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Doctoral School of Management Engineering and Real Estate Appraisal

PhD thesis

The development process of marketing alliances among SMEs

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1 Introduction

1.1 Overview of the thesis

This thesis is a theory-building study whose purpose is *to explore the development process of marketing alliances and the organizational and managerial factors that are supposed to have an influence on the success of a marketing alliance*. With the term "marketing alliances" we refer to formalized collaborative arrangements between two or more organizations focused on downstream value chain activities (Swaminathan and Moorman, 2009).

This research is significant as the theme of inter-organizational relationships (IORs) draws the attention of both representatives of the economic life, because IORs may provide firms with significant benefits they would not reach by their own, and the academic world, since alliances are addresses by different disciplinary specializations. Prior research in this field has much more focused on alliances established with the aim of cooperating in upstream value chain activities, such as R&D, engineering and manufacturing, with respect to downstream value chain activities such as sales, distribution, and customer service (Teng and Das, 2008). Furthermore, few studies have been conducted with a process approach, making this particular study a relatively new context and approach for research about alliances. To address the aim of the research a qualitative analysis based on multiple case studies was the more suitable, as this method proved to be useful for network dynamics in particular (Halinen and Törnroos, 2005). The scope of this study includes the development process of alliance in different industries of the Italian context whose government has recently showed particular interest towards this theme.

1.2 Background to the area of research interest

Inter-firm relationships have been defined in many different ways by previous academics who characterize them as involving two or more firms collaborating in order to carry out some specific activities, which implies that IORs collocate in between hierarchy and market business models.

In the literature there is a prosperity of studies, with some areas being very densely researched (e.g., joint ventures) and other areas relatively understudied (e.g., consortia).

All the variety in the parameters used to qualify IORs makes it clear that this is a complex phenomenon which needs to be better understood and it offers a reach soil for research and exploration in order to build up a solid and organized theory which facilitates knowledge accumulation and development about IORs.

IORs, despite being potentially relevant for all types of firms, seem to be particularly suited for small- and medium-sized enterprises (SMEs) for which inter-organizational collaboration may represent a true opportunity to enhance their competitiveness.

Indeed, remaining fixed in an ever changing world is impossible if a firm, despite small, does not want to exit the market. Therefore, if a SME is not obliged to grow dimensionally if it wants to survive, its survival cannot leave its development inclination, regarded as its ability to offer suitable strategic answers to the quali-quantitative changes of the socio-economic context it belongs to, out of consideration (Gianfelici, 2012).

For this reason, SMEs, which often do not possess all required economic and managerial competences, related to functions of organization, strategy, finance, marketing, logistic etc., to be successful, may need to look outside of their boundaries in order to get the support of other external subjects able to provide them with the required support in matters like business activities and decisions.

Although IORs seem to offer many benefits, this is not always sufficient to push firms into this type of spontaneous agreements which also entail costs and risks, as for example transactional costs deriving from conflicts of interest emerged during the relationship, risks of free riding on the part of some firms willing to take advantage of the relationship without sharing their own know-how and uncertainty on the implementation of the common program due to both input (e.g. low quality supply) or output (complexity of the product firms want to realize) factors (Bentivogli *et al*., 2013).

The burden of shortcomings which may emerge during IORs is evident when considering that as many as 70% of alliances are not successful (Hyder and Eriksson, 2005), which suggests that investigating drivers to success is of paramount importance.

Beyond this aspect, until now, the literature on this topic has focused much more on IORs aimed at developing new products/technologies than at promoting, commercializing and distributing products/services, despite the expansion of market and the improvement of market competitiveness are two of the most mentioned drivers to network formation (e.g. Jack *et al*., 2010; Kale and Singh, 2009; Ring and Van de Ven, 1994; Todeva and Knoke, 2005).

In this field, due to the recent growth of strategic alliances among many firms in the airline industry (e.g. Dennis, 2000), a stream of research about marketing strategic alliances has started to gain pace, together with the interest shown by the public sector and private firms. The role of marketing in strategic alliances had already been underlined many years ago by a study of Ernst and Young (1990) which identifies achieving market growth and/or increasing sales and gaining access to new markets as two of the most important reasons why firms enter a strategic alliance, as Varadarajan and Cunningham (1995) also report in their paper. In these years, the term marketing alliance was forged to denote cooperation in downstream value chain activities such as sales, distribution, and customer service (Hagedoorn, 1993) and it has maintained its meaning until nowadays when marketing alliances are defined formalized collaborative arrangements between two or more organizations focused on downstream value chain activities (Swaminathan and Moorman, 2009). Marketing alliances seem to play a significant role not only for sharing and reducing costs, but overall for favoring the internationalization process of firms (Ring and Van de Ven, 1994; Kale and Singh, 2009), which could reveal very important for SMEs, since they give them the opportunity to compete effectively in divergent and often larger markets (Dennis, 2000), thus enhancing their competitiveness and growth (Kale and Singh, 2009). However, despite this issue has assumed great importance both from an academic and practical point of view, the literature on marketing alliances is still scarce and unsystematic.

In particular, the most important gap in the field is related to the lack of papers that analyze the development of marketing alliances taking a process perspective and thus investigating the sequence of events leading to an outcome.

On these grounds, the focus of this study is on the development process of marketing alliances among SMEs.

1.3 The Italian context

1.3.1 SMEs and collaboration

The Italian industrial context is characterized by a high presence of SMEs which are at the backbone of the Italian economy. To cite some figures, of the 4.338.766 firms, 4.335.446, that is 99,9%, are small and medium enterprises[1] (SMEs) which are responsible of l'81% of job places and, in the secondary and third industries, of up to 72,4% of the added value generated in Italy (Gianfelici, 2012).

While on the one hand, their structure allows flexibility (Schumacher, 1973), on the other hand limits related to their dimension constrain their ability to internationalize and face competitive and environmental pressures. For these reasons, starting from the beginning of 1960s, the phenomenon of the industrial districts started to gain pace in

[1] Defined by the European Commission as autonomous firms having between 10 and 250 employees and between 2 and 50 million euros of turnover (Recommendation n. 03/361/CE, January 2005)

many areas of Italy. Industrial districts are a sort of informal network of firms located very close one another which helped firms slacken ties related to dimension. However this form of collaboration proved unable to face the new global context because Trigilia’s (1990) forecast stating that their “strong localist aspect… could change status: from a past source of strength to a menacing future constraint” had a fundament.

Indeed, in an era of changes, the claim is not that the flexibility of the districts is a problem, but rather that an excessively fragmented productive structure may be hamstrung by an inability to be consciously strategic, to co-ordinate action (Whitford, 2001). As a consequence, difficulties in technological research, marketing, training, and export services could not be solved locally, nor could dis-economies of traffic congestion, pollution, and waste disposal.

Then, starting from 1980s, qualitative development, opposed to the previous quantitative growth, began to gain pace (Boldizzoni, 1985). It was founded on the interaction among different value chains of SMEs which decide to cooperate, despite remaining autonomous from a juridical point of view (Lorenzoni, 1990).

This alternative had its roots in the crisis of the more traditional organizational forms (Arcari, 2004): on the one side, hierarchy, with its too strict and bureaucratic structures to react promptly to the inputs coming from a socio-economic context in continuous evolution, and on the other side market, with its relevant transaction costs. Being in the middle of these two types of organization, alliances are a mixture of resources and capabilities, both internal and external, which may allow SMEs realizing their business ideas despite their low propensity to risk and constraints with respect to capital and specific know-how. In this way, they can benefit from advantages of integration and differentiation without losing their flexibility (Lorenzoni, 1990). As anticipated, alliances involves also some shortcomings and risks, as for example transaction costs or risks of opportunistic behaviors.

Bentivogli *et al*. (2013) explain that, before the Network Contract which is addressed in greater detail in Appendix 1, the most common juridical forms meant to regulate the coordination of firms are of three types: multilateral contracts (consortiums with an internal activity and temporary business associations -ATI-); bilateral contracts and authorities (e.g. consortium with an external activity), mainly used in those networks where it is important to strengthen the management of the coordination through the empowerment of administrative bodies having a high degree of decision power. The use of different forms depend on the aims of the coordination and the characteristics of joining firms.

Multilateral contracts are used mainly for the coordination of firms in a position of parity. Traditionally, the consortium is used when firms have a mutual aim in order to manage the phases of their economic activity (e.g. the development of a new product or the coordination of distribution activities) saving costs while remaining competitors outside the consortium. On the contrary, ATIs represent a temporary phenomenon of aggregation built up with the aim of responding to subcontracting announcements without creating a permanent model of coordination.

Whilst, bilateral contracts (supply networks, distribution networks like franchising, licensing contracts involving patents, know-how or trademarks) are used mainly when there is a leader firm able to coordinate the activities of the other firms.

Instead, as anticipated, the coordination of firms may be implemented also through the foundation of a dedicated body with a high degree of decisional power meant to guarantee stability and effectiveness of the activities.

The most widespread form of coordination before the network contract is the consortium with an external activity or the consortium society which is built up when firms, having a mutual aim, want to benefit from economies of scale thanks to the common management of specific activities. However, the consortium allows only the coordination of manager activities of firms having a mutual objective (i.e. cost reduction) and not the exercise of common business activities for third parties with the aim of gaining profits.

Owing to all these considerations, Bentivogli *et al*. (2013) suggest two specific policies in order to face the issue of firm dimension: the former concerns a regulation aiming to eliminate distortions of the fiscal law, improve the operation of the civil justice and promote competitive conditions in the market of property transfer; the latter belongs to the scope of active policies and concerns subsidies to formal collaborations among firms. For the purposes and scope of the present thesis, we focus on the second policy.

1.4 Chapter structure and thesis structure

The contribution of this research study is relevant to the management of SMEs networks and to the public policy sector as well. As anticipated, networks play a critical role in organizational growth in a global environment; however, there can also be a dark side since not all network relationships are effective. This research addresses a gap in the area of study within the network literature and builds theory by understanding how the development process of marketing networks is carried out and how organizational and managerial factors may lead to a successful marketing network. The context for the research study is northern Italy.

The research study is organized into seven chapters. Chapter One has just provided an introduction to the significance and relevance of IORs and the context in which they are investigated. Chapter Two reviews the literature on marketing alliances and alliance dynamics, explores the research issues in more depth, and presents a conceptual framework for the study. Chapter Three gives a detailed discussion of the research method and design used in the study. Chapter Four presents the within-case analysis consisting of the four case studies: Steel&Style, Calegheri 1268 – Corte della Pelle, RaceBo, and Consorzio Edile PMI Vicenza. Chapter Five presents the cross-case analysis and the themes and propositions emerging from this phase of the research process. Finally, Chapter Six concludes with contributions to theory and methodology, and managerial implications, as well as public policy recommendations; also limitations of the study and future research directions are provided.

2 Literature review and research questions

2.1 Overview of the chapter

This chapter firstly introduces the broad theme of interfirm relationships, in order to acquire the grassroots knowledge, understand hot topics and identify under-investigated areas. In particular, it explains the process which brought to investigate the issue of the dynamics of marketing alliances, thus implying the need to explore the literature on marketing alliances and alliance dynamics in further detail. As a consequence, these two areas are the main focus of this chapter about the literature review. A part from the deep analysis of the literature, one of the main aims of this chapter is the introduction of a new framework of analysis of the process of marketing alliance development which is based on the literature review. At the end of the chapter, the research questions are defined.

2.2 Introduction on interfirm relationships

In the last decades, the field of interfirm relationships has received increasing attention both by academics and practitioners. The literature about this topic is very broad and some attempts to synthetize it have been done by different researchers (e.g. Varadarajan and Cunningham, 1995; Kale and Singh, 2009). Authors have taken different features into consideration, such as the reasons why a firm enters into an interfirm relationships (e.g. Ring and Van de Ven, 1994; Kale and Singh, 2009), the theoretical roots that stand behind interfirm relationships (e.g. Lorenzoni and Lipparini, 1999), the managerial and organizational factors involved in the development process of interfirm relationships (e.g. Grandori and Soda, 1995) and alliances outcomes (e.g. Kale and Singh, 2009). The following paragraphs shortly synthetize these aspects.

2.2.1 <u>Definitions and classification</u>

Interfirm relationship are defined as a mode of regulating interdependence between firms which is different from the aggregation of these units within a single firm and from coordination through market signals and which is based on a cooperative game with partner-specific communication (Grandori and Soda, 1995).

Different authors (Todeva and Knoke, 2005; Kale and Singh, 2009) classified the various forms of interfirm relationships. With some slightly differences among authors, the proposed classifications are conceptually similar, in the sense that they identify different forms of interfirm relationships going from arm's length transactions to mergers and acquisitions with an increasing level of equity and resource sharing.

Table 1 compares two examples of classification: the one proposed by Kale and Singh (2009), who base on Rangan and Yoshino (1996), and the one by Todeva and Knoke (2005). These two classifications are particularly detailed and encompass the complete scope of interfirm relationships.

Table 1: Scope of interfirm relationship

Kale and Singh (2009)		Todeva and Knoke (2005)	
	Traditional contracts		
	Arm's-Length Buy/Sell Contracts	Market relations	Arm's-length transactions between organizations coordinated only through the price mechanism
	Franchising	Franchising	A franchiser grants a franchisee the use of a brand-name identity within a geographic area, but retains control over pricing, marketing, and standardized service norms
	Licensing	Licensing	One company grants another the right to use patented technologies or production processes in return for royalties and fees
Contractual arrangements	Cross-Licensing		
	Nontraditional contractual partnership		
	Joint R&D, Joint Manufacturing, Joint Marketing	Strategic cooperative agreements	Contractual business networks based on joint multi-party strategic control, with the partners collaborating over key strategic decisions and sharing responsibilities for performance outcomes
		Cooperatives	A coalition of small enterprises that combine, coordinate, and manage their collective resources
	Arrangements to access mutually complementary		

	assets or skills		
		Cartels	Large corporations collude to constrain competition by cooperatively controlling production and/or prices within a specific industry
	Standard Setting or R&D Firm Consortia	R&D consortia	Inter-firm agreements for research and development collaboration, typically formed in fast-changing technological fields
Equity arrangements	**No creation of new firms**		
	Minority equity investment	Equity investments	A majority or minority equity holding by one firm through a direct stock purchase of shares in another firm
	Equity swaps		
	Creation of separate entity		
	Joint ventures	Joint ventures	Two or more firms create a jointly owned legal organization that serves a limited purpose for its parents, such as R&D or marketing
	50-50 Joint ventures		
	Unequal joint ventures		
		Subcontractor networks	Inter-linked firms where a subcontractor negotiates its suppliers' long-term prices, production runs, and delivery schedules
		Industry standards groups	Committees that seek the member organizations' agreements on the adoption of technical standards for manufacturing and trade
		Action sets	Short-lived organizational coalitions whose members coordinate their lobbying efforts to influence public policy making
	Wholly Owned subsidiary		
	Dissolution of entity		
	Merger or acquisition	Hierarchical relations	Through acquisition or merger, one firm takes full control of another's assets and

			coordinates actions by the ownership rights mechanism

The highlighted part of the table identifies the scope of strategic alliances which have drawn academics' attention due to the number of different resources and capabilities that are involved, which makes them particularly interesting. Strategic alliances can span one or more parts of the value chain and have a variety of organizational configurations typically based on the absence or presence of equity in the relationship (Elmuti and Kathawala, 2001; Kale and Singh, 2009).

