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## **A matter of survival: proposition of a framework to expand the quantity of partners in inter-organisational networks**

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**Abstract:** Inter-organisational networks represent a strategy for companies to become more competitive. The literature addresses the importance of increasing the number of partners to reach such goals, and empirically, it is noted that organisations encounter difficulty in this regard. Given this panorama, this study aimed to propose a framework to expand the number of partners in inter-organisational networks. To reach this objective, literature on other inter-organisational relationships supported the construction of a questionnaire and script for interviews. One hundred twenty managers of inter-organisational networks answered the questionnaires, and 16 managers were interviewed. These data were assessed using univariate and interpretative analyses, enabling the complementation of data. The resulting framework consists of 11 steps. This study contributes theoretically to filling a research gap and, in practical terms, serves as a guide for inter-organisational networks seeking to increase their number of partners.

**Keywords:** Brazil; competition; expansion; expansion strategies; framework; inter-organisational networks; matter of survival; network; quantity of partners; steps; strategy.

**Reference** to this paper should be made as follows: Quatrin, D.R. and Pereira, B.A.D. (2016) 'A matter of survival: proposition of a framework to expand the quantity of partners in inter-organisational networks', *Int. J. Strategic Business Alliances*, Vol. 5, No. 1, pp.34–53.

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This paper is a revised and expanded version of a paper entitled 'Gestão das Redes Interorganizacionais: Identificação e Proposição de um Modelo para a Expansão do Número de Associados', presented at *EnANPAD 2015*, september 14, 2015, Belo Horizonte, Brazil.

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## **1 Introduction**

Enterprises are increasingly considering inter-organisational networks as a strategy for growth. Atouba and Shumate (2010), Lee and Monge (2011), and Müller-Seitz (2012) report that these strategies are capable of generating results that transcend the sum of organisational resources earned individually. It is possible to make an association between individual organisations and inter-organisational networks. Both must conduct themselves in a way that ensures their growth and strengthening, and this is what drives inter-organisational networks to generate new benefits to partners and expand their operations to remain competitive.

According to Casarotto Filho and Pires (2001), enterprises enter inter-organisational networks to link characteristics that may favour improvements, such as flexibility and agility, in addition to being stronger in a competitive environment. In contrast, when they realise increased costs and a reduction of benefits, many enterprises may choose to leave their network (Lima, 2007). A study conducted by Toigo and Alba (2010) in the state of Rio Grande do Sul, Brazil, found that 37% of all inter-organisational networks ended their activities. Several studies indicate that strategic alliances are plagued by a high failure rate (Spekman, Kamauff and Myhr, 1998; Elmuti and Kathawala, 2001; Bitran et al., 2002).

Given these data, Gulati (1998) highlights the importance of making the network more attractive for new partners, and this can be considered a cycle. It is necessary to create competitive gains, which add value to partners. Partners seek to reduce costs and increase benefits. Thus, Wheelwright and Clark (1992), Bonaccorsi and Lipparini (1994), Wilson (1995), Kothandaraman and Wilson (2001), and Houghton et al. (2002) state that the expansion of partners can be considered as a way of generating further competitive gains to the network with low incremental individual costs for partners. In support of this contention, Verschoore and Balestrin (2008) argued that increasing the number of partners makes it possible to obtain economies of scale and market power. Earlier studies (Lima, 2007; Gazley, 2008; Kunzler and Bulgacov, 2011) mentioned that these benefits meet partners' purpose of generating greater value for their individual business.

Thus, it is understood that expanding the number of partners makes it possible to achieve partners' main objectives, and this contributes to strengthening and consolidating the inter-organisational network. However, it is empirically observed that inter-organisational networks face difficulties in expanding the quantity of partners. Many of them do not have an adequate structure to develop this kind of activity. This fact can cause reworking or even a premature exit for partners, what negatively affects all networks partners. Dacin, Reid and Ring (2008) found that a significant body of literature has looked at the criteria for partner selection and little attention has been given to the expansion process itself. Therefore, this study aims to comprehend the expansion process in inter-organisational networks. To that end, this study proposes a framework for the

expansion of partners in inter-organisational networks based on theoretical evidence and data for a sample network.

## 2 Theoretical background

The topic of inter-organisational networks is constantly being studied and revised. In practice, it is being increasingly used by organisations and still sees changes and adaptations. Berry et al. (2004) found that an explosion has occurred in popular and academic literature related to the use of networks as a theoretical framework, and Provan, Fish and Sydow (2007) stated the following:

Although inter-organizational networks are by now a commonly understood phenomenon of organizational life, it is not always clear exactly what organizational scholars [or people in practice] are talking about when they use the term. Even the term network is not always used. Many who study business, community, and other organizational networks prefer to talk about partnerships, strategic alliances, inter-organizational relationships, coalitions, cooperative arrangements, or collaborative agreements. (p.480)

In addition to this apparent inaccuracy in the use of the term, it is evident that there are various types of inter-organisational relationships. This study focuses on research on inter-organisation networks with the following characteristics:

- 1 they are formally constituted legal organisations
- 2 they do not have a determined period of existence
- 3 they seek to achieve partners' objectives as well their own goals
- 4 decision-making is carried out in a participatory way
- 5 they have an organisational structure independent of the partner enterprises.

