainer, or a level 1 or level 2 fitness instructor, and that's it" (personal communication, November 1, 2010). Both FP-FA2 and NP-FA1 employ staff that have long-term service records in the industry, but are unable to gain registration as these individuals do not possess REPs NZ recognised qualifications (FP-FA2, personal communication, October 13, 2010; NP-FA1, personal communication, September 23, 2010).

Three centres mentioned that one of the hardest areas to manage was ensuring that group fitness instructors were REPs NZ registered. For instance, FP-FA2 and FP-FA3 both mentioned that it was hard to find REPs NZ registered group fitness instructors (FP-FA2, personal communication, October 13, 2010; FP-FA1, personal communication, September 30, 2010). NP-FA1 explained that this was challenging as they used contractors to instruct group fitness classes:

If we have got regular contractors they have to be REPs registered. What we can't police is...the person coming in who has to fill in for a class. You're just desperate, your spin instructor goes sick on a Tuesday morning, and you need to find someone for 5.30 at night, you just want a body. Get anyone! Last thing you want to do is cancel a class, or people turn up and there is no class. (personal communication, September 23, 2010)

Finally, FP-FA3 wondered if affiliating with industry bodies in general made the organisation more visible and a sequential target by other organisations. FP-

FA3 gave an example of the current music licensing debate involving the Australasian Performing Right Association (APRA) and the use of music in Australian fitness industry centres:

It seems like we've got more bills. You know it seems like we've got to pay out a lot more dollars for things, and now there's this APRA thing. So somehow, because we are affiliated with Fitness NZ, APRA know that we exist. (personal communication, September 30, 2010)

4.3.4 Limitations of non-affiliation.

All non-affiliated participants stated that non-association with REPs NZ had not significantly limited the operation of their respective organisations. As NP-NA3 expressed, "Personally no, it's made no difference to me, you know, absolutely not. It's just a thing that is affiliated with the fitness industry really" (personal communication, October 28, 2010).

Two non-affiliated participants did identify two peripheral limitations involving their staff, which was incurred by their centres' non-affiliation. FP-NA1 claimed that the centre had attempted to send several staff to the Australian Fitness Network annual conference, "FILEX" a few years earlier. He claimed that he was informed by the organisers of the conference that admission was only open to those in New Zealand who are either fitness centre managers or REPs NZ registered exercise professionals, which FP-NA1 felt was unfair.

If you were a manager, you were ok but if you were a gym instructor, you had to be a member of REPs and they had created a huge fuss. So obviously, REPs had infiltrated them over there because that was being run by Network and I thought that that was pretty disturbing. I didn't think that that was fair at all. I mean...you don't have to be a member of REPs to work in this industry. (personal communication, September 15, 2010)

Additionally, NP-NA1 expressed disappointment regarding the annual New Zealand Fitness Awards owned by Fitness NZ. As entry eligibility to these awards are for REPs NZ registered exercised professionals only, NP-NA1 expressed concern that these awards are for the New Zealand fitness industry as whole and that non REPs NZ registered instructors should be included:

Fitness NZ has those big awards nights and I think my staff downstairs are brilliant, they're really good, their customer service and everything is awesome and the reason people come to us is by referral. People always refer others because they say the staff are great. (NP-NA1, personal communication, September 2010)

Referring to those fitness organisations that are not affiliated with the register, REP warned that in the future non-affiliates will be severely limited by being left behind those that are REPs NZ affiliated:

If you're not part of it, you are going to be so far behind the 8-ball, that if you do decide to come on...they are going to miss that boat when we do tap into the health dollar. Which, it's going to happen. (personal communication, October 16, 2010)

4.3.5 Questioning REPs NZ affiliation

Regardless of their rationales for affiliating or non-affiliating with REPs NZ, six participants conferred that they did occasionally re-evaluate their organisations association with the register. For instance, three non-affiliated participants mentioned that occasionally they considered associating themselves with REPs NZ but still failed to see the perceivable benefits of affiliation. Meanwhile, NP-FA1 and FP-FA3 also mentioned that their organisations both experience regular questioning from its various centre managers and staff regarding the benefits of being associated with REPs NZ. FP-FA2 was even considering not re-registering their centre with REPs NZ for the next period due to expense and lack of return. "Sometimes I find it is just like a money making [scheme] or something like that" (personal communication, October 13, 2010).

A summary of the abovementioned perceptions of research participants regarding federated network affiliation at the organisational level as discussed throughout this section can be seen in Table 2. Findings in relation to the perceptions of research participants at the network level will be discussed in the next section.

Table 2

Participant Theme Summary: Organisational Level Perceptions

Key Research Themes	Participant Themes
Rationales:	
Affiliation	<ul style="list-style-type: none"> a. Believe in the concept b. The right thing to do c. Organisational legitimization
- Affiliation Benefits	<ul style="list-style-type: none"> a. Are minimal b. Quality tick (i.e. REPs NZ logo) c. Lack of public awareness d. Discounts for conferences e. Beneficial more at the industry level <ul style="list-style-type: none"> i. Networking ii. Up-skilling of workforce iii. More courses f. Resources: <ul style="list-style-type: none"> - generally not valued or utilised g. Assistance with hiring staff: <ul style="list-style-type: none"> - Clarity re: qualifications
- Affiliation Limitations	<ul style="list-style-type: none"> a. Larger organisations experience increased administrative: Costs, & Complexity b. Registration fees are expensive c. The expensive of paying two industry bodies d. The inability of REPs NZ to identify: <ul style="list-style-type: none"> - Some high profile qualifications - Some international qualifications - Long-term service industry experience e. Difficulties managing group fitness instructors
Non-Affiliation	<ul style="list-style-type: none"> a. Lack of perceivable benefits b. Lack of public awareness c. Not suitable for smaller operators d. Is unfair for staff
- Non-affiliation Benefits	<ul style="list-style-type: none"> a. Keeps costs down (i.e. registration fees) b. Avoids increased administrative: costs & complexity
- Non-affiliation Limitations	<ul style="list-style-type: none"> a. Exclusion from: <ul style="list-style-type: none"> i. Fitness Industry Awards ii. FILEX Conference

Note. The participant themes summarised in this table are not statistical representations. Rather they are a presentation of the differing perceptions expressed by participants, unique or commonly shared.

4.4 Research Question 2: Perceptions of Legitimacy at the Network Level

What is the perceived role of an industry register, its legitimating benefits, and the degree of conformance, by an organisational field's members regarding affiliation with a voluntary federated network at the network level?

4.4.1 Perceptions of organisational enhancement through affiliation.

The promotion of REPs NZ's identity, in effect to market the profile of its affiliated centres, was a heavily debated theme among participants. Largely these conversations were centred on the New Zealand public's recognition of REPs NZ and its message to use only REPs NZ recognised centres. Reflective of the frequent comments by most participants regarding REPs NZ's public profile, NP-FA1 mentioned, "I don't ever hear, someone looking to join saying: 'Are your staff REPs registered?' They might enquire as what sort of experience the staff has got. Where did they train and that sort of thing" (personal communication September 23, 2010).

Similarly, NP-NA2 stated:

The general public wouldn't know what it means. They wouldn't have any idea. I have never heard of anybody come in and say: 'Is your facility REPs registered?' or 'Are your instructors REPs registered?' I think that the public are just not aware of it. (personal communication, September 14, 2010)

FP-FA3 also shared similar impressions: "Basically the community don't know about it...and to be honest, the questions that I have from my coordinators or fitness centre managers are: 'Why do we need REPs?', 'What is REPs for?'" (personal communication, September 30, 2010). FP-NA3 also mentioned that lack of public awareness regarding REPs NZ was a further reason why their organisation chose not to affiliate with REPs NZ (personal communication, September 16, 2010). Regarding REPs NZ enhancing the profile of his centre when he was affiliated with the register, FP-NA2 affirmed, "Not in my opinion...I used to use the logo from them, I used to ensure that all my newspaper stuff

had a REPs registered [logo]. It never made, as far as I am concerned, a blind difference” (personal communication, October 19, 2010).

Most participants perceived that their own unique organisational brands draw more public attention than being associated with REPs NZ. This was largely due to consumer perceptions and expectations associated with each organisation. As FP-FA1 commented:

That would be anecdotal to say it's enhanced the profile of our organisation. I think that, given that we are happy to be a registered facility is a good thing for the industry and [name of organisation] to say that we are trying to be compliant and within the industry guidelines and standards. (personal communication, September 28, 2010)

Most centres also perceived that their own internal standards outshone those imposed by REPs NZ. For instance, FP-FA1 stated, “We have our own internal assessment process programme, and do a lot of our own staff training because no courses will provide people with everything” (personal communication, September 28, 2010). FP-NA1 also perceived that their internal standards far exceeded those proposed by REPs NZ (personal communication, September 15, 2010). Similarly, FP-NA3 stated, “We feel that the brand and the standards that we deliver, we believe that it exceeds what REPs would ask me to do” (personal communication, September 16, 2010).

All three participants that are associated with a tertiary institution to some degree all expressed similar observations. For instance, NP-FA3 stated:

To be honest no, and that would be hard to do when you are a leading... [tertiary institution]...and then a rubber stamping group comes along to say that you are, you know, qualified to do this. It's like well, “we actually already knew that, but hey, thank-you.” That's all we can say to them really [laughing]. (personal communication, November 1, 2010)

Nevertheless, NP-FA1 felt that his organisation's branding and that of REPs NZ coexisted side-by-side:

Would we fall over without delivering our own training? Probably not, but at the end of the day if we had to make a choice we probably would have

to choose our own training. So I guess that emphasises, [or] suggests that we feel our brand...that we have a brand that's worth protecting. But personally I feel that the two sit side-by-side at the moment. (personal communication, September 23, 2010)

FNZ acknowledged that some higher profile organisations do not need to associate themselves with REPs NZ due to consumer perceptions of these organisations. Although many of these centres affiliate with REPs NZ as they see the value in what the register contributes to the whole industry. FNZ also felt that affiliation with REPs NZ does enhance the profile of an organisation by legitimising those it employs. FNZ suggested, REPs NZ registration provides assurances to a focal centre's clientele:

I'd say that a member of the public will never know the difference between a gym instructor and a personal trainer. But to know that these people have been checked by someone else, against some standard, gives "me", as a member of the public, some assurance. (personal communication, October 14, 2010)

Similarly, REP claimed:

The public don't really care about all the detail, all they want to see is that there is some sort of standard, and you maintain it. It's a little like Master Builders and in actual fact, if you said to me "Ok so what's involved in being a Master Builder?" Well I don't know, I guess there is some sort of standard, they've got to do something. All you know is that they must be good. A "Master Builder" must be a good thing. (personal communication, October 16, 2010)

4.4.2 Perceptions of REPs NZ role at the network level

Federation promoter.

The register encourages its affiliates to market the REPs NZ concept to their existing and potential clientele. Consequently, marketing resources are supplied to REPs NZ members to facilitate its promotion. Participant perceptions regarding the utilisation and effectiveness of these tools and practices are varied. NP-FA2 for example felt that the register's marketing resources are

particularly useful for enhancing public awareness: “I think that the marketing has done that well, because the awareness is out there. Otherwise only people in the industry knew about REPs, nobody else did” (personal communication, October 19, 2010). NP-FA2 did however comment that, although it was improving, public awareness was still low, and potential customers do not purposefully look for REPs NZ registered centres.

Contrary to the other FP-FA participants, FP-FA2 mentioned that their centre did not use the REPs NZ logo when marketing:

You probably think that, it is something that would be good for the business...“Maybe if it’s REPs registered, ah it’s probably good. Oh and my marketing, if I put my REPs [logo] there, and I run...” but the thing is I don’t think that a lot of people, especially out here in the West [Auckland], I don’t think they are even aware of REPs anyway. (personal communication, October 13, 2010)

When a REPs NZ member, FP-NA2 mentioned that he used the REPs NZ logo in all his marketing but claimed that it had little impact in attracting new customers. FP-NA2 also felt that the register needed to be more proactive in marketing REPs NZ members over non-members:

I mean, part of the reason why I stopped paying my REPs fees was that it was a waste of money. The do little, or nothing, that I’m aware of, as “Joe Public” myself. The MTA [i.e. Motor Trade Association] right, a bigger organisation, but you know that MTA is out there in the public, telling people that you have to get your car serviced at a MTA place for this amount of reasons. (personal communication, October 19, 2010)

Both REP and FNZ pointed out that REPs NZ was a small organisation with limited resources. As REP explained, “Facilities are paying between two and four hundred dollars a year. So we’re not asking for a lot. They’re not putting a large contribution into the pot” (personal communication, October 16, 2010).

Referring to marketing strategies challenges by affiliates, that REPs NZ should be promoting the quality more aggressively, REP suggested:

People are going to have to pay for this stuff. You want to do a public awareness campaign which will probably cost 2 or 3 million dollars, well someone has to pay. But there's better ways to get the message across rather than just firing out messages to the public because the people coming to gyms already, the four hundred thousand people exercising in New Zealand, that's the core market to be promoting too. Let's explain to them the benefits of registration, let's explain to them the benefits of using you over some Cowboy out there who is not registered with REPs. (personal communication, October 16, 2010)

Regarding REPs NZ supply marketing tools for their affiliates to promote the register's logo as a quality mark, REP explained:

We're going to help clubs to physically get the message out to their clients about REPs, and who it is, and what it is, and what REPs does... So we'll give the clubs the tools and...then it is really up to them (because we can't be in there clubs all the time) to make use of these to actually promote to their own members about why or what REPs does for them, and to new members also. (personal communication, October 16, 2010)

FNZ also felt that internal marketing to fitness centre clientele was a particularly effective strategy. Using REPs NZ registered exercise professional certificates as an example, FNZ commented:

You know, they get it, because they are using it to market, and they're seeing that, and by having eight or nine certificates on the wall, that all look the same, you know the REPs look... and it looks really impressive, it's like degrees on the wall. You know people don't even know what it means necessarily, but it's like, "oh wow, so all of your staff have a tick?" (personal communication, October 14, 2010)

REP also felt that some fitness centres failed to utilise these resources:

Now some clubs will take advantage of this, others won't. And anyone who says to you, "Look I don't think REPs is doing enough to promote themselves". I would challenge them by asking: "what are they doing?"

Because pretty much we provide the tool, it's up to them how they use the tool. (personal communication, October 16, 2010)

Federation communicator.

Most affiliated and non-affiliated participants perceived that they had little personal contact from the register. Two affiliated participants for instance mentioned that personal communication with REPs NZ was minimal. FP-FA2 commented that they received a REPs NZ email from time-to-time (personal communication October 13, 2010). Meanwhile, FP-FA3 suggested:

I see where they are coming from, it's a catch 22, they don't want to be hammering us about it, but at the same time, they've got to get on to it, and it would be good to have somebody [from REPs NZ] who would get on to it for us. If they had people that sort of went out, and sat down with staff, and sorted people out. (personal communication, September 30, 2010).

FP-FA1 however said that they were in regular contact as they would often contact the register regarding issues pertaining to staff compliance, and claimed that REPs NZ was good to deal with (personal communication, September 28, 2010). NP-FA2 also offered similar experiences (personal communication, October 19, 2010).

Interestingly, the lack of communication by REPs NZ appeared to be more of an issue for non-members as four non-affiliated participants questioned the limited contact from the register. FP-NA3 for example mentioned:

There is just isn't enough contact from them, to us, to actually say that, "We can really help you". Especially when we what to review whether we wants REPs or not. We have to go and seek out what they have to offer. They don't actually have much in terms of marketing itself, to say what they can provide for us. So we don't actually know ("officially") what they could really provide for us. (personal communication, September 16, 2010)

Both NP-NA2 and NP-NA3 also questioned the lack personal of contact from REPs NZ. "You know, to me there is not a key person here, in Auckland, which

is the biggest city in the country, to grow it, or to help develop it further and further" (NP-NA2, personal communication, September 14, 2010). According to NP-NA3, "No-one has come out to us from REPs to say: 'Oh you know, this would be good for you'. No-one has tried to sell them self to us. So they're not interested in smaller places" (personal communication, October 28, 2010). NP-NA3 also claimed that the lack of contact from REPs NZ meant that often he was unaware of trade conferences or the like. He had to go looking that sort of information himself. "You'd think as an organisation, that there would be more push to attract new members, there would be more push to try to find the small operators" (NP-NA3, personal communication, October 19, 2010). NP-NA1 however perceived that the lack of communication from REPs NZ had not hindered her centre at all, as they were still a member of Fitness NZ and received the same information via this pathway (personal communication, September 10, 2010).

Regarding the lack of contact with non-affiliates by REPs NZ, FNZ suggested that the register's primary focus is to service its affiliates:

It's also fair to say that, I guess like Fitness NZ, we suffer from the fact, we're a small organisation, and we can only do so much. So one of things we have decided to focus on, we'll focus on the people who are our members and give them great service, and facility and information and resources, and what have you. And not spend an awful lot of time going out to non-members saying, "Please join and here's why". (personal communication, October 14, 2010)

Nevertheless, FNZ did also add:

In saying that, I think that we have recognised that it is still a challenge, that we do communicate to those people outside of the group to say, "Look do you just know that we exist? Do you know what we are, and what role we play?" ...they don't get the bigger picture, and a lot of that does require one-on-one discussion to say: "Just understand what this is about". (personal communication, October 14, 2010)

Federation auditor.

All participants agreed that affiliate accountability via REPs NZ audits of its members should be in place. Nevertheless, these audits were observed by participants as being infrequent. When discussing the appropriateness of REPs NZ audits, FP-FA1 declared:

What's the point of belonging to something if it doesn't have any teeth. It just makes a mockery of the whole organisation and its system. You know, you want to be registered, and you've got to be compliant, but then what is the point of being part of something, when it isn't really doing anything. (personal communication, September 28, 2010)

FP-FA1's sentiment was felt generally across all participants, including non-affiliated centres. Of the six affiliated organisations involved in the research project, two (FP-FA3 and NP-FA1) had never been audited. Two other centres (NP-FA2 and NP-FA3) that had been audited mentioned that this had been done some time ago while FP-FA2 felt that the audit had been relatively mild. Previous REPs NZ member FP-NA2 claimed that audits were non-existent and lacked accountability: "I have never heard of [any audits], they never came out at all, and what would they do? Kick you out of REPs? You know, 'ouch!'" (personal communication, October 19, 2010).

Non-affiliate FP-NA3 also expressed some concerns regarding the behaviour of some affiliated centres questioning how REPs NZ monitor their members:

Some of the centres that are REPs affiliated I have seen, well I'm not actually saying that they have broken the standard of REPs, of what REPs requires, but I would have been surprised if that's the level that REPs would want, in the way that this particular facility has been operating. And they have been doing that for a while and yet, REPs themselves have not picked that up. So how do they monitor, that everybody that is affiliated with them actually adheres to the standards, that they expect them or ask them to be. (personal communication, September 16, 2010)

FP-NA3 also offered personal observations regarding the auditing of REPs NZ registered exercise professionals attending CEC courses:

How do REPs assess that this person, that has submitted these CECs, can actually demonstrate the ability of those CECs, of the courses that they have done? The reason I say that is because, I have been to various conventions where people have walked in, grabbed the notes, walked out and all they do is send in the form to REPs, and they have gained enough credits to be the next level REPs qualification. (personal communication, September 16, 2010)

FNZ referred to REPs NZ audits as “friendly audits” that need to be in place to provide credibility for the registry system. “I’m not making any excuses for them, but there will be ones that slip through the cracks. But that’s where the REPs audits come in. So, any system is only as good, as the checks” (personal communication, October 14, 2010)

REP claimed that the organisation attempts to visit as many centres throughout New Zealand as possible, dependent on resources and time:

In the last twelve months I have visited about 50 of our 160 registered facilities, and some of them were in Nelson and Palmerston North, so all over the place. So we try and do what we can but we can’t get around everybody. If we could it would be fantastic. (personal communication, October 14, 2010)

4.4.3 Substantive versus symbolic behaviours

Contrary to REPs NZ mandate, only FP-FA1 claimed that the organisation hired only REPs NZ registered individuals, while the other five affiliated organisations said that it was not a prerequisite. “Unless you are registered with REPs, you can’t work here” (FP-FA1, personal communication, September 28, 2010). NP-FA3 mentioned that hire suitable individuals, regardless of REPs NZ registration. Although it there centre enforced that registration is obtained prior to employment start date (personal communication, November 1, 2010).