This study focuses on strategic alliances which have proliferated more and more since the end of the 20th century (Elmuti and Kathawala, 2001).

2.2.2 Strategic alliances

Many different definitions of strategic alliances have been given by previous literature (see Table 2). However, they share some common features:

- Voluntary agreements
- Two or more independent companies
- Common or complementary objectives

These characteristics are very similar to the three necessary and sufficient characteristics listed by Rangan and Yoshino (1996):

1. Two or more firms that unite to pursue a set of agreed-upon goals remain independent subsequent to the formation of the alliance;
2. The partners share control over the performance of assigned tasks associated with the alliance and in the benefits derived from it;
3. The partners contribute on a continuing basis to the alliance.

Table 2: Definitions of strategic alliance

Authors	Definition
Palmer and Bejou, 1995	A joining together (by means of dependency and collaboration) of two or more organizations over a given time period in order to gain a competitive advantage
Varadarajan and Cunningham, 1995	The pooling of specific resources and skills by the cooperation organizations in order to achieve common goals, as well as goals specific to the individual partners

Young *et al.*, 1996	Relatively enduring interfirm cooperative arrangements, involving flows and linkages that utilize resources and/or governance structures from autonomous organizations, for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring firm
Gulati, 1998	Voluntary agreements between firms involving exchange, sharing, or co-development of products, technologies, or services. They can occur as a result of a wide range of motives and goals, take a variety of forms, and occur across vertical and horizontal boundaries
Dussauge *et al.*, 2000	An arrangement between two or more independent companies that choose to carry out a project or operate in a specific business area by coordinating the necessary skills and resources jointly rather than either operating alone or merging their operations
Smith Ring, 2000	Collaboration between two or more firms that retain their autonomy during the course of their relationship. So, an alliance is not a merger nor is it an acquisition. But, like these two forms of corporate level strategies, an alliance also is a means to an end
Wheelen and Hungar, 2000	An agreement between firms to do business together in ways that go beyond normal company-to-company dealings, but fall short of a merger or a full partnership
Torres, 2002	A type of collaboration where companies with a common objective agree to work together to exchange ideas, knowledge and/or technology in some areas, but still maintain their autonomy in other areas
Das and Teng, 2003	Voluntary cooperative inter-firm agreements aimed at achieving competitive advantage for the partners
Sherer, 2003	Agreements to share the costs, risks, and benefits associated with new business opportunities
Pansiri, 2005	Purposive tactical arrangements between two or more independent organizations that form part of, and is consistent with participants' overall strategy, and contribute to the achievement of their strategically significant objectives that are mutual beneficial
Todeva and Knoke, 2005	Hybrid organizational forms or hybrid arrangements between firms that blend hierarchical and market elements
Wohlstetter *et al.*, 2005	Groups of organizations-nonprofit, for-profit, and public-voluntarily working together to solve problems that are too large for any one organization to solve on its own
Wang and Xiang, 2007	Voluntary arrangements between organizations involved in marketing and promoting products and services in a collective way
Reid *et al.*, 2008	Agreements between two [entities] who may agree to cooperate in a variety of ways

2.2.3 Theoretical roots

The most famous theories standing behind alliances are the Transactional Cost Economics theory (TCE) and the Resource Based View theory (RBV). Less famous, but not less important, are the Real Option Theory (ROT) and the dynamic capabilities perspective.

The TCE states that organizations react to uncertainties and dependencies in their environment by removing transactions from the market and placing them in more hierarchical contexts (Williamson, 1975; Ouchi, 1980). Thus, the goal of the firm is to optimize its flow of goods and services, while minimizing the costs associated with governing transaction costs, but a simple analysis of costs is not enough to explain such a complex process. Moreover, it emphasizes the logic of single-party cost optimization without fully encompassing other types of costs, e.g., learning costs (Ring, 1996), and coordination costs (Gulati and Singh, 1998). Furthermore, the static nature of transaction cost economics, focusing as it does on a single transaction, is not appropriate for understanding learning and innovative processes when knowledge is broadly distributed and the locus of innovation is found in a network of inter-organizational relationships (Lorenzoni and Lipparini, 1999).

Instead of on cost reduction, the RBV theory focuses its attention on benefits in terms of resources. Lorenzoni and Lipparini (1999) explain that the RBV examines strategic capabilities as a pool of internal resources which are strategically important for the creation of competitive advantage (Penrose, 1959; Barney, 1991). Moreover, alliances improve the strategic position of firms in competitive markets (Porter and Fuller, 1986) by providing resources from other firms that enable them to share costs and risks (Eisenhardt and Schoonhoven, 1996).

The RBV states that alliances are "*cooperative relationships driven by a logic of strategic resource needs and social resource opportunities*" (Eisenhardt and Schoonhoven, 1996), while the ROT explains that a collective real option is an action undertaken jointly by alliance partners when all partners agree to make a small initial investment of resources to uncover environmental and social information about the possible success of a subsequent larger-scale alliance initiative.

A particular declination of the RBV is the dynamic capabilities perspective (Teece and Pisano, 1994) which emphasizes that the distinctive competencies of external actors, such as buyers and suppliers, are among the driving factors in vertical integration or deintegration decisions. Along this vein, the knowledge-based view of the firm (Grant and Baden-Fuller, 1995; Conner and Prahalad, 1996) considers the ability to integrate the efforts of different actors as important as the capacity to innovate (Grant, 1996).

Table 3: Theoretical roots of strategic alliances

Theory	Link with strategic alliances
TCE	The goal of the firm is to optimize its flow of goods and services, while minimizing the costs associated with governing transaction costs
RBV	Alliances are “cooperative relationships driven by a logic of strategic resource needs and social resource opportunities”
ROT	Alliance partners undertake a collective real option when all partners agree to make a small initial investment of resources to uncover environmental and social information about the possible success of a subsequent larger-scale alliance initiative

2.2.4 <u>Drivers to interfirm relationships</u>

If we think about a firm as being made up of different areas or processes, the drivers that encourage firms to take part to an alliance may refer to these different areas/processes.

As Table 4 shows, the main activities alliances are meant to benefit to are distributed along the different firm operations. Some drivers refer to the R&D, overall in terms of risk and cost sharing (Lorenzoni and Lipparini, 1999; Das and Kumar, 2007;), efficiency (Lorenzoni and Lipparini, 1999; Hyder and Eriksson, 2005; Hwang and Park, 2007; Das and Kumar, 2011) and access to technologies (Gilmore *et al.*, 2006); the production phase should benefit in terms of efficiency (Varadarajan and Cunningham, 1995; Lorenzoni and Lipparini, 1999; Torres, 2002; Hyder and Eriksson, 2005; Das and Kumar, 2011); aspects related to marketing can have many different declinations, ranging from the access to new markets (Hagedoom, 1993; Varadarajan and Cunningham, 1995; Lorenzoni and Lipparini, 1999; Elmuti and Kathawala, 2001; Torres, 2002; Hyder and Eriksson, 2005; Todeva and Knoke, 2005; Gilmore *et al.*, 2006; Hwang and Park, 2007; Yu *et al.*, 2011) and clients (Yu *et al.*, 2011), to competitive advantage improvement (Elmuti and Kathawala, 2001; Chen and Tseng, 2005) and from industry structure shaping (Varadarajan and Cunningham, 1995) to promotion channels diversification (Chen and Tseng, 2005). Then there are the strategic development and learning and knowledge management process which proceed along with operations. Strategy looks at longer term benefits, thus to aspects like risk (Hamel *et al.* 1989; Palmer and Bejou, 1995; Elmuti and Kathawala, 2001), uncertainty (Torres, 2002; Park and Zhou, 2005), advantages in the long term (Eisenhardt and Schoonhoven, 1996), credibility and legitimacy (Human and Provan, 2000). Lastly, authors refer to general learning (Teece and Pisano, 1994; Eisenhardt and Schoonhoven, 1996; Torres, 2002; Hyder and Eriksson, 2005; Todeva and Knoke, 2005), to general capabilities (Varadarajan and Cunningham, 1995; Lorenzoni and Lipparini, 1999; Corsten and Kumar, 2005; Todeva and Knoke, 2005) or to more specific types of learning or capabilities, as for example technology-based capabilities (Cohen and Levinthal, 1990; Mowery *et al.* 1996; Das and Kumar, 2007).

Table 4: Drivers to alliance development

Area/Process	Drivers	Authors
R&D	Share R&D risks	Lorenzoni and Lipparini, 1999
	Share R&D costs	Das and Kumar, 2007
	Time compression in the development of new products/technologies (Increase the rate of new product development)	Lorenzoni and Lipparini, 1999; Hyder and Eriksson, 2005; Hwang and Park, 2007; Das and Kumar, 2011
	Access to technologies	Gilmore *et al.*, 2006
	Search for new technological opportunities	Kogut, 1991
Production	Production efficiency	Varadarajan and Cunningham, 1995; Lorenzoni and Lipparini, 1999; Torres, 2002; Hyder and Eriksson, 2005; Das and Kumar, 2011
Marketing	Gain access to new markets	Kogut, 1991; Hagedoom, 1993; Varadarajan and Cunningham, 1995; Lorenzoni and Lipparini, 1999; Elmuti and Kathawala, 2001; Torres, 2002; Hyder and Eriksson, 2005; Todeva and Knoke, 2005; Gilmore *et al.*, 2006; Hwang and Park, 2007; Yu *et al.*, 2011
	New customers acquisition	Yu *et al.*, 2011
	Protect competitive position in the home market	Varadarajan and Cunningham, 1995
	Product/service promotion	Elmuti and Kathawala, 2001

	Diversifying promotion channels	Chen and Tseng, 2005
	Intensifying position	Chen and Tseng, 2005
	Enhancing image	Chen and Tseng, 2005
	Competitive advantage achievement	Elmuti and Kathawala, 2001
	Shape industry structure	Varadarajan and Cunningham, 1995
	Block rivals	Varadarajan and Cunningham, 1995; Reid *et al.*, 2001
Strategy development	Risk reduction/sharing	Hamel *et al.* 1989; Palmer and Bejou, 1995; Elmuti and Kathawala, 2001
	Reducing uncertainty	Torres, 2002; Park and Zhou, 2005
	Strategic mechanism to access and develop complementary advantages among firms	Eisenhardt and Schoonhoven, 1996
	Provide participants with credibility or legitimacy	Human and Provan, 2000
Learning and Knowledge Management	Achieve new and/or complementary capabilities	Varadarajan and Cunningham, 1995; Lorenzoni and Lipparini, 1999; Corsten and Kumar, 2005; Todeva and Knoke, 2005
	Acquiring technology-based capabilities from partners	Kogut, 1991; Cohen and Levinthal 1990; Mowery *et al.* 1996; Das and Kumar, 2007
	Access to or sharing of information and resources	Reid *et al.*, 2001; Torres, 2002; Gilmore *et al.*, 2006; Das and Kumar, 2007
	Enhancing learning	Teece and Pisano, 1994; Eisenhardt and Schoonhoven, 1996; Torres, 2002; Hyder and Eriksson, 2005; Todeva and Knoke, 2005

Even though inter-organizational marketing collaborations play an important role in today's global marketplace and thus have been identified as a key component of marketing strategy (Fang *et al*., 2008), a review of the literature demonstrates that although linkages could be made between strategic alliance and marketing literatures to date this aspect is an under-researched area (O'Dwyer *et al*., 2011). This is the reason why the focus of this work of thesis are marketing alliances.

2.3 Review of the literature about marketing alliances

2.3.1 Methodology

In order to carry out the literature review, a methodological approach based on Pittaway *et al*. (2004) was followed. He explains that the literature review strategy has a number of stages designed to provide a systematic and transparent method meant to guide the literature review. Firstly, the keywords to be used for the search in double-blind peer reviewed articles in Journals from selected scientific databases (Ebsco - Business Source Premier and EconLit-, ISI Web of Knowledge and Scopus) were identified. The analysis of the literature was performed until August 2013. The term marketing was combined with the terms alliance, network and relationship and we used those sentences to start the research in the title, subject or abstract of papers published in academic journals. The application of these terms provided with 488 articles; these keywords covered a wide variety of themes, thus producing a great number of papers some of them do not result so relevant to our subject. Secondly, inclusion and exclusion criteria were used in order to make a selection to exclude not pertinent papers and identify the final relevant ones. In particular, the subject was narrowed to for-profit organizations and economy- and management-related issues; moreover, within this area, there were some papers that concerning relationship marketing, which does not involve any type of alliance but deals with a set of marketing strategies that a firm actuate in order to secure customers loyalty (Berry, 1993), that are out of the scope of this paper. Also studies on marketing alliances that have targeted social network were excluded since they belong to a different stream of research more focused on people behavior instead of firm behavior, as well as studies about cause-related marketing alliances which refer to occasional collaborations, often between organizations and famous people, for charity purposes. After using these exclusion criteria, 64 relevant articles were identified. Their full paper reading provided with the 35 most focused and pertinent papers having marketing alliances as their object of study. In particular, in this last step we excluded papers about co-branding, which mainly deals with two large companies occasionally promoting their product jointly, and coopetition where cooperation is preferably not visible to the customer (Cruijssen *et al*., 2007), while marketing is immediately visible by the customer (see Figure 1).

Figure 1: Searching methodology

Firstly, the selected papers have been read and analyzed with the aim of identifying the main streams of research that characterize the literature on marketing alliances. By doing so, the intention was to depict a picture of the main areas investigated until now in the marketing alliances literature and highlight emerging insights and avenues for further research. To this purpose, the specific research topic and the focus of investigation were used to categorized the literature, thus obtaining three main core streams, namely marketing alliance organization and management, alliance success factors, and consequences of marketing alliances establishment for firms. The first stream focuses on the organizational and managerial aspects that may be involved in the formation and development of an alliance, while the second one deals with the elements and features of the marketing alliances which lead to their success. Finally, the third stream focuses on the effects of marketing alliances establishment on firm performance.

In the remainder of the paragraph, after briefly describing the distribution of the papers along the years and the Journals, the three streams of research are reviewed, summarizing the main findings and secondly a research agenda with some different scenarios for future research and potential paths for this study are defined.

2.3.2 Descriptive analysis

The literature about marketing alliances is not very broad, but it encompasses very different contributions published in many different journals (see Table 5). The most relevant academic journals are Journal of Marketing, Journal of Business Research, Journal of the Academy of Marketing Science, Strategic Management Journal and Tourism Management.

Table 5: Distribution of papers per journal

Journals	N° of papers
Journal of Marketing	5
Journal of Business Research	2
Journal of the Academy of Marketing Science	2
Strategic Management Journal	2
Tourism Management	2
Academy of Management Journal	1
Annals of Tourism Research	1
Australasian Marketing Journal	1
British Journal of Management	1
Cornell Hotel and Restaurant Management	1
Entrepreneurship & Regional Development	1
European Journal of Marketing	1
European Management Journal	1
Industrial Marketing Management	1
International Business Review	1
International Journal of Contemporary Hospitality Management	1
International Journal of Nonprofit and Voluntary Sector Marketing	1
International Journal of Service Industry Management	1
Journal of Air Transportation	1
Journal of Brand Management	1
Journal of Fashion Marketing and Management	1
Journal of International Business Studies	1
Journal of Marketing Research	1
Journal of Services Marketing	1
Journal of Small Business Management	1
Journal of Sport & Tourism	1
Journal of Travel Research	1

Before analyzing papers in deep detail, their evolution over time was studied.