To understand the literature on this subject, studies related to the expansion of the number of partners in joint ventures (Williams and Lilley, 1993), commercial partners (Varis, Kuivalainen and Saarenketo, 2005), and alliances (Marxt and Link, 2002; Chen, Lee and Wu, 2008; Duisters, Duysters and de Man, 2011) were found. From these studies, it is appropriate to emphasise the views of Duisters, Duysters and de Man (2011). Alliances are created to exist until the achievement of predefined objectives, so they have a prompt for the partnership. Despite this and other particularities and differences between alliances and inter-organisational networks, the process can be adapted to the scope of this study. For this reason, it was taken as the basis for the propositions of this study.

The process proposed by Duisters, Duysters and de Man (2011), in addition to reflecting a recent reality, presents a range of research works as a starting point, including the following: Ellram (1991), Brouthers, Brouthers and Wilkinson (1995), Spekman, Isabella and MacAvoy (2000), Chung, Singh and Lee (2000), De Man, Duysters and Vasudevan (2001), Nijssen Reekum and Hulshoff (2001), Nielsen (2003), Beekman and Robinson (2004), Dent (2004), and Varis and Elfvengren (2005).

From these studies, the authors proposed a process that presents 16 possible steps for the selection process in alliances (Figure 1).

**Figure 1** Steps of the partner selection process

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1. Development of the partner selection team
  2. Identification of partnering needs
  3. Identification of partnering opportunities
  4. Definition of the company's objectives for alliance
  5. Definition of partner selection criteria
  6. Creation of a longlist of prospective partners
  7. Arrangement of an orientation meeting with prospective partners
  8. Determination of a shortlist of prospective partners
  9. Screening of shortlisted partners against partnering criteria
  10. Arrangement of a beauty contest (possible partners present themselves and their ideas about the alliance)
  11. Ranking of prospects (internal prioritisation of potential partners)
  12. Final choice of the partner
  13. Negotiation of the alliance with the prospective partner
  14. Arrangement of a social event with selected partner
  15. Writing of legal agreements
  16. Joint writing of a business plan
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*Source:* Duisters, Duysters and de Man (2011, p.7)

To empirically verify the process, the authors sent a survey questionnaire to 500 alliance managers worldwide, chosen from the database of Alliance Best Practice (ABP). The authors received 100 questionnaires that could be used.

The authors concluded that certain steps were more important for alliance success: development of a partner selection team, screening of shortlisted partners against partnering criteria, and negotiation of alliance with prospective partner.

The proposed steps for expanding the quantity of partners in inter-organisational networks adopted in this study were made from an adaptation of the process of Duisters, Duysters and de Man (2011). The adaptation aimed to suit to the reality of this study. Thus, some steps were modified to fit terms under the study context, for example, and others were withdrawn. The withdrawal of some steps was done when aspects addressed in the questionnaire did not match the reality of inter-organisational networks or were unrelated to the objective of this study.

Therefore, this research addressed the following 10 steps:

- 1 creation of a team responsible for expanding the quantity of partners
- 2 identification of the need for increasing the quantity of partners
- 3 identification of partnership opportunities
- 4 identification of criteria for selecting new partners
- 5 construction of a list of potential partners
- 6 screening of the potential partner list according to criteria
- 7 ranking of potential partners

- 8 selection of partner(s)
- 9 negotiation with prospected partners
- 10 legal agreements.

Given these steps to be analysed with the sample, information on how data were collected and analysed, as well as other information regarding the method used in this study, is presented below.

### **3 Methods**

This report describes an exploratory study, and it aims to propose a framework for the expansion of the quantity of partners in inter-organisational networks, constructed from the empirical identification and description of the main steps to be developed in the process of expanding partners.

The study is both quantitative and qualitative in approach, which is justified by the pursuit of a larger volume as well as deeper information through the use of complementary quantitative and qualitative methods. On one hand, quantitative research entails the search for causal explanations and fundamental laws and generally reduces all elements in the simplest way possible to facilitate analysis (Easterby-Smith, Thorpe and Lowe, 1991). On the other hand, qualitative research makes it possible to describe and understand certain phenomena based on the reports of social actors (Sampieri, Collado and Lucio, 2006).

The collection of quantitative data was operationalised with the application of questionnaires. It aimed mainly to understand which steps are being currently developed by the sample inter-organisational networks to expand their number of partners and to understand the importance given to each step. In this sense, in addition to answering questions about the profile of the network, respondents indicated 'yes' or 'no' to phase realisation and indicated the importance attached to each stage in the process of expanding the number of partners on a Likert-type scale with response options ranging from 1 to 5.

The questionnaire also included open questions to obtain information about the characteristics and attributes of the process that were not included in the questionnaire. Interviews with semi-structured script were done with managers to obtain the understanding they have about the expansion of partner process and, more than this, to collect data about the description of each step considered important by them.