Four other affiliated participants acknowledged that if a job applicant were suitable, they would recruit the individual and allow them time to gain suitable qualification and sequential REPs NZ registration. For example, NP-FA2 stated:

REPs registration is preferable, but it's not necessary, because, as long as they have a valid fitness qualification, which means that they can [do the job]...then they can start to working towards getting REPs registered, and we will put them in motion on that. (personal communication, October 19, 2010)

FP-FA2 commented that the organisation hired non-registered staff as usually the centre found that most applicants were still undergoing industry training. FP-FA2 also explained the centre places significant emphasis on its existing internal training processes that insures that new recruits are capable of doing the job satisfactorily regardless of registration. NP-FA1 also hired unregistered individuals allowing six months for qualifications and sequential registration. Although REPs NZ registration was considered as being a "help", the centre also placed significant value on the personal characteristics of the individual:

We have just hired a young man who is undergoing training at the moment, because he's not fresh faced out of school, he's got a bit of worldly experience and we think that he will be a good asset and help to our organisation. So we have given him the opportunity to join us as long as he completes his study and gets that [REP's] "tick". (NP-FA1, personal communication, September 23, 2010)

FP-FA2, FP-FA3 and NP-FA1 admitted to maintaining staff that were not registered with REPs NZ. FP-FA3 acknowledged that the majority of the staff employed at the organisation was REPs NZ registered. However, there are also a few that are not. "Then there are other ones that are like 'stars' in different areas. We're multi-purpose facilities, and they are real stars in those areas with lots of initiative and lots of customer service skills, which is an important part" (FP-FA3, personal communication, September, 2010).

Both FP-FA3 and NP-NA1 mentioned that employing REPs NZ registered group fitness instructors was the hardest thing to conform too. As FP-FA3 explained:

You know, when you want to full the timetable, and you've got your own members who know the routines and know classes, and are really bubbly and awesome, and [you say], "you know, you would make an awesome instructor". And you get them up doing some classes and then, hello, you've some classes with that person. (personal communication, September 30, 2010)

FP-FA2 also maintains unregistered group fitness instructors with long-term service records in the industry. These individuals facilitating high attendance levels for their classes:

I got to force these people to go [to get registered], and what if they don't? I've got to get rid of them. I don't think that I can do that, because they are bringing in money to my business. And what's REPs doing? ...They are not going to issue me my certificate for the gym if they're not, if the group fitness instructors are not REPs registered. (personal communication, October 13, 2010)

FP-FA2 was considering not re-registering the centre for the next period to avoid the expense of registration fees for the facility. She would however still ensure that her staff are REPs NZ registered.

All affiliated participants perceived that other affiliated members behaved substantively. Nonetheless, this was largely a supposition as most mentioned that they did not know what went on at other fitness centres. Non-affiliated participants felt otherwise. NP-NA3 suggested that centres just signed up and did the bare minimum to retain registration and to achieve re-registration (personal communication, October 28, 2010). Similarly, NP-NA2 reflecting on previous experiences at a differing large fitness centre chain claimed that, "[We] used to use the REPs logo and that was it. It was never pushed along or enforced. It may have changed now but it wasn't back then" (personal communication, September 14, 2010).

FP-NA2 felt more strongly regarding the behaviour of REPs NZ affiliated centres:

I don't think they look at the REPs list of how they should run their business and how they should treat their members and go, "Oh this right by REPs". They just run their business. And for a lot of them they pay their money because they feel that there is some benefit in it for them to have that certificate displayed, that they are REPs registered. (personal communication, October 19, 2010)

FP-NA3 commented that he believed that generally registered centres did try to behave accordingly. Although he did question if this was because of REPs NZ existence. "I don't know if the level of standard that they display is because it has been asked of them, or it's because that's what they do anyway" (personal communication, September 16, 2010).

REP acknowledged that some centres fall short in the implementation of the REPs NZ logo and marketing materials. Nonetheless, REP felt that centres behaved accordingly when hiring only REPs NZ registered individuals. "I think there is with the registered facilities, they do comply and they do meet the requirements for staying as a registered facility, based on what I've seen because of being involved in that audit process" (REP, personal communication, October 16, 2010). REP further explained that affiliated centres most comply with the registers code of conduct or it would be a misrepresentation of the system to the public and REPs NZ would not encourage it:

We provide clubs with sample wordings to put into employment contracts, contracts of service so that it is easy for them. And the case is that, they register with REPs, at the time of signing an employment contract. So if a club is not doing that, then they should. (personal communication, October 16, 2010)

FNZ also acknowledged that some affiliated centres probably maintained a few un-registered staff: "I am not making excuses, but this is what quite often happens in any particular facility. You'll find the vast majority will be, and then there will be possibly some, [that are] sometimes not" (personal communication, October 14, 2010).

Three non-affiliates exhibited symbolic behaviours regarding the REPs NZ identity and registration packages. For instance, two non-affiliated participants ensured that their personal trainers were registered with REPs NZ. This allowed the personal trainer access to a supplementary insurance policy that is part of their registration with REPs NZ. This is to provide added protection against any potential personal training mishaps:

That's in their contract that they have to be registered with REPs... because if something happened down at the gym they would be liable for it. For us, everyone who walks in the facility and wants to use the gym, or the pool, or anything like that, we have waivers. (NP-NA1, personal communication, September 10, 2010)

NP-NA3 also had similar requirements in place for the centre's two personal trainers to insure that these individuals had adequate insurance policies rather than it being the facility's insurance. Interestingly NP-NA3 also took efforts to enforce REPs NZ recommended code of conduct in his centre regardless of being not registered with the organisation:

If there was an issue, if there was an accident and somebody came back to me and said: "What's the industry standard?" We could say: "Well, the industry standard is REPs, and this is what we are doing, which is comparable with their standard". (personal communication, October 28, 2010)

4.4.4 Perceptions of network equality

Overall, participants are unsure if any particular federation members have more influence in the network, or are treated any differently by REPs NZ. Several participants did however offer some thoughts of affiliate equality, but these were largely suppositions and fragmented. For instance, FP-FA1 and FP-FA2 stated that they thought that all affiliated members are treated the same by REPs NZ. As FP-FA1 commented, "I'd like to think that, they are our professional body and that they do treat everybody equally" (personal communication, September 28, 2010).

Meanwhile, NP-FA3 was not so confident, suggesting that the larger fitness organisations were more involved with the register, “I don’t really think they are interested too much in the community level, than the more commercial or larger facilities” (personal communication October 28, 2010). The two organisational directors that participated in this research however suggested that another large commercial fitness organisation might have more influence over the federated network. FP-FA3 for example questioned, “Which way is it working? REPs having an influence on [the organisation in question] or is [the organisation in question] having an influence on REPs” (personal communication, September 30, 2010). NP-FA2 concurred with FP-FA3 suggesting that potentially the same particular organisation might have a little more influence in the registry system. Although, this was still observed positively: “I don’t think it’s because they have brought their way in to it or anything. I think it’s more a question of: ‘yeah, we can learn from that’” (personal communication, October 19).

Similarly, NP-FA2 also perceived that although there was generally “synergy across the board”, that possibly the federated network’s larger organisations might have more influence over the register. This organisation deriving its power from its sizable market share and contributable industry knowledge. Although, NP-FA2 did not perceive this as being detrimental to the network suggesting that: “As long as everyone is heard, and that it’s given equal weighting” (NP-FA2, personal communication, October 18, 2010).

NP-NA2 suggested that potentially those centres located in New Zealand’s South Island might be treatment more favourably as this is where REPs NZ’s and Fitness NZ’s head offices are geographically located. As NP-NP2 explained:

They come to Auckland what, maybe twice a year to do stuff up here, at the Business Grow days, and that’s it. You know, to me there is not a key person here, in Auckland, which is the biggest city in the country, to grow it, or to help develop it further...it’s a company based in Christchurch which is absolutely fine, but it’s driven down there...What does REPs mean to a lot of people in Auckland? (personal communication, September 14, 2010)

NP-FA3 mentioned that it was positive that previous part owner Skills Active was no longer involved with REPs NZ:

That was definitely was one of those things that I thought was probably a little bit awkward, where an organisation may try to manoeuvre REPs towards the needs for their [own], and REPs needed to be an independent body looking over everybody wanting to offer the teachings initially, or the practitioners in the industry. So fortunately now they have gone down that track of being more independent and understanding their role a little bit better probably. (personal communication, November 1 2010)

Although Skills Active is no longer a part owner of REPs NZ, the ITO still has strong association with the register. Both REPs NZ and Fitness NZ stressed the importance for this relationship to exist. “What the NZQA the framework allows REPs to do, is to have a common measure” (FNZ, personal communication, October 14). REP explained that:

Although we do not have a specific government ownership in our organisation, we still have the government tie in which is through the ITO who are the government recognised standard setter for the industry. So Skills Active set the standard. Pretty much REPs is, we’re policing making sure that people meet the standard. Nevertheless, the two of us have agreed that the national certificate or the unit standards for the industry and the registration levels will match. (personal communication, October 14, 2010)

A summary of the abovementioned perceptions of research participants regarding federated network affiliation at the network level as discussed throughout this section can be seen in Table 3. Findings in relation to the perceptions of research participants at the industry level are discussed in the next section.

Table 3

Participant Theme Summary: Network Level Perceptions

Key Research Themes	Participant Themes
Organisational enhancement	<ul style="list-style-type: none"> a. Lack of public awareness b. Little organisational enhancement c. Individual organisational brands takes precedence over REPs NZ quality mark d. Organisational internal expectations higher than REPs NZ's standards
REPs NZ's role:	
Promotion	<ul style="list-style-type: none"> a. REPs NZ needs to promote more b. Quality mark and marketing resources are relatively ineffective due to lack of public awareness c. Some felt that public awareness was improving
Communication	<ul style="list-style-type: none"> a. Most experience little personal contact with REPs NZ b. Most non-affiliates mentioned that more contact would be desirable c. Some suggested that REPs NZ need to be more hands-on and proactive
Auditing	<ul style="list-style-type: none"> a. Are "friendly" audits b. Some suggested that audits needed to be stricter and the register needed to provide more accountability c. Some affiliates have never been audited d. All participants perceived audits were necessary
Organisational Behaviours	
Affiliates	<ul style="list-style-type: none"> a. Most felt that other affiliates behaved accordingly b. Most employed un-REPs NZ registered staff c. These centres allowed time for qualifications and/or registration to be obtained d. Most did not use REPs NZ marketing resources
Non-Affiliates	<ul style="list-style-type: none"> a. Most thought that affiliated centres did not behave accordingly b. A few exhibited instances of free-riding: <ul style="list-style-type: none"> i. Only using REPs NZ registered personnel trainers ii. Symbolic modelling of REPs NZ standards
Affiliate equality	<ul style="list-style-type: none"> a. Most were unsure and suppositions were fragmented b. A few suggested a larger more commercial organisation might c. Some questioned the relationships between: <ul style="list-style-type: none"> i. Fitness and REPs NZ ii. Skills Active and REPs NZ

Note. The participant themes summarised in this table are not statistical representations. Rather they are a presentation of the differing perceptions expressed by participants, unique or commonly shared.

4.5 Research question 3: Perceptions of industry enhancement

What is the perceived role of an industry register and its legitimating benefits by an organisational field's members regarding affiliation with a voluntary federated network at the industry level?

4.5.1 The concept

There was overwhelming support by all participants regarding the concept of regulation for the New Zealand fitness industry. That is regulation that enhances, and protects the credibility of the industry. According to REP and FNZ, the establishment of the registry system was what the industry wanted which is why the system has gained so much support.

For instance, FNZ explained that the registry system was driven by the industry: "I guess that's the thing that makes it work. I think it is central to any successful one [i.e. industry registry system], is it's driven by industry" (personal communication October 14, 2010).

Similarly, REP suggested that:

They realise as well, that registration is a very critical thing, and it's quite important that it is an industry owned or industry input organisation. Otherwise there is no point in having a register and the industry saying: "We don't want these people". (personal communication, October 16, 2010)

REP also explained that the register's existence faceted the fitness industry's desire to develop future relationships with the New Zealand medical sector:

There is an opportunity now for exercise professionals to have a relationship with other health professionals. And that's pretty much where the industry sees the future direction and future money coming into the industry. From getting into the higher-level work with: ACC, physio [therapist]'s, GPs, and the ministry of health and the health dollar in general. That's really what drives [it], from what I've heard from industry. (personal communication, October 16, 2010)

Industry-based standards.

Most participants perceived that some form of industry standard needed to exist. Perceptions regarding the appropriateness and effectiveness of REPs NZ's standards however are fragmented. For instance, although all affiliated participants felt that REPs NZ standards were appropriate, most also felt that they were minimal, that facilitated base-level entry to the fitness industry. NP-FA2 suggested, "We tend to look for specialists from there" (personal communication, October 19, 2010). In addition, FP-FA1 commented, "At least they [potential employees] have done something. They've got a bit of paper that says they have done something. Whether not they are suitably skilled or experienced to do the job? That's for us to decide" (personal communication, September 28, 201). As NP-FA1 affirmed, "I guess what REPs has done is formalised that, and given the industry a bit of a benchmark" (personal communication, September 23, 2010).

Those participants associated with tertiary institutions felt that REPs NZ standards were too low for their situation. NP-NA1 for instance, suggested that REPs NZ standards are more beneficial for others in the industry, as NP-NA1 maintained higher expectations than these centres due to their organisational identity (personal communication, September 10, 2010). NP-FA3 commented, "For the industry, they probably are appropriate. For our situation, probably not so appropriate. Only because we have people working for us at a way higher level of what a certificate for a personal trainer or fitness instructor is" (NP-FA3, personal communication, November 1, 2010). Similarly, NP-NA2 shared:

To me I think that the standard needs to be a little bit higher. And I think that the standard doesn't necessarily have to be the: "Go out and get a qualification on paper", it needs to be worked-based experience. That's where it comes down too. (personal communication, September 14, 2010)

FP-FA3 suggested that REPs NZ purposefully set these standards lower to encourage affiliation rates. "Well put it this way, if REPs make it too hard nobody is going to go for REPs. Nobody's going to want to register with them.

So to a certain extent, I suppose that the minimum standard is fine” (personal communication, September 30, 2010).

Although non-affiliated participants agreed with the concept of maintaining industry standards, most questioned the appropriateness of those standards set by REPs NZ. For example, FP-NA3 commented: “Of what they stand for, the concept, I totally agree with them, in that we need an entity that will hold our people in the industry to a certain standard, and make them conform to that standard” (personal communication, September 16, 2010). FP-NA1 mentioned:

You can do any course that is available and register as REPs, and then it doesn’t matter whether you are good at your job or not, whether you passed with a very high standard or average standard, you just can register. You just pay your fees and register. (personal communication, September 15, 2010)

FP-NA3 also expressed concerns that CECs can be acquired from various industry organisations or seminars that were not NZQA affiliated. FP-NA3 also questioned, if NZQA is already in effect, why does there need to be another industry body to watch over the industry: “If I look purely at qualification, should I be looking to employ the person who has the best [REPs NZ] endorsed qualification, or the NZQA endorsed qualification?” (personal communication, September 16, 2010). NP-NA3 however suggested that it was more beneficial not having to conform to industry standards: “For the smaller operators like myself, they are probably more of a hindrance” (personal communication, October 28, 2010).

Additionally, two affiliated participants drew on their tacit knowledge regarding another fitness centre chain that was not affiliated with REPs NZ. FP-FA3 stated: “I know that they’ve got these standards that each of the franchises must meet. They get scripts, and they get all their stuff in manuals and they’ve got to learn all that stuff” (personal communication, September 30, 2010). Having previous experience at one of these organisations NP-FA2 claimed, “It was an extra cost that franchisees weren’t open to particularly, because they couldn’t see the benefits at the time, given we had our own internal franchise system which was pretty templated” (personal communication, October 19, 2010).

Both REP and FNZ strongly acknowledged that, REPs NZ industry standards were derived, and are reflective of what the industry considers essential for individuals to work in the industry. REP explained that: “Prior to REPs coming about, there were no standards and there wasn’t really anyone that I had come across that said that they weren’t competent or qualified before”. FNZ explained that REPs NZ standards provide the “Minimal required standard...based on occupation type” (personal communication, October 14, 2010) for individuals to work in the industry.

Both REP and FNZ stated that it was important to note that REPs NZ standards are not set by the register. “What REPs does is consult with industry. So we go to industry and we say: ‘What do you think are the requirements for the various job roles in your organisation?’” (REP, personal communication, October 16, 2010). Sequentially, these standards were matched to the National Framework as set by Skills Active providing credibility and accountability. FNZ explained:

So the national standard is a national standard, and it manifests itself as a qualification, and a registration... You can have a degree forever. A registration is a “check” that you meet a standard “now”. Qualification is “I had it once”. So [for example] my driver’s licence is really a qualification other than the eye-sight test. I never get rechecked on my ability to know the road code. (personal communication, October 14, 2010)

REP further explained that setting industry standards in this manner was advantageous for the organisational field. “Since it is the industry itself that sets the levels, it’s not this bureaucratic range of levels that are just imposed upon an industry” (REP, personal communication, October 16, 2010).

4.5.2 REPs NZ role as an industry enhancer

Regardless of the consensus regarding the concept of a national fitness industry standard, participant perceptions of how REPs NZ implements its role for the industry are also fragmented. Five affiliated participants felt that REPs NZ was “trying its best”. For example, FP-FA1 commented:

I think that they are trying to do the best that they can. I am not sure again of how many resources or whatever they have any available, but in

terms of public profile, and ongoing education for trainers, and having a registration body, you know that's all good. It can only be a good thing. (personal communication, September 28, 2010)

Nonetheless, several affiliates felt that REPs NZ needed to become more proactive in its role. FP-NA2 for instance commented, "I am not saying that they haven't done it, but as 'Joe Public', I have not noticed it as being out there, and informing that you should be going to a REPs facility" (personal communication, October 19, 2010). FP-FA2 explained similarly, "They said that they were doing a lot of advertisements. But I don't think that people who walk in, they don't even know what REPs is" (personal communication, October 13, 2010). FP-FA3 also suggested, "I just think that REPs needs to crank it some more and get it out there more and more. So it is a recognised thing, by the community, by New Zealand" (personal communication, September 30, 2010).

Meanwhile NP-NA2 perceived that REPs NZ needed to be more proactive in taking the registry system to the next level:

It's very valuable in what they have done, but it's just the basic thing at the moment. I think it needs to be lifted up several bars. And to me one is being aware of the organisation, and the [industry] training, and getting the facilities on board, and making the public aware of what it is. (personal communication, September 14, 2010)

FP-NA3 however felt disappointment with REPs NZ's efforts to enforce their standards: "I have occasions when their own performance, REP's own performance to uphold these standards, is somewhat lacking, and I find that somewhat disappointing" (personal communication, September 16, 2010). Similarly, FP-NA2 had no issue with REPs NZ standards, he just felt that the organisation needed to enforce them more (personal communication, October 19, 2010).

Nevertheless, two participants felt that REPs NZ had improved in its role over the last few years. For instance, NP-FA2 commented:

Now, more so in the last year, I think they are more thorough because they're a lot more comprehensive in their coverage... They've actually got

some really good materials in terms of, I think they are a great supplier to individual clubs for resources in terms of information, and I really rate that quite highly...so what REPs provide is, a non-competitive platform for giving sound advice, if you're working in this industry. (personal communication, October 19, 2010)

NP-FA3 commented similarly:

It started slow...in my opinion. They were really busy trying to get the base right for what they needed to do. In part, what they promised was a whole lot more. But without having the manpower and all those resources needed to achieve the base. (personal communication, November 1, 2010)

NP-NA3 felt conversed as to what REPs NZ's role actually is:

I'm not sure what their role is. To me, their role is: someone pays a fee, to say they are part of REPs, but I don't see how, [or] what their role is. They're out there driving them [self] being the quality standard...So if that's one of their roles, to bring the level up, I don't think they're achieving that, because you never hear of them (personal communication, October, 28).