Figure 2: Annual distribution of papers

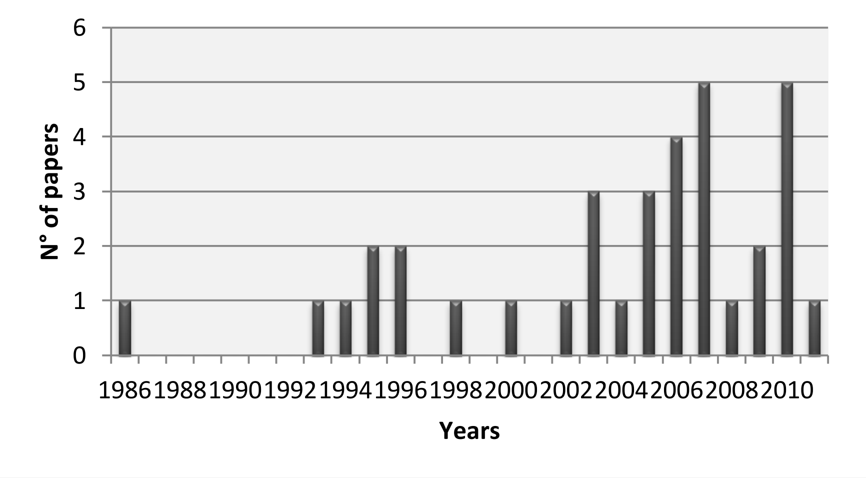
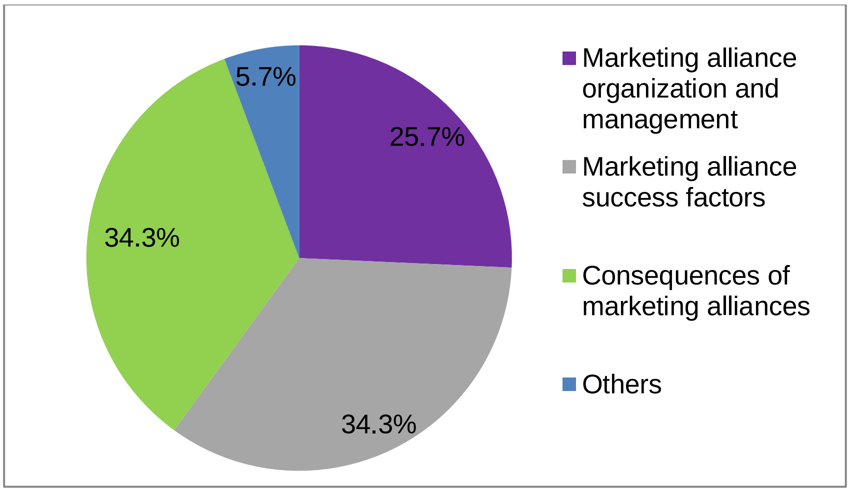


Figure 2 shows the theme of marketing alliances is quite recent, indeed before 2003 it received little attention by academics, which is backed by the few and sporadic publications in this area. Since that moment, there has been an increasing trend culminating in 2007 and 2010.

The most studied field is related to the success factors and consequences of marketing alliances, both with 12 papers. The marketing alliance organization and management stream has also received attention, with 9 published papers (see Figure 3).

Figure 3: Main topics of papers about marketing alliances



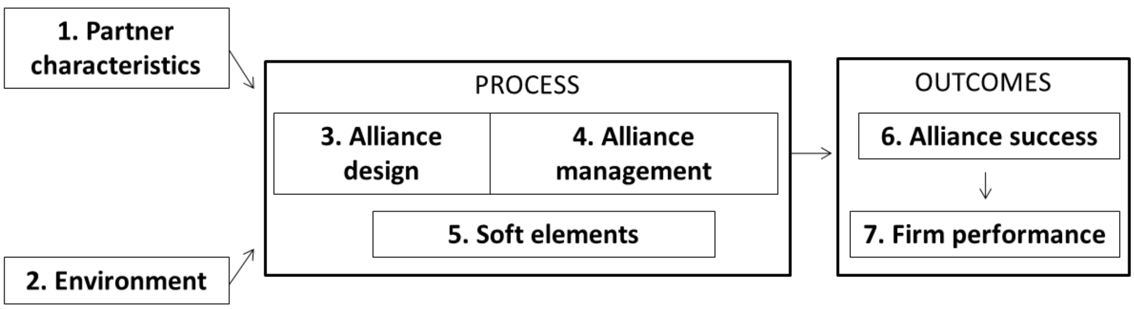
Next paragraphs provide an overview of the three groups of papers separately.

2.4 Major Themes and Research Approaches

As described above, the literature about marketing alliances is not very broad and it has focused mainly on describing the phenomenon object of study, the reasons why firms create a marketing alliance and the theories on which grounds the new topic is based. Over the past decade, however, researchers have started to investigate specific aspects related to marketing alliances, first of all their organization and management, and their performance outcomes. Recently, some scholars have begun to propose and test interrelations that are even more complex. They consider how environmental factors and other moderators affect the relationship between antecedents and performance outcomes.

This literature review results in the development of a framework (see Figure 4) that integrates the antecedents, environmental influences, moderators, and performance outcomes of marketing alliances. This framework provides researchers working in the field with a comprehensive overview and reveals the areas that require further analysis. In addition, a short review of 23 important articles on marketing alliances is presented in Table 7 at the end of this paragraph.

Figure 4: Re-organizing the literature about marketing alliances



2.4.1 <u>Research on organizational and managerial factors</u>

The organizational and managerial factors may be clustered into three categories referring to: the alliance design, which allow the alliance to be initiated, the alliance organization and management, which allow an alliance to operate, and soft elements, which add to the alliance a social dimension.

2.4.1.1 Alliance design

The alliance design concerns the phase during which the alliance is set up and everything is planned before the alliance starts to operate.

The attention is paid to two main elements that are the objective of the alliance and partner selection. Motives for partnering often vary among the members, which requires agreement on objectives to be pursued within the alliance (Reid *et al*., 2008). Based on motives, alliances may have two different natures, that are technological and marketing (Das *et al*., 1998). The former involve collaboration regarding R&D, engineering and manufacturing, while the latter regarding distribution, sales, and advertising. Moreover, the focus of alliance activities may be on a certain product, country, and/or technology (De Man *et al*., 2010), which of course shape the structure of an alliance. Furthermore, the type of alliance may also refer to the scale versus link matter: when the overlap in key activities is minimal and there is a clear division of labor across partners, the resulting alliances have been termed as link alliances, sequential ventures or X coalitions, whilst when there is some or a complete overlap in activities undertaken by the partners, the alliances are termed as scale alliances, integrative ventures and Y coalitions (Pangarkar and Seng, 2007).

As far as the selection of partner is considered, it represents a relevant factor since it determines the mix of skills and resources available (Sherer, 2003). Indeed, due to the fact that firms seek partners who can fill voids with regards to certain skills and/or resources or who can add a distinctive set of capabilities, partnership selection is perhaps the most important step in creating an alliance (Chen and Tseng, 2005). Dev *et al*. (2000) suggest that, when selecting partners, using a due diligence may be a good tactic to sign up only those firms that are likely to maintain the relationship, thus preventing opportunism.

Another decision partners need to take when establishing an alliance is governance, intended as the contract that governs the alliance and any other aspect related to that, as for example the governing body, whose composition is an important point of attention, and the decision-making process which can be based on majority voting, consensus, blocking votes or lead partner decision-making among the others (De Man *et al*., 2010). Talking about governance, in general, a distinction can be made between contractual agreements and equity relations in which a shareholding relationship is involved (Pangarkar and Seng, 2007; Reid *et al*., 2008; De Man *et al*., 2010; Li *et al*., 2010). The legal form of an alliance can change during the course of cooperation between partners, indeed a relatively loose collaboration may transform into a long-term alliance when new opportunities for collaboration are discovered, despite a mode is difficult to change without loss of time, resources, and, more importantly, market position (Li *et al*., 2010).

Bucklin and Sengupta (1993) explain that four features are related to governance: formality, which reflects the degree to which an agreement is subject to highly defined conditions, exit barriers, which imply forsaking alternative sources and further increasing interdependence between partners, exclusivity constraints, on which basis partners may be barred from establishing other competitive alliances, and financial incentives.

Furthermore, aspects related to finance may be discussed in the establishment of an alliance, which regards the expected transaction-specific investments (Bucklin and Sengupta, 1993), spending allocation (Reid *et al*., 2008), profit sharing, transfer pricing, dividends, reinvestment of earnings, and ownership of assets (De Man *et al*., 2010).

When establishing an alliance, brokers who facilitate cooperative ventures (Sherer, 2003) may play an important role; however, the role of these brokers has not been studied adequately.

2.4.1.2 Alliance organization and management

When everything has been planned and the alliance starts to operate, there are different factors determining the alliance organization and management.

In some alliances, organization and management may be driven by intermediaries, embodied by economic development agencies, independent individuals, unions, manufacturing assistance agencies, or trade associations (Sherer, 2003). Their role is to facilitate integration, allocate resources, arbitrate insure the continuing exchange of information and use its extensive personal contacts, overall with SMEs which may not have the time or the resources to do that (Sherer, 2003). Moreover, managers need to fulfill the task of informing internal stakeholders about the alliance and often must play the role of their partners ambassador. They need to explain to their own colleagues why the partner organization wants things done in a certain way (De Man *et al*., 2010). Otherwise, the CEO of partners may provide their support to carry out these tasks (Sherer, 2003).

For first, communication and coordination mechanisms are relevant, in particular intensive two-way communications have been found to be critical in resolving disputes and coordinating actions (Koku, 2009). Communication is not only of a formal nature but also has informal aspects to it. As managers of the different partner organizations get to know each other better, they may be willing to share more and richer information, which may benefit the alliance as a whole (De Man *et al*., 2010). Information sharing implies that every partner is informed when something takes place and everyone feels involved, despite this does not mean that they have to share all proprietary information, such as “figures and finances” (von Friedrichs Grangsjo and Gummesson, 2006). In such dynamics, a form of opportunism may occur, which includes withholding or distorting information so as to mislead, distort, obfuscate, or otherwise confuse, or shirking duties, as in the case of not delivering the promised action and resources, and failing to do this on a fairly systematic and sustained basis (Dev *et al*., 2000). The geographical proximity and the possibility of meeting physically are of great importance, since they facilitate for them to sort out mistakes or misunderstandings that may occur. It is in the close encounters that social capital is built and common norms are established (von Friedrichs Grangsjo and Gummesson, 2006). In case physical communication is not possible, information technology (IT) may play an important role, because the coordination intensity of the virtual corporation drives the need for communication and information technology (Sherer, 2003).

Secondly, power dynamics, despite defined formally in contractual agreements, actually emerge only when activities are carried out. With respect to this aspect, power imbalance refers to the lack of balance in dependencies among partners, which can cause the weaker party take precautions to limit its vulnerability, which in turn generates a reaction on the part of the more powerful party (Buckling and Sengupta, 1993). This mechanisms may be detrimental to the alliance and needs to be taken into account, as well as the fact that members of an alliance are likely to be sensitive to the contributions made by their partners and, in particular, to the adequacy of the managerial resources assigned to projects by the partners. This is referred to as managerial imbalance (Buckling and Sengupta, 1993). Strictly related to power are the issue about norms and control. Unilateral control is the exertion of power and, as such, has a long tradition in the marketing literature (Eyuboglu and Buja, 2007). In particular three types of unilateral control are identified: output control, process control, and social control (Aulakh, 1996). Output control is defined as the degree to which the focal firm monitors the results or outcomes produced by the foreign partners, while process control refers to the extent to which the focal firm monitors the partner's behavior or the means used to achieve the desired ends; indeed, social control is defined as establishing an organizational context that encourages self-control by the partner firm. There are two different views of unilateral control: the benign view is appropriate if power means the ability to control; however, unilateral control as exercised power, which means that a party has the ability to impose on the partner and it chooses to use, calls for a malign view. Unilateral control can be beneficially substituted by bilateral norms that is “shared expectations regarding behavior”. In particular, three types of relational bilateral norms are discussed in the literature (Aulakh, 1996): the norm of continuity expectations, which is the mutual recognition that the relationship will continue in the future, the norm of flexibility, which in a partnership is defined as the willingness to make adjustments as circumstances change, and the norm of information exchange, which in inter-organizational partnerships is defined as the "formal and informal sharing of meaningful and timely information between firms".

Also the issue related to conflicts is worth considering, taking into account that there may be two different types of conflicts: functional, common and normal in the interaction of more partners, and dysfunctional which is more problematic (Buckling and Sengupta, 1993).

With reference to the different projects carried out by the alliance, Reid *et al*. (2008) argued that the existence of simple quantitative and relevant key performance indicators is an aspect that partners may be interested to since it give an idea of how the alliance is performing. The same intent is fulfilled by the project payoff, defined as the strategic value of the alliance net of development cost (Buckling and Sengupta, 1993).

2.4.1.3 Soft elements

There are a number of factors which are relevant during both the alliance design and alliance organization and management. They are more related to people involved in alliances, thus to social and emotional elements which go hand in hand with more practical aspects associated to alliance development.

The first factor we consider is trust which is highly emphasized in strategic alliance literature (Sherer, 2003) and which has been given different definitions, as Table 6 details. They all include an expectation regarding each other behavior and, in particular, that other partners will behave correctly.

Table 6: Definitions of trust in inter-firm relationships

Auhors	**Definition**
Aulakh (1996)	Trust includes a set of expectations, both structural and behavioral, between the partners regarding each other's behavior and each partner's fulfillment of its perceived obligations in light of such anticipation
Mouzas *et al*. (2007)	Trust is a “psychological state” associated with beliefs, attitude, or sentiments concerning the likelihood that the actions or outcomes of another party will be acceptable or that they will serve the actors’ interests
Sherer (2003)	Trust is the willingness of a party to be vulnerable to the actions of another party based upon the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or to control that other party

Despite the origin of trust lies in individuals, we may posit that individuals in an organization may share an orientation towards another organization, which is quite different from claiming that organizations trust each other. It is individuals, as members of organizations, rather than the organizations themselves, who trust (Mouzas *et al*., 2007).

This emotive aspect of trust in a business relationship may be juxtaposed with another facet, that of “reliance”, which can be considered as one possible complementary construct to trust in order to stress the diametrically opposed characteristics of a non-person based, rational standard within inter-organizational relationships (Mouzas *et al*., 2007). This implies that trust and reliance are independent characteristics of inter-organizational relationships. Trust is more based on sentiments and behavior, whereas reliance manifests itself in agreements and institutionalized forms of business interaction. Indeed, reliance does not involve an emotive element; it involves a rational standard that circumscribes institutionalized rules of doing business.