Using this mixed approach made it possible to cover crossing and supplementary information, contributing to more effective results. Bryman (1995) states that the collection and analysis of data from the combination of qualitative and quantitative approaches may strengthen the research results, revealing inconsistencies in the results, instead of hiding them.

Still, on the topic of data collection instruments, it is important to highlight how we guaranteed the validity and reliability. The questionnaire was structured from Duysters, Duysters and de Man (2011) and information from the literature about the expansion of partners in inter-organisational relationships, which according to Hair et al. (2005) guarantees the construct validity and assesses whether the scale is indeed measuring what it claims to measure. The interview script was drawn up by the authors of this study

based on steps to expand the number of partners in inter-organisational networks and the theory on the subject. To ensure internal validation, the questionnaire and the interview script were sent to two researchers in the field for evaluation and possible changes (Hair et al., 2005), and suggested changes were made.

The content validity was ensured through pilot testing with a sample of inter-organisational networks, seeking to identify possible difficulties in their application and verify if the instructions were clear and objective (Forza, 2002). The pilot tests were conducted with five inter-organisational networks, and they were incorporated into the analysis to enhance the language. The need for the modification of only one term was identified. An interview with the script was conducted as a pilot test, and no changes were made.

The search was conducted considering the population of inter-organisational networks of Rio Grande do Sul, Brazil. A total of 120 inter-organisational networks composed the sample that answered the questionnaire and 16 managers of this sample were interviewed. The managers who were interviewed were randomly called E1, E2, E3, E4, E5, E6, E7, E8, E9, E10, E11, E12, E13, E14, E15, and E16. Data collection had the scope of a total of 40 cities in the state of Rio Grande do Sul, Brazil. From all questionnaires (120) collected, 62 were complete from visits of one of the authors to the managers' workplace and 58 were answered online by the managers of inter-organisational networks. All interviews were conducted in person by one of the authors.

The questionnaires were assessed by univariate analysis, using descriptive statistics, the frequency, and the average. The interviews underwent interpretative analysis, which Patton (1980) defines as assigning meaning to an analysis, explaining the patterns found and looking for relationships between the descriptive dimensions.

The results of the analysis of the two data collection instruments are described below.

#### 4 Presentation and analysis of results

To identify the object of this study, the sample profile is presented in Figure 2.

**Figure 2** Sample profile

Business sector	42.6% trade
Average time of operation	10 years
Average number of partners	43.67 partners
	57.5% of the sample has less than 25 partners
Average number of partners who join the network per year	6.47 partners
Average number of partners leaving the network per year	2.25 partners
Potential growth rate in the quantity of partners, given current structure	264.45%

*Source:* Research data

The sample, as shown in Figure 2, is predominantly from the trade sector (42.06%). There is also the representation from the service sector (32.54%), industry (18.25%), and agribusiness (7.14%). One hypothesis for the predominance of the trade sector is the fact

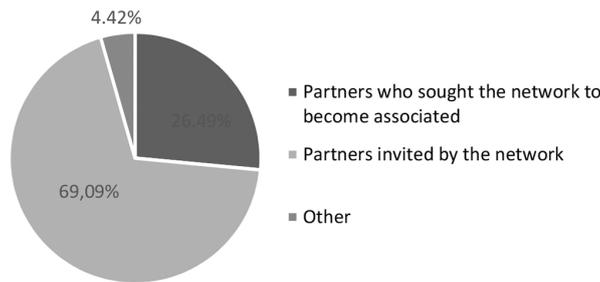
that the sample is in a reality where the formation of inter-organisational networks is done mainly to pursue financial gains, primarily through joint purchasing to reduce costs.

In different inter-organisational networks from Rio Grande do Sul, Brazil, partners' ingress in networks was motivated basically by the objective of cost reduction, increased bargaining power, and better prices and discounts (Lima, 2007). These factors were diagnosed in previous studies and again highlighted in recent studies, related to financial returns (Ingram and Baum, 1997; Keister, 1998; Gazley, 2008; Kunzler and Bulgacov, 2011).

Note also the panorama of growth in the number of partners, with a positive difference of 4.22 partners between the ingress average (6.47) and the average number of partners leaving the networks (2.25) annually. Allied to this, the growth potential of 264.45% reveals the possibility of increasing the average number of partners from 43.67 to 159.15 given the structure that inter-organisational networks currently have.

In the questionnaire, networks managers also addressed the mode in which partners entered inter-organisational networks (Figure 3).

**Figure 3** Comparison between the forms of admission of partners in inter-organisational networks of the sample

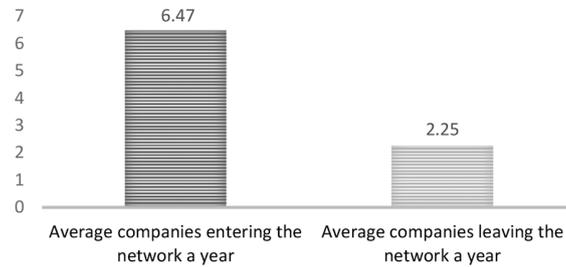


Source: Research data

According to Figure 3, 69.09% of current partners entered the network after being invited by other partners, whereas 26.49% entered the network on their own initiative to seek a network. Furthermore, 4.42% of the sample was related to partners that idealised the inter-organisational network and integrated it from the beginning.