REP felt that register was adequately fulfilling its role in the industry due to the level of voluntary support that REPs NZ had received from the field: "REPs is fulfilling its role and must be adding some value in the fact that we have almost doubled our registration numbers since 2004. Now the system, (as I said), it's not compulsory, it's a voluntary system" (personal communication, October 16, 2010). FNZ also affirmed that REPs NZ was fulfilling its role, but the register could only do so much due to the size of the organisation and limited resources. "That's not to say that it's not doing enough. It could always do more. Simply because, in New Zealand, organisations are quite small" (FNZ, personal communication, October 14, 2010).

Four non-affiliated participants mentioned that there should be some sort of governmental involvement in a fitness industry regulatory system. FP-NA2 for instance claimed that:

I am a great believer in associations if they have actually got some teeth. [However] I'm not a believer in big government, but that sort of thing only really works if there is some sort of legislation to enforce. If you're a fitness club, then maybe you should *have* to be a member. (personal communication, October 19, 2010)

Conversely, REP claimed that the formation of REPs NZ was also derived from the industry's desire to avoid governmental involvement in the field. "It's sort of prevention rather than cure, the approach that the industry took on. So there was a lot of support for the registration system and there still is" (personal communication, October 16, 2010).

REP also explained:

If you get government to set things, they might get 90 percent of it right, but the 10 percent they get wrong, will kill the industry...that was one of the other drivers. Let's self-regulate now, before we have government regulate. (personal communication, October 16, 2010)

Additionally REP mentioned that there had been instances abroad where governmental regulation had invoked severe limitations on these fitness industries. When REP was asked by the researcher if there was the threat of governmental direct-regulation prior to the formation of REPs NZ, he replied: "There wasn't a specific one. But it could happen at any time, because we know how government works, all you need is for one thing to go wrong" (personal communication, October 16, 2010).

4.5.3 Perceptions of industry enhancement.

Perceptions regarding the enhancement of the industry's profile draw mixed impressions across the board. Four participants (FP-FP1, NP-FA2, FP-FA3 and NP-NA1) stated that the register's existence provided the industry some credibility and professionalism through enforced accountability and constant up-skilling of the organisational field's members. "It is good to have an industry recognised body, I believe. You know, in terms of credibility and professionalism" (FP-FA1, personal communication, September 28, 2010). Non-

affiliate NP-NA1 also perceived that REPs NZ allows for those working in the industry to be taken seriously and to be observed more professionally:

I think with REPs coming on board, they are trying to make a point. We actually are trying to come into this industry as professionals, and we're serious about our job, and this is going to make a difference in your life. (personal communication, September 10, 2010)

Conversely, five other participants expressed opinions that REPs NZ had little impact on the industry's profile. None for these participants was from the NP-FA category. Rather they were two FP-FA centres, two FP-NA centres, and, two NP-NA centres. The remaining participants were unsure. NP-FA1 however felt that REPs NZ might have made a difference to the industry internally through increased skill development and available industry-based courses:

Externally, I think at the moment it is insignificant. Internally, I think it is because I like to think that graduates, from [tertiary educational providers] come out knowing, that to get a job, it's going to help to be REPs registered. And if they're not, they are going to have to pursue that registration. (personal communication, September 23, 2010)

Similarly, NP-NA3 suggested that, "If I wasn't in the industry, I wouldn't know who REPs [are]...I would be none the wiser" (personal communication, October 28, 2010). FP-NA3 also commented, "It's only really people who are in the industry, [that are] aware that they exist" (personal communication, September 16, 2010). FP-FA3 perceived that it might be too early to make such decisions. "Not yet, no don't think it has. It still seems as though it's sort of getting off the ground" (FP-NA3, personal communication, September 30, 2010).

Both REP and FNZ stated that the formation of the registration provided credibility and professionalism for the New Zealand fitness industry. FNZ explained that industry had struggled to associate itself with the health sector. "Here's this big push and talk about you know we are part of the health industry, where in reality in the practical sense, we are not yet recognised by the health industry" (FNZ, personal communication, October 14, 2010). REP explained that, the only way that the fitness industry can be observed by the New Zealand health sector credibly, is through the establishment of REPs NZ. "We have to be

at a standard where we can relate to other health professionals. In terms of the GPs in particular” (REP, personal communication, October 16, 2010).

Regarding the New Zealand fitness industry gaining access to governmental health funding, REP responded:

People say to REPs and Fitness NZ “Why are we not doing something, why are we not tapping into this?” We need to have a level about the same level as those other health professionals, or we’re not going to be able have credibility to be able to deal at a medical level. (personal communication, October 16, 2010)

Both industry representatives explained that REPs NZ has successfully facilitated the initial development of valuable relationships with some New Zealand health and medical sector organisations. According to REP:

We actually now have credibly relationships with, the Ministry of Health, ACC, SPARC, all these sorts of organisations who are interested in dealing with us. We have put out (well Fitness NZ and REPs), children’s guidelines, that was jointly funded by Fitness NZ, ACC, and the Children’s Commission came on board. (personal communication, October 16, 2010)

Similarly, FNZ mentioned:

The fact that I could have a conversation with the CEO of Diabetes NZ the other day, and he immediately talked about standards and...the fact that when I spoke to Consumer NZ four years ago, and they wrote a story, and the first thing they wrote was that, it [i.e. a fitness centre] has to be REPs registered. (personal communication, October 14, 2010)

4.6 REPs NZ and Fitness NZ Distinctions.

A general observation by the researcher while interviewing, was that most participants when discussing their perceptions of REPs NZ regularly referred to Fitness NZ. Participants frequently referred to instances that are part of Fitness NZ’s role (e.g. industry conferences, protecting the interests of the industry, etc.) when referring to REPs NZ. This appeared to be derived from confusion

among participants regarding the distinctions between the two organisations and that most participants observed both organisations as being synonymous. It was quite common for participants to stop, recount their words and reconsider which organisation they were talking about. As FP-FA3 conferred:

I suppose that it's a little confusing sometimes because we're Fitness NZ as well, you have to be affiliated with Fitness NZ so all our sites are members with Fitness NZ, as well as REPs, as well as paying for REPs as well. So I think yeah, sometimes it's a little confusing. (personal communication September 30, 2010)

Additionally, FP-FA2, FP-FA3, and NP-FA2 commented that they disliked the necessity to pay two lots of affiliation subscriptions, to two independent organisational entities. NP-FA2 for instance conferred:

I find it interesting that Fitness NZ and REPs are all out of the same office...I don't know if it's good or bad. Should they be separate so there is no influence, or can they learn from each other? It seems a little bit, whatever one decides to do, it definitely going to happen across the other cause, they are really all one. So is it really, truly an independent organisation? (personal communication, October 19, 2010)

NP-FA2 further suggested that maybe it would be just be better if both organisations were the same. "I think there needs to be more transparency, and it should probably exist as one organisation. I don't like the double dipping" (NP-FA2, personal communication, October 19, 2010).

NP-FA3 however perceived that two separate industry associations was beneficial:

If both organisations' philosophies stack up, they are both trying to achieve the same thing for the industry, then I don't really see any reason why they shouldn't work together. In fact it is better for the industry, if they did work hand-in-hand verses being completely at different ends of the scene. (personal communication, November 1, 2010)

Of the eleven fitness organisations that participated in the research project, nine participants are affiliated with Fitness NZ. NP-NA1 mentioned, “We are affiliated with Fitness NZ, we do get all of the information and stuff like that, there isn’t any real impact with us not being affiliated with REPs” (personal communication, September 20, 2010).

Meanwhile, to further keep operational costs down NP-NA3, is also not a member of Fitness NZ (personal communication, October 28, 2010). Similarly, previous Fitness NZ member FP-NA2 perceived that his best interests were not being addressed by the trade association in relation to council funded recreation) centres that were in direct competition to his own private centre.

This is why I am not a member of Fitness NZ either. Because the problem with Fitness NZ is it consists of both private clubs and council facilities, and I have a huge problem with that. Because I don’t believe that councils should be building these big recreation centres that compete directly with private operators. Let the private operators do their thing. (FP-NA2, personal communication, October 19, 2010)

FNZ acknowledged that although Fitness NZ owns REPs NZ, the register operates as a separate entity. FNZ however did agree that those working in the industry do get confused regarding the distinctions between two organisations:

I think it’s valid that people would look at it [REPs NZ] and go, “Yeah, it’s an industry body”, and it is, and so is Fitness NZ. It’s just understanding that one is there to provide resources and information, and do things like running conferences, which is also the role of an industry body... the other one is a quality mark. (personal communication, October 14, 2010)

Regardless of the perceptions and confusion regarding the two industry bodies, REP stressed that it is important that REPs NZ exists separately and operates autonomously:

It’s also important that it [REPs NZ] is independent, its own body with its own board and...a charitable or non-profit type company, because registration should not be about making money for a business. It should

be purely about standards, and raising the bar all the time. (personal communication, October 16, 2010)

Despite the organisational autonomy, FNZ suggested that the collaborative relationship that exists between Fitness NZ and REPs NZ provides for operational efficiency. “Look there is always more that it could do and I think that is where we’ve got to work (as Fitness NZ) collaboratively with REPs, to try to get more stuff out, based on the limited resources we have” (FNZ, personal communication, October 14, 2010). FNZ also commented:

One of the things that we have realised at Fitness NZ is that, whenever we do something for the industry, there is normally a component of what Fitness NZ would offer (which is basically information), and then maybe a component which is of a quality thing to do, or check, and that’s REPs. (personal communication, October 14, 2010)

FNZ also explained that Fitness NZ and REPs NZ shared a common office in Christchurch, New Zealand, as it was more economically beneficial. “It would be nonsensical to run physically separate offices. In New Zealand, we are so small, it makes really good sense” (FNZ, personal communication, October 14, 2010).

Nevertheless, FNZ affirmed that the sharing of organisational resources does not include the sharing of money. Therefore, it is essential for separate registration fees to exist, specific to each organisation, to provide adequate resources for different purposes:

They run separate boards. The money goes separately to them, and, any money going to REPs, is to be spent on REPs and its activities, and money on us, is spent on our activities. However, with that said, we are very careful with any of the money we spend, because its industry money, and we are both non-profit, there’s no dividends and no profits given to anybody. (personal communication, October 14, 2010)

A summary of the abovementioned perceptions of research participants regarding federated network affiliation at the industry level as discussed throughout this section can be seen in Table 4.

Table 4
Participant Theme Summary: Industry Level Perceptions

Key Research Themes	Participant Themes
The Concept	<ul style="list-style-type: none"> a. Believe in the concept: <ul style="list-style-type: none"> i. To protect the industry ii. Industry credibility b. Industry standards are beneficial for the industry
REPs NZ's role:	
Industry representative	
– Industry enhancer	<ul style="list-style-type: none"> a. Perceptions are fragmented b. Some perceived that REPs NZ was trying its best c. Others thought that REPs NZ could be more proactive d. Others felt that REPs NZ had little impact on the industry
– Standard setter	<ul style="list-style-type: none"> a. Most affiliates: <ul style="list-style-type: none"> i. Observe standards as minimal and used as a “baseline” ii. Had their own internal training processes b. Most non-affiliates: <ul style="list-style-type: none"> i. Questioned REPs NZ's ability to set industry standards ii. Standards generally observed as too low iii. Observed their own internal standards as paramount iv. Suggested that some sort of governmental involvement should exist in a industry regulatory system
Industry Enhancement	<ul style="list-style-type: none"> a. Perceptions are also fragmented b. Some felt that they industry was now a legitimate profession c. Others perceived there has been no change
Fitness NZ and REPs NZ	<ul style="list-style-type: none"> a. Most participants were confused with the distinction between Fitness NZ and REPs NZ b. Several affiliates mentioned that they did not like paying two registration fees c. Another suggested that they are one organisation and this should be made more apparent

Note. The participant themes summarised in this table are not statistical representations. Rather they are a presentation of the differing perceptions expressed by participants, unique or commonly shared.

4.7 Summary

This chapter has summarised the results of the data collection and presented the key themes that were developed from the interviews. Key perceptions of research participants regarding the affiliation with REPs NZ at the organisational, network, and industry levels have been offered. The next chapter provides further discussion regarding these findings and offers conclusions for each key perspective.

Chapter 5: Discussion

5.1 Introduction

This research project was undertaken to unearth the socially constructed perceptions of fitness centre organisations that are either affiliated, or not affiliated with a fitness industry register. The findings of this research project identify the perceived legitimacy of affiliation with an industry federation from the operational (i.e. the organisational or affiliate) level. A case study approach was utilised that facilitated the qualitative collection of data via semi-structured interviews. Data was collected from a proportionate number of affiliated and non-affiliated fitness centres located in Auckland, New Zealand, to provide reciprocal legitimacy perceptions. Representatives from two New Zealand fitness industry bodies also participated in this research project. The key themes that were identified in the previous chapter, together with an overview of key authors that were discussed in Chapter 2, are presented below in Table 5.

This chapter will provide discussion utilising the findings of this research project regarding three distinct but interrelated perspectives. Firstly, the perceivable benefits and limitations of affiliating with an industry federation at the organisational level are discussed. Sequentially, similar perceptions at the network level are presented, followed by further research participant perceptions at an industry level. Conclusions from these perspectives are also offered in this chapter. Then, the findings and conclusions from each perspective are subsequently amalgamated to provide additional insight and discussion of the perceived legitimating benefits of affiliating with a voluntary federated network as a whole, in Chapter 6.

5.2 Perceptions of Network Legitimacy: Organisational Level

When rationalising affiliation with REPs NZ, research participants identified four of Oliver's (1990) motivational determinants: reciprocity, legitimacy, stability, and efficiency. Oliver's other two determinates (necessity and asymmetry) did not appear to be a major motivation at the organisational level in this research.

Table 5

Thematic Discussion Table: Key Themes at the Organisational, Network, and Industry Levels

Key Themes	Key Authors ^a
Organisational Level Perceptions	
<ul style="list-style-type: none"> Rationales: <ul style="list-style-type: none"> Affiliation Non-Affiliation Benefits vs. Limitations Affiliation Concepts <ul style="list-style-type: none"> Reciprocity Legitimacy Stability Efficiency 	<p>Babiak, 2007; DiMaggio & Powell, 1983; Kraatz, 1998; Oliver, 1990; Pfeffer & Salancik, 1978/2003; Provan, 1983; Suchman, 1995.</p>
Network Level Perceptions	
<ul style="list-style-type: none"> Organisational Enhancement REPs NZ's Role: <ul style="list-style-type: none"> Promoter/ Legitimitor Communicator/ Coordinator Auditor/ Affiliate Behaviour Affiliate Equality For-Profit vs. Non-Profit 	<p>Babiak, 2007; Babiak & Thibault, 2008; D'Aunno & Zuckerman, 1987; DiMaggio & Powell, 1983; Gunningham & Rees, 1997; Gupta & Lad, 1983; Human & Provan, 2000; Pfeffer & Salancik, 1978/2003; Provan, 1983; Provan & Kenis, 2008; Provan, et al., 2008; Richardson, 1985; Suchman, 1995; Williams, 2005.</p>
Industry Level Perceptions	
<ul style="list-style-type: none"> Industry Enhancement <ul style="list-style-type: none"> Industry regulation Industry-based standards REPs NZ's Industry Role: <ul style="list-style-type: none"> Industry governance Industry enhancer Industry standard setter 	<p>Christmann & Taylor, 2006; Gupta & Lad, 1983; King & Lenox, 2000; Klijn & Koppenjan, 2006; Lenox, 2006; Long & Driscoll, 2008; Pfeffer & Salancik, 1978/2003; Provan, 1983; Provan & Milward, 2001; Suchman, 1995; Williams, 2005.</p>

Note. ^a This is an exhaustive list of authors utilised by the researcher during data analysis.

Participants acknowledged that notions of reciprocity and legitimacy were the primary motivations, as these concepts were frequently identified and controversy discussed. Although perceptions relating to organisational stability and efficiency were also readily mentioned by affiliates and non-affiliates, these

were not directly referred to be participants. Necessity and asymmetry however was not observed as being important at the organisational level. Arguably necessity was absent as REPs NZ is a voluntary federation. Nonetheless, some observations regarding organisational asymmetry at the network level are discussed later in this chapter. This research's findings are similar to Babiak's (2007) CSC study that suggested that notions of reciprocity, legitimacy, stability, and efficiency all provided primary motivations for organisations to participant in the network. The rationales for affiliation and non-affiliation with REPs NZ are now discussed in more detail.

5.2.1 Reciprocity.

The primary rationale for association with REPs NZ is observed by affiliated participants as a measure of support to the New Zealand fitness industry. This support is perceived as being facilitated through affiliation with the register. These observations were also recognised by FNZ who commented, "I think for the vast majority of people, they get it now...being part of something, some sort of [industry] quality mark" (personal communication, October 14, 2010). Affiliates regularly referred to themes relating to the enhancement of the industry's credibility in the eyes of the industry's clientele. REPs NZ's existence provides the necessary vehicle to achieve these objectives. More specifically, the fact that regulation does exist within an industry confers its legitimacy to its constituents (Gupta & Lad, 1983; Lenox, 2006; Provan, 1983; Richardson, 1985).

Babiak's (2007) study regarding the CSC suggested that network members not only associate themselves with the NAO as it represents a "collaborative philosophy" (p. 364) but also to capitalise on the NAO's key specialities and expertise. In the case of the Auckland fitness industry however, affiliates associate themselves with REPs NZ to support the "collaborative philosophy" rather than to capitalise on the register's resources. There was a considerable lack of interest exhibited by most research participants regarding access to REPs NZ's resources. Additionally, affiliates perceived that their support to the register is reflected in the payment of registrations fees that provides REPs NZ the monetary resource that it needs to achieve the federation's objectives. As

NAOs are expected by affiliates to fulfil such roles (Provan, 1983; Provan & Kenis, 2008).

Most research participants suggested that the actual perceivable benefits that can be acquired through affiliation with REPs NZ were minimal or non-existent. Interestingly though, some affiliates felt that the potential benefits might actually be experienced at the industry level. These findings lend further weight that notions of reciprocity might play a significant part in fitness centres affiliating with REPs NZ. The legitimisation of the industry is derived and facilitated through the centralisation of the field (Campbell, 2006; Gunningham & Rees, 1997; Gupta & Lad, 1983).

Non-affiliated participants also perceived that the concept of fitness industry regulation is legitimate. Yet at an organisational level the attentions of non-affiliates tended to be more internally focused as managers calculated their organisation's investment against potential returns (cf. Deephouse & Carter, 2005; Long & Driscoll, 2008). Non-affiliates largely saw little organisational benefit for associating with REPs NZ. Accordingly, both industry representatives recognised that non-affiliates tended to be more internally focused, consequently failing to see the "big picture" but rather, "what was in it for them".

Most non-affiliates questioned the register's authority and ability to be able to implement an effective form of industry self-regulation. NAOs are faced with the predicament of how to develop affiliate support, or rather, the ability of the NAO to be perceived by federation members and non-members as a legitimate entity (Human & Provan, 2000; Provan et al., 2008). NAO legitimacy is a critical factor for federations and is discussed in more detail later in Chapter 6.

5.2.2 Legitimacy.

Concepts of organisational legitimacy heavily underpin participant rationales for both affiliation, and non-affiliation with REPs NZ. Organisational legitimacy enhancement was also the most commonly referred to identifiable and unrequited benefit by research participants. Consistent with Suchman (1995), there appears to both strategic choice and institutional perspectives exhibited in the behaviours of affiliated participants. For instance, some affiliates strategically aligned themselves with REPs NZ to acquire the organisational

legitimizing benefits that can be obtained through is associated with the federation. Some affiliates commented that, they had perceived affiliation with REPs NZ would promote their respective organisations. The value of using the register's logo or "quality mark" in this manner was also encouraged by REPs NZ. Legitimacy being acquired through association with the federation's NAO (Oliver, 1990; Pfeffer & Salancik, 1978/2003; Suchman, 1995). Regardless of the strategic actions of some participants to extract organisational legitimacy in this manner, the findings from this research suggest that there is some evidence that institutional pressures may also exist.