Along with trust, the concept of commitment, willingness of partners to exert effort on behalf of the relationship (Sherer, 2003), that is the extent to which they want to contribute to the cooperation and feel connected to the alliance (De Man *et al*., 2010), also has received considerable attention in strategic alliance literature (Sherer, 2003). Mehta *et al*. (2006) describe commitment in terms of three dimensions. The first is the input or instrumental dimension, which refers to an affirmative action taken by one party that creates a self-interest stake in the relationship and demonstrates something more than a mere promise. The second dimension is an attitudinal one. In essence, this is an enduring intention by the parties to develop and maintain a stable, long-term relationship. The third is a temporal dimension. Specifically, commitment requires that the inputs or instrumentalities, as well as attitudes brought to the relationship, must be consistent over the long term. Strictly related to commitment are participation and involvement (Reid *et al*., 2008), defined as the extent to which exchange interactions are distributed across organizational boundaries and hierarchically within the firm (Young *et al*, 1996).

Trust and commitment which develop between the partners are fundamental in alliance since they can counterbalance the potential for adverse forms of behavior (Bucklin and Sengupta, 1993) and facilitate knowledge and information sharing resulting in new ideas for optimization and innovation (De Man *et al*., 2010). Moreover, trust is particularly important in marketing alliances as partners are not only marketing their own firm but also representing the whole alliance and sometimes the all industry (von Friedrichs Gransgjo and Gummesson, 2006).

Trust can be promoted by network cohesion, that is the extent to which partners are tightly connected one another, because within close-knit networks firms develop common behavioral norms, which improve communication and facilitate the transfer of fine-grained, reliable knowledge (Yu *et al*., 2011). In sparse networks, on the other hand, a focal firm's partners do not know one another so there is less shared understanding of knowledge among partners and greater diversity of knowledge stocks. This network structure is said to provide greater opportunities for a venture to acquire novel knowledge (Yu *et al*., 2011).

2.4.2 Research on Environmental Factors

There are a number of external factors related to the environment that can influence the development of an alliance. The first group is environmental dynamics: changes in competition, governmental regulations or technology may require firms to adapt their alliance to the new reality (De Man *et al*., 2010), which becomes even more relevant in context of high market uncertainty (Li *et al*., 2010). Rapid technological change may render present assets and skills obsolete and, hence, ought have a negative impact on the effectiveness of the alliance. However, firms may enter into alliances because they enable partners to share the development risks of rapidly changing technologies. Hence, the alliance may be a more effective organizational form under conditions of high technological uncertainty (Bucklin and Sengupta, 1993).

The second group is environmental shocks or adversities which denote changes in external conditions that render outcomes from the relationship volatile and often unsatisfactory, These factors are a decline in demand leading to reduced capacity utilization and high costs; political instability; translation risks due to depreciation of a local currency; and stability of the local partner (Pangarkar and Seng, 2008). A decline in demand might impact alliances by reducing sales volumes and capacity utilization, the lower capacity utilization, in turn, might negatively impact the cost structure; since it may be difficult to even maintain, let alone raise, prices, the higher costs could affect the financial viability of the alliance. Higher political risk means that firms need to expend greater resources to counter government-induced discontinuities, leaving less resources for the core operation and hence lower performance including possible dissolution, large declines in local currencies might imply translation risks-profits earned in the local currency have lower value when repatriated to the home country of the foreign alliance partner, and stability of the local partner who may be leveraged (indebted), spread too thin across different businesses (over-diversified) or has significant foreign exchange exposure.

Moreover, the external environment can generate difficulties for firms in other various forms: leanness stemming from tightening of markets, unpredictability stemming from turbulence in the markets, and complexity stemming from an increasing number and diversity of environmental actors. Other types of adversities can arise from changes in the legal, political, and media environments: law suits, activities by government bodies, investigative journalism, and negative consumer reporting.

The third group includes economic conditions and customer acceptance which influence the alliance (Sherer, 2003). Furthermore, the way a company can operate in a locality is greatly influenced by the social environment and the social interaction that takes place in networks of relationships (von Friedrichs Grangsjo and Gummesson, 2006), since it operates within the context it belongs to, so it cannot disregard it.

2.4.3 Research on partner characteristics

Different authors stressed the importance of partner attributes in alliance development (e.g. Sherer, 2003; Chen and Tseng, 2005). The most analyzed factors are: prior history (includes experience), capital, number of employees, sales volume, size, and reputation (Chen and Tseng, 2005).

Prior history includes where and how a firm has operated, thus first of all its culture, but also its previous experience of collaboration. Cultural differences may have two opposite consequences: on the one hand cultural distance at the level of companies and/or countries can be so large that these differences result in divergent ways of communicating and decision-making, leading to serious conflicts between companies; by contrast, on the other hand, cultural differences can also be a source of value for alliance partners when these differences are used as a source of learning (De Man *et al*., 2010). Pangarkar and Seng (2007) focus on another aspect of partner diversity, that is geographic diversity, and argue that differences in region of origin imply that the resource bundles of partners are differentially impacted by the onset of a geographically-focused crisis. Thus, a partner whose resources are less impacted might lend stability to the alliance, an effect similar to international diversification.

Assuming an opposed approach, Buckling and Sengupta (1993) stress the concept of partner match, asserting that partner match calls for the creation of alliances in which the chosen partners are similar in management style and company culture. In particular, two partner match constructs are significant: organizational compatibility, which reflects complementarity in goals and objectives, as well as similarity in operating philosophies and corporate cultures, and prior history, which expresses the extent of prior business relationships, a period that would enable potential partners to judge their compatibilities and develop necessary personal relationships to augment their general similarities (Bucklin and Sengupta, 1993). Indeed, the exploitation of marketing networks depends heavily on the management style of the entrepreneurial firm, i.e. openness towards new opportunities and empowerment of employees to pursue further potential opportunities are both important features (Lechner and Dowling, 2003). In any case, the geographic extent of the alliance (Reid *et al*., 2008), cultural distance among partners and previous alliance experience of partners (Li *et al*., 2010) are all features worth considering.

Firm size may play a relevant role, since firms enter strategic alliances in search for resources they lack, which causes a dependency that is rarely symmetric, as a consequence, one firm may be more dependent on the alliance that the others (Das *et al*., 1998). Social exchange theory quantifies dependence as the degree to which outcomes from the current relationship exceed outcomes from the best external alternatives (Eyuboglu and Buja, 2007). In particular, in alliances among firms with unequal size, a large company may be more vulnerable to opportunism if it relies heavily on the competencies of a smaller firms, despite this is more significant in technological alliances than in marketing ones (Das *et al*., 1998).

Moreover, Chen and Tseng (2005) and Sherer (2003) recognize that reputation, which reflects an alliance partner’s characteristics in the areas of management, product quality, and financial position is an important factor to be considered in alliances. To this extent, when dealing with marketing alliances, the marketing capability of firms becomes of primary importance. Swaminathan and Moorman (2009) link this concept with previous alliance experience, arguing that a firm with a strong marketing alliance capability from its network of past alliances will extract value from the current alliance as well, which is a signal of firm quality. Second, the capability reflects a firm’s success in managing alliances among its network of partnerships. Thus, investors may infer that the firm will have more opportunity to multiply the benefits from the new marketing alliance across a broader network of previous alliance partners (Swaminathan and Moorman, 2009). Another component is foreign marketing knowledge, or organized and structured information about marketing in countries beyond a firm’s home base (Li and Calantone, 1998), which is a second form of knowledge important for internationalization among both new ventures and established firms. Foreign marketing knowledge incorporates information about host countries’ financial, cultural, social, and political conditions as well as general facts about country differences and how international business operations are conducted. Furthermore, Gilmore *et al*. (2006) cite the extent of marketing of firms, classifying different attitudes into sophisticated, selective and limited marketing considering the following marketing activities: planning marketing activities, increasing market knowledge, managing distribution, managing product decisions, marketing promotional activity, managing pricing, acquiring marketing resources and marketing innovation. Consequently, reputational and interpersonal skills may function as antecedents to the collaborative relationship (Koku, 2009).

Lastly, Ross and Robertson (2007) posits that it is important that firms consider their compound relationships (i.e. all relationships a firm has with other firms that are important to them) because firstly making a mistake or behaving poorly in one simple relationship may harm other simple relationships, secondly, and conversely, performing well in one simple relationship may harm other simple relationships and third performing well in one simple relationship may lead to additional relationships.

2.4.4 Research on Performance Outcomes

In the literature about marketing alliances, most papers assume a performance outcome perspective, in the sense that they discuss different factors influencing alliance outcomes. Reid *et al*. (2008) generally refers to potential broad outcomes from tourism marketing partnerships. The first is strategy-oriented, in which there is more efficient use of scarce resources; the second is learning-oriented, such as learning new ways to conduct marketing; the third is social capital-oriented, such as strengthening the co-operative spirit of the partners in ways that extend beyond the explicit terms of the alliance. However, the major tendency is to distinguish performance outcomes into two main groups: alliance success and firm performance, thus assuming an alliance or a firm perspective respectively. The following two paragraphs aim at shedding more light on these two categories of performance outcomes.

2.4.4.1 Alliance success

In the marketing alliance literature, the concept of alliance success is declined in many different ways by different authors. In revised papers, alliance success is assessed through partner satisfaction (Chen and Tseng, 2005), perceived effectiveness of the relationship (Bucklin and Sengupta, 1993; Young *et al.*, 1996), expectation of continuation (Young *et al.*, 1996; Chen and Tseng, 2005), achievement of predetermined objectives (Sherer, 2003; Chen and Tseng, 2005), sustainable and expedient business relationships (Mouzas *et al.*, 2007) alliance survival (Eyuboglu and Buja, 1997; Pangarkar and Seng, 2007) and relationship initiation (Koku, 2009). It appears clear that success is connected to qualitative and subjective measures.

De Man *et al*. (2010) assert that the success or failure of the alliance business may, in turn, impact alliances, meaning that success may induce further intensification of the relationships, requiring more investment or an extension of the scope of the alliance. An alliance may focus on more markets or products than initially expected. Similarly, failure of an alliance to achieve its goals may mean an alliance has to be disbanded or investments have to be reduced. With alliance failure rates of around 50% (De Man, 2005), alliance failure is a frequent source of changes in governance structures.

A synthesis of the major factors previous literature identified as leading to alliance success is now presented. Following the structure of the previous paragraphs, we deal with these factors based on their nature, that is more objective, when linked to the alliance design, organization and management, and to partner characteristics or more subjective, when linked to people involved in alliances.

The organizational and managerial factors which seem to impact the most on alliance success are the alliance aim and agreements established in the alliance design and communications, norms and control in a subsequent phase.

Talking about the alliance aim, a consistent and clear articulation of a common focus among alliance participants and a rejuvenation of alliance through periodic revaluation of network focus seem to be particularly relevant (Torres, 2002; Reid *et al*., 2008). Many other aspect are defined during the alliance design, among which agreements about spending allocation (Reid *et al*., 2008), profit sharing, division of labor (De Man *et al*., 2008). Generally speaking, well planned projects are more likely to be successful (Bucklin and Sengupta, 1993).

The management structure is fundamental for the sustainability of the alliance (Torres, 2002; Reid *et al*., 2008), thus people, which are supposed to be the CEO of partners (Sherer, 2003), managing it play a very important role in determining alliance success. With respect to communication, face-to-face meetings, which facilitates an active dialogue, contribute to alliance success (von Fiedrichs Grangsjo and Gummesson, 2006) and informal communication seem to be particularly relevant in this type of alliances (De Man *et al*., 2008). Power is another central issue: imbalances in power decrease alliance success (Bucklin and Sengupta, 1993), as well as unilateral control, instead increased bilateral norms raise the survival chances of relationships (Eyuboglu and Buja, 2007).

Instead, other authors focus much more on softer elements related to people involved in the establishment of alliances. In this scope, Sherer (2003) asserts that the most important success factor in manufacturing networks of SMEs is the character of the participants and, in particular, honesty and reliability of participants are more important than the capabilities participants bring to the network. Similarly, equitable involvement of partners is a key factor (Reid *et al*., 2008), and in particular the perception by a firm that its partners are making efforts to sustain the alliance (Koku, 2009). The issue of trust is debated, since some authors (von Fiedrichs Grangsjo and Gummesson, 2006; De Man *et al*., 2010) argue it is fundamental for alliance success, because, as the development of trust typically leads to less formalization, fewer rules and control mechanisms, and less detailed contracts, it can improve the efficiency of the alliance; at the same time, trust can also lead to higher effectiveness of the alliance as partners that trust each other are more likely to share knowledge and information (De Man *et al*., 2010); on the contrary, others prove that it is not sufficient for alliance success (Mouzas *et al*., 2007).

Sherer (2003) explicates that strategic alliance theory also has focused on the effects of partner characteristics on alliance outcomes, because a company's attributes can obviously affect the performance of alliance (Chen and Tseng, 2005). Chen and Tseng (2005) find that partners having excellent resources and potential for a mutually beneficial relationship are the significantly positive determinants of alliance success. Actually, not many papers investigate the impact of partner attributes on alliance success.

2.4.4.2 Firm performance

There is a consistent group of papers dealing with the effect of different aspects of marketing alliances on firm performance. Firm performance refers mainly to economic issues, as for example stock returns (Das *et al.*, 1998; Swaminathan and Moorman, 2009), sales growth (Lechner and Dowling, 2003; Tuli *et al.*, 2010) and sales into foreign markets (Yu *et al.*, 2011). As far as other benefits are concerned, Morrison (1994) investigates a number of cases in the tourism sector with the aim of clarifying what are the benefits a firm may obtain thanks to the participation in a marketing alliance in the hotel industry. She finds firms obtain two types of benefits: resource access and strategic benefits. In particular, resource access refer to a local access to a centralized international network, overseas marketing offices, facility to package and sell components of tourism product, videotext interactive system for member information update and comprehensive product information database. Instead, strategic benefits regard access to highly sophisticated computerized systems, participation in a global marketing network, support of neutral and non-discriminatory partners, training and support program, avoids vulnerability of a centralized system through local access, operational efficiencies, while retaining independence of business ownership (Morrison, 1994).

The literature suggests that the main factors creating value for firms are related to partner characteristics and alliance design. Among the partner characteristics, there are controversial results regarding firm size. Indeed, Das *et al*. (1998) argue that smaller partners do realize larger benefits, in terms of abnormal returns attributable to marketing alliance announcements, than larger partners; on the contrary, Gilmore *et al*. (2006) sustain that the medium-sized firms have a higher level of marketing sophistication than small-sized firms, influenced by the extent they network. Swaminathan and Moorman (2009) focus their attention on another partner characteristic, that is marketing alliance capability, and find that having partners with a high marketing alliance capability has a positive impact on value creation of firms. This implies that alliances involving partners with previous experience of alliance enhances the advantages for all partners.

As far as alliance design is concerned, the literature proposes that making an alliance with at least one foreign partner are more effective for all partners when the aim of the marketing alliance is to initiate foreign sales, and network cohesion, that implies more ties among a venture’s alliance partners, further helps.

He and Balmer (2006) notice that individual partner brands benefit from the endorsement of the alliance brand. Corsten and Kumar (2005) take into account also knowledge creation among benefits for firms, even though these issues are much less considered than economic matters.