The configuration of partners' admission and departure seems to be related to the realised expansion process because partners' admission and permanence in inter-organisation networks require a good process of expanding the quantity of partners. Partners' admission is strongly based on the approach and their superior performance while being part of an inter-organisational network (Zawiślak, 2000), whereas permanence depends largely on the adequacy of the company's profile in relation to the profile required by the network (Dyer and Chu, 2003; Dekker, 2004; Klein and Pereira, 2014). In this sense, in the studied sample, the admission of new partners is linked to the process approach of the network partners towards the prospective partners, which highlights the importance of a process for partner expansion to the continued existence of a network.

Given the average number of companies in the sample of inter-organisational networks, managers also estimated the average number of partners who join and leave the network per year. This information is listed in Figure 4.

**Figure 4** Companies average entrance and exit annually from inter-organisational networks

Source: Research data

Figure 4 shows that the number of companies entering networks per year is greater than the number of companies leaving them. The average difference between these data is 4.22 companies, which leads to the understanding of a growth scenario in the number of partners.

The proposed framework for the expansion of the quantity of partners in inter-organisational network is shown and explained below. The framework is the result of analysis of the questionnaires and interviews.

#### 4.1 Framework for the expansion of the quantity of partners in inter-organisational network

The data collected from the questionnaires, supported and extended by interviews with the managers of inter-organisational networks, allowed us to investigate how the expansion process is conducted and how it can be improved, highlighting good practices of the process.

First, the 10 steps proposed from the literature (Figure 2) were analysed by the sample regarding the aspects of realisation and importance. Table 1 shows this information.

**Table 1** Panorama of realisation and importance given to the steps

Steps	Realisation of steps	%	Mean importance	Mean importance of steps	Standard deviation
1. Creation of a team responsible for expanding the quantity of partners	Yes	46.67	4.589	4.08	0.532
	No	53.33	3.641		
2. Identification of the need for increasing the quantity of partners	Yes	70.00	4.345	4.03	0.611
	No	30.00	3.306		
3. Identification of partnership opportunities	Yes	65.83	4.291	3.97	0.718
	No	34.17	3.341		
4. Identification of the criteria for selecting new partners	Yes	76.67	4.641	4.36	0.504
	No	23.33	3.429		
5. Construction of a list of potential partners	Yes	48.33	4.397	4.00	0.591
	No	51.67	3.629		

**Table 1** Panorama of realisation and importance given to the steps (continued)

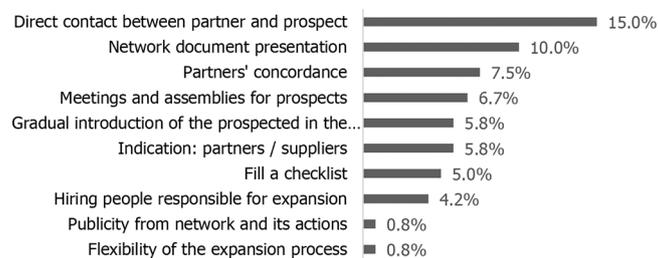
Steps	Realisation of steps	%	Mean importance	Mean importance of steps	Standard deviation
6. Screening of potential partners list, according to criteria	Yes	57.50	4.478	4.07	0.584
	No	42.50	3.510		
7. Ranking of potential partners prospected	Yes	35.00	4.333	3.60	0.611
	No	65.00	3.205		
8. Selection of partner(s)	Yes	72.50	4.517	4.24	0.567
	No	27.50	3.515		
9. Negotiation with partner prospected	Yes	77.50	4.516	4.28	0.636
	No	22.50	3.444		
10. Legal agreements	Yes	83.33	4.707	4.52	0.479
	No	16.67	3.600		

Source: Research data

Table 1 evidences show that the importance of steps ranged from *indifferent* to *very important*, with a mean of 3. Step 7 (ranking of potential partners) had a low average of 3.60. A possible justification for this result can be found in the response given by E12, who affirmed that the ranking is just based on having more than one prospect in the same geographic area, considering that the network's statute defines the minimum distance between two partners. Given this, every prospect with the required profile can become a partner depending on the negotiation step with the prospective partner. The ranking step of potential partners was removed from the final framework following the analysis of collected information from questionnaires and interviews.

In contrast, step 10, legal agreements, had a higher average, 4.52. This value portrays a rightful preoccupation in any circumstance. Furthermore, it reflects the relationship to be built, ensuring the fulfilment of rights and duties of the inter-organisational network and partners.

Regarding the data from questionnaires, respondents could mention steps that they believed should be added to the framework, in addition to the 10 surveyed a priori. So, suggestions were grouped and arranged as shown in Figure 5.