Some participants mentioned that they affiliated with REPs NZ, as it was perceived as being "logical" or "the right thing to do". In this sense, affiliates associated themselves with REPs NZ to acquire perceptions of cognitive legitimacy. Organisational legitimacy is attained in this manner by exhibiting behaviours that replicate those that are already institutionalised in a field in the form of taken-for-grantedness (Kikulis, 2000; Klijn & Koppenjan, 2006). Fundamentally, affiliated participants and both industry representatives suggested that association with REPs NZ provided a vehicle for fitness centres to promote to potential customers, conformance to industry's normative behaviours. Fitness centres that exhibit normative structures and behaviours are observed by these constituents as understandable and consequently legitimate (Deephouse, 1996; Provan et al., 2007; Suchman, 1995).

Findings suggest that institutional pressures are derived from the fact that REPs NZ maintains a significant percentage of the industry including its larger organisations among its members. Consequently, REPs NZ's membership provides adequate institutional pressure, to make the registry system reasonably compulsory. Essentially, when the key players within an industry endorse an innovation, their actions fundamentally legitimise such organisational behaviour as normative practice (O'Brien & Slack, 2004). Perceived as normative, these practices provide adequate institutional pressure to encourage others to affiliate with the register as professional practice (DiMaggio & Powell, 1983; Kraatz, 1998). "Professionalisation" of the New Zealand fitness industry was a reoccurring theme expressed by most affiliated participants and industry representatives during this research project.

Despite the usual notions regarding environmental uncertainty and loss of legitimacy that underpin isomorphic behaviour (Kraatz, 1998; O'Brien & Slack, 2004), there did not appear to be any such concerns expressed by affiliates or non-affiliates regarding not associating with the register. This may be because most participants perceived their respective organisations as independent entities with strong existing organisational identities. By ensuring that their own legitimate organisational identities are being maintained organisations can incur environmental stability and less constitute criticism (Pfeffer & Salancik, 1978/2003; Suchman, 1995). Consequently, most participants placed little value of the legitimating benefits and attainable resources that can be occurred by affiliating with REPs NZ. It could further be hypothesised that these organisations operate in perceivably stable organisational environments. Therefore negating the necessity to acquire such commodities from the organisational field (Pfeffer & Salancik, 1978/2003; Suchman, 1995). This may also explain why Oliver's (1990) determinate stability was not mentioned as being a primary rationale for affiliation with REPs NZ. Nonetheless, notions relating to environmental stability were peripherally discussed by participants.

5.2.3 Stability.

The industry representatives suggested that register's existence provide environmental stability for REPs NZ affiliates in two ways, the supply of marketing and contractual resources, and, assistance in providing clarity regarding industry-based qualifications when recruiting staff. These findings are similar to Oliver's (1990) framework that suggests that organisations participate in a network to acquire environmental stability through the sharing of resources and information. In this research project, most participants perceived that the resources provided by REPs NZ were generally unnecessary and affiliates tended not to largely interact with each other. Meanwhile, the most sort-after resource by affiliates was legitimacy enhancement of their respective organisations, which as discussed in the previous section is largely perceived as unattained. Based on Oliver's rationale, industry information provided by REPs NZ regarding the identification of appropriate industry-based qualifications appears to be the only factor providing affiliates some environmental certainty when recruiting staff.

Although the concept of organisational stability was not directly identified by participants as a primary motivational determinant, most affiliated participants claimed that REPs NZ had provided some predictability and clarity of the appropriateness of industry qualifications when recruiting staff. This is facilitated through the setting and establishment of industry-based standards (Gupta & Lad, 1983; Klijn & Koppenjan, 2006; Provan & Milward, 1991). Most participants stated that REPs NZ standards were minimal, and placed little confidence in these industry standards. Reflectively, FNZ suggested that REPs NZ standards are supposed to be minimal as they indicate the least acceptable requirement for an individual to be employed by the industry.

This research shows that there is obviously a significant difference in opinion or a lack of understanding among participants regarding the role that such standards should play. FNZ's assertion is in congruence with the self-regulatory literature which suggests that industry standards provide the minimal acceptable level (Campbell, 2006; Provan & Milward, 1991) that identifies industry certification (i.e. recognition by an industry register) as a reliable indicator of professional legitimacy (Christmann & Taylor, 2006). REPs NZ registration provides affiliates predictability when looking for suitably qualified staff by identifying individuals that possess an entry-level qualification that proves to potential employers that they have some technical capability to do the job. FNZ further explained that employers could then focus their attention on other important issues such as personal characteristics and skills possessed by the individual. This is also an interesting observation, as most participants mentioned the inability of REPs NZ standards to identify such personal qualities of potential employees. Lloyd (2005a, 2008) also found similar instances in the UK where fitness centre employers preferred to employ staff on their social skills rather than level of qualification. Some affiliated participants however understood this concept, and used REPs NZ standards as a baseline when recruiting and implemented further internal training processes from there.

5.2.4 Efficiency.

Similar to stability, efficiency was not directly identified by participants as being a primary motivational determinate. This is in contrast to Babiak's (2007) study, that suggested organisational efficiency was a predominantly identified

motivation for organisations to associate with the CSC. This did not appear to be a major factor in this research. Rather, perceptions of organisational efficiency became apparent as participants discussed and rationalised concepts relating to REPs NZ affiliation. This is not surprising as notions of efficiency are normally internally focused at the organisational level rather than external efficiencies (Oliver, 1990).

Where federation members usually expect in return for their affiliation a reduction in such operational costs and complexity (Pfeffer & Salancik, 1978/2003; Provan, 1983; Provan & Kenis, 2008), such improvement in efficiencies were not observed by the participants of this research project. Both affiliates and non-affiliates regularly referred to organisational efficiencies and REPs NZ affiliation to varying degrees. Much of these discussions revolved around concepts relating to organisational efficiency in respect to the costs of managing the registry system internally (i.e. time, money, staff, etc.) and paying registration fees. Most participants also observed the reduction of organisational efficiency as being a significant limitation of the registry system. Many non-affiliates also expressed rationales for not affiliating with REPs NZ to avoid such complexity and expenses.

Babiak and Thibault (2008) identified similar occurrences in a further study involving the CSC. Where organisations were motivationally driven to affiliate with the network for efficiency reasons found that various other administrative costs related to maintaining this affiliation reduced internal efficiencies. Babiak and Thibault additionally identified that the for-profit organisations involved in the CSC were not concerned with the increase in costs. Their findings however are contrary to the findings of this research project, where the only participants that did not mention the monetary costs of affiliation with REPs NZ were for-profit respondents. One non-profit participant however did mention that administrative complexity had increased, but this was welcomed, as it was perceived that such procedures should be undertaken anyway.

These findings provide some evidence that Auckland fitness industry for-profit and non-profit organisations potentially determine organisational efficiencies based on differing criteria (cf. Brown, 2005; Freidman & Mason, 2004; Shilbury, 2001). Additionally, this occurrence may also highlight the differing social

contexts with which these two differing studies were undertaken (DiMaggio & Powell, 1983; Glesne, 1999; Golden-Biddle & Locke, 1993). While Babiak and Thibault's (2009) study focused on the provision of sport in Canada, this research project investigated the New Zealand fitness industry. Consequently, international and organisational field cultural differences may apply.

5.2.5 Organisational level conclusions.

Although affiliated research participants perceive that, the limitations of affiliation with REPs NZ outweigh the perceivable benefits, these organisations still associate with the register. Research participants identified limitations of increased costs stemming from registration fees, administrative difficulties, and increased complexity. Most research participants also perceived that the degree of organisational legitimacy that can be incurred through affiliation with the register is minimal. Motivations of conferrable organisational legitimacy underpin participant rationales for affiliation and non-affiliation. Consequently, most non-affiliates recognise these benefits and limitations and pragmatically choose not to affiliate. Most affiliated research participants however identify these same benefits and limitations and still choose to remain affiliated with the REPs NZ. To support and protect the New Zealand industry (i.e. environmental stability) was the most commonly expressed rationale for affiliation with the register expressed by its members.

Therefore notions of reciprocity (i.e. the attainment of a collective objective) exist, and is the primary motivational determinate for fitness centres to affiliate with REPs NZ. Some affiliates even suggesting that the benefits of their affiliation are experienced more by the industry rather than individually, at the operational or centre level. Nonetheless, affiliates still expect some individual return for their support, and commitment to REPs NZ in the form of legitimisation of their respective centres through association with the register.

Implications of these findings suggest that federated networks need to be aware of what their affiliates perceive as legitimately beneficial. Although organisational managers may be driven to voluntarily affiliate with a NAO by prevalent institutional pressures, fundamentally managers still expect some return on their investment at the organisational level. Therefore, it could be

posited the underlying concept for the formation of the federated network may not be enough. Accordingly, federated networks that maintain suitable levels of desirable resources tend to encourage more substantive affiliate behaviour and membership levels as NAO dependencies develop (Babiak, 2007; D'Aunno & Zuckerman, 1987; Pfeffer & Salancik, 1978/2003). Failure to do so may have a detrimental effect on the perceived effectiveness of the federation field buy-in and the willingness of organisations to participate. Network level conclusions are discussed next.

5.3 Perceptions of Network Legitimacy: Network Level

The previous section observed the perceptions of research participants at the organisational level, this section will now look the perceptions of these same individuals regarding their personal observations and perceptions regarding REPs NZ affiliation at the network level. It is important to note, that some themes may appear to have already been addressed in the previous section of this chapter; however, themes in this section are related to instances at the network level. As respondents derive, their evaluations on occurrences that are relevant to their specific socially constructed environments (Denzin, 1971; Glesne, 1999; Golden-Biddle & Locke, 1993), obviously participants rationalised their perceptions based on their own experiences at the organisational level.

5.3.1 Perceptions of organisational enhancement.

Participant perceptions regarding organisational legitimacy enhancement at the organisational level were discussed in section 5.2.2. In this section, the concept of legitimacy relates to the enhancement of the federation as a perceivable legitimate entity. Network legitimacy not only provides credibility for the network but also for its affiliates as well (Human & Provan, 2000). Research participants commonly referred to this legitimacy as “public awareness”, which they also used as a gauge to determine the federated network’s effectiveness.

Most participants perceived that REPs NZ’s low public profile is limiting the degree of legitimacy that can be incurred by federation members. Without a strong network identity, federations are unable to generate the necessary legitimacy to reciprocally legitimise its affiliates (Deephouse, 1996; Pfeffer & Salancik, 1978/2003; Provan et al., 2008; Richardson, 1985; Suchman, 1995).

Consequently, most research participants perceived the legitimating benefits of the REPs NZ quality mark were generally ineffective. Essentially affiliates and non-affiliates derived their conclusions based on the number of existing and potential customers referring to the REPs NZ brand when visiting their centres.

As discussed previously, research participants perceived that ideally, association with REPs NZ should symbolically legitimise their organisations over those that are not affiliated with the register. Such perceptions indicting motivations of organisational signalling of superiority over non-affiliates (Ashby et al., 2004; Lenox, 2006; Oliver, 1990; Provan, 1983). Although some affiliated participants (including one non-affiliate) did feel that REPs NZ has had some success in this area, they still felt that its degree of public awareness is relatively low. This may further explain why participants place more importance on the promotion of their own organisational brands rather than the REPs NZ quality (also see section 5.2.2).

Meanwhile the industry representatives felt that the lack of public awareness was not an issue. Instead, the REPs NZ quality mark provided some sort of assurances to potential customers of the validation of federation members. The assurance being provided by the fact that an industry body exists within the New Zealand fitness industry that ensures that those that associate with the federation have been validated. The source of this validation being derived from the existence of industry standards (Lloyd, 2008; Long & Driscoll, 2008; Provan & Milward, 1991; Viallon et al., 2003). The industry representatives suggested that the register had also provided a point of contact to build beneficial relationships with other sectors external to the industry. This is one of the functions for an NAO, to develop external network linkages (Human & Provan, 2000; Provan, 1983).

Although NAOs exist to address the needs of the federated network as a whole, rather any individual members (Human & Provan, 2000; Provan, 1983), the perceived lack of public awareness might be a critical factor for REPs NZ. More specifically, through association with a perceivably legitimate federation, its members also expect to be observed as legitimate (Oliver, 1990; Pfeffer & Salancik, 1978/2003; Zimmerman & Zeitz, 2002). It is common for tensions to arise when a network's members needs for legitimacy conflict with those of the

network as a whole (Provan & Kenis, 2008). If affiliates fail to see the benefits of being associated with the federated network, the NAO will lose the support it needs to acquire sustainment (D'Aunno & Zuckerman, 1987). "As long as network members find value in their membership, they will provide resources and support" (Human & Provan, 2000, p. 361). As discussed in section 5.2.2, participants primarily identified organisational legitimacy as the most desirable benefit that can be potentially acquired through affiliation with REPs NZ. It is also perceived that this legitimacy can only be achieved through increasing the public's awareness of REPs NZ. Additionally, there are also some differences in opinion of how the REPs NZ quality mark should be promoted to the public, which are discussed next.

5.3.2 Perceptions of the network promotion.

There is evidence that there are some underlining tensions regarding whose role it is to promote the federated network. For instance, the industry representatives perceive that an internal approach is preferable where its affiliates promote the federation. Respectively, the promotion of REPs NZ is perceived by the industry representatives as being the responsibility of its affiliated fitness centres, thus preferring an internal network legitimacy approach to build legitimacy from the inside-out. While this is surprising at first, Human and Provan (2000) have argued previously such strategies can be particularly effective. Nevertheless, fitness centre participants question the degree of legitimacy that can be acquired in this way suggesting that register needed to be more externally focused. Additionally, REPs NZ is intent on developing relationships with those external to the industry whereas fitness centre participants are more immediately focused at their existing and potential clientele.

It is common for legitimacy strategies to cause internal tensions within a network. Essentially, tensions arise as affiliates perceive that their personal needs are not being met (Human & Provan, 2000). Such fitness centre perceptions are particularly apparent as most frequently mentioned the lack of REPs NZ recognition by potential customers at the centre level. Consequently, some affiliated organisations did not use the REPs NZ quality mark when marketing their own centres. REPs NZ also provide affiliates with marketing

resources to assist fitness centres to achieve this objective. Most affiliated participants also place minimal value on these resources claiming that they make little difference at the organisational level. Respondents generally perceive that it is the responsibility of REPs NZ to promote the federation to constituents. Therefore, an externally focused approach is preferred by research participants, and that it is REPs NZ's role to provide this outside-in approach. External legitimization of the network is subsequently leading to internal legitimization of the network (Human & Provan, 2000).

The differences in opinion regarding the promotion of REPs NZ is interesting, and the potential challenge for REPs NZ is to attempt to build legitimacy promoting strategies at both internal and external legitimacy simultaneously. If federation members perceive that its external constituents (i.e. fitness centre clientele) observe the network as legitimate, internal legitimacy will also be incurred by the federation from its affiliates (D'Aunno & Zuckerman, 1987; Provan & Kenis, 2008). Consequently, without developing external legitimacy for a federated network, internal legitimacy cannot be acquired as affiliates fail to identify its potential benefits of the NAOs efforts. "The network is to exist in name only with little commitment by participants to network-level goals and outcomes" (Provan & Kenis, 2008, p. 243).

5.3.3 Perceptions of the network communication and coordination.

Most research participants in this study commented that they had little personal contact with the REPs NZ (see section 4.4.2). Two respondents that belonged to fitness centres chains however claimed that they were in regular contact with the register due to administrative reasons. Their perceptions of these interactions were favourable. Meanwhile REPs NZ's efforts to contact and communicate with its members were perceived by other affiliated participants as trivial and minimal. Several participants for instance suggesting that there needed to be more contact instigated by REPs NZ. Surprisingly, a number of participants who had suggested that better formal communication processes needed to be in place were non-affiliates.

Formal communication with affiliated members is a critical factor for an NAO. Affiliates are usually independent marketplace competitors that generally do not

interact normally (Dickson et al., 2005; Provan et al., 2008). Communication among network members therefore needs to be coordinated thorough the NAO (Child et al., 2005; Provan, 1983). The lack of interaction among research participants was apparent during this research project, as most perceptions of competitor organisations were generally obscure. Consequently, there is a necessity to ensure effective NAO formal communication is prevalent to prevent the under-management of the federated network.

Similar arguments could also be drawn regarding the differences of opinion concerning REPs NZ's role and objectives throughout the research findings. As effective communication processes can also promote comprehensiveness and network collectiveness (Das & Teng, 1998). For instance, Babiak and Thibault (2009) identified that effective communication methods contributed to the CSC's success of achieving the network's collective objectives. Likewise Frisby et al. (2004) and Shaw and Allen (2006) on differing multi-sector networks suggested that, the poor communication methods that existed in these IORs created tensions among their members. It might be all too easy, to consider that such issues may stem from poor formal communication processes by REPs NZ, but it is a powerful consideration. Arguably, any successful organisational structure is only as strong as the collective commitment and congruence its members. Such occurrences are derived from effective communication processes.

5.3.4 Perceptions of the network conformance and behaviour.

It has been commonly addressed in the literature that, some organisations will substantively participate in a network, whereas others do so symbolically (Christmann & Taylor, 2006; Dacin et al., 2007; Gunningham & Rees, 1997). Research participants' perceptions of how REPs NZ affiliated organisations exhibit conformance to the register's expectations are fragmented (see section 4.4.3). Affiliated participants and industry representatives for instance perceived that most affiliated organisations did comply with what the register expected of them whereas most non-affiliates suggested that this was not the case. Essentially several non-affiliates suggested that affiliated organisations associated themselves with the register and did the bare minimum to maintain this membership while conducting their businesses as usual. Such perceptions

further delegitimising REPs NZ and its affiliates, in the eyes of non-affiliates (cf. Richardson, 1985; Suchman, 1995).

Interestingly, while most affiliated participants believed that other affiliated organisations behaved accordingly, four of these affiliates exhibited some form of symbolic behaviour themselves. It is commonplace for the degree of compliance by an NAO's affiliates to vary among different organisations (Christmann & Taylor, 2006; Gunningham & Rees, 1997; King & Lenox, 2000). Some symbolic behaviour was especially noticeable in relation to the recruitment and maintenance of non-registered fitness centre staff and the promotion of REPs NZ. Meanwhile, REPs NZ appears to be oblivious to these symbolic practices suggesting that its affiliates are well aware of their obligations, doing so is unethical, and a misrepresentation of what the register system infers. What was further interesting is that regardless of their symbolic behaviours, most affiliated respondents agreed with the concept of audits as it gives the system some credibility (see section 4.4.2).

Clearly affiliated centres do not feel that there is a necessity to comply with REPs NZ expectations. Affiliate monitoring is an important function of an NAO as it ensures that affiliates behave accordingly and desirably to achieve the network's objectives (Das & Teng, 1998; Provan, 1983). Of those affiliated participants that had been audited by REPs NZ, they observed these occurrences as relatively unobtrusive while others had never been audited. The industry representatives referred to audits as "friendly" and limited to resource availability. However, Gupta and Lad (1983), and Gunningham and Rees (1997), have previously suggested that in some settings, self-regulation of an industry is intentionally mild as it encourages affiliate buy-in and membership retention. If similar rationales existed during the development of REPs NZ, they were not identified by this research. More importantly, this study shows that due to limited resources some fitness centres are not audited at all and instances of free-riding consequently exist. These findings support previous research that argues, that NAOs are limited in their ability to ensure total affiliate conformance (Ashby et al., 2004; Kumar & Das, 2007; Lenox, 2006).

Meanwhile, several non-affiliates suggested that the sanctions for non-compliance needed to be stricter. Previously, King and Lenox (2000) suggested

that for organisational conformance to be effective the sanctions for non-compliance need to be explicit and severe. In this instance however, for such sanctions to be enforced there would potentially need to be some form of third party involvement in the New Zealand fitness industry, such as suggested by mandated federations (Campbell, 2006; Gupta & Lad, 1983; Oliver, 1990; Provan, 1983). It is questionable the degree of voluntary support, that a stricter form of regulation would receive from the New Zealand fitness industry if it existed.