Table 7: Details of the review of the most significant papers about marketing alliances

Authors	Research focus	Method	Industry	Findings
Bucklin and Sengupta (1993)	4 → 4 1 → 6	Quantitative	IT	Imbalances in power and in the managerial resources that each partner provides are significant drawbacks to alliance operations and, as organizational theorists predicted, have an important role in limiting alliance success; alliance success is sensitive to dysfunctional conflict, the need to manage and contain conflict is further emphasized; well planned projects with high payouts in relation to cost are most likely to be successful. Mediocre co-marketing alliances are probably not worth the effort; alliances tend to be more successful in turbulent environments > the implication is that alliances provide a superior vehicle for gaining access to new complementary products or technologies without all the risks of internal development. The strongest evidence is found in the interaction among the four defined elements of contractual governance: formality, exit barriers, exclusivity, and incentives. The first three, interacting together, indicate that greater formality, longer lived relationships, and exclusivity in the arrangements may help reduce damaging perceptions of imbalance among the partners.
Aulakh (1996)	4 → 4 4 → 6	Quantitative	Multi-sector	The existence of bilateral norms of continuity expectations, flexibility and information exchange in cross-border market partnerships leads to greater trust in these partnerships, as well as the use of social control. U.S. firms' partnerships with Asian and European firms are characterized by higher levels of trust than those with Central/South American firms. output control is weakly but negatively related, and social control is positively related to market performance. Finally, trust is not significantly related to performance.

Young *et al.* (1996)	3 → 4, 6	Quantitative	Multi-sector	Co-marketing alliances lie at the most relational end of the INVOLVEMENT continuum, followed by vertical supply alliances, JIT relationships, and traditional supply agreements. vertical supply alliances exhibit the highest levels of relationalism for the FORMALIZATION construct, followed by JIT relationships, traditional supply agreements, and co-marketing alliances. Vertical supply alliances do exhibit the highest relationalism for SOLIDARITY. For ROLE INTEGRITY, the organizational forms array as hypothesized with co-marketing alliances at the relational pole, followed by vertical supply alliances, JIT relationships, and traditional supply agreements. Vertical supply alliances do exhibit the highest relationalism for FLEXIBILITY. Finally, for limitation of POWER, the forms array with co-marketing alliances most relational, followed by vertical supply alliances, JIT relationships, and traditional supply agreements. No significant differences are revealed concerning the perceived EFFECTIVENESS of the exchange relationships across the four organizational forms. Co-marketing alliances are reported as the exchange relationship with the highest expectation of CONTINUATION.
Das *et al.* (1998)	3, 4 → 7	Quantitative	Multi-sector	Abnormal returns attributable to technological alliance announcements are greater than abnormal returns attributable to marketing alliance announcements. The smaller partners do realize larger benefits from alliances than the larger partners.
Dev *et al.* (2000)	4 → 5	Quantitative	Tourism	The use of relational exchange as a governance mechanism mitigates a hotel's opportunistic tendencies
Torres (2002)	4 → 6	Qualitative (1 case)	Craft	The factors associated with success are: Network focus and objectives, Communication and network dynamics, Administration and network management
Lechner and Dowling (2003)	1 → 6	Qualitative	IT	Especially in the early days of the firm's life, when the company is fighting the liability of newness, marketing (and reputation) networks are very important for a firm's growth. With the growing internal marketing capability, firms seem to rely less and less on marketing networks. Moreover, the exploitation of marketing networks depends heavily on the management style of the entrepreneurial firm, i.e. openness towards new opportunities and empowerment of employees to pursue further potential opportunities are both important features.

Sherer (2003)	2, 4, 5 → 6	Quantitative	Manufacturing	The most important success factor in manufacturing networks of SMEs is the character of the participants in the network, in particular honesty and reliability; CEO support is also an important success factor for manufacturing networks.
Chen and Tseng (2005)	1, 4 → 6	Quantitative	Tourism	Partner selection factors based upon both 'partners having excellent resources' and 'potential for a mutually beneficial relationship' were the significantly positive determinants of all of the four performances
He and Balmer (2005)	6 → 7	Qualitative (1 case)	Tourism	Both the alliance brand and individual airline brands benefited to some degree from mutual endorsement; alliance brands are more complicated than was originally thought, and offer challenges in terms of management (the management of the alliance brand in the context of the strong corporate brands of its members)
Gilmore *et al*. (2006)	1 → 7	Qualitative (1 case)	Food	Proactive marketing networking is a key determinant of marketing sophistication in SMEs. The medium-sized firms within this channel have a higher level of marketing sophistication than small-sized firms, influenced by the extent they network
Mehta *et al*. (2006)	1 → 5	Quantitative	Manufacturing	When cultures are substantively different, trust, commitment, and cooperation among channel members are more difficult to attain
von Fiedrichs Grangsjo and Gummesson (2006)	4 → 6	Qualitative (1 case)	Tourism	Success is achieved through: active dialogue, equality, trust, information sharing, face-to-face meetings, show enthusiasm, be patient, contribution to funds, balancing acts between the collective and the individual
Eyuboglu and Buja (2007)	4 → 6	Theoretical		The survival chances of relationships are increased by: decreased unilateral control, increased bilateral norms, greater dependence of either party and low adversity in either party's external environment
Mouzas *et al*. (2007)	5	Theroetical	n.s.	P1. Inter-personal trust is a relevant but not in itself sufficient condition for the development of sustainable business relationships. P2. Reliance is a necessary and sufficient condition for the development of expedient business relationships. P3. Manifestations of consent contribute to an increased reliance in business relationships

Pangarkar and Seng (2007)	2, 4 → 6	Quantitative	Multi-sector	alliance survival is enhanced when: in the alliance there is at least one Eastern partner (international diversification), the alliance is older
Ross and Robertson (2007)	1 → 7	Theoretical	n.s.	
Reid *et al*. (2008)	4 → 6	Qualitative (1 case)	Tourism	Objectives negotiation, equitable participation and involvement, simple KPI, efficient management structure, multi-media strategy, spending allocation plan
Koku (2009)	1 → 4, 6	Qualitative (key informants)	Hospital	For initiating a contractual relationship with a hospital the following factors are important: the reputation of a law firm, a hospital's perception of interpersonal skills of lawyers, power is one-sided, and is generally wielded by the hospital, the law firm's ability to communicate fully and frequently, the perception that a law firm expends efforts on behalf of a hospital is important to its retention
Swaminathan and Moorman (2009)	1 → 7	Quantitative	IT	Marketing alliance capability has a positive impact on value creation
De Man *et al*. (2010)	4 → 6	Qualitative (1 case)	Airline	The structure of the alliance is more robust when there are: clear vertical division of labor, 50-50 profit sharing agreements, both specialist and generalist alliance managers, multi-tasking people in the alliance, informal channels
Li *et al*. (2010)	1, 2 → 4	Quantitative	Multi-sector	Increases in market uncertainty decrease the probability of an alliance being a joint venture, and this effect is independent of the partner firms' general alliance experience level; alliances formed by firms with more general alliance experience are less likely to be joint ventures as partners' cultural distance or the geographic scope of alliance market increases > When market uncertainty is high, managers pay more attention to the non-equity option value since it provides more flexibility
Yu *et al*. (2011)	1, 5 → 7	Quantitative	Biotechnology	Foreign sales are more likely to be initiated by a venture after establishing a marketing alliance with a foreign firm and network cohesion is a determining factor

2.4.5 <u>Who are likely to take part to alliances</u>

In order to understand what kind of firms made up the alliances that have been investigated by previous literature, four basic aspects have been identified: the number of partners, their size, their relative position along the value chain and competitiveness among partners. Table 8 delivers an overview of all these features for the analyzed papers. As far as the number of partners is concerned, the literature investigates more dyadic than multi-partner alliances, while both SMEs and large firms are taken into consideration. Considering the relative position of firms along the value chain, alliances can be horizontal, where all partners are positioned in the same level of the value chain, vertical, where partners are positioned in different levels of the value chain, or mixed, that is some partners are at the same level of the value chain while others at different levels. Also regarding this feature, papers are equally distributed. On the contrary, there are much more papers dealing with alliances among not competitor partners, than among competitors.

Analyzing these features one by one is interesting, but analyzing them matched is much more informing. Looking at the number and size of partners simultaneously, it appears clear that dyadic alliances are mainly made up of large firms, usually buyer and seller, while multi-partner alliances are made up of SMEs. This is quite reasonable if we think that SMEs join together to gather a critical mass, thus more than two firms are required to reach this aim, while large companies may have different and more specific drivers, as for example the co-marketing of two products or brands. However, more recent studies have tended to focus on dyadic alliances between two large forms, while research about SMEs multi-partner alliances seems to have stopped in 2006 when there is the last study. Moreover, these studies are almost all in the tourism sector and focus on alliances of small hotels (Morrison, 1994; Gilmore *et al*., 2006; von Friedrichs Grangsjo and Gummesson, 2006), thus horizontal, while there is only one study about SMEs multi-partner alliances in the manufacturing industry (Torres, 2002).

Table 8: Other characteristics of the analyzed papers about marketing alliances

Paper	N° of partners	Size of firms	Relative position	Competitiveness
Thorelli, 1986	Dyadic	Large	Mixed	Both competitors and not
Bucklin and Sengupta, 1993	n.s.	n.s.	n.s.	n.s.
Morrison, 1994	Multi-partner	SMEs	Horizontal	n.s.
Palmer and Bejou, 1995	Multi-partner	n.s.	Horizontal	Both competitors and not
Varadarajan and Cunningham, 1995	n.s.	n.s.	Mixed	Both competitors and not
Aulakh *et al*., 1996	Dyadic	Large	Vertical	Not competitors
Young *et al*., 1996	n.s.	n.s.	n.s.	n.s.
Das *et al*., 1998	Dyadic	SMEs and large	n.s.	n.s.
Dev *et al*., 2000	n.s.	n.s.	n.s.	n.s.
Torres, 2002	Multi-partner	SMEs	Horizontal	n.s.
Berthon *et al*., 2003	Dyadic	SMEs and large	Vertical	Not competitors
Lechner and Dowling, 2003	n.s.	n.s.	n.s.	n.s.
Sherer, 2003	Multi-partner	SMEs	n.s.	n.s.
Webster and Morrison, 2004	n.s.	n.s.	n.s.	n.s.
Chen and Tseng, 2005	Dyadic	n.s.	n.s.	Not competitors
Corsten and Kumar, 2005	Dyadic	n.s.	Vertical	Not competitors
Mehta *et al*., 2005	Dyadic	n.s.	Vertical	Not competitors
Gilmore *et al*., 2006	Multi-partner	SMEs	Mixed	n.s.
He and Balmer, 2006	Multi-partner	Medium and large	Horizontal	Ni
Kalligiannis *et al*., 2006	Multi-partner	SMEs and large	Horizontal	Ni
von Friedrichs Grangsjo and Gummesson, 2006	Multi-partner	SMEs	Horizontal	Competitors
Eyuboglu and Buja, 2007	Dyadic	n.s.	n.s.	n.s.

Mouzas *et al*.., 2007	Dyadic	n.s.	Vertical	n.s.
Pangarkar and Seng, 2007	n.s.	n.s.	n.s.	n.s.
Ross and Robertson, 2007	Dyadic	n.s.	Mixed	Both competitors and not
Wang and Xiang, 2007	n.s.	n.s.	n.s.	n.s.
Reid *et al*., 2008	Multi-partner	n.s.	Mixed	Both competitors and not
Koku, 2009	n.s.	n.s.	n.s.	n.s.
Swaminathan and Moorman, 2009	Dyadic	Medium	n.s.	n.s.
de Man *et al*., 2010	Dyadic	Large	Horizontal	n.s.
Li *et al*., 2010	Dyadic + Multi-partner	SMEs and large	n.s.	n.s.
O'Reilly *et al*., 2010	Dyadic	Large	n.s.	Not competitors
Ahn *et al*., 2010	Dyadic	Large	n.s.	Not competitors
Tuli *et al*., 2010	Dyadic	n.s.	Vertical	Not competitors
Yu *et al*., 2011	n.s.	n.s.	n.s.	n.s.

2.4.6 Gaps in the literature

The analysis of the literature makes some shortcomings emerge, which gives opportunities for future research. Having marketing collaborations been identified as a key component of marketing strategy (Fang *et al.*, 2008), this is a topic deserving further investigation from different points of view.

The most important gap in the field is related to the development of marketing alliances, taking a process perspective and thus investigating the sequence of events leading to an outcome. Indeed, most papers adopt a cross-sectional approach and even those papers carrying out a longitudinal analysis, which would be supposed to adopt a dynamic perspective, investigate the relationship among dependent and independent variables considering what is in between these variables as a black box. This means they base on a variance theory (Van de Ven and Huber, 1990) which investigates the input factors (independent variables) that explain variations in some outcome criteria (dependent variables). There is only one theoretical paper which aims at designing a theoretical framework meant to explain an observed sequence of events in terms of some underlying generative mechanisms or laws, particular circumstances or contingencies. Related to this aspect, since Tsouskas (1989) talks about circumstances or contingencies determining the process and the outcome, it seems that different circumstances or contingencies could have a different impact on the subsequent development process. Indeed many factors are frequently cited which make reference to the environment where firms and alliances operate (i.e. country, policies), to specific firm or alliance features (i.e. firm size, position of firms along the value chain), and to social aspects related to the relationship (i.e. previous knowledge or experience of collaboration). However, this type of analysis is not present in the reviewed literature, even if different aspects related to contingencies are often cited in the papers (e.g., Das and Teng, 2002; Eyuboglu and Buya, 2007). Equally, the identification of organizational and managerial factors entering in the process and their evolution or change during the different phases of the process is not deeply investigated. Indeed there is only one paper (de Man *et al*., 2010) which focuses on the evolution of one specific organizational factor (i.e. governance) during the development process of alliances.

Moreover, previous research also noted the high failure rate of alliances (Hyder and Eriksson, 2005), as well as a lack of studies describing how success (or failure) has been achieved specifically (Reid *et al*., 2008). Moreover, the extant research has tended to focus on alliances and their success or failure rates, but has not looked at them in comparative terms (Ring, 2000).

Besides, since there are a few papers about SMEs alliances, it would be interesting to shed more light on SMEs drawing up marketing alliances in order to face resource constraints and try to be more competitive, which are the main drivers towards SMEs alliance formation.

Here many gaps have been identified, but this work need to be very focused. As a consequence, we decided to concentrate on the broadest gap, that is the dynamic aspect of marketing alliances and, in particular, the development process of SMEs marketing alliances.

Next paragraph focuses on the analysis of the literature about alliance dynamics, with particular attention to contributions about the development process of alliances.

2.5 Review of the literature about alliance dynamics

2.5.1 Methodology

The analysis of the literature was aimed at understanding the most relevant issues related to the alliance development process. Following the methodology explained in paragraph 2.3.1, the terms development, dynamic, formation, process were combined with the terms alliance, network and relationship and used to start the research in the selected databases. The search was made in the title, subject or abstract of papers published in academic journals. All articles until November 2012 were taken into consideration. The search provided with 487 articles. Then, specific criteria were used in order to exclude not pertinent papers and obtain the final relevant papers. In particular, the subject was narrowed to for-profit organizations and economy- and management-related issues. It is important to point out that keywords are quite general and many not-focused papers were included in the results, which made the number of relevant paper decrease sharply in a subsequent moment. Indeed, after this second step, there were 61 papers remaining. After the full paper reading of these last potential articles, 28 most focused and pertinent papers were identified. Then, these papers were systematically scrutinized using matrices in order to identify patterns among them and identify gaps where to focus the analysis. Only one paper belonging to this second stream of research belongs also to the stream about marketing alliances, and it is Wang and Xiang’s (2007) paper developing a theoretical model for alliance development in the tourism industry.