**Figure 5** Steps suggested to be added

Source: Research data

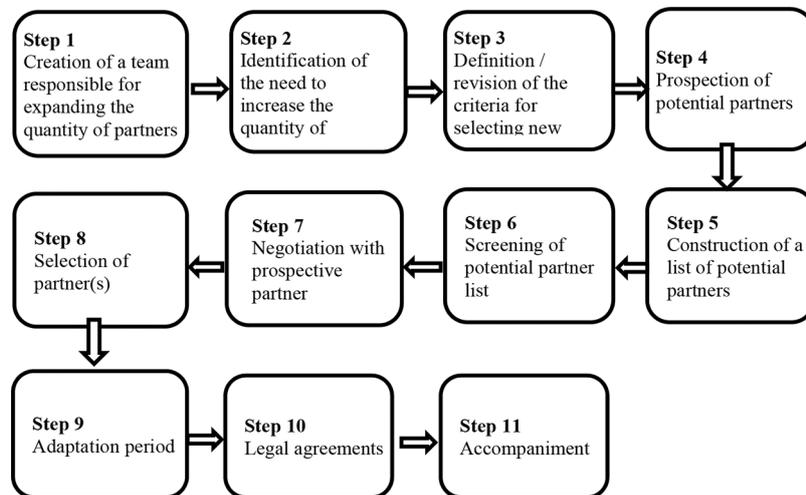
Based on Figure 5, it is important to highlight that 15% of the sample considers direct contact between the partner and prospective partner to be important. Regarding this aspect, the sample mentioned that direct contact between the team and potential partners, even a partner who had a previous relation with the prospective partner, such as commercial trades or even friendship, is responsible for expansion of networks. It is also important to note that some of the managers demonstrated concern that this visit needs to be done by someone who is completely involved with the routines of the sector. E4, E5, E6, and E9 believe that this point is based on the fact that only someone with this profile will understand the demands of the prospective partner and convincingly present advantages of being part of a network.

All these data were compared with those from the interviews. Thus, the adaptation period step was added and the scopes of already existing steps were increased. The adaptation period is mainly characterised by the gradual introduction of prospective partners to inter-organisational network routines, which the sample believes will contribute to a greater chance of success in the partnership.

Regarding information collected from interviews, there was an indication of the importance of an accompaniment period, a step designed to have the new partner feel integrated and active in the network, ensuring that they have access to the benefits offered by the inter-organisational network to every partner.

The analysis of questionnaires and interviews generated the withdrawal of the step ranking potential partners, the addition of steps 9 and 11 and other singularities to existing steps, and an increase in the scope (for steps 3 and 4). A framework for the expansion of the quantity of partners can be designed given the context and the demands of the sample of inter-organisational networks, as shown in Figure 6.

**Figure 6** Framework for expanding the quantity of partners in inter-organisational networks



Source: Research data.

Based on Figure 6, each of the 11 steps that compose the proposed framework to expand the quantity of partners in inter-organisational networks is provided below.

#### *4.1.1 Step 1 - Creation of a team responsible for expanding the number of partners*

The first step of the framework refers to the creation of a team to expand the quantity of partners. First, it is emphasised that in the context studied, the expansion team is responsible for expanding the quantity of partners during a management period, and in most of the sample it lasts for 2 years. Considering the formation of this team, the research sample considers it important that it be made up of associates and outsourced people, with each of them having different responsibilities.

Regarding hiring a person to be part of this team, E1, E6, E8, and E10 state that the actions seeking expansion can happen in a more aggressive, fast, and continuous way, when partners do not have the time and necessary commitment. In this regard, hiring a person to join the expanding team provides, as E1 and E10 believe, greater professionalisation of the process. Interviewee E10, for example, states that “the fact of hiring a person exclusively dedicated to the process of expanding the quantity of partners makes the whole process more professional and efficient”.

To operationalise the process of expansion, the team should elaborate the definitions, and partners should be involved in the planning of actions and the decisions to be taken at each step. Then the outsourced people should engage more with field activities such as prospecting new partners.

Despite this awareness, the sample, in part, does not have the resources to invest for promoting the team's professionalism. In this case, the involvement and commitment of some are essential. Although a team formed only by partners is not the most appropriate composition, as stated by the sample, it has its advantages. The partners who are members of the team responsible for expansion know the specificities of the sector in which they operate, which facilitates the approach to the prospection. The main difference is observed in the negotiation step.

#### *4.1.2 Step 2 - Identification of the need to increase the quantity of partners*

The circumstances currently experienced by the sample networks make identifying the need to increase the number of partners a continuous step in most of the sample networks. This comes from the difficulty to increase the quantity of partners; hence, there is a constant search for expansion to achieve common goals. This information is confirmed by the average value for the potential growth of the number of partners, which is 264.42% (Figure 2).

After identifying the need to increase the quantity of partners, the next step should be defining the criteria for the selection of new partners, if it is the first time that the expansion process is carried out, or revising them, as discussed below.