Regardless of the instances of symbolic behaviours that were identified, it could be further argued that there are no extreme examples of free-riding by affiliates. Nonetheless, there is some evidence that a few non-affiliated participants do engage in free-riding practices by ensuring staff are registered and adhering to REPs NZ's Code of Conduct. These findings support previous research that has identified that free-riding by non-affiliates can provide a cost effective means of incurring the legitimate benefits of a federation with being formally associated with it (King & Lenox, 2000; Lenox, 2006; Lynch-Wood et al., 2009). This research also discovered that occasionally existing affiliates also contemplate free-riding to avoid the inconveniences and costs associated with affiliation.

5.3.5 Perceptions of network asymmetry.

Perceptions of affiliate inequality were largely unrecognised by most research participants. Most participants were uncertain if any asymmetries did exist. However, a few did suggest that the federation's larger organisations might play a more central role. This is not surprising as it is not unusual for larger organisations to have more influence in a network (Provan et al., 2007; Williams, 2005). Two participants perceived that one of New Zealand's larger more successful fitness organisations might have more influence over the register. However, this relationship was not considered detrimental by one respondent who perceived that association with this prominent organisation provided federation members access to its marketplace expertise and information.

These findings suggest that this organisation's participation may encourage others to affiliate with REPs NZ via several means. Firstly, the attractiveness

the prominent organisation's resources may provide sufficient motivations for other fitness centres to affiliate with the register anticipating sequential access to these resources. As the literature suggests, the ability to access the resources and the diffusion of market knowledge are common in networks (Child et al., 2005; DiMaggio & Powell, 1983; Erickson & Kushner, 1999; Provan & Milward, 2001). Secondly, it could be further argued that the greatest resource this prominent organisation brings to the federated network is the strength of its organisational brand. As it has also been previously noted, organisations can incur an increase in legitimacy through association with other organisations that are perceivably more legitimate (Oliver, 1990; Pfeffer & Salancik, 1978/2003; Suchman, 1995). Finally, the prominent fitness organisation's association with the register subsequently legitimises REPs NZ affiliation. The innovative behaviours of perceivably legitimate organisations consequently legitimise those behaviours, further contributing to mimetic isomorphism and taken-for-grantedness (DiMaggio & Powell, 1983; Kraatz, 1998; O'Brien & Slack, 2004).

It was also found that some smaller organisations perceive that the federation is not designed for their inclusion. One participant for instance suggested that the larger centres could better handle the complexity and cost of the affiliation and that REPs NZ is a marketing tool for these organisations. He further suggested that REPs NZ potentially did not even know that his centre existed. Although it is common for smaller organisations to be less visible and less exposed to institutional pressures (Lynch-Wood et al., 2009), issues of increased administrative complexity and costs was shared by many participants regardless of size. In fact as previously discussed, the respondents from larger organisations were more vocal about the resulting decrease in organisational efficiency to maintain the registry system. Nonetheless, this respondent addresses an interesting point, which potentially again relates back to the formal communication processes that REPs NZ has in place. Would regular and informed interaction with non-affiliates, regardless of size and location, further legitimise the register and its members? If it does, such desirable perceptions must surely be beneficial to the register. Although it is still fair to comment that, such interactions are still limited to REPs NZ's available resources to conduct such activities.

5.3.6 Network level for-profit and non-profit distinctions.

There appears to be little evidence to suggest that any significant distinctions between multi-sector organisations exist in the New Zealand fitness industry. Apart from potential differences for determining organisational efficiencies by these organisations (see section 5.2.4), for-profit and non-profit organisations appear to be generally isomorphic. Where the literature has suggested that non-profit sport and recreation organisations have had to become more corporately focused to attain sustainment (Babiak, 2007; Ferkins & Shilbury, 2010; Kikulis, 2000; Thibault & Harvey, 1997), such instances in the New Zealand fitness industry might be more derived from the highly competitive nature of the industry itself, notions of professional practice, and multi-sector learning.

It could be argued that to external observers, all fitness centres regardless of organisational type are generally observed as being relatively the same. Most New Zealand fitness centres can be observed as possessing similar organisational features (i.e. fitness classes, weights rooms, centre services, current trends, etc.) to appeal to public expectations and perceptions. In fact, it is commonplace for external observers to perceive that all the organisations that belong to a particular field are synonymous, regardless of organisational background or purpose (Deephhouse & Carter, 2005; DiMaggio & Powell, 1983; Kikulis, 2000). Consequently, it could be further posited that for fitness centres to attract potential customers, these organisations need to exhibit characteristics that appease these individuals' socially constructed perceptions of what a fitness centre should be.

Consequently, there may be some evidence that institutional isomorphism exists in the New Zealand fitness industry that stems from competitive pressure to be perceived legitimately by the industry's clientele. Without the similarity among fitness centres, potential customers may fail to comprehend or see the benefits of using that facility and choose another that exemplifies institutional characteristics. Non-profit and for-profit fitness centres may therefore experience the same isomorphic pressures to be perceived as professional legitimate entities on the same level. Such isomorphic pressures are commonplace in highly competitive environments (Kraatz, 1998; O'Brien & Slack, 2004). The acquirement or retention of marketplace competitiveness is

achieved through institutional recognition and comprehensibility (Suchman, 1995). Consequently, institutional isomorphism provides multi-sector organisations a degree of cognitive legitimacy.

An additional explanation for the similarities between for-profit and non-profit organisations might be derived from notions of professionalism. Normative isomorphic pressures may exist within the New Zealand industry that encourage fitness organisations to behave in a normative manner to be perceived as professionally legitimate (DiMaggio & Powell, 1983; Suchman, 1995). The lack of organisational distinction is therefore being derived from the perceptions of directors and managers of what they believe condones a professionally legitimate organisational entity. The existence of both REPs NZ and Fitness NZ further compound the effect of normative isomorphism by providing a vehicle to formalise such institutional practices and principles (cf. DiMaggio & Powell, 1983).

Finally, many non-profit fitness centres in New Zealand are run by for-profit management organisations resulting in organisational chains of various community-based centres that form a corporate entity. In fact, two of the biggest non-profit fitness chains in Auckland are managed in this way. These arrangements suggest that instances of social learning may exist. Essentially the directors and managers of the for-profit management organisations provide the diffusion of normative cooperate style practices to the non-profit organisations (Kraatz, 1998; O'Brien & Slack, 2004). Consequently, through social learning diffusion of cooperate strategies and objectives, multi-sector fitness centres can appear to lack distinction.

5.3.7 Network level conclusions.

Essentially, most research participants perceive that REPs NZ's lacking public profile is having little legitimating impact on their respective organisations. Fitness centre managers derive their perceptions on the extent of REPs NZ awareness, exhibited by their existing and potential customers at the centre level. Additionally, there appears to be a lack of congruence as to how federation legitimacy should be achieved. For instance, REPs NZ is intent on developing relationships outside of the industry. Contrarily, fitness centres

expect to receive from their affiliation internal legitimisation at the centre level. Tensions also exist regarding whose role it is to promote the federated network. REPs NZ felt that its affiliates were responsible to do so whereas fitness centres perceived that this is the role of the register in return for their support. Consequently, research participants remain committed to promoting their own unique organisational brands rather than use the seemingly less legitimate REPs NZ quality mark.

Some research participants also suggested that the register needed to be more proactive in enforcing conformance, as most non-affiliates perceived that REPs NZ affiliates behaved symbolically. The majority of affiliated participants did in fact exhibit some form of symbolic behaviour while they perceived that other affiliated centres behaved substantively. Meanwhile, there are also instances of free-riding among some non-affiliated centres. Although it is questionable the extent these affiliate behaviours would be directly detrimental to other network members as most were loopholes or isolated instances of organisational policy and procedures. Nonetheless, such instances potentially delegitimise the federated network if observed by those external to the network. It is also arguable the extent of voluntary support that such a stricter registry system would get if it existed in the New Zealand fitness industry.

Most research participants also suggested that the register needed to be more proactive in coordinating and communicating with the organisational field. This sentiment was expressed by not just affiliates but most non-affiliates as well. This may explain the lack of collective understanding among affiliates and non-affiliates regarding REPs NZ objectives and practices. There also appears to be little distinction among for-profit and non-profit fitness centres. The similarities may suggest that isomorphic pressures exist in the New Zealand fitness industry derived from the highly competitive nature of the industry. Consequently, the New Zealand fitness industry can be observed as facilitating a number of different organisational types that experience the same institutional pressure to remain competitive in the marketplace. Industry level conclusions are discussed next.

5.4. Perceptions of Network Legitimacy: Industry Level

This section will examine the perceptions of research participants regarding the impact the registry system has on the New Zealand fitness industry. It intends to complete the various levels of perception expressed by research participants regarding REPs NZ affiliation. Again, it is important to note that some of these themes may have already been introduced in the organisational and network level sections of this chapter. Firstly, participant perceptions regarding enhancement of the New Zealand industry will be discussed followed by perceptions relating to industry conformance and regulation. Finally, some additional observations by the researcher are presented.

5.4.1 Perceptions of New Zealand fitness industry enhancement.

This study found that, research participants perceive that some form of regulation would be beneficial for the New Zealand fitness industry. The motivations for field regulation are derived from notions to protect and enhance the industry's legitimacy (cf. Gunningham & Rees, 1997; King & Lenox, 2000; Viallon et al., 2003). Participants largely identified the existence and behaviours of Cowboys operating in the fitness industry as being the largest potential threat to its reputation. Nevertheless, overall perceptions regarding REPs NZ enhancing the profile of the New Zealand fitness industry were generally fragmented.

Where some suggested that the register enhances the professional credibility of the field, others perceived that the register has had little impact. Meanwhile, several participants perceived that REPs NZ has potentially had some success in internally legitimising the federation its attempts to attaining similar success externally has been limited. Respondents justified their opinions with personal observations in relation to REPs NZ's lacking public awareness. This is an important consideration, for networks to acquire growth and sustainability, both internal and external legitimacy needs to be attained (Child, 1997; Kumar & Das, 2007; Pfeffer & Salancik, 1978/2003; Suchman, 1995). As previously discussed, though organisational conformance can enhance internal legitimacy, it does not necessarily confer external legitimacy (Tornikoski & Newbert, 2007).

Regardless of these perceptions, REP perceived that the New Zealand fitness industry is largely satisfied that REPs NZ is fulfilling this role based on the level of voluntary support the organisation had received. Although market share and retention levels can be a reliable indicator of network effectiveness (D'Aunno & Zuckerman, 1987; Provan & Milward, 2001), this rationale fails to identify how network members individually perceive the effectiveness of their participation. Consequently, the processes that the register has in place to determine how its affiliates perceive the effectiveness of REPs NZ are insufficient. Potentially, some market research in this area by REPs NZ could be beneficial to the register's further growth and sustainment.

This research also found that although the industry representatives affirmed that REPs NZ had allowed the industry to develop some significant relationships with the New Zealand health and medical sectors, these were not obvious by fitness centre participants. In fact, only one respondent mentioned that the future development of the industry should be taken in this direction by the register. NAOs can validate an industry's legitimacy as well as provide a focal point of contact (Kumar & Das, 2007; 1978/2003; Provan, 1983; Provan et al., 2008; Suchman, 1995). Assumedly, other research participants might have been unaware of such progresses at the time research interviews were undertaken, as such steps appear to be still in their infancy. Alternately, these individuals potentially shared no interest in developing external relationships as most appeared to be more concerned with their existing and potential clientele. Nonetheless, most felt that the industry had improved professionally since REPs NZ's establishment in 2003. Whether such occurrences are directly derived from the register's existence, or rather are the industry's natural progression remained unclear.

5.4.2 Perceptions of industry control.

For industry regulation to be effective, especially in the self-regulatory sense, there needs to be significant buy-in by the organisational field's members (Christmann & Taylor, 2006; King & Lenox, 2000). Fitness NZ's tactic of allowing the New Zealand fitness industry to be involved in the formation of the registry system may well have achieved this congruence. As FNZ explained, that this is what makes the registry system work, by aligning industry

expectations with the NQF. Consequently, the register's standards are the formalisation of what the New Zealand fitness industry institutionally observes as legitimately important. Therefore, social control of the industry can be observed as a form of institutional functioning and promotes the federation's legitimacy (cf. Klijn & Koppenjan, 2006; Long & Driscoll, 2008; Provan, 1983).

Regardless of REPs NZ standards being derived in this manner, several participants including one affiliated centre perceive that the register's standards are more appropriate for the rest of the industry, rather than themselves. These findings indicate the commitment of fitness centres to service quality delivery in relation to their immediate competitive environments and respective clientele expectations. Previous work in this area has suggested that fitness centres are driven by notions of delivering superior service quality to incur customer satisfaction and competitive advantage (Chang & Chelladurai, 2003; Chelladurai & Chang, 2000; Moxham & Wiseman, 2009; Murray & Howat, 2002). Another interesting finding suggests that fitness managers perceive that the service that is offered by their respective centre is superior to those of their competitors. These perceptions further highlight the confidence and importance that fitness centre participants place on their own internal standards and training processes.

Consequently, most research participants suggested that REPs NZ's standards are too low. Affiliates observing them as a baseline for employing staff whereas most non-affiliates perceived that they are arbitrary and ineffectual. Meanwhile the industry representatives affirmed that the register's standards are in fact supposed to be low, as they suggest the minimal entry level for someone to work in the New Zealand fitness industry. As Campbell (2006) has previously suggested, industry standards serve to identify the minimal socially accepted level of behaviour that will be tolerated by an organisational field. If this is the case, REPs NZ's standards can be observed as perceivably legitimate among affiliates, by providing guidance for employers and some indicator of professional credibility for those external interested parties. On the same token, non-affiliates perceive industry standards as illegitimate as they observe their own organisational expectations outweigh those of REPs NZ. Nonetheless, some research participants also questioned REPs NZ's ability to set and enforce such

standards for the industry suggesting that there needed to be some sort of direct governmental involvement. These perceptions are discussed next.

5.4.3 Perceptions of substantive industry regulation.

Although there appeared to be no threat of direct-regulation of the New Zealand fitness industry at the time, one of the rationales for the establishment of REPs NZ was to protect the field from the possibility of governmental involvement in the New Zealand fitness industry. Direct-regulation of an industry is usually observed as something to be avoided, as it is perceived as being far more stringent and disruptive than self-regulatory systems (Ashby et al., 2004; Gupta & Lad, 1983; Porter & Ronit, 2006). Regardless, some research participants suggested that there needed to be stronger linkages with the New Zealand Government to provide a substantive regulation of the fitness industry.

Much of these arguments derived from notions of standard setting and the enforcement of compliance. Often the lack of governmental involvement in a self-regulatory system can be observed as inhibiting its effectiveness (Campbell, 2006; Gupta & Lad, 1983). Mandated federations however can be particularly strict and uncompromising (Dickson et al., 2005; Oliver, 1990; Provan, 1983). As previously addressed in section 5.3.4, it is arguable the extent that a more severe form of regulation would be accepted by the New Zealand fitness industry. Industry self-regulation may provide a far more attractive option as it encourages affiliate buy-in and collective vision (Christmann & Taylor, 2006; Gunningham & Rees, 1997).

This research also found that most non-affiliates and a few affiliates question the authority of the register to impose regulation on the industry. These individuals again suggesting that substantive authority needs to be governmental derived rather than self-imposed by the industry's trade association. The industry representatives however affirmed that the register still maintains a strong relationship with Skills Active. Nonetheless, this relationship appears to be either unknown or poorly understood as most respondents made little reference to this relationship. It can be posited that some of this tension is also derived from a lack of understanding regarding Skills Active and its industry purpose. Potentially, further clarification to the industry of the nature and

functioning of the relationship between REPs NZ and Skills Active could further legitimise the register's authority to impose regulation of the industry. Alternatively, an additional linkage or endorsement with another highly identifiable governmental agency could have similar results.

5.4.4 Further industry level observations

It is common for self-regulatory bodies to be owned by an industry's trade association (Ashby et al., 2004; Gupta & Lad, 1983; Williams, 2005). However, this research has shown there is a significant amount of confusion regarding the distinctions between REPs NZ and Fitness NZ (see section 4.6). It was interesting that throughout this research project that, participants frequently referred to both Fitness NZ and REPs NZ synonymously. This was regardless to the majority of participants being aware of the differences between the two organisations. This may also further explain some of the dislike expressed by many affiliated participants regarding the payment of two separate registration fees to each organisation.

This study also found that regardless of affiliation status with REPs NZ, only two participants are not associated with Fitness NZ. It appears that most fitness centres observe affiliation with Fitness NZ more favourably than with REPs NZ. Two respondents even suggested that affiliation with the trade association facilitates instances of free-riding as the industry information sharing processes remain intact. These findings further identify the lack of perceivable benefit that is associated with affiliation to the register. If network members fail to see the positive outcomes of their affiliation, they will rescind membership and/or pursue for alternative arrangements that are more beneficial (D'Aunno & Zuckerman, 1987; Provan et al., 2008; Provan & Milward, 2001).

Additional findings identified that some participants perceive that REPs NZ and Fitness NZ are in fact the same organisation. One respondent perceived that the relationship between the two organisations should be made more transparent, as both are essentially the same organisation. On the contrary, both industry representatives stressed the importance for two separate industry bodies to exist. Where Fitness NZ protects the industry, REPs NZ provides industry accountability and assurance. Respectively, trade associations attempt

to encourage voluntary collectiveness while federations attempt to enforce it through compliance to regulation (Klijn & Koppenjan, 2006; Oliver, 1990; Provan, 1983). FNZ explained that although REPs NZ and Fitness NZ are distinct organisational entities, it was important that these two industry bodies work together to achieve common objectives. Only one fitness centre participant commented similarly. FNZ however did acknowledge that the Fitness NZ/REPs NZ relationship could appear confusing to some.

Another interesting observation was the use of the term “industry” by research participants. For instance, non-affiliates frequently used the term to represent those belonging to the New Zealand fitness industry as a whole whereas industry representatives and their affiliates tended to use the term to denote Fitness NZ, REPs NZ, and their respective affiliates. The use of this term by respondents may further illustrate the perceptual differences among a voluntary federation’s affiliates and non-affiliates.

Although REPs NZ maintains a sizable share of the industry (over 50%) amongst its members that services approximately 70% of the New Zealand fitness industry, fundamentally it is a voluntary association and sequentially does not represent the entire industry. Two non-affiliates for instance, expressed concerns regarding organisational disassociation from certain industry events, as they were not REPs NZ members. As one non-affiliate commented regarding the inability to send centre non-registered staff to an industry conference in Australia, “You don’t have to be a member of REPs to work in this industry” (FP-NA1, personal communication, September 15, 2010). Another commented similarly regarding the inability to enter their centre staff in the New Zealand Fitness Industry Awards. These findings may suggest some evidence of perceptual industry inclusion and exclusion. To be perceived as legitimate by a federated network, a focal organisation needs to also voluntarily associate with the industry’s federation or be perceived as outcast and suffer the inhibiting limitations of non-affiliation. The omission of non-affiliates from industry events developed or sponsored by its trade association, further instilling such exclusions.

5.4.5 Industry level conclusions

There is consensus that some sort of industry regulation needs to exist in New Zealand fitness industry. Most research participants perceived that regulation is beneficial for proving environmental stability by protecting and enhancing the legitimacy of the field. Perceptions among research participants of REPs NZ's ability to establish and administer such a system however are fragmented. Several respondents also suggested that governmental involvement in the industry would provide a more substantive regulatory system that enforces the compliance to mandated industry expectations. At present, REPs NZ's standards are perceived as minimal and lacking appropriateness for their specific fitness centres.

In accordance with the industry self-regulatory literature (Campbell, 2006; Christmann & Taylor, 2006; Gunningham & Rees, 1997), both industry representatives stated the REPs NZ standards are in fact supposed to be minimal as they represent the socially tolerable baseline, of the field's institutional expectations. Additionally, the congruence of the register's standards with governmental expectations has been observed by the involvement of Skills Active allowing access and alignment with the NQF. While a few research participants recognise the significance of REPs NZ standards and use them accordingly, most choose to observe these standards as insufficient, placing higher value on their own internal organisational standards. The impotence placed on these standards is derived from notions of service quality delivery to attract and retain customers.