Papers containing a model of alliance development process were identified and analyzed separately in order to integrate different models with the aim of developing a comprehensive framework of analysis. Organizational and managerial factors included in all papers were listed in order to categorize and include them in the model, which constitutes the output of this second step of the literature review.

2.5.2 Descriptive analysis

The literature about alliance dynamics is quite recent, indeed there are only a couple of papers at the beginning of the 1990s while most of the literature has been published since the second half of the 1990s (see Figure 5). In the years when there figure more publications, they are due to special issues of a particular journal. Generally speaking, the distribution of papers is rather disordered, there is not a regular trend, but, at the same time, papers are published in leading academic journals in the fields of management and marketing, as Table 9 shows.

Figure 5: Annual distribution of papers

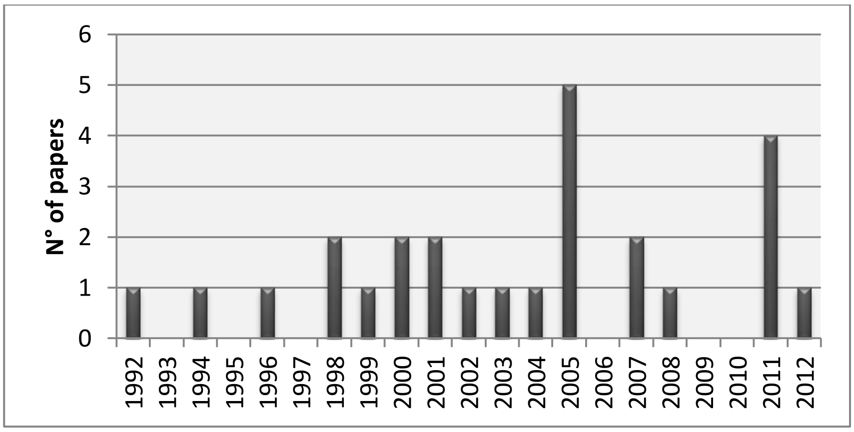


Table 9: Distribution of papers per journal

Journals	N° of papers
Journal of Management Studies	3
Management Decision	3
Academy of Management Review	2
Industrial Marketing Management	2
Creativity and Innovation Management	2
Administrative Science Quarterly	1
European Journal of Marketing	1
European Management Journal	1
International Journal of Management	1
International Journal of Management Reviews	1
Journal of Economics & Management Strategy	1
Journal of Enterprise Information Management	1
Journal of Fashion Marketing and Management	1

Journal of Management	1
Journal of Marketing	1
Long-Range Planning	1
Organization Studies	1
Policy Studies Journal	1
Strategic Management Journal	1

These evidences indicate this is an emergent issue which has started to draw academics' attention, but there is still a lot of work to be done.

The next step consists in analyzing the existing literature about alliance dynamics in order to understand which topics have already been addressed, what is already known and, on the contrary, which areas need further investigation.

Being an unexplored topic, most papers are theoretical or qualitative (see Table 10), which adapts to the study of dynamic processes.

Table 10: Distribution of papers based on the methodology

Methodology	N° of papers	Retrospective/ Cross-sectional	Longitudinal
Theoretical	13		
Qualitative	11		
(Single case study)	(5)	2	3
(Multiple case study)	(5)	4	1
(Action research)	(1)	0	1
Quantitative	2		

2.5.3 Theories behind the process of alliance development

As Batonda and Perry (2003) explain, there are different schools of thought about development change processes among which the major can be broadly classified into three categories: stages theory, states theory and joining theory. The stages theory focuses on a progression of change processes in inter-firm network development through stages. It regards network development as an evolution and sequential progression through increases of resource commitments and interdependence. There are two popular models of the stages theory: life cycle models, and the growth-stages models of inter-firm relationships (Batonda and Perry, 2003). The first group or set of the stages theory models is that of life cycle models. These models are based on a biological analogy of the life cycle of organisms and indicate that the change process consists of *"a number of inevitable stages of birth, growth, maturity and decline"* (Porter, 1980, pp. 157-8). Examples of life cycle models include product lifecycle, organizational life cycle, industry change model and technology change model (Batonda and Perry, 2003). The second group or set of stages theory models concerns growth-stage models of inter-firm relationship development. The principal focus has been that relationship development in inter-firm networks occur in sequential/incremental and irreversible stages. Both sets of models exert considerable influence in the field of change processes in marketing (Van de Ven, 1992). However, phases are not strictly sequential, instead they can be repeated (Ring and Van de Ven, 1994), changed based on outcomes or experience (Ring and Van de Ven, 1994; Pansiri, 2005) or adjusted over time (Doz *et al.*, 2000). This encompasses a fundamental element of dynamic processes.

Since networks seem to be more complex than stage theorists assume and the stage models are generally silent on failure activities because all systems are assumed to progress successfully through all stages, an alternative school of thought to the stages theory about network development processes is the states theory (Batonda and Perry, 2003). The states theory focuses on strategic moves of exchange actors which occurs in an unstructured and unpredictable states, not necessarily orderly nor progressive over time, because inter-firm network development is much more complex and may not be evolving in the structured manner which stages theory models have implied.

The third school of thought about inter-firm network development processes is the joining theory arguing that the dynamics of business networks are driven by what happens at their start, that is, the entry is major influence on what happens afterwards like “positioning, repositioning and exit of actors in existing networks” (Thorelli, 1986).

2.5.4 Overview on the phases of the process

Most papers describe the process of alliance development in terms of stages or phases. Batonda and Perry (2003) identify and compare six major publications in the literature about buyer-seller relationships that have specifically proposed growth stages in inter-firm network development. These models are based on literature from many disciplines and therefore reflect the multi-dimensional aspects of networks, but none of these six studies investigate dynamics of business relationships larger than a dyad, which is typical of this body of literature. Batonda and Perry (2003) base on previous literature to develop a model that encompasses a sequence of five stages (searching, starting, development, ongoing maintenance, termination), but also includes the evolution of unpredictable states.

If we look at Table 11, it appears clear that even if different authors call them with different names, most of them agree on the main phases of alliance development. In particular, the process appears to be made up of three main moments: when the alliance starts to arise and partners decide how to integrate, when the alliance begins operating and conducting its activity at full, and when at a certain point partners need to evaluate the activity of the alliance, its costs and benefits, and decide what to do with the alliance, whether to continue, making some changes or not, or terminate.

However, the process of alliance development is not a stand-alone process, in the sense that there are a number of factors influencing it. This is the reason why a few authors include also some antecedents to the process: Larson (1992) talks about preconditions that enhance cooperation and conditions necessary to build the relationship, instead Kanter (1994) compare the rise of an alliance to the rise of a love affair, thus calling courtship the phase before alliance formation. Instead, Rangan and Yoshino (1996) underline the need to change attitude and think not only in terms of a single firm but also of a collectivity. These authors take into account some factors influencing the process of alliance development, even though they do not address the issue in deep detail. Das and Teng (2002) are the first ones who design an inclusive model of alliance development considering the whole process, even what comes before alliance formation.

Das and Teng (2002) make a broad literature review about the models of alliance development and base on them in order to design their own inclusive model. Moreover, they maintain the structure of alliance development process divided into three phases, which is largely accepted by subsequent authors who frequently cite this paper (e.g., Wohlstetter *et al.*, 2005; Das and Kumar, 2007, 2011). For these reasons, this work of thesis considers this paper as the reference both for organizing the analysis of the literature (see Table 9) and developing/designing the framework of analysis.

After 2002, a number of other authors (e.g., Todeva and Knoke, 2005; Das and Kumar, 2007, 2011) focus on the phases of alliance development; however only two of them take into account what comes before alliance formation. Batonda and Perry (2003) make reference to a searching phase when one or more firms look around considering economic and social aspects, while Pansiri (2005) include a phase of strategic analysis of internal organizational and external environmental factors, thus providing a more complete scenario. However, neither these papers study the effect of different antecedents on the alliance development process nor factors or contingencies affecting the different phases of the process.

Table 11: Phases of alliance development process

Authors	Phases of alliance development				
Ford, 1980		Pre-relationship stage	Early stage	Development stage	
Dwyer *et al.*, 1987		Exploration		Expansion	Dissolution
Larson, 1992	Precondit ions Conditions to build	Integration			Control
Kanter, 1994	Courtship	Engagement	Housekeeping	Compatibility	Dissolution
Heide, 1994		Relationship initiation		Maintainance	Termination
Ring and Van de Ven, 1994		Negotiation	Commitment	Execution	Assessment of efficiency and equity
Wilson, 1995	Search and selection	Defining process	Boundary definition	Stability	Value creation
Rangan and Yoshino, 1996	Re-thinking the business	Crafting an alliance structure and structuring the alliance		Evaluating	
Spekman *et al.*, 1996, 1998		Anticipating, engaging, valuing, co-ordinating		Stabilizing	
Halinen *et al.*, 1999		Deep structure		Periods of stabiility	Revolutionary periods
Doz *et al.*, 2000		Formation		Learning and adjusting over time	Expansion of scope and deepening of commitments
Reid *et al.*, 2001		Pre-formation		Formation	Evaluation

Das and Teng, 2002	Alliance environment	Alliance condition	Formation	Operation	Outcome
Batonda and Perry, 2003		Searching	Starting	Development and Ongoing maintenance	Termination
Lapiedra *et al.*, 2004			Trial period	Integration period	
Hyder and Eriksson, 2005			Pre-alliance	Ongoing alliance	Post-alliance
Pansiri, 2005	The strategic analysis of internal organizational and external environmental factors		Strategic formulation which involves postulating and evaluating alternative strategic options, and choosing the option of strategic alliance formation (either with or without equity) participation. Consideration of implementation issues including the choice of appropriate partners, structure and scope of the alliance.	Evaluation of the strategic alliance against selected criteria purporting to measure the success of the alliance.	The evaluation of the strategic alliance is fed back into the analytical phase so that any changes based upon experience can be incorporated
Todeva and Knoke, 2005			Formation	Post-formation	
Wohlstetter *et al.*, 2005			Initiation	Operations	Evaluation
Das and Kumar, 2007, 2011			Formation	Operation	Outcome
Hwang and Park, 2007			Conception and development Commercialization	Growth and stability	
Konsti–Laako *et al.*, 2012			Connection, mutual commitment and mutual dependence		Value creation

2.5.5 Organizational and managerial factors in the process

After identifying those papers dealing with the issue of alliances development process, all the included (cited or fully explained) organizational and managerial factors were analyzed and mapped, as shown in Table 12. As previously explained, the scheme by Das and Teng (2002) was used; it takes into account not only the process (formation, operation and outcome), but also contingencies (alliance environment and alliance conditions). In the next paragraphs, all organizational and managerial factors are analyzed separately, starting from those which are contingencies and going on with those belonging to the three phases of the process.

2.5.5.1 Alliance environment

In a wide range of industry settings, and for a variety of theoretical reasons, environmental interdependence is viewed as a significant contingency having an effect on the study of all consortia, alliances, and networks (Doz *et al.*, 2000). Changes or particular condition in the environment may affect alliance formation (Doz *et al.*, 2000; Lapiedra *et al.*, 2004; Pansiri, 2005; Todeva and Knoke, 2005).

Doz *et al.* (2000) and Pansiri (2005) agree that the environmental changes, also called "external drivers" (Pansiri, 2005), that are supposed to produce interdependence among firms are new governmental regulations, as well as market opportunities, such as the emergence of the European Economic Community. Moreover rapid changes in the markets or new entrants into an existing market, which create a common threat to a group of companies (Doz *et al.*, 2000). This thesis is also confirmed by Lapiedra *et al.* (2004) who agree that market changes and competitive pressures induce collaboration.

Table 12: Organizational and managerial factors in the alliance development process

Authors	CONTINGENCIES		PROCESS			
	Alliance environment	Alliance conditions	Formation		Operation	Outcome
Larson, 1992		-Personal reputations -Prior relations -Firm reputations	-Engagement -Rules & procedures -Clear expectations -Reciprocity -Trust	-Operational integration -Strategic integration	-Social control	
Ring and Van de Ven, 1994			-Formal bargaining (Joint expectation) -Informal sense making (risk, trust)	-Formal legal contract -Psychological contract	-Role interactions -Personal interactions	Control based on efficiency and equity
Spekman *et al.*, 1996			-Vision (aim, strategic intent) -Values (past working experiences, cultures) -Voice (communication processes) -Scope, domain and operational purpose of the alliance; -Governance, integration points, division of labors; -Coordination and investment (financial, human, physical and intellectual capital)		-Management and adjustment	
Spekman *et al.*, 1998			-Strategic analysis -Partner identification -Competitive needs and motivation -Economic analysis -Relationship configuration and alliance implementation		-Co-ordination -Commitment -Resource reallocation -Broadening scope -Adjustment	

				(maintenance and assessment of contribution)	
Halinen *et al.*, 1999			-Actor bonds -Activity links -Resource ties	-Movement -Adjustment	Radical change in dyads
Doz *et al.*, 2000	Environmental interdependence	-Interest similarity -Previous relationships -Triggering entity	-Identifying interdependencies -Developing shared norms of problem solving -Triggering cooperation: the need for a focal entity -Selecting participants -Making the shadow of the future visible -Securing the participants' sustained ability to contribute -Designing cooperation		
Ring, 2000	Market pressures				
Oliver, 2001			-Transaction costs -Risk factors		
Reid *et al.*, 2001		Alliance aim	-Partner firm characteristics -Operating structures and norms -Structural choice of for relational exchange		
Das and Teng, 2002	Firm characteristics	-Collective strengths -Interpartner confiicts -Interdependencies		-Growth -Reformation -Termination	-Stabilization -Reformation -Decline -Termination

Batonda and Perry, 2003			-Partner selection -Goals establishment -Planning of activities and responsibilities -Commitment (minimum)		-Conflict resolution processes -Monitoring systems -Adjustment processes -Trust -Commitment (increased)	
Lapiedra *et al.*, 2004	-Market changes -Competitive pressures			-Information systems	-Information systems	
Hyder and Eriksson, 2005			-Alliance motives and aims -Resource allocation -Trust -Governance (contracts) -Coordinating mechanisms			-Competitive advantage -Performance
Pansiri, 2005	External drivers	Internal drivers	-Alliance aim -Partner selection -Alliance's scope and structure			
Todeva and Knoke, 2005	-Business environment factors -Industrial factors -Globalization drivers	Prior alliances	-Governance mechanisms -Trust and reciprocity -Coordination mechanisms -Conflict management -Temporal orientation			-Survival and termination -Learning objectives -Impacts on partners -Societal consequences

Wohlstetter *et al.*, 2005		-Champion -Complementary Needs & Assets -Compatible Goals -Trust	-Governance -Communication -Leadership -Accountability	-Impacts -Areas for Improvement
Das and Kumar, 2011		-Negotiation -Commitment -Contracts	-Regulatory focus (Trust; Interpartner legitimacy) -Coordination -Monitoring against opportunism	Continue with or exit the alliance
Gebert-Persson *et al.*, 2011		-Agreement on shared goals -Activity planning -Commitment -Interpartner legitimacy		
Wigley and Provelengiou, 2011	Industry-specific motives	-Resources and skills sharing -Trust -Communication	Ongoing communication	
Konsti – Laako *et al.*, 2012		-Mutual commitment -Formal agreement -Task allocation and resource distribution		-Sharing findings and knowledge -New opportunity identification

Based on previous literature, Pansiri (2005) adds other contingencies: barriers to trade, technology capabilities and globalization. Todeva and Knoke (2005) divide these contingencies into business environment factors, industrial factors and globalization drivers and commodity chains. Business environment factors are mainly related to economic conditions and the institutional frameworks in countries of operation, including legal requirements, macro-economic policies, price controls, financial capital markets, distribution channels, and methods of contract enforcement, even if tax incentives and international trade regimes established by foreign governments can also directly affect domestic firms' decisions whether to enter into long-term overseas business relationships. Factors connected to the industrial context are more related to the internal dynamics of competition which influence whether firm decide to internalize certain activities, to compete for greater market share, to cooperate with other firms for particular strategic advantages, or to internationalize by entering foreign markets (Todeva and Knoke, 2005). Globalization forces are among the key drivers forcing corporations to explore alternative ways to mergers and internalization strategies in order to gain and preserve competitive advantages, for example viable alternative. Indeed competitive and strategic advantages now derive from companies' capacities to cooperate with other firms; to form business networks with suppliers and buyers; to reap economies of scale; and to share costs and benefits with partners in geographically and culturally distant locations (Todeva and Knoke, 2005).