#### *4.1.3 Step 3 - Definition/revision of the criteria for selecting new partners*

Concerning step 3, in addition to its importance, as highlighted in Table 1 (4.641 for the portion of the sample that performs the step), the sample considered criteria re-evaluation from time to time, or with each new expansion process in the number of partners, as important. However, the interviewed sample highlighted three points to be considered:

- 1 The criteria cannot be restricted to the point that no company can meet them and the network, as a consequence, maintains a reduced number of partners, making continuity impossible (E2).
- 2 The criteria cannot be too broad, facilitating the admission of various company profiles, which creates groups with different interests in the same network, decreasing the chance of permanence when a path for reaching the imagined goals cannot be perceived. This situation was pointed out by E13 as being directly related to attempts to reduce the partner turnover (in this network, there is an annual admission average of 17 partners, and 8 companies on average leave the network every year.)
- 3 The criteria must be revised from time to time to adapt to changes and market demands and to the inter-organisational network itself, as stated by E4.

#### *4.1.4 Step 4 - Prospection of potential partners*

The prospection of potential partners step is operationalised through different approaches by the sample. The respondents emphasised concern about the city/region of the prospective partners, considering logistical issues that may facilitate or hinder the transport of products or even the effective participation of partners in the routines of the inter-organisational network.

Another approach taken by the sample networks is hosting events and inviting companies in the industry. These events sometimes have the unique purpose of expanding the quantity of partners. In this case, current partners and/or industry experts discuss the network operation, the advantages gained by companies from the association, the network market share and the already established partnerships with suppliers, and proposals for the future. This kind of event was pointed out by managers E6, E7, and E14. They consider this alternative as being the most advantageous because of the lower costs and decreased time spent with each prospect. Regarding this topic, E6 stated: "We prefer to make a great and attractive event, because we can cover more prospected partners at once. With the most promising prospects we then invest time in the following procedures".

#### *4.1.5 Step 5 - Construction of a list of potential partners*

The construction of a list of potential partners can be prepared from different sources. As much as 5.8% of the questionnaire respondents indicated the importance of references from both partners and suppliers. Previously, Dacin, Reid and Ring (2008) pointed out that networks are more likely to start their search with partners who are somehow familiar with current partners. References from suppliers were reported by E7, E8, and E15. According to E8, this is more advantageous for both the network and the supplier:

The supplier already knows the way the company operates. Then they examine whether it has the characteristics the network demands and if they think so, they indicated the company to be analysed by the network. This favours the partners' expansion process. Then, the relationship between the network and the supplier gets stronger and the business transactions get more voluminous, which improves the supplier's results.

In addition to partnership with suppliers, another source of information consists of checklists for events held by the networks in the prospection of potential partners step, as E11 and E14 highlighted. E14 stated, “We created a standardized checklist to be filled by the participants that go to our events. After the event we analyse all of them to construct a list of potential partners based on these prior information”.

It was also mentioned by the interviewees that they receive requests from the companies to turn into partners, and this happens either by personal contact with network managers and partners or through their website. These contacts are also added to the list of potential partners, demonstrating their importance. From the total sample, 26.49% (Figure 3) of the existing partners joined the network on their own initiative, with no network relationship. From the interviewed sample, the majority of current partner companies in five inter-organisational networks sought their network. This is the case of E1, E3, E9, E13, and E17.

It is important to consider that this step does not occur at occasional opportunities because the list should be updated whenever there are new entrants in the sector and other circumstances that the network considers decisive.

#### *4.1.6 Step 6 - Screening of potential partner list*

The screening of the potential partner list step starts with the criteria defined in step 3. Its importance is evidenced by the percentage of the sample that indicated they perform this stage, 57.5%, as shown in Table 1. The first source used is the checklist, which, according to E11, E14, and E15, contains very specific questions on issues related to the physical structure of the company, number of employees, management options, company's operating time, and data for future contacts.

In addition to the checklist, screening is also done from information given by allied suppliers, who know, for example, the reputation of the company with some suppliers and the community at large. Generally, suppliers also know how the companies work and indicate the existence of an affinity between them and the inter-organisational network.

When partners know the prospect, this is the most important source of reference for the list screening. This highlights the importance of personal relations. E1 and E12 highlighted that in their networks. They do not accept new partners who do not have good relationships with some of the existing partners, which would harm the progress of network activities and the trust among the partners. E1 expressed the following:

We will never make a company partner when some of the current partners do not have a good relationship or know something that harms the company's image. We cherish the good relationship between all partners in our inter-organizational network.

This aspect appears frequently in the network literature, and, according to Mattessich, Murray-Close and Monsey (2001), trust was identified as a success factor in networks in almost 70% of the 40 analysed articles. Moreover, Ariño, de la Torre and Ring (2005) found that relational quality is complementary to interpersonal trust in relation to outcomes.

Their combined use may lead to lower reliance on formal controls and governance mechanisms in general, smoother and more agile reactions, and the enabling of new transactions that would not take place in their absence. (p.25)

#### *4.1.7 Step 7 - Negotiation with prospected partner*

For the sample, before the selection of partner(s), the negotiation step is developed. Previously, Doz (1996) stated that adjustments related to the negotiation are often done before selection because it is sometimes responsible for the first contact between the business and network.