Findings also suggest that there is some contention and confusion regarding the necessity for two industry bodies to exist in the New Zealand fitness industry. The industry representatives perceiving that, it is essential for there to be two separate autonomous organisations whereas some research participants failed to see the significance. Finally, some research participants felt that the register's existence has had some positive impact on the New Zealand fitness industry while others felt that the register had made little or no difference. Although the joint efforts of REPs NZ and Fitness NZ to develop relationships outside of the field has returned some positive results, only one research participant made reference to or was aware of this fact. Potentially,

more effective formal and ongoing communication efforts by REPs NZ could provide further clarification and understanding of the register's systems and processes and its strategic efforts.

5.5 Summary

This section has identified and discussed the key themes of each research perspective. Accordingly, the perceptions of research participants have been discussed at the organisational, network, and, industry levels. It appears that the benefits of affiliation with a voluntary federated network are perceived as being minimal at the organisational level. Consequently, non-affiliates choose not to associate with the federation as they recognise the limited return on their investment and commitment. Meanwhile affiliates perceive that their commitment to the federated network provides environmental stability and legitimating enhancement more at the industry level. Regardless of these moral rationales, affiliates still expect in return for their support, legitimacy enhancement through association with the federation

Affiliates appear to determine network effectiveness based on instances and observations experienced at the organisational level. In a sense, individual decisions are derived from first person experiences. Consequently, NAOs need to ensure that its affiliate's collective objectives are being met and experienced at the organisational level, regardless of efforts to legitimise the federated network externally. Affiliates expect NAOs to be committed to achieving both objectives as being intrinsic of their voluntary affiliation and requisite support. Affiliates also expect that a certain degree of compliance and enforceable sanctions should be in place. That is, compliance that simultaneously enforces affiliate conformance while allowing a reasonable degree of organisational autonomy contributing to federated network's internal and external integrity and credibility. Consequently, non-affiliates determine the federated network's legitimacy based on the substantive and symbolic behaviours of not just its affiliates, but also the NAO. Nonetheless, the degree of industry collectiveness that can be achieved by a federation's NAO might not be an easy challenge to achieve.

The various fragmented perceptions offered by research participants as to what condones a suitable regulatory system appear to be unique and specific to each fitness organisation or individual. Contentions regarding industry self-regulation and governmental involvement, and the appropriateness of industry standards are some examples. It could be posited that the fragmented perceptions that exist between the industry representatives and fitness centre organisations potentially stem from the lack of clarity regarding the fundamental purpose and nature of the registry system, its objectives and roles, and its existing relationships with other organisational bodies. Without affiliate clarity of intentions and purposes, the degree of industry collectiveness that can be achieved by the register will be severally limited. Although the federation's NAO may fail to appease the multitude of affiliate expectations or perceptions regarding the role of an industry register, at least comprehensibility and informed intent and progress could potentially help ease tensions. Consequently, NAO formal communication processes with not only affiliates, but non-affiliates as well may prove to be critical for providing affiliate collectiveness and future network sustainability and growth.

The findings and conclusions from this chapter have been amalgamated to provide further analysis of the federated network as a whole. The findings and discussion regarding this analysis are provided in Chapter 6.

Chapter 6: Conclusions and Implications: Perceptions of Federated Network Legitimacy

6.1 Introduction

This chapter concludes this research regarding the perceivable legitimating benefits that can be incurred through affiliation with REPs NZ at the operational level. By doing so, this chapter presents and discusses conclusions that relate to the overarching research question: *How do affiliates and non-affiliates evaluate network participation and the perceivable legitimate benefits that can be incurred through affiliation with a voluntary federated network?* Therefore, this chapter identifies how research participants perceive affiliation with a voluntary federated network as a whole, derived from their organisational, network, and, industry level perceptions, as discussed in the previous chapter.

To achieve this objective, conclusions from the previous three sections, and how they relate to Human and Provan's (2000) network legitimacy dimensions, have been reapplied to the conceptual model which was designed specifically for the purpose of this study (see Figure 1, section 2.6). The resulting Network Legitimacy Model (NLM) with its reallocation of themes can be observed below (refer Figure 3). It is important to note that themes illustrated in Figure 3 represent the perceptions of research participant's rather than those proposed by the researcher. Additionally, allocation of these themes was also based on the original conceptual model as presented in section 2.6.

Consistent with Human and Provan each network legitimacy dimension in the NLM is considered as being co-dependent as they interact. Additionally, three key overarching concepts can be observed in the centre of the NLM: NAO legitimacy, affiliate legitimacy, and institutional structure. These three concepts have been singled out, as they appear to underpin not only the rationales of affiliation and participation but also the development and maintenance of a federated network's legitimacy as well. These key concepts are not considered unique but also inter-related with not just each other, but also with each network legitimacy dimension. Consequently, each key concept alone can be observed as having considerable impact on network legitimacy as a whole. The NLM's dimensions and overarching concepts are discussed now in more detail.

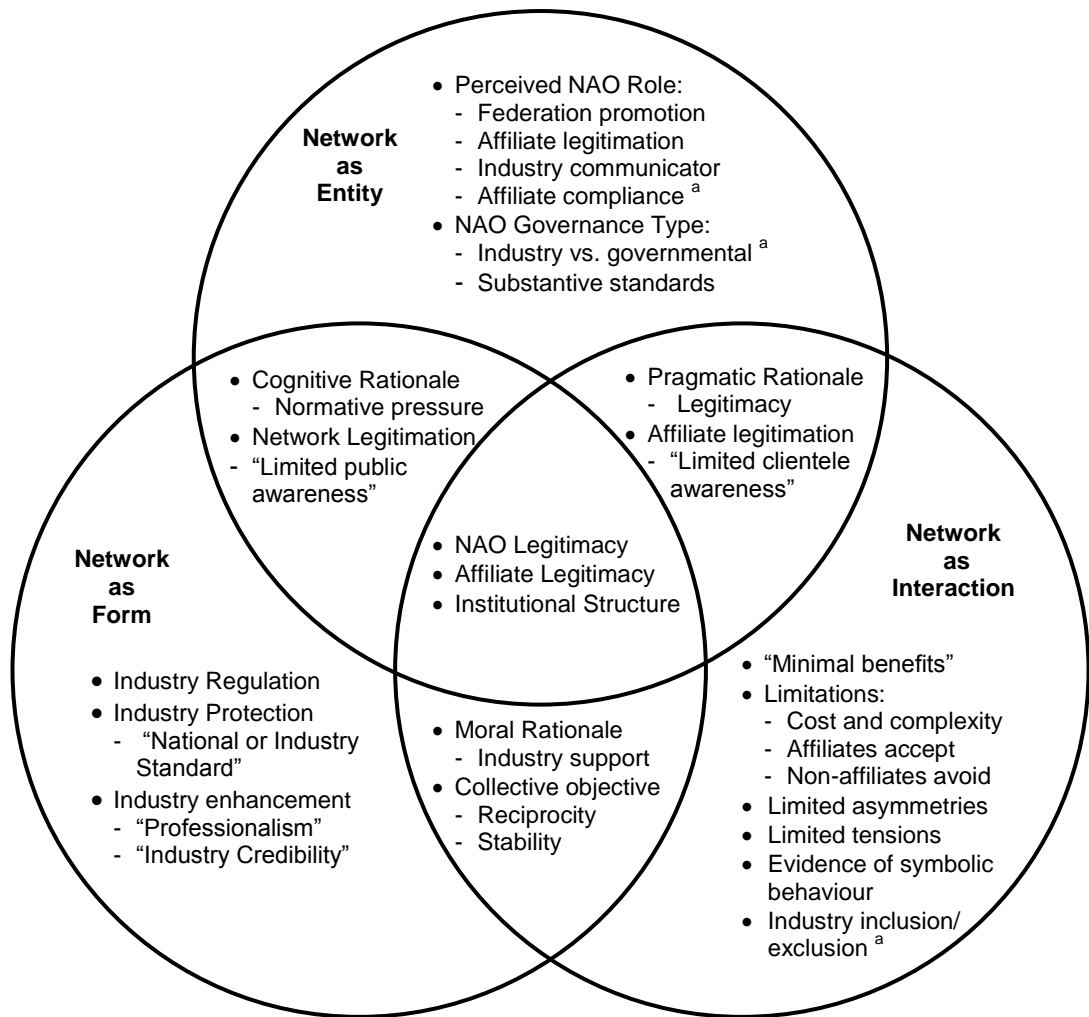


Figure 3. Network Legitimacy Model: Perceptions of network legitimacy by REPs NZ affiliates and non-affiliates at the operational level. ^a Perceived by non-affiliates only.

6.2 Network-as-Form

Network-as-form refers to the degree of legitimacy for the network concept itself (Human & Provan, 2000; Provan et al., 2008). Conclusions from this research has found that, network-as-form can be observed as favourably legitimate, as all research participants agreed with the federated network's concept and its purpose. This is an important consideration. Without the network-as-form being perceived as legitimate by affiliates initially, federations fail to acquire the support that they need to achieve growth and sustainment (D'Aunno & Zuckerman, 1987; Human & Provan, 2000; Provan, 1983). These affiliated participants perceived affiliation with the register as being motivationally driven by notions of what Oliver (1990) identified as reciprocity. However, the degree

of legitimacy that REPs NZ has attained can be observed as largely internal as non-affiliates chose not to associate with the register.

Accordingly, the motivations for affiliates and non-affiliates to associate with REPs NZ differ. Most affiliates are largely strategically motivated to morally, and pragmatically derive organisational legitimacy through association. Moral legitimacy being acquired by conforming to professional normative practices (Suchman, 1995). Nevertheless, underpinning these moral decisions to affiliate with REPs NZ are pragmatic expectations of acquiring organisational legitimacy through affiliation with the register. The acquirement of organisational legitimacy through participation in an IOR (Oliver, 1990). Consequently, association with the register by affiliates are derived from the rationalised strategic actions by fitness centre managers to incur organisational legitimacy. The strategic choices of managers providing access to the federation's legitimating benefits (Ashforth & Gibbs, 1990; Lenox, 2006; Suchman, 1995; Zimmerman & Zeitz, 2002). Most participants however felt that these actions were having little effect due to the lack of external legitimacy (i.e. public awareness) being experienced by the federated network.

Although there is some evidence that, sufficient institutional pressures exist to provide cognitive motivations for some to affiliate with the register as well (see section 5.2.2). Affiliates associate themselves with the federation as a process of institutional functioning (Deephouse, 1996; O'Brien & Slack, 2004; Provan et al., 2007; Suchman, 1995). Consequently, affiliates can be observed as supporting the register's institutional structures. The involvement of the industry in the development of self-regulatory systems can be effectively in formalising a field's institutional expectations as normative functioning (Klijn & Koppenjan, 2006). In contrast, non-affiliated participants' decisions to not associate with the register are largely pragmatic, as they perceive the potential beneficial returns as minimal.

Where affiliated participants identified specific limitations and complexities that were generally considered intrinsic of affiliation, non-affiliated participants chose to avoid such limitations by not associating with the register. The lack of organisational legitimacy that can be acquired by fitness centres through affiliation with REPs NZ was identified by research participants as a significant

limitation of the federated network. It is perceived by both affiliated and non-affiliated participants that, REPs NZ's poor public profile hinders its legitimacy signalling benefits. Non-affiliates also did express some concern regarding the legitimacy of REPs NZ to fulfil its NAO role (i.e. network-as-entity). Perceptions regarding REPs NZ's role are discussed in more detail in the next section, network-as-interaction.

6.3 Network-as-Interaction

Network-as-interaction refers to the perceptions of legitimacy regarding the inter-organisational linkages that are facilitated by the network (Human & Provan, 2000). Affiliates and potential affiliates determine the effectiveness of network interaction, based on the perceivable positive outcomes that are incurred by affiliates through association with an NAO (Provan & Kenis, 2008; Provan et al., 2008). The findings from this research identified that fitness centre respondents determine network effectiveness based on notions and experiences at the operational level.

Perceptions regarding network-as-interaction appear to be internally legitimate among affiliated participants. The federated network's voluntary nature contributes to the network's collectiveness and environmental stability. Network effectiveness is commonly derived by its members from instances of organisational asymmetry and behaviour (Das & Teng, 1998; Kumar & Das, 2007; Pfeffer & Salancik, 1978/2003; Provan & Milward, 2001). Perceptions of inter-affiliate asymmetries and tensions in this research were decidedly absent. Meanwhile, the limited inter-affiliate contact that exists in the federation reduces inter-affiliate tensions. It could be argued that the lack of interaction among affiliates could be deterring inter-affiliate tensions to develop. Federations negate the necessity for their affiliates to interact as such interaction is facilitated through the NAO (Oliver, 1990; Provan et al., 2008). As REPs NZ affiliates have little or no interaction with each other, the grounds to build any organisational contentions among affiliates do not exist.

The New Zealand fitness industry's involvement in the development of the registry system encourages field buy-in and contributes to network-as-interaction effectiveness by cognitively legitimising the federated network

through providing comprehensibility and institutional functioning (cf. Klijn & Koppenjan, 2006; Long & Driscoll, 2008; Provan, 1983). Nonetheless, underpinning these collective objectives are still the notions of pragmatic legitimacy at the organisational level, which is perceived by the majority of research participants as being minimal.

Non-affiliated participants however perceive that network-as-interaction is illegitimate, deriving their decisions from the observable symbolic behaviours of REPs NZ affiliates and instances of industry exclusions. Non-affiliates also suggested that a stricter form of industry regulation needed to be in place. It could be argued that increased centralisation would be detrimental to the federation as affiliates and non-affiliates may balk at the loss of operational autonomy and increased REPs NZ dependency. These findings suggest a further possible challenge for REPs NZ, the necessity to build network-as-interaction legitimacy externally to retain and attract new affiliates. As Provan et al. (2008) asserted, the success of an NAO to legitimise network-as-interaction is what sequentially builds its own legitimacy, network-as-entity.

6.4 Network-as-Entity

Network-as-entity refers to the degree of internal and external legitimacy possessed by a network as a perceivably credible and legitimate entity, or more specifically; its perceivable identity (Human & Provan, 2000). NAOs play an important legitimating function by providing the network's focal point and bestowing affiliates legitimacy (Ashby et al., 2004; Provan, 1983; Provan & Kenis, 2008; Richardson, 1985). It is essential that an NAO's legitimacy, has been suitably attained as its organisational identity provides the perceivable face of the network to external constituents (Human & Provan, 2000; Provan et al., 2008; Suchman, 1995). The degree of legitimacy that can be acquired by an NAO is largely dependent on the degree of power that it possesses and the governance system that it has in place (D'Aunno & Zuckerman, 1987; Gulati, 1998; Provan & Kenis, 2008).

This research found that network-as-entity has only been partly achieved. Although REPs NZ has had considerable support from the New Zealand fitness industry, most research participants questioned the degree of favourable

external legitimacy that the federation has achieved. There are also some differences in opinion and misconceptions between fitness centre participants and the industry representatives as to the expected role of the register. REPs NZ and Fitness NZ intent on developing relationships externally while fitness centre participants expecting more localised legitimising benefits at the fitness centre level by their patrons. The perceived inability of fitness centre participants to acquire legitimacy having a significant impact on the limited REPs NZ's dependency and the degree of power the NAO has over its affiliates. The NAO's ability to provide rare and valuable resources is what bestows the NAO its power (Dickson et al., 2005; Pfeffer & Salancik, 1978/2003; Provan, 1983). If REPs NZ affiliates and non-affiliates perceive that the register is unable to supply this critical resource, future sustainment and growth of the federation could be inhibited.

Some non-affiliated research participants questioned REPs NZ's authority and ability to enforce industry regulation and set standards. Some non-affiliates suggesting that a mandated form of governance would be more preferable. It is debatable how enthusiastically research participants would welcome such a mandated system if it did in fact exist in the New Zealand fitness industry. As REP suggested, when government becomes involved in the regulation of an industry, the consequences of direct-regulation are generally considered undesirable (Ashby et al., 2004; Gupta & Lad, 1983; Porter & Ronit, 2006). The voluntary nature of REPs NZ offers the New Zealand fitness industry an attractive alternative to a potential mandated form of industry regulation if the New Zealand Government did become involved in the industry.

Additionally, most research participants perceived that REPs NZ needed to be more proactive in its administrative roles of promoting the federation, and what it represents, and in instigating formal communication with fitness centres. The register's perceived lack of formal communication with the industry potentially hindering network comprehensibility and collectiveness by affiliates and non-affiliates alike. Successful federation coordination is dependent on the effectiveness of the NAO's communications processes with its members (Child et al., 2005; Das & Teng, 1998; Provan, 1983). For the register to attain further substantive growth and sustainment, REPs NZ may need to take steps to pragmatically, enhance its own legitimacy (i.e. network-as-entity) as the face of

the federated network. Such implications are discussed in more detail in the next section.

6.5 Network Legitimacy Conclusions

This section synthesises the conclusions drawn from each network legitimacy dimension as discussed in the previous three sections in relation to the revised NLM (i.e. Figure 3). Firstly, this chapter will discuss the findings for each legitimacy dimension and their interaction with the rationales for affiliation with REPs NZ. Finally, the importance and interaction of the three overarching network concepts as identified by this research project are discussed. Again, it is important to note that the themes illustrated in Figure 3, represent the key issues of importance as expressed by this research's participants. These themes also represent how these individuals evaluate their centre's participation in the federated network. The federation representing a form of industry regulation established to protect and enhance the reputation and professional credibility of the organisational field.

These findings suggest that network-as-form has been successfully achieved, as it is perceived as being legitimate to both affiliates and non-affiliates alike. Consequently, internal and external legitimacy has been attained (Kumar & Das, 2007). However, the degree of external legitimacy appears to be limited as most research participants identified REPs NZ's lacking public profile as limiting. Additionally, as this research project did not observe the perceptions of those external to the organisational field such as the health and medical sectors, tertiary institutions as well as other governmental departments, external legitimacy perceptions by these parties are not known.

REPs NZ appears to have provided a perceivably favourable structure that encourages affiliate interaction among its affiliates. Consequently, network-as-interaction can be observed as internally legitimate. For instance, affiliated participants made little reference to inter-affiliate tensions, asymmetries, and symbolic behaviours. Affiliates also suggested that the perceivable limitations far outweigh the receivable benefits but still choose to associate with REPs NZ. Such occurrences further indicating internal network-as-interaction and network as-form legitimacy attainment. Provan et al. (2008) suggested that internal

legitimation of network-as-interaction is critical for not encouraging interaction but also building the NAO's own legitimacy. REPs NZ's success at legitimising network-as-interaction can be observed by its favourable membership and retention levels.

Nevertheless, findings from this research project suggest that there is a need for the register to take steps to ensure that network-as-interaction is observed favourably externally. Non-affiliates for instance perceive that network-as-interaction is illegitimate based on personal observations and experiences of affiliate symbolic behaviours and industry exclusions, such instances delegitimising REPs NZ externally. Network-as-entity (i.e. NAO legitimacy) is subject to the perceived behaviour of the NAO and its affiliates (Richardson, 1985). Therefore, it could be argued that to acquire further growth and sustainment of the federated network by attracting new members and recognition of network-as-entity, proactive strategies to legitimise network-as-interaction externally need to be undertaken.

Network-as-entity however, has been only partially achieved. External network-as-entity legitimacy for example is determined by affiliates at the operational level. Their decisions are based on occurrences of expressed public awareness by clientele at the fitness centre level. Determinations of this nature relate to instances of: (a) clientele knowledge of REPs NZ; (b) clientele knowledge of their centre's affiliation with REPs NZ; and, (c) clientele selection of their centre over a non-affiliated REPs NZ centre. Most affiliated and non-affiliated participants perceive public awareness in these three areas as either minimal or non-existent. As network-as-entity represents the network's external identity (Human & Provan, 2000; Provan et al., 2008), the lack of public awareness of the registry system suggests external legitimacy in this instance is perceived as minimal.