Contrary to these authors, Das and Teng (2002) consider as contingency factors only the internal alliance environment, that is the characteristics of partner firms, even if they recognize that alliance environment would generally include various aspects of the organizational, competitive, and institutional environment of the alliance. They consider market commonality (the degree of presence that a competitor manifests in the markets it overlaps with the focal firm), competitive positions (the strength of firms in the marketplace), diverse resource profiles (whether firms have similar or dissimilar resources) and reputation. Also Ring *et al.* (2001) focus on internal alliance environment and suggest five capabilities that matter most: the ability to develop and sustain valuable resources, absorptive capacity, combinative capability, experience with alliances, and appropriate design for knowledge exchange.

Doz *et al.* (2000) make a specific reference to R&D networks that are supposed to be created when there is the need for agreement on product standardization, or the way in which markets will be developed, as well as when firms make efforts to define standards or to pioneer compatible technologies. However, since these studies tend to focus on a single industry or group of alliances, they generally do not provide comparative assessments of the role that environmental interdependence plays with other conditions that lead firms to consider collaboration (Doz *et al.*,2000).

2.5.5.2 Alliance conditions

Das and Teng (2002) define alliance conditions as the characteristics of an alliance at any given moment in the life of the alliance, indicating all those states that, in previous literature, were called 'initial conditions' and 'revised conditions' of alliances (Doz, 1996; Gulati, 1998), 'preconditions' and 'conditions to build' (Larson, 1992) and exchange conditions (Jones *et al.*, 1997) in networks. Thus, these are the factors which encourage collaboration and make it possible.

Larson (1992) firstly focuses on “soft” elements which play an important role while setting down the foundation before the two companies begin their transactions. They are mutual trust, commitment, prior reputations, both of individuals and companies, thus they refer to knowing the people and their capabilities. Mutual economic advantage is not a sufficient rationale. Indeed, the most important economic dimension seems to be the growth of the transaction as an incentive and the interfirm and interpersonal dynamics that govern the day-to-day exchanges as the exchange relationships develops, even though less visible and less well documented (Larson, 1992).

Other soft features include interest similarity, pre-existing relationships, common industry origin, or similar organizational characteristics which lead firms to recognize similar interests in collaborating (Doz *et al.*, 2000). Also the social network of indirect ties created through prior alliances is an effective mechanism for bringing firms together (Gulati, 1995; Todeva and Knoke, 2005).

Based on previous literature, Pansiri (2005) states that alliance motives, that he calls “internal drivers”, opposed to the previously mentioned “external drivers”, from this perspective include reducing internal organizational uncertainty, shaping competition, economies of scale, economies of learning, access to assets, resources and competencies, and risk sharing. In this stream of research, a dominant motivation behind the formation of inter-organizational exchange is to gain access to valuable partner-held resources, protect assets, and access to networks (Reid *et al.*, 2001). When Das and Teng (2002) mention *collective strengths* among alliance conditions, they support the RBV theory and confirm that bringing complementary resources into an alliance is considered a key determinant of economic rent generated from alliances. Indeed, the chances of success increase when these collective strengths of the partner firms combine their market power, technology, and other key resources (Das and Teng, 2002). Always according to the resource dependence theory, firms attempt to manage their dependence on other firms by engaging in various interfirm relationships. In any relationship, the need for another firm's resources creates a sense of dependence, even if it is not always sufficient for alliance formation (Das and Teng, 2002).

Another influence on the formation processes is the action of a triggering entity initiating the formation of networks (Doz *et al.*, 2001), which can be played by governmental agencies, individuals acting as champions or specific firms.

2.5.5.3 Alliance formation and operation

The formation phase is meant to formulate an alliance strategy, identify partners, negotiate deals, and set up the alliance (Das and Teng, 2002). This stage is critical because the partners are usually unfamiliar with each other and for that reason they are likely to scrutinize each other’s behavior particularly carefully (Das and Kumar, 2007). As a consequence, a dominant image during the this phase is a back-and-forth motion of reciprocity and risk taking, with action and reaction balancing the scale (Larson, 1992).

In the operation phase, partners start to operate the alliance and implement the agreement (Das and Teng, 2002). It is now that routine activities start to take place, which may call for small adaptations. However, Other than the growth route, an alliance may also be reformed and/or terminated at this stage (Das and Teng, 2002).

Organizational and managerial factors entering the phases of both formation and operation will be analyzed one by one in the following paragraphs. They are not divided into the two phases because firstly some of them are related to both phases and secondly others are placed in the formation phase by some authors and in the operation phase by other authors.

Trust and reciprocity

Trust is defined as the mutual confidence that no party to an exchange will behave opportunistically and exploit another’s vulnerabilities (Nooteboom, 1996). Larson (1992) distinguishes between personal trust and economic trust: the former entails that a firm can work with one or more other firms, and the latter that skill and performance (capabilities) could be relied upon. Instead, Ring and Van de Ven (1994) explain that there are two views on trust in the management and sociology literatures: a business risk view based on confidence in the predictability of one's expectations and a view based on confidence in another's goodwill and faith in the partner’s moral integrity. Anyway, most authors generically refer to a unique concept of trust which emphasizes faith in the moral integrity or goodwill of others (Ring and Van de Ven, 1994), both referred to personal behaviors and economic actions.

Trust is considered one of the most relevant factor influencing the development process of an alliance (Larson, 1992) and one of the determining factors for alliance performance (Hyder and Eriksson, 2005; Todeva and Knoke, 2007). Successful collective strategies, which depend on unanticipated future conditions that cannot be explicitly written into formal contractual agreements, require basic trust to achieve a high level of joint decision making at both strategic and operational levels (Todeva and Knoke, 2007).

Trust not only represents a facilitator to the initiation of an alliance (Wohlstetter *et al.*, 2005), but it could also allow to achieve many benefits: it can reduce the need to create formal, costly governance mechanisms (i.e., contracts) and lower the cost of coordinating exchange (Ring and Van de Ven, 1994; Todeva and Knoke, 2007) or avoid paying several types of transaction costs, such as searching for information about potential partners and monitoring to ensure that each party meets its obligations (Gulati, 1995), it enables coordination, communication, and conflict resolution (Wigley and Provelengiou, 2007), it makes the exchange of resources easier and meaningful and delicate issues can be settled with less effort (Hyder and Eriksson, 2005).

During the development of an alliance, the theoretical variables in general, and trust in particular are present, but to varying degrees (Hyder and Eriksson, 2005). An adequate level of trust between the partners is present or created at the beginning of the process, developed step-by-step during the initial phase (Larson, 1992), but further trust is expected in the later stages (Hyder and Eriksson, 2005). To this end, Das and Kumar (2007) conclude their paper proposing that the greater the ability of the partner firms to learn about each other at the formation stage of the alliance, the more confident they will be about the relational risk and performance risk inherent in the venture. If these prior interactions led to the creation of high levels of trust between the parties, they may be able to negotiate, make commitments, and begin to rapidly execute a relationship (Ring and Van de Ven, 1994). For this reason, cooperative IORs among parties who have had prior economic relationships or social ties tend to develop far more quickly and efficiently than among parties who, initially, were strangers (Galaskiewicz and Shatin, 1981).

On the contrary, other authors assert that trust is at the higher level at the beginning of the alliance and decrease later on (Hyder and Eriksson, 2005). But if the alliance generates positive outcomes for both partners it would tend to reaffirm their trust and commitment to each other (Das and Kumar, 2007).

Generating trust among alliance participants is crucial to overcoming competitive rivals' initial suspicions about possible partner opportunism, which may prevent effective implementation of their collaborative agreement (Todeva and Knoke, 2007).

Since trust is not a commodity to be bought or sold in the marketplace, but must be developed over time based on a series of positive experiences between individuals, the development of trust is a complex process (Hyder and Eriksson, 2005). Indeed there are a number of factors influencing its creation, like the context of the alliance and the characteristics and prior experience of the members, as well as a number of factors which are able to destroy it rapidly, as an imbalance in the contribution of resources (Hyder and Eriksson, 2005), imbalances in organizational power, indicated by disparities in the resources contributed and controlled by each partner organization (Todeva and Knoke, 2007).

There are some elements which can aid trust development, as for example open communication, shared values, and mutual respect, top management commitment and repeated ties between partners (Gulati, 1995; Reid *et al.*, 2001), and previous collaborations (Gulati, 1995; Reid *et al.*, 2001; Wohlstetter *et al.*, 2005).

In any case, as Granovetter (1985) recognizes, the emergence of trust is not sufficient to guarantee trustworthy behavior, and it may even provide the occasion for malfeasance and inequity on a scale larger than if trust were absent.

Despite different points of view, this factor is perceived as an important determinant of alliance continuity.

Commitment

The term commitment hides the concept of commitment of skills and resources (Batonda and Perry, 2003).

The more alliances are repeated through time, and meet basic norms of equity and efficiency, the more parties may feel increasingly secure in committing more of their available resources and expectations in subsequent alliances (Ring and Van de Ven, 1994).

Like trust, also the degree of commitment varies throughout the development of the alliance: there seems to be no commitment at the very beginning of the process, then at the operation stage the alliance partners implement the contractually binding commitments they have made (Das and Kumar, 2007), thus commitment is limited (Wilson, 1995); this stage enables member firms to solidify their perceptions (either positive or negative) about their partner and if the alliance generates positive outcomes for both partners, commitment to each other will be reaffirmed (Das and Kumar, 2007). Also the fact that a member firm acts in ways that will maximize joint value creation are clearly of some importance in sustaining and deepening commitment in the alliance (Das and Kumar, 2007). On the contrary, negative interdependencies may lower their commitment.

Also a dimension linked to personal commitment emerges, which is judged in terms of participation and enthusiasm showed at meetings and efforts made between meetings (Gebert-Persson *et al.*, 2011). However, this concept is quite recent and it has not been deeply investigated yet.

Interpartner legitimacy

Legitimacy is a matter of perception, not necessarily experience-based, but rather an evaluation of an actor as being worthy of trust based on the norms, values, rules and regulations that exist within a specific context (Gebert-Persson *et al.*, 2011).

Three types of interpartner legitimacy have been defined by Kumar and Das (2007): pragmatic, moral and cognitive interpartner legitimacy. Gebert-Persson *et al.* (2011) explain in detail these three types of interpartner legitimacy. *Pragmatic legitimacy* refers to the agreement on the common goals, so that each member perceives its own involvement and own contribution to the network as a way to develop its own interests as well as the interests of the network. Secondly, *moral legitimacy* is based on judgments of how other members are likely to behave and how they are behaving for a network to survive, in order to view participation as the “right” thing to do from a normative point of view. Finally, *cognitive legitimacy* makes the network something that is inevitable and necessary to participate in, which is usually reached only at late stages of network development.

Common for all three interpartner legitimacies is that if the members have positive experiences from interacting with each other, the interpartner legitimacy will be faster to establish as the actors know that each member will behave according to the frames for accepted behaviors. Furthermore, when the actors have previous experience of interactions they have also most likely formed common norms, values and rules for what is accepted behaviors.

Gebert-Persson *et al.* (2011) underline the link between these first three factors, trust, commitment and interpartner legitimacy. In particular a lack of pragmatic interpartner legitimacy can be viewed as a hindrance for developing relationships and for commitment. Moreover, as the interpartner legitimacy develops, the members' commitment increases and that the basis for trust is further developed.

Goals establishment

Organizations initiate strategic alliances to achieve compatible goals, not identical, but common or mutually beneficial, that might not be achieved otherwise (Wohlstetter *et al.*, 2005). Thus, defining a set of mutual goals and objectives is one of the most important activities (Gebert-Persson *et al.*, 2011) which takes place at the very beginning of alliance formation (Wilson, 1995; Batonda and Perry, 2003) and can make it easier to establish accountability plans to guide the work of the alliance (Wohlstetter *et al.*, 2005). In order to refer to goals establishment, Spekman *et al.* (1996) refers to the *vision* of the alliance, which is firmly related to its strategic intent. Even though leaders from different alliances reported they were attracted to partners with similar beliefs about or approaches to a shared problem (Wohlstetter *et al.*, 2005), alliance partners are likely to have both common and conflicting goals over time (Hyder and Eriksson, 2005). For this reason, there is the need to adapt goals based on the situation and, as a result, as long as the alliance is in operation, a continuous process of motives shaping performance, and performance reshaping motives takes place.

Alliance goals are linked to members' commitment in the sense that if the member perceives that the goals of the alliance are in line with its own goals, it will be more committed to it (Gebert-Persson *et al.*, 2011). Furthermore, alliance goals are linked also to legitimacy, in particular with the previously defined *pragmatic legitimacy*, because in order for a firm or organization to be seen as a legitimate actor, its goals and ends have to be perceived as being in line with the socially accepted manners (Gebert-Persson *et al.*, 2011).

Senior management bears responsibility with respect to this issue, indeed they must ensure that the alliance is tied to the strategic intent of the firm and drive the alliance vision down through the organization (Spekman *et al.*, 1996)

Many authors (Kanter, 1994; Hyder and Eriksson, 2005; Wohlstetter *et al.*, 2005) underline that having different, even ultimately conflicting, strategic intents is one of the main reasons for alliance termination.

Rules and procedures

Larson (1992) explains that rules and procedures are not strictly established before the initialization of the alliance, but during the first phases, when the partnered firms learn their particular exchange dynamics, explicit and implicit rules begin to emerge and procedures are established. Then, through the steady exchange of information, communications became increasingly routinized, and procedures for coordinating activities are agreed upon. The institution of rules and procedures is a key factor in alliance formation (Reid *et al.*, 2001) since it allows to structure and stabilize partner engagement and the exchange processes (Larson, 1992). At the same time, rules and procedures are not given primary consideration, maybe because they are considered a necessary but not sufficient condition to successful alliance formation, since informal interfaces are believed to be the real glue that holds the alliance together (Spekman *et al.*, 1998). Certainly, there is a high degree of interplay between the two components.