During this step, all elements of the partnership are discussed, and intense interaction between the partners give them a sense of the feasibility of cooperation from a cultural point of view and personal chemistry (Beekman and Robinson, 2004). The sample reported that the negotiation step should be made in an above-board way. Regarding this, Ariño, de la Torre and Ring (2001, 17) conclude in their study that certain actions “must be preceded by ample notice and appropriate explanation. Nobody like surprises”.

This step is decisive and remarkably important for the sample of inter-organisational networks, with a mean of 4.28 (Table 1). Beyond what can be known by analysing the questionnaires, there was near unanimity among respondents in the claim that the negotiation step should take place with a visit to the prospective company. According to those interviewees, this visit serves to further integrate the network and company as well as to evaluate the company, especially regarding criteria such as the structure, the profile of the manager of the company, and anything else that could not be evaluated without this personal contact. E3 explained, “We always make a visit to the company prospected. Than we can see what cannot be written in reports or numbers. It is the only way to meet the company's details, which may favour or prevent the establishment of partnership”.

The people who compose the expansion team are fundamental in this step. The sample participants believe that negotiations by a partner are more effective because they can expose favourable points of the association that are common to businesses. Once again, it is evident that the sum of agility and professionalism gained by hiring someone to be responsible for expansion and the experience and practices of a partner is crucial to successfully approaching a prospective partner.

#### *4.1.8 Step 8 - Selection of partner(s)*

Given the panorama of most of the sample networks, which are in constant search for new partners, the respondents stated that the choice does not entail choosing one company or another unless both are in the same region, which is prohibited by the bylaws. Otherwise, all companies that reach the required criteria are accepted and are approved by the current partners, which is a point of difference for the sample.

In this case, the selection of partner(s) is more related to the presentation of the prospective partner to current partners for approval. Respondents E1, E9, E12, and E14 highlighted that the inter-organisational networks in which they take part, 100% approval by current partners is necessary for the prospective partner to be accepted.

Another aspect emphasised concerns about the autonomy of the expansion team. The interviews made it clear that some networks of the sample have a higher degree of professionalisation of activities and a structure that creates autonomy for the expansion team throughout the process of expanding the number of partners. In the case of the inter-organisational networks reported by E3 and E16, both with more than 300 partners, an expansion team is hired for this purpose, which works closely with the board of directors, and they both decide about decisions on the selection of partners. E3 explains as follows:

Here the expansion team has the autonomy to develop all the procedures related to the partners' expansion. After the expansion team collects the important data about the prospect, by visiting them and making a checklist, the prospect is introduced to the board of directors and both decide about the selection.

In the sample, some smaller networks pointed out that they also have autonomous expansion teams. However, the autonomy does not refer to this stage because the approval of partners is necessary.

E13 stated that "the expansion team can plan and operationalize the partners' expansion without the intervention of any other partner. But in our network it is a rule that 100% of the current partners must approve new admissions".

#### *4.1.9 Step 9 - Adaptation period*

Despite not having been indicated by many networks of the sample, this step was added to the initial framework given the importance of adjustment between prospective partners and the network to ensuring a long-term partnership. This was indicated by 5.8% of the questionnaire respondents (Figure 5) and also evidenced in the interviews.

Manager E1, for example, said the following practice occurs in his network: "the chosen prospect participates in approximately 3 network meetings and may know how we work and also know the partners". In this sense, the interviewee pointed out that the practice creates a greater chance of success for the partnership, as the new associate has the opportunity to decide on their admission into the network after prior testing of the possible advantages they can have. In turn, the inter-organisational network also benefits because this period is considered sufficient to learn a little about the personality of the manager of the company, its objectives in relation to the network, and, for the future of the company, factors that are considered fundamental for the partnership between companies.

#### *4.1.10 Step 10 - Legal agreements*

The step of legal agreements is recognised as important to ensuring a safe course for the partnership, taking into account partners and the network. According to Argyres and Mayer (2007), legal agreements are vital processes in inter-organisational relationships because they lead to mutual interdependence and mutual growth. This importance was also identified by the sample, as seen in Table 1. As much as 82.5% of the sample performs this step. It is also interesting to highlight that even the portion that does not perform the step considers it with an importance of 3.6 on a scale from 1 to 5.

This step is made by contract signing, which specifies the rights and duties of partners and the inter-organisational network. In these terms, what is expected from the associated company and its manager regarding participation in meetings is stipulated in the contract, including behaviour with suppliers, use of the network brand, and other specificities from each network. As to the duties of the network to the partner, a contract is stipulated on what types of activities the network should provide and what is the network responsibility for the adequacy of partner companies (e.g., training and layout). In the contract, the amount to be paid related to the charter fee is also agreed to when required. The understanding of E3 is that this charter fee is a form of payment for the advantages that the company can enjoy, the product of work, and investments already made in the

network before the admission of the new partner. The monthly fee is also established in the contract, along with updates to the value.

#### *4.1.11 Step 11 - Accompaniment*

The accompaniment step is characterised by new partners receiving greater attention from existing partners and people who work in the network to clarify all necessary procedures for the participation in network routines.