Conversely, determination of internal network-as-entity legitimacy is derived from the form of governance that is in place, and the perceivable role of REPs NZ. Some research participants for instance suggested that a mandated system, which actively involved the New Zealand Government as being preferable. Research participants also perceived that the register needed to be more proactive in its roles of federation promotion, compliance, and

coordination. It appears that research participants perceive that such proactive behaviours are the responsibility of the register in return for their organisational commitment and financial support. Such instances have a harmful effect on the network's collectively and negatively effecting network-as-entity internally, subsequently delegitimising network-as-interaction (Provan et al., 2008).

Limited network-as-entity might be a critical issue for REPs NZ, as both its external and internal legitimacy forms appear to have reciprocal effects. If external legitimacy is low (i.e. public awareness), existing and potential affiliates fail to identify the potential legitimising benefits of the federation. Consequently, the degree of internal network-as-entity legitimacy is perceived by its constituents as minimal. Accordingly, if existing and potential affiliates fail to perceive that the NAO is adequate in fulfilling its role as an administrative body, it fails to achieve its own internal legitimacy which inhibits its ability to provide a recognisable and credible identity for the federation (Human & Provan, 2000; Provan et al., 2008). NAO legitimacy is discussed in more detail later in this section.

The rationales for affiliation with REPs NZ can also be seen in Figure 3. For instance, research participants expressed motivations of moral affiliation with the register driven by notions of industry support and belief in the underlying concepts that justify REPs NZ's existence (i.e. network-as-form and network-as-interaction). The voluntary association with the register by some affiliates is a conscious strategic decision by managers to be perceived as what Suchman (1995) termed as, morally legitimate. Although non-affiliated participants could understand the rationale for the establishment of REPs NZ, they still fail to identify the legitimating benefits that can be incurred through affiliation with the register.

Other affiliated participants mentioned that association with REPs NZ was derived from normative pressures of social responsibility and professional functioning. In this sense, these organisations voluntarily associated with the register to be observed as being congruent with the field's institutional models of behaviour to infer cognitive legitimacy (Suchman, 1995). Cognitively driven affiliates feeling pressured to affiliate with the federated network itself (i.e. network-as-form and network-as-entity), rather than value judgements of

potential return. Non-affiliated participants did not appear to experience the same institutional pressures. Although some non-affiliates did mention that they did regularly reevaluate their position with the register, suggesting that they still experienced some pressure to affiliate with REPs NZ. Nonetheless, these organisations fail to do so. It could consequently be posited that the degree of severity that such pressures are felt by non-affiliates, are minimal.

Regardless of the aforementioned moral and cognitive rationales, REPs NZ affiliates still expect some return for their support and investment. The rationales of affiliated participants to associate with the register are still underpinned by pragmatic rationales of legitimacy enhancement. Consistent with Suchman (1995), this suggests that although some affiliates might be cognitively motivated to affiliate with the register, some strategic initiatives of managers to infer what identified as pragmatic legitimacy are still in play. In contrast, non-affiliate rationales are more purely pragmatic as they rationalised their organisation's non-affiliation with the register based on limited returnable benefits. Interestingly, non-affiliates identified the same limitations as affiliates. Where affiliates choose to observe these limitations as inconveniences, non-affiliates choose to avoid them through non-association. Pragmatic rationales for affiliation with the register were paramount among both affiliated and non-affiliated research participants (i.e. network-as-entity and network-as-interaction).

Three over-arching concepts are identified as being of particular importance to the findings of this research, which can be observed in Figure 3. Namely, NAO legitimacy, institutional structure, and organisational (i.e. affiliate) legitimacy. Firstly, NAOs are the organisational embodiment of a federated network. They represent the federation's intended purpose, function, as well as its affiliates. NAO legitimacy is therefore of particular importance for a federated network by playing two important functions: the external legitimation of the federated network to non-affiliates and other constituents; and, the internal legitimisation of the NAO to its affiliates (Human & Provan, 2000; Provan et al., 2008; Richardson, 1985). A favourable degree of NAO legitimacy becomes a sort after commodity as organisations affiliate with the NAO to gain access to this resource through signalling (Ashby et al., 2004; Lenox, 2006; Oliver, 1990). An NAO can gain considerable power over its affiliates from the resulting NAO

dependencies (Dickson et al., 2005; Pfeffer & Salancik, 1978/2003; Provan, 1983). Most research participants perceived that the legitimising benefits of affiliation with the register, and the desirability of the other resources that it provides, as minimal. Consequentially, if REPs NZ affiliates and non-affiliates perceive that the register is unable to supply this critical resource, sustainment and growth of the federation could be inhibited. The ability of REPs NZ to provide legitimacy as a resource possibly has a direct effect on the degree of power possessed by the register and the maintenance of its membership rates. Voluntary federation retention rates and further membership growth is largely dependent on the acquisition of critical resources from its NAO (Human & Provan, 2000; Pfeffer & Salancik, 1978/2003; Suchman, 1995). Strategic initiatives to promote REPs NZ externally could be beneficial for the register. The acquirement of a favourable degree of external legitimacy by the register would also enhance its internal legitimacy among its affiliates and non-affiliates and facilitate NAO dependency.

Secondly, institutional structure has been identified as important, as it constitutes the federated networks existence. It not only characterises the federation and its members but also provides it with comprehensibility (Barley & Tolbert, 1997; DiMaggio & Powell, 1983; Kikulis, 2000; Kraatz, 1998). Questions raised by research participants regarding how REPs NZ fulfils its registry role for the fitness industry are derived from the lack of comprehensibility of, the register's existence, and the nature of its objectives and procedures that it has in place. As the industry representatives suggested, REPs NZ can be observed as being relatively young. Established in 2003, it is not surprising for the register to have received such challenges. It is common for nascent institutions to experience such challenges as constitutes come to grips with the innovativeness of the institution that may also clash with existing industry norms (Barley & Tolbert, 1997; D'Aunno & Zuckerman, 1987; Provan et al., 2008; Suchman, 1995). Unless comprehensibility for REPs NZ and its functioning is readily observed by the industry, the rate and degree of institutionalisation that will be attained will be slow and minimal. Over-time, NAOs can become less challenged while its procedures and requirements become normative industry functioning, that instil and promote institutional pressure and notions of cognitive legitimacy (Kikulis, 2000; Porter & Ronit,

2006; Suchman, 1995). Consequently, proactive measures need to be undertaken by REPs NZ to provide some understanding of the register's objectives, the nature of its policies and procedures. Such actions could potentially contribute to social congruence and taken-for-grantedness.

Finally, in networks where there is not significant institutional pressure or a lack of resource dependency in the favour of the NAO, potential affiliates decide whether to associate with the network based on strategic calculations (Provan et al., 2008). Organisational legitimacy has been identified as it justifies affiliation or non-affiliation with each network dimension. Organisational legitimacy referring to the legitimacy enhancement that is experienced by REPs NZ affiliated organisations. The acquirement of organisational legitimacy is the most desired benefit in return for association with the register. Notions of the ability or inability to incur organisational legitimacy through affiliation with REPs NZ underpin most affiliate and non-affiliate rationales for association or non-association with the register. Research participants further determine the effectiveness of their affiliation or non-affiliation at the operational level, which sequentially influences perceptions of NAO legitimacy. As most research participants perceived such legitimating benefits are minimal or non-existent, there is a necessity for REPs NZ to ensure that affiliate signalling expectations are being met.

To conclude, there is to be a reasonable amount of support for the concept of industry regulation among the organisational field; there needs to be some sort of fitness industry regulatory system in place in New Zealand. The structures that REPs NZ maintains confers the organisational field a favourable degree of collectiveness and interaction while potentially negating tensions among its affiliates. It also allows affiliates a considerable amount of operational autonomy, environmental stability when employing staff, as well as providing a focal point for the industry to develop external relationships with other professional sectors. Additionally, the type of governance and systems of conformance that REPs NZ has developed is suitably aligned with the literature regarding industry self-regulation.

Nonetheless, the various perceptions of research participants suggest that just how this form of regulation should be instigated are fragmented among the

industry. For instance, most affiliated participants regularly evaluated their affiliation with the register as they were unsure of the receivable benefits. Non-affiliated participants also mentioned that they regularly questioned their affiliation status but still fail to identify the potential affiliation benefits. Despite congruence with the literature, the register still faces criticism regarding the appropriateness of the registry system, its industry-based standards, and the self-regulatory style governance that is in place. Clearly, there is a lack of comprehensibility or congruence of perceptions between fitness organisations and industry bodies regarding what the role of a fitness industry register should be.

It is possible that such confusions by fitness centre organisations are understandable. Based on personal observations during this study, it is researcher's opinion that: the fitness industry is essentially a retail industry where organisational managers determine organisational effectiveness based on a simple cost/benefit analysis regardless of organisational type, sector, or philosophy. It is reasonable to assume that fitness centre managers look for the return on their investment when affiliating with the register. Expectations in this regard appear to twofold. Firstly, for REPs NZ to undertake the external promotion and administrative component of the federation as these responsibilities are perceived as in being inclusive of membership fees. Secondly, affiliates expect organisational legitimation in the eyes of their immediate and potential clientele. Both instances having a significant affect on how research participants perceived their affiliation with the register.

A further finding from this research suggests a potential third important expectation that relates to REPs NZ's role. Most research participants expect regular formal communication and/or contact instigated by REPs NZ. Surprisingly, this sentiment was expressed by not just affiliated participants but non-affiliates as well. Do such findings suggest that non-affiliates also perceive a voluntary federation's NAO still has a responsibility to non-affiliates as well? Regardless, more proactive, formal communication strategies with both affiliates and non-affiliates alike could potentially contribute to the register's perceived legitimacy by the field as well as facilitating avenues for providing comprehensibility for the registry system.

In closing, it is only reasonable to expect that no single industry regulatory body could voluntarily incur full membership and commitment from an industry. There will always be those organisations that willing associate with a federated network and those that prefer to remain an autonomous separate entity. Social perceptions are also diverse and fragmented. Consequently, the formation of a regulatory system that meets with total social congruence would be exceedingly difficult, complex, and possibly whimsical. The conclusions from this study suggest some interesting theoretical and practical implications. Several theoretical implications are presented in the next section while further implications for regulatory bodies and organisational managers are presented in section 6.6.

6.6 Theoretical Implications

The conclusions from this research contribute to literature by providing several interesting implications. Firstly, this research provides further contextualisation of the network literature by examining how both affiliates and non-affiliates perceive the implications of an industry maintaining a voluntary federation. Accordingly, this study further contributes to the network literature by providing some evidence of how voluntary federations are perceived by their respective socially constructed environments. Secondly, this research lends further support that organisational managers are both strategically and institutional motivated to acquire organisational legitimacy through participation in an IOR. Thirdly, this research not only provides further contextualisation of fitness industry registration in the literature, but also contributes by providing some insight into such occurrences in a New Zealand context. Finally, the conclusions from this research project contribute to the network legitimacy literature (Human & Provan, 2000; Provan et al., 2008) by identifying how network members and non-members evaluate and determine participatory effectiveness from the organisational level.

6.7 Implications for Practice

The conclusions from this research provide some interesting considerations for both self-regulatory bodies and organisational managers of a field that maintains a federated network. Firstly, there is a necessity for an NAO to

promote its own identity. A favourable degree of external legitimacy not only legitimises the NAO, but also the federated network's purpose and its affiliates.

Secondly, NAOs need to be aware of what its affiliates and non-affiliates expect from affiliation with a voluntary federation, or more specifically; the perceived role of an NAO, and its affiliation benefits. After all, affiliation is voluntary and subject to cost/benefit analysis by organisational managers. If they fail to identify that the aforementioned NAO responsibilities are being met, membership attrition and retention are potentially limited.

Thirdly, there is also a necessity for NAOs to develop and maintain effective processes of formal communication. Not just with existing affiliates but non-affiliates as well. Communication processes should also include measures to provide comprehensiveness among the federation's constituents and attempt to contribute to the institutional environment and taken-for-grantedness.

Fourthly, it is important for NAOs to understand how non-affiliates perceive the behaviours of itself and its affiliates. Instances of industry exclusion and symbolic practices of affiliates only delegitimise the federated network in the eyes of these organisational managers.

Finally, NAOs need also to be aware that affiliates and non-affiliates determine participation effectiveness at the operational level. If affiliates perceive that federation memberships are being experienced at the organisational level, NAOs are perceived internally as legitimate. Consequently, NAO dependencies can be further developed.

An important further implication relates to organisational managers. The conclusions from this research suggests that managers that are contemplating affiliation with a voluntary regulatory body should actively seek to understand the intended objectives, the nature of the NAO's policies, and its processes that are in place. Through fully understanding the regulatory system, managers can determine if their organisational requirements will be met through affiliation. Subsequently avoiding future contentions and affiliation questioning derived from organisational "soul searching" to rationalise existing affiliation status.

6.8 Limitations

Limitations in relation to the research design have been previously identified in section 3.10. Nevertheless, during data analysis a further possible limitation was identified in relation to the distinctions of for-profit and non-profit research participants. Derived from concepts of naturalism that underpin this research project's design, it was anticipated that if any such occurrences did exist among the research project participants, that these would become apparent during the analysis of research data. Although the findings of this research project concluded that the apparent distinctions and tensions that usually exist in the partnering of multi-sector organisations appear to be largely absent among its research participants. Furthermore, the researcher has acknowledged these findings as inherent of the New Zealand fitness industry and has provided several hypotheses to rationalise the similarities and lack of organisational tension among for-profit and non-profit research participants (see sections 5.3.6, and, 6.3). Nonetheless, it would be desirable to have specific data that validated these hypotheses. Potentially this could have been achieved by the inclusion of a few extra interview questions specific to for-profit or non-profit organisational functioning.

6.9 Future Research

During the course of this research project, several potential avenues for further study have been identified. Firstly, the recent restructuring of the Auckland Regional Councils in November 2010 has resulted in the Auckland Super City governance structure. Traditionally each regional council operated relatively autonomously maintaining its own governance structures. The amalgamation of Auckland's eight local bodies has resulted in the centralisation of the city's non-profit sport and recreation organisations. Consequently, many recreation centres that traditionally operate as competitors, now fundamentally belong to the same federated network that is coordinated or overseen by the central authority, Parks, Sport, and Recreation Department. Although the eventual structure of how to best coordinate Auckland's non-profit sport and recreation centres is still largely undecided, these centres and organisations operate for now as independent entities. Many of these non-profit organisations maintain highly competitive and lucrative fitness centres.

These occurrences offer some provocative topics of interest. Suggested research in this area should attempt to identify the resulting tensions derived from clashing institutional cultures, objectives, and values among the partnering of: (a) pre-existing regional organisations; (b) large non-profit organisations; (c) independent community centres; (d) for-profit centres; and (e) community recreation centre, management organisations. Some appropriate research questions in this area could be:

1. How do previously autonomously governed and operated organisations perceive enforced centralisation and loss of control?
2. How do previous competitor for-profit and non-profit organisations perceive a mandated partnership?
3. Is there increased expectation on independent community centres to become more commercially driven like their larger non-profit partners?
4. What are the perceptions of the for-profit fitness centre sector, which now has to deal with a larger publically funded competitor in the marketplace?

Secondly, as discussed in section 5.4.4, there may be some evidence that those that do not affiliate with an industry federation may experience perceptions of industry exclusion. It could be posited that such perceptions could either legitimate or delegitimise a federated network dependant on how such occurrences are perceived by its constituents. Consequently, there might be some benefit in exploring such occurrences to identify the possible positive or negative effects on a voluntary federated network derived from industry inclusions and/or exclusions. Essentially such perceptions raise questions such as:

1. What are the identifiable legitimating and/or delegitimising effects that are incurred by a federated network that encourages perceptions of industry inclusion or exclusion among an organisational field's members?

2. Do voluntary industry bodies and their affiliates perceive that they convene the organisational field devoid of non-affiliates?
3. Do a voluntary industry federation's non-affiliated members expect that their needs should also be represented by the residing industry bodies regardless of affiliation status?

Thirdly, as this research project focused on the perceptions of those within the field from an organisational perspective, it would be interesting to observe how the registry system is perceived by some other social actors. The perceptions of those external to the field for instance such as, the health and medical sector, government regulatory bodies, and other sport and recreation regulatory bodies. Such findings may provide some insight in how the New Zealand fitness is perceived externally. There are also some other internal social actors that could further contextualise this case. The perceptions of the fitness industry's training organisations and tertiary educational providers for one, and those of the industry's exercise professionals for another.

Finally, an interesting observation during this research project was in relation to differences in perceived importance that is placed on specific words or phrases by different social actors. As discussed in section 3.6.3, REPs NZ challenged the use of some of the wording in the Participant Information Sheets (see Appendices A, B, and C). Such academic terms as, "perceived legitimacy", "perceived credibility", "legitimizing benefits", and "professional legitimacy" were used impartially in the Participant Information Sheets to represent the interpretations, opinions, and insights of the research project participants. REPs NZ challenged the use of these terms perceiving that such academic references instead implied and suggested that the legitimacy and credibility of the register was in question. As REPs NZ's interpretations of these terms is understandable, further research into this area to determine the values, meanings and importance that are derived and placed on such academic terms and words in the "real world" may be of some benefit. Potentially, although such terms and words are commonplace in the academic literature from an observational viewpoint, they may actually misrepresent their intended meanings at the "ground level" or focal setting as these terms and words may

actually imply something else to those who inhabit this socially constructed reality.

6.10 Concluding Statement

The purpose of this research project was to attempt to determine the perceivable legitimating benefits that can be incurred by voluntarily affiliating with and participating in an industry-based federated network. It extends on Human and Provan's (2000) and Proven et al.'s (2008) work on network legitimacy by identifying how network members and non-members evaluate and determine participatory effectiveness at the organisational level.

REPs NZ and a selection of its affiliated and non-affiliated fitness centres contributed to this study. Fitness NZ also contributed. An *interpretive* approach was observed that involved 14 semi-structured interviews of a selection of Auckland fitness centre managers, directors, and fitness industry representatives. The support expressed by those that participated in this research project was enthusiastic. For instance, most affiliated participants suggested that it is important for such questions to be asked, as they are commonplace among the organisational field. Some even suggested that, by addressing such questions would assist REPs NZ in moving forward. Observations were taken from three distinct perspectives. Respectively, perceptions of fitness centre affiliation with REPs NZ were examined at the organisational, network, and industry levels.

At the organisational level, this research found that participants observed that affiliation limitations outweigh the benefits. Affiliation incurs increased administrative costs and complexity whereas the organisational legitimization benefits are minimal. Affiliates absorb these limitations, as they believe in the REPs NZ's concept while non-affiliates choose to avoid these inconveniences by not associating with the register.

At the network level, participants are concerned with the federation's limited public profile. The extent of this public awareness is determined by respondents from instances that involve fitness centre clientele. Tensions exist regarding the perceived role of the register between fitness centres and the industry bodies and there is some evidence of free-riding. However, the usual tensions between

for-profit and non-profit federation members are decidedly absent and differing sector organisations are largely isomorphic.

At the industry level, perceptions of whether REPs NZ has enhanced the New Zealand fitness industry's legitimacy are fragmented. Some respondents perceiving the register has had some success in this area, most however think the contrary. Mismatches in opinion between fitness centres and the register also exist in relation to promoting the legitimacy of industry to external parties. REPs NZ intent on forming strong relationships with the health and medical sector whereas fitness centres are more concerned with the industry's existing and potential clientele. Some respondents also question REPs NZ authority to set industry standards and enforce their compliance. Additionally, there are also instances of perceived industry exclusion among non-affiliates.

REPs NZ is still largely in the nascent stage and the register experiences constituent challenges, but it maintains a sizable share of those belonging to the organisational field. REPs NZ has provided a suitable structure that encourages participation and reduces tensions. Such instances can be observed by its high membership levels and retention rates. There was also overwhelming support for the notion of fitness industry regulation. The perceptions of how this regulation should be in place however are fragmented. The benefits that be incurred through affiliation with the register are perceived as minimal and the potential benefits of affiliation with REPs NZ might be experienced more at the industry level. Nonetheless, most participants expected in return for their support, organisational legitimation of their respective fitness centres. Consequently, fitness centre managers are subject to both institutional pressure and their own strategic choices to affiliate with the register.