Respondents stated that this is accompanied over a period of 6–24 months. During this time, the new partner receives guidance on how to proceed in shopping with partner suppliers and gradually adapt to structural and layout issues with standardisation in some cases.

E16 defined how this step is developed in his network:

The step takes about 6 to 24 months. During this period, new members receive guidance on how to proceed in shopping with partner suppliers, and gradually adapt structural and layout issues, with a standardization in the case.

The interviewed sample participants also stated that it is only at the end of this step that the new partner can make use of the brand, because they care about brand credibility. E18 raised a few points about this step:

The accompaniment step ensures that the new partner is included in the network routines and receives the benefits that other partners also receive. This step also aims to adapt the new partner behaviours with network standards. If it is well done, it can ensure the permanence of this partner in the network considering the long term.

Both E16 and E18 related this step with the need to reduce partners' turnover. In the inter-organisational network where E16 is manager, the number of companies entering is 16 and exiting is 2 (a positive difference of 14 partners). In the inter-organisational network where E18 is a manager, these numbers are 55 and 3 (a positive difference of 52 partners). Comparing these values with the sample mean, these numbers reflect the effectiveness of this practice; for the sample, the average number of companies entering is 6.47 and the average number of companies leaving the network is 2.25 (a positive difference of 4.22 partners).

## **5 Possibilities to make the framework more flexible**

The 11 steps discussed previously comprise the framework for expanding the quantity of partners in inter-organisational networks, the main result of this study. Nevertheless, this is the ideal and rectilinear process (Figure 6), and it is not what always happens. Here are some considerations that can change the order of some steps.

Instead of maintaining a permanent team responsible for expanding the quantity of partners, some inter-organisational networks can first wait to identify the need to increase the number of partners (step 2) and then create a team responsible for expanding the partners (step 1). This would reverse steps 1 and 2.

Furthermore, when the inter-organisational network proceeds in the framework and realises during the screening of the potential partner list (step 6) that there are no prospective companies according to the criteria, the decision may be to go back in the

process and find new potential partners (step 4) or even revise the criteria for selecting new partners (step 3).

Moreover, many conditions can lead the process to return to the prospection of potential partners (step 4): when inter-organisational networks and prospects are negotiating (step 7), cannot agree with some conditions and abandon on signing the partnership; during the adaptation period (step 9) when inter-organisational networks and/or prospects realise that the partnership is not as good as it seemed and quit the process; and during the accompaniment (step 11) when the new partner or inter-organisational network perceives that the other does not fit with their desires and makes the decision to quit the partnership.

Given these considerations, we present the conclusions of the study.

## 6 Conclusion

This study aimed to understand the context of inter-organisational networks in developing the expansion process and, furthermore, practices that will make the process more efficient and effective.

Therefore, literature on other forms of inter-organisational relationships served as the basis of this study. The process proposed by Duisters, Duysters and de Man (2011) in the context of alliances was instrumental to the construction of the questionnaire used to collect data. Information collected on a larger scale by questionnaires was supplemented and supported by information gathered in the interviews.

From the analysis, the researched framework suffered modifications, for example:

- 1 The withdrawal of the step for ranking potential partners, mainly based on information from the questionnaires, in which respondents indicated low application and importance of this step.
- 2 The addition of steps for the adaptation period, given the importance highlighted by open questions of the questionnaire and confirmed by respondents, and accompaniment, indicated by respondents as key to reducing the partner turnover rate.
- 3 Changes in the description of some steps and changes in their scope, such as step 6 - screening of the potential partners list - based on an analysis of checklists filled out by the companies, composed of key criteria for becoming associated, as well as a search for information from partner suppliers.

From this process, the proposition of a framework for the expansion of the quantity of partners resulted in a total of 11 steps.

Even considering the methodological precautions taken during this study, it has some limitations, such as the shortage of resources for the development of the study beyond limited time, which did not allow for more comprehensive procedures in certain moments. Also concerning limitations, despite efforts to understand and address the greatest number of publications on the subject, the questionnaire collecting quantitative data was based on incomplete knowledge of the literature, because it does not cover all lines of research related to the theme. Even if the questionnaire is suitable to the study, it cannot be guaranteed that the answers of the respondents were given with the greatest

fidelity and the researchers cannot guarantee that the answers reliably reflected the context of inter-organisational networks.

Given these observations, the proposed framework was designed from evidence for 120 inter-organisational networks, based on their best practices and propositions. Despite the theoretical and empirical contributions of this study, it does not seek categorical or universal outcomes; thus, statements and proposals should be made relative to the individual context of each network. What justifies this limitation, in part, is the method used to collect data, with which it is not possible to identify certain peculiarities and characteristics of each researched network.

The proposed framework is designed from data about inter-organisational networks within the theoretical background, but it can be applied to other kinds of inter-organisational relationships. Thus, the application to inter-organisational networks could give validity to the results and corroborate or refine the framework, and the application to other kinds of networks could identify the validity of the framework in these contexts.

In addition, given the evidence in data collection, thoroughly researching the influence of the size of a network in the process of expansion and studying the specificities of the expansion process according to the network business sector are suggested.

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