There is also some contention as to how REPs NZ fulfils its role of enhancing the profile of the industry and developing linkages with other sectors. Fitness centre participants perceive that the register should be more proactive in promoting the legitimacy of its affiliated members to the field's clientele. Additionally, improved formal communication processes between the register with the New Zealand fitness industry is also perceived as being desirable. Finally, although the register can be characterised as being consistent with other self-regulatory systems, most respondents questioned its

appropriateness. It is possible that such perceptions are derived from the fragmented personal perceptions of what a register should be, and, the lack of comprehensiveness of how self-regulation is facilitated. Further improvements in formal communication processes would be beneficial in this area as well.

Overall, the establishment to industry self-regulatory systems is becoming an ever-increasingly common strategy to appease constituent social expectations. Facilitated by a federated network, self-regulatory systems attempt to enhance the professional legitimacy and social standing of a field and its organisations. This research has contributed to the existing theoretical and practical knowledge regarding the implications for establishing self-regulatory systems and how these structures are perceived by there socially constructed environments. It is hoped that the continued study of how such systems are perceived by its respective affiliates and non-affiliates will further contribute to the development of federated network structures that are reciprocally beneficial, for all its members.

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Appendices

Appendix A: Participant Information Sheet (Original Document)

Participant Information Sheet



Date Information Sheet Produced: __ / __ / 2010

Project Title:

“Perceptions of legitimacy between members and non-members of an affiliated network: A case study of the New Zealand Register of Exercise Professionals (Reps NZ)”.

An Invitation

I would like to invite you, as you are a manager of an Auckland health and fitness centre, to participate in a research project regarding the legitimating benefits of fitness industry regulatory bodies. The specific focus of this research project is Reps NZ with interviews being conducted with an equal selection of Auckland health and fitness centres that are classified as either: ‘registered’ or ‘not registered’ with Reps NZ. It is anticipated that managers from 16 Auckland health and fitness centres will voluntarily participate in this research project. It is also further anticipated that a representative from Reps NZ also will participate in this research project.

The project is being undertaken by John MacFarlane, a Master of Business student from the AUT School of Sport & Recreation. Participation in the project will involve a 60-90 minute interview. It is possible that you will be asked to provide copies of relevant published materials in subsequent communications. Your participation is entirely voluntary, and you may withdraw at any stage before, during or after it has taken place.

What is the purpose of this research?

The objective of the proposed research is to determine the degree of perceived credibility (i.e.: *legitimacy*) that can be incurred by voluntarily affiliating with and participating in an industry-based network.

The focus of the proposed research is the New Zealand fitness industry, which maintains a voluntary network of affiliated health and fitness centres that are administrated by Reps NZ.

Consistent with similar occurrences internationally, the justification for the formation of Reps NZ was to address the poor reputation the New Zealand fitness industry was experiencing at the time. Reps NZ attempts to provide those who affiliate with the organisation some credibility by maintaining a register of suitably qualified and recognised New Zealand health and fitness centres and exercise professionals. Therefore, it is suggested that those

facilities and individuals that affiliate with Reps NZ, can be perceived as being “professionally legitimate”.

The aim of the proposed research is to determine the *perceptions of legitimacy* regarding Reps NZ affiliation by a selection of New Zealand health and fitness centres. Reps NZ offers an opportunity to explore the implications of maintaining an affiliated network of facilities that is comprised of community-based (‘non-profit’) and privately-owned (‘for-profit’) organisations. What further makes this study unique is the possibility to examine the importance of the affiliated network’s legitimating function not just through the eyes of network affiliates, but by non-affiliates as well.

How was I chosen for this project?

You have been selected to participate in this research project as you are either: a representative of Reps NZ; or, your respective health and fitness centre meets the three distinguishing characteristics required for the research project:

- (a) It is located in the greater Auckland area.
- (b) It is either a ‘community-based’ or ‘privately-owned’ facility.
- (c) It is either ‘registered’ or ‘not-registered’ with Reps NZ

What will happen in this research?

You will be asked to sign a participant consent form and take part in an interview at a time and place that is convenient to you. The interview will focus on your personal experiences and impressions of running a health and fitness centre that is either registered and/or not registered with Reps NZ. The interview will be recorded via audiotape and note-taking. This data collected from these interviews will be later analysed by identifying common themes.

What are the discomforts and risks?

No discomfort or risk is expected. Privacy measures will be implemented (outlined in next section) to help ensure all participants will remain confidential. However, if you experience any discomfort in discussing some aspects of your experience, you do not need to take part and should feel free to withdraw at any time. You will also have the opportunity to review the transcript of discussions and amend or withdraw your comments.

What are the benefits?

It is anticipated that results from this research will provide a better understanding of the legitimating function and perceived value of voluntarily participating in an affiliated network. Additionally, it is expected that this research project will also provide further insight in the differences and implications of participating in an affiliated network between non-profit and for-profit organisations. Finally, it is further anticipated that the research project will contextualise and provide a broader understanding of the New Zealand fitness industry, and the implications of being a Reps NZ registered health and fitness centre.

How will my privacy be protected?

To ensure that the privacy and confidentiality of respondents is maintained, participant identification codes will be utilised to avoid any possible recognition. This will include each participant, as well as the participant's facility, and location being assigned an alias for the report. Temporary softcopy transcripts of all interviews and recordings will be stored in a password protected file on the student researcher's personal data storage device.

These files will be permanently deleted on completion of the Master's thesis. Additionally, hardcopies of all transcripts and recordings will be maintained in a secure filing cabinet by the AUT Business Faculty, these will be stored for a minimum of six years at which point they will be destroyed by AUT's commercial office document destruction service. Consent forms of respondents will be maintained on the same basis as the interview data with the exception that it will be secured in a separate filing cabinet to avoid the possibility that the two could be matched up.

What are the costs of participating in this research?

The only cost involved in participating in this research is that of the individual participant's time. It is expected that participation in the interview will require between 60-90 minutes of your time with the possibility of brief follow-up interviews should new themes arise during the data analysis.

What opportunity do I have to consider this invitation?

You are asked to consider and respond to this invitation within seven (7) days from receipt of this invitation **(date)** if you wish to participate.

How do I agree to participate in this research?

If you agree to participate in the interview, please sign and return the attached Consent Form.

Will I receive feedback on the results of this research?

Every participant in the research will receive a summary copy of the findings.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Dr Sean Phelps, *sean.phelps@aut.ac.nz*, (09) 921 9999 ext 7094.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTECH, Madeline Banda, *madeline.banda@aut.ac.nz*, (09) 921 9999 ext 8044.

Whom do I contact for further information about this research?

Researcher Contact Details

John MacFarlane
E: johmac87@aut.ac.nz
M: 021-342-944
P: 09-921-9999 ext. 7295

Project Supervisor Contact Details

Dr Sean Phelps
Senior Lecturer
Division of Sport and Recreation
Auckland University of Technology
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P: 09-921-9999 ext. 7094

***Approved by the Auckland University of Technology Ethics Committee on
28th May 2010, AUTEK Reference number 10/67.***

Participant Information Sheet



Date Information Sheet Produced: __ / __ / 2010

Project Title:

“Perceptions of legitimacy between members and non-members of an affiliated network: A case study of the New Zealand Register of Exercise Professionals (Reps NZ)”.

An Invitation

I would like to invite you, as you are a manager of an Auckland health and fitness centre, to participate in a research project regarding the acceptance of fitness industry regulatory bodies. The specific focus of this research project is Reps NZ with interviews being conducted with an equal selection of Auckland health and fitness centres that are classified as either: ‘registered’ or ‘not registered’ with Reps NZ. It is anticipated that managers from 16 Auckland health and fitness centres will voluntarily participate in this research project. It is also further anticipated that a representative from Reps NZ also will participate in this research project.

The project is being undertaken by John MacFarlane, a Master of Business student from the AUT School of Sport & Recreation. Participation in the project will involve a 60-90 minute interview. It is possible that you will be asked to provide copies of relevant published materials in subsequent communications. Your participation is entirely voluntary, and you may withdraw at any stage before, during or after it has taken place.

What is the purpose of this research?

The objective of the proposed research is to determine the degree of degree of organisational integrity that can be incurred by voluntarily affiliating with and participating in an industry-based network.

The focus of the proposed research is the New Zealand fitness industry, which maintains a voluntary network of affiliated health and fitness centres that are administrated by Reps NZ.

Consistent with similar occurrences internationally, the justification for the formation of Reps NZ was to address the poor reputation the New Zealand fitness industry was experiencing at the time. Reps NZ attempts to provide those who affiliate with the organisation some integrity by maintaining a register of suitably qualified and recognised New Zealand health and fitness centres and exercise professionals. Therefore, it is suggested that those facilities and individuals that affiliate with Reps NZ, can be observed as being professionally sanctioned.

The aim of the proposed research is to determine the *perceptions of legitimacy* regarding Reps NZ affiliation by a selection of New Zealand health and fitness centres regarding Reps NZ affiliation. Reps NZ offers an opportunity to explore the implications of maintaining an affiliated network of facilities that is comprised of community-based ('non-profit') and privately-owned ('for-profit') organisations. What further makes this study unique is the possibility to examine impressions regarding the importance of network affiliation not just through the eyes of network affiliates, but by non-affiliates as well.

How was I chosen for this project?

You have been selected to participate in this research project as you are either: a representative of Reps NZ; or, your respective health and fitness centre meets the three distinguishing characteristics required for the research project:

- (a) It is located in the greater Auckland area.
- (b) It is either a 'community-based' or 'privately-owned' facility.
- (c) It is either 'registered' or 'not-registered' with Reps NZ

What will happen in this research?

You will be asked to sign a participant consent form and take part in an interview at a time and place that is convenient to you. The interview will focus on your personal experiences and impressions of running a health and fitness centre that is either registered and/or not registered with Reps NZ. The interview will be recorded via audiotape and note-taking. This data collected from these interviews will be later analysed by identifying common themes.

What are the discomforts and risks?

No discomfort or risk is expected. Privacy measures will be implemented (outlined in next section) to help ensure all participants will remain confidential. However, if you experience any discomfort in discussing some aspects of your experience, you do not need to take part and should feel free to withdraw at any time. You will also have the opportunity to review the transcript of discussions and amend or withdraw your comments.

What are the benefits?

It is anticipated that results from this research will provide a better understanding of the function of and the anticipated benefits of voluntarily participating in an affiliated network. Additionally, it is expected that this research project will also provide further insight in the differences and implications of participating in an affiliated network between non-profit and for-profit organisations. Finally, it is further anticipated that the research project will contextualise and provide a broader understanding of the New Zealand fitness industry, and the implications of being a Reps NZ registered health and fitness centre.

How will my privacy be protected?

To ensure that the privacy and confidentiality of respondents is maintained, participant identification codes will be utilised to avoid any possible recognition. This will include each participant, as well as the participant's facility, and location being assigned an alias for the report. Temporary softcopy transcripts of all interviews and recordings will be stored in a password protected file on the student researcher's personal data storage device.

These files will be permanently deleted on completion of the Master's thesis. Additionally, hardcopies of all transcripts and recordings will be maintained in a secure filing cabinet by the AUT Business Faculty, these will be stored for a minimum of six years at which point they will be destroyed by AUT's commercial office document destruction service. Consent forms of respondents will be maintained on the same basis as the interview data with the exception that it will be secured in a separate filing cabinet to avoid the possibility that the two could be matched up.

What are the costs of participating in this research?

The only cost involved in participating in this research is that of the individual participant's time. It is expected that participation in the interview will require between 60-90 minutes of your time with the possibility of brief follow-up interviews should new themes arise during the data analysis.

What opportunity do I have to consider this invitation?

You are asked to consider and respond to this invitation within seven (7) days from receipt of this invitation **(date)** if you wish to participate.

How do I agree to participate in this research?

If you agree to participate in the interview, please sign and return the attached Consent Form.

Will I receive feedback on the results of this research?

Every participant in the research will receive a summary copy of the findings.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Dr Sean Phelps, *sean.phelps@aut.ac.nz*, (09) 921 9999 ext 7094.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTECH, Madeline Banda, *madeline.banda@aut.ac.nz*, (09) 921 9999 ext 8044.

Whom do I contact for further information about this research?

Researcher Contact Details

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***Approved by the Auckland University of Technology Ethics Committee on
28th May 2010, AUTEK Reference number 10/67.***

Note: Amendments to original Participant Information Sheet (see Appendix A)
have been underlined in this document for the attention of the reader.

Participant Information Sheet



Date Information Sheet Produced: __ / __ / 2010

Project Title:

“Perceptions of legitimacy between members and non-members of an affiliated network: A case study of the New Zealand Register of Exercise Professionals (Reps NZ)”.

An Invitation

I would like to invite you, as you are a manager of an Auckland health and fitness centre, to participate in a research project regarding the acceptance of fitness industry regulatory bodies.

The specific focus of this research project is a selection of health and fitness centres belonging to the larger Auckland area. Topics of discussion will be focused on the personal experiences and observations by centre managers regarding their centre either ‘participating’ or ‘not-participating’ in a fitness industry-based registry system. Namely, what benefits and/or limitations can be bestowed a health and fitness centre that either chooses ‘to affiliate’ or, ‘not-to affiliate’ with a fitness industry register.

It is anticipated that managers from 16 Auckland health and fitness centres will voluntarily participate in this research project. It is also further anticipated that a representative from Reps NZ also will participate in this research project.

The project is being undertaken by John MacFarlane, a Master of Business student from the AUT School of Sport & Recreation. Participation in the project will involve a 45-60 minute interview. It is possible that you will be asked to provide copies of relevant published materials in subsequent communications. Your participation is entirely voluntary, and you may withdraw at any stage before, during or after it has taken place.

What is the purpose of this research?

The objective of the proposed research is to determine the degree of organisational integrity that can be incurred by voluntarily affiliating with and participating in an industry-based network. Specific in this instance are the interpretations, opinions, and insights (i.e. ‘perceptions of legitimacy’) by a selection of New Zealand health and fitness centre managers regarding affiliating with an industry-based register, such as Reps NZ.

The establishment of fitness industry registers has become a common occurrence internationally over the last approximate ten years. Fitness industry registers attempt to provide their members with a degree of organisational integrity by maintaining a register of suitably qualified and recognised health

and fitness centres and exercise professionals. Therefore, it is suggested that those centres and individuals that affiliate with a fitness industry register, can be observed as being professionally sanctioned.

The focus of the proposed research is the New Zealand fitness industry, which maintains a voluntary network of affiliated health and fitness centres that are administrated by Reps NZ. Consistent with similar occurrences internationally, the justification for the formation of Reps NZ was to address the poor reputation the New Zealand fitness industry was experiencing at the time.

Reps NZ offers an opportunity to explore the implications of maintaining an affiliated network of facilities that is comprised of community-based ('non-profit') and privately-owned ('for-profit') organisations. What further makes this study unique is the possibility to examine the impressions regarding the importance of network affiliation not just through the eyes of network affiliates, but by non-affiliates as well at the centre level.

How was I chosen for this project?

You have been selected to participate in this research project as you are either: a representative of Reps NZ; or, your respective health and fitness centre meets the three distinguishing characteristics required for the research project:

- (a) It is located in the greater Auckland area.
- (b) It is either a 'community-based' or 'privately-owned' facility.
- (c) It is either 'registered' or 'not-registered' with Reps NZ

What will happen in this research?

You will be asked to sign a participant consent form and take part in an interview at a time and place that is convenient to you. The interview will focus on your personal experiences and impressions of running a health and fitness centre that is either registered and/or not registered with fitness industry register. The interview will be recorded via audiotape and note-taking. This data collected from these interviews will be later analysed by identifying common themes.

What are the discomforts and risks?

No discomfort or risk is expected. Privacy measures will be implemented (outlined in next section) to help ensure all participants will remain confidential. However, if you experience any discomfort in discussing some aspects of your experience, you do not need to take part and should feel free to withdraw at any time. You will also have the opportunity to review the transcript of discussions and amend or withdraw your comments.

What are the benefits?

It is anticipated that results from this research will provide a better understanding of the function of and the anticipated benefits of voluntarily participating in an affiliated network. Additionally, it is expected that this research project will also provide further insight in the differences and

implications of participating in an affiliated network between non-profit and for-profit organisations. Finally, it is further anticipated that the research project will contextualise and provide a broader understanding of the New Zealand fitness industry, and the implications of fitness industry registration.

How will my privacy be protected?

To ensure that the privacy and confidentiality of respondents is maintained, participant identification codes will be utilised to avoid any possible recognition. This will include each participant, as well as the participant's facility, and location being assigned an alias for the report. Temporary softcopy transcripts of all interviews and recordings will be stored in a password protected file on the student researcher's personal data storage device.

These files will be permanently deleted on completion of the Master's thesis. Additionally, hardcopies of all transcripts and recordings will be maintained in a secure filing cabinet by the AUT Business Faculty, these will be stored for a minimum of six years at which point they will be destroyed by AUT's commercial office document destruction service. Consent forms of respondents will be maintained on the same basis as the interview data with the exception that it will be secured in a separate filing cabinet to avoid the possibility that the two could be matched up.

What are the costs of participating in this research?

The only cost involved in participating in this research is that of the individual participant's time. It is expected that participation in the interview will require between 60-90 minutes of your time with the possibility of brief follow-up interviews should new themes arise during the data analysis.

What opportunity do I have to consider this invitation?

You are asked to consider and respond to this invitation within seven (7) days from receipt of this invitation **(date)** if you wish to participate.

How do I agree to participate in this research?

If you agree to participate in the interview, please sign and return the attached Consent Form.

Will I receive feedback on the results of this research?

Every participant in the research will receive a summary copy of the findings.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Dr Sean Phelps, *sean.phelps@aut.ac.nz*, (09) 921 9999 ext 7094.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTECH, Madeline Banda, *madeline.banda@aut.ac.nz*, (09) 921 9999 ext 8044.

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P: 09-921-9999 ext. 7094

***Approved by the Auckland University of Technology Ethics Committee on
28th May 2010, AUTEK Reference number 10/67.***

Note: Amendments to 1st amended Participant Information Sheet (see Appendix B) have been underlined in this document for the attention of the reader.

Consent Form



For participation in an interview

Project title:

**Perceptions of legitimacy between members and non-members
of an affiliated network: A case study of the
New Zealand Register of Exercise Professionals (Reps NZ).**

Project Supervisor: **Sean Phelps, PhD.**

Researcher: **John MacFarlane**

- ☐ I have read and understood the information provided about this research project in the Information Sheet dated __/__/2010.
- ☐ I have had an opportunity to ask questions and to have them answered.
- ☐ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ☐ I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- ☐ If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- ☐ I agree to take part in this research.
- ☐ I wish to receive a copy of the report from the research (please tick one): Yes ☐ No ☐
- ☐ I have retained or been given a copy of this form for myself.
- ☐ Dates & times on which I am available for interview are:

Participant's signature:

Participant's name:

Organisation & Facility:

Participant's Contact Details

Email:

Phone:

Address:

.....

Date:

**Approved by the Auckland University of Technology Ethics Committee on 28th May 2010,
AUTEC Reference number 10/67.**

Appendix E: Interview Questions

Interview Questions

1. Why has your centre chosen to affiliate/not-affiliate with Reps NZ?
2. How has affiliation/non-affiliation with Reps NZ impacted on the daily operation of your centre?
3. What are the perceivable benefits and/or limitations that can be incurred through affiliation/non-affiliation with Reps NZ?
4. What are your perceptions of Reps NZ's recommended industry-based standards? Give examples.
5. How do Reps NZ affiliated centres exhibit conformance to these industry-based standards?
6. What are your perceptions and/or observations of how Reps NZ fulfils its role in the industry?
7. Would your centre encourage an assessed by Reps NZ to ensure that your centre is congruent with their recommendations? Why/ why not?
8. Do you feel that some particular organisations or individuals have more influence or are treated differently by Reps NZ? How so?
9. How has association with Reps NZ enhanced the profile of the industry and/or its affiliated centres?
10. What other noticeable differences have you personally observed regarding the New Zealand fitness industry since the formation of Reps NZ?

*Approved by the Auckland University of Technology Ethics Committee on 28th May 2010,
AUTEK Reference number 10/67.*