Partner selection

Partner selection has been cited as one of the key aspects for the successful formation and implementation of strategic alliances (e.g. Kanter, 1994; Spekman *et al.*, 1998; Reid *et al.*, 2001; Pansiri, 2005), which is linked to the fact that establishing personal relationships are key to alliance success (Ring and Van de Ven, 1994).

Spekman *et al.* (1998) explain that the selection of a good partner, in part, depends heavily on goal congruence between partners, political support for the alliance within the partners' management hierarchy, and the level of cultural compatibility. Often the strength of the chosen partner(s) determines the strength of the partnership (Spekman *et al.*, 1998).

Finding the right alliance partner is extremely important because the failure of many alliances can easily be traced to partner selection at the planning stage, when risk minimization should be addressed (Pansiri, 2005). In choosing appropriate partners, strategic alliance research identifies four Cs (compatibility, capability, commitment and control) as criteria for successful pre-selection of alliance partners (Kanter, 1994).

In the context of knowledge-based alliances, firms are likely to choose partners based on those capabilities which have been confirmed as mostly important to alliance performance: absorptive capacity, combinative capability, experience with alliances, and appropriate design for knowledge exchange (Reid *et al.*, 2001). These partner characteristics will influence the delineation of operating structural relations and norms, and will do so in a setting conditioned by the choice of relational form (Reid *et al.*, 2001).

However, other authors (i.e., Batonda and Perry, 2004) assert that the evaluation of potential exchange partners needs to base on economic and social aspects, more than capabilities.

Economic analysis and risk

The concept of alliance entails that two or more firms remain independent subsequent to the formation of the alliance but share its risks and benefits (Rangan and Yoshino, 1995).

Alliances make it possible for a firm to reduce or control its costs, for example through economy of scale or scope and a more efficient organizational governance (Reid *et al.*, 2001).

The issue related to the economic feasibility of the alliance has been addressed a few times. Spekman *et al.* (1998) recommend that in the strategic analysis phase, the possible costs/benefits of collaborating must be quantified. Also Oliver (2001) argues that, despite all the advantages, one should not overlook the questionable aspects of alliances and their possible costs to firms. Costs may surge from participation expenses of an economic, operational and/or contractual nature, drawbacks as for example reduction in organizational flexibility and independence, the considerable time and commitment required and the difficulty in managing alliances (Torres, 2002).This matter, despite relevant, has received little attention in the stream of literature about alliance development process.

As well as cost reduction, alliances may gain risk reduction benefits, for example spreading the costs of innovation or other capital-intensive activities (Reid *et al.*, 2001), but, at the same time, some risks are associated to alliance formation. Organizational risk factors relate to opportunistic behavior, appropriations of knowledge, ideas or products and to the incompleteness of contracts (Oliver, 2001).

Activity planning

Once partners have decided to join an alliance and set the goals, the planning of activities, responsibilities and relationships are important for the development of the alliance (Batonda and Perry, 2003). With respect to this issue, Das and Teng (1998) suggest that an accountability plan that helps build trust and commitment by eliminating the likelihood of opportunism among partners is necessary to guide the work of the venture and provide a framework by which to evaluate success as the alliance matures. An accountability plan establishes the outcomes for which each member of the alliance is responsible, outlines the constituents to whom the alliance is accountable, and delineates the consequences of failure to meet established goals.

In both of their case studies, Gebert-Persson *et al.* (2011) confirm that planning is a fundamental activity. In one case it is underlined that this is one of the main tasks of the consultants, while in the second it is emphasized that a joint action-plan was perceived as urgent for the development of their own operation.

As it appears clear, this issue has not been studied in deep detail despite it is recognized as being of outmost importance.

Structure and governance

Pansiri (2005) argues that alliances are arrangements which represent a spectrum of inter-organizational cooperative arrangements with a variety of governance mechanisms where organizations may or may not have legal contracts, and may or may not have provided equity funding for a separate entity (i.e., joint venture and non-equity ventures). Formal agreements provide a frame of reference in which the alliance operates (Spekman *et al.*, 1998), but contracts cannot cover everything in the alliance contract, but they provide major areas of activities and guidelines as to how the alliance will operate (Hyder and Eriksson, 2005), also preventing opportunism (Das and Kumar, 2011). Many issues not included in the contract come up during the operation and have to be dealt with through understanding and close collaboration (Hyder and Eriksson, 2005). Governance may be established in a formal contract or not. Generally speaking, more complex alliances tend to rely on more formalized structures, whereas simpler alliances were often more comfortable with informal processes (Wohlstetter *et al.*, 2005). Moreover, initial alliances among previously inexperienced partners ("virgin ties") often begin with formal contractual linkages that expose the partners only to small risks (Todeva and Knoke, 2005). Once both partners gain mutual confidence through continual testing, then "informal psychological contracts increasingly compensate or substitute for formal contractual safeguards as reliance on trust among parties increases over time" (Ring and Van de Ven, 1994, p. 105). From a strategic alliance perspective, trust can reduce the need to create formal, costly governance mechanisms (i.e., contracts) (Hyder and Eriksson, 2005). In any case, a clear governance structure and explicit decision making processes provide forums for stakeholders to come together, make decisions, and carry out the work of the alliance (Kanter, 1994; Wohlstetter *et al.*, 2005). As more stakeholders become involved and more tasks come into play, it is often difficult to clearly define decision making responsibilities and governance procedures (Wohlstetter *et al.*, 2005). In any case, both formal and informal agreements are important, since formal ones provide a frame of reference in which the alliance operates. Informal interfaces, however, are the glue that holds the alliance together (Spekman *et al.*, 1998).

The governance structure is cited by many authors (Spekman *et al.*, 1996; Pansiri, 2005; Todeva and Knoke, 2005; Wohlstetter *et al.*, 2005) among the managerial factors developing during the operation phase of an alliance. In particular, it becomes important when passing from the vision to the viability/implementation of the alliance (Spekman *et al.*, 1996; Todeva and Knoke, 2005) and it is considered one of the key aspects of alliance formation (Reid *et al.*, 2001).

The structural forms that collaborative relationships can assume may be summarized in three forms: a joint venture (where two or more partners contribute resources to a new firm that they jointly own and control); an equity alliance (in which no new entity is created but in which there is a unilateral or bilateral equity holding between partners); and a non-equity alliance (an agreement to co-operate without either the need to create a new organization or to exchange equity). In the latter case, there may be considerable variation in collaborative intensity depending on the extent and type of agreement that the partners sign (Reid *et al.*, 2001).

An efficient organizational governance is one of the sources of potential cost reduction (Thorelli 1986) and effective governance represents one of the relation-specific assets on which partners must invest in order to maximize relational rents (Das and Kumar, 2007).

Leadership

Effective leadership is necessary to manage the operation of an alliance and to determine its direction (Wohlstetter *et al.*, 2005). Effective leaders of collaborative endeavors assume three main roles: (1) architects; (2) information brokers; and (3) boundary spanners. Architects are responsible for designing structures that facilitate employee participation in the alliance and the day-to-day management of the alliance (Wohlstetter *et al.*, 2005). Information brokers distribute information throughout the alliance, ensuring that stakeholders receive the required information while avoiding information "dumps" that burden them with the need to sift through information irrelevant to their jobs and responsibilities. Finally, boundary spanners serve as liaisons with the external environment, providing the media and other constituents with information about the alliance, as well as "buffering" the alliance from external "noise."

Another important figure is the alliance manager who is the mortar which holds this emerging structure together (Spekman *et al.*, 1996). At the same time, management must be convinced that the goals and objectives of the alliance are still on target.

Spekman *et al.* (1996) explain that strong alliance managers are essential to the success of an alliance and their centrality becomes even more apparent in weak or troubled alliances. They occupy a number of different roles throughout the alliance life cycle and each is essential to help maintain the alliance at each stage. They do not only carry the message forward and strive to convert the alliances participants to uphold and maintain the spirit of the alliance, they are instrumental in weaving the net of informal relationships (both within and between the partner firms) which adds strength and support to the formal alliance structure. Among the problems which can affect the relationship perhaps the most serious is a rupture of the relationship between the alliance managers of the two companies.

The triggering entity role has been played mostly by governmental agencies, but also individuals acting as champions or specific firms constitute other clearly identifiable triggering entities (Doz *et al.*, 2000).

Communication and coordination processes

Interaction processes among cooperating parties may cast a positive, neutral, or negative overtone to the relationship (Ring and Van de Ven, 1994), but levels of communication are one of the antecedents to successful alliance formation (Spekman *et al.*, 1998). Co-ordination, which describes the emergence of the alliance governance structure in which the integration points, processes and the division of labor between the partners is established (Spekman *et al.*, 1996), is posited to have a high potential for expanding the scope and potential of knowledge combination activities (Reid *et al.*, 2001).

Communication and coordination processes are considered particularly important in the operation phase of the development process of an alliance (Spekman *et al.*, 1996; Wohlstetter *et al.*, 2005; Das and Kumar, 2011). Indeed, the ability to articulate one's vision, including objectives and goals, technical data, or challenges (Kanter, 1994), and to communicate it is fundamental to share the vision to all participants (Spekman *et al.*, 1996), from leaders to front-line workers and vice versa (Wohlstetter *et al.*, 2005). Without regular access to information about the alliance and improvement efforts, participants will struggle to implement change successfully (Wohlstetter *et al.*, 2005), at the point that communication gaps can make things difficult even for a domestic alliance and can result in a total breakdown of the joint operation (Hyder and Eriksson, 2005).

Coordinating mechanisms may be conducted informally among member firms (Wigley and Provelengiou, 2012), which is typical of relational governance mechanisms (Todeva and Knoke, 2005), or established by an external entity, as for example a committee (Spekman *et al.*, 1996) or a subunit, which is typical of a hierarchical governance mechanism (Todeva and Knoke, 2005). As for the first approach, elements of implementation included training and job rotation, the use of “natural” liaison devices, and active participation in the process of knowledge creation (Reid *et al.*, 2001). Instead formal mechanisms for information dissemination encompass regular meetings and e-mail updates to keep all stakeholders informed, formal memos, letters, or faxes to stakeholders (Wohlstetter *et al.*, 2005).

Informal communication is considered a key mechanism for information dissemination (Wohlstetter *et al.*, 2005), but at the same time alliances in which coordinating committees exist seem to have a higher probability of succeeding (Spekman *et al.*, 1996). The findings demonstrate clearly that frequent face-to-face communications between the committee member results in less confusion, serves to build trust as well as to solidify important interpersonal relationships (Spekman *et al.*, 1996). Prior association is important in engendering good relations, enhancing communication, and establishing trust between parties, which is, in turn, deemed important for enabling coordination and communication (Wigley and Provelengiou, 2012).

Communication mechanisms are among the several factors that seem to facilitate alliance formation and success (Wohlstetter *et al.*, 2005; Wigley and Provelengiou, 2012), even though establishing them is particularly challenging for complex alliances mainly for reasons of coordination (Wohlstetter *et al.*, 2005).

Conflicts

The simultaneously competitive and collaborative nature of the alliance relationship that often exists between the partners poses a unique set of tensions (Rangan and Yoshino, 1996; Spekman *et al.*, 1998).

A few authors have addresses this issue, positioning it in the implementation phase or operation phase of the alliance development process. Todeva and Knoke (2005) argue that the arising of misunderstandings and conflicts is inevitable when two firms simply attempt to work together according to an agreement. However, they recognize that conflict resolution mechanisms, together with higher level of relational capital, increase both corporate learning and protection of proprietary assets. Also Batonda and Perry (2003) affirm that conflict resolution processes are useful since they help the commitment of resources increase and mutual benefits be recognized in the relationship maintenance processes. Generally speaking, analysts routinely stress the importance of trust as a crucial form of corporate social capital important to overcoming awkwardness and potential conflicts while partners attempt to turn their plans into practices (Todeva and Knoke, 2005).

Based on these evidences, we suppose that conflict management is an important feature both in the formation and operation phase of the development process. Indeed, causes of tension can be found in poor planning, poor execution, or boundary definitions and/or management difficulties (Spekman *et al.*, 1998), that is in every moment of the alliance development.

Monitoring and control

After the formation of an alliance and when it becomes effective, there is the need to control the carrying on of activities. Some authors talk about internal monitoring systems based on behavior and self-control (Batonda and Perry, 2003), while others cite stricter methods, as for example outcome- or process-based control system monitoring in order to minimize the level of interpartner conflicts, provide structured mechanisms for channeling the conflicts and prevent opportunism during the operational phase (Das and Kumar, 2011). Formal interfaces encompass the control and reporting mechanisms through which firms structure their interaction, but only when the alliance is an on-going, viable entity, performance can be measured against objectives, financial targets, and operational milestones rather than less tangible measures (Spekman *et al.*, 1998).

This is a very delicate aspect which is hardly implemented due to the difficulty of establishing clear criteria of monitoring and control and also the strong role played by informal communications and relationship. For these reasons, this aspect could deserve further investigation.

Change management

Change refer both to the alliance itself, but also to the external environment. Indeed changes in the marketplace, in technology and/or in one partner's internal operations can affect not only the scope and purpose of the alliance, it might also call into question its continued existence (Spekman *et al.*, 1996). As a consequence, partners must jointly, and with some degree of regularity, review the progress of the alliance and mutually agree on the proper course of action.

As far as the alliance is concerned, it is always changing and, even in the period of stability, when basic organization and activity patterns of the system remain essentially the same and only incremental changes occur (Halinen *et al.*, 1999), the system is in the process of continuous movement and adjustment (Gersick, 1991). Indeed, the operational phase is characterized by development of adjustment processes through agreement, negotiation and self-control (Batonda and Perry, 2003).

Halinen *et al.* (1999) focused their attention on mechanisms of change in business networks. They argue two different types of change exist: the confined change, which supposes that a change in one factor or business relationship of the alliance do not impact other factors or business relationships, and a connected change, which supposes that a change in one relationship is received and acted upon by other actors in the network. Their main results the mechanism of change in networks is circular rather than unidirectional. Another difference is between incremental and radical change and the evolution of business networks involves both of them (Halinen *et al.*, 1999).

This topic appear to be particularly relevant for alliance dynamics, however the literature has not deeply investigated it.

2.5.5.4 Alliance outcomes

In the outcome stage results are obtained and evaluated, and the alliance either stabilizes or continues to change and reform (Das and Teng, 2002).

Indeed the main activities which make up this last phase are an assessment of the alliance performance, which constitutes the basis for the decision whether to continue or exit the alliance or to intervene in order to improve it.

Performance evaluation can be made in terms of efficiency and equity (Ring and Van de Ven, 1994), tangible returns (i.e., cost reduction, higher profit, increased sales, market entry, penetration, defensive performance such as blocking competitive actions, etc.), and intangible returns (i.e., experience of collaboration, access to new contacts and strengthening of current contacts, increased competitive strength, etc.) (Hyder and Eriksson, 2005), objective outcome indicators (i.e., financial gains, innovations) or subjective indicators (i.e., partner satisfaction with the collaboration, goals achievement, learning objects) (Todeva and Knoke, 2005). The evaluation step provides partners with opportunities to identify areas for improvement and future directions (Wohlstetter *et al*., 2005; Konsti–Laako *et al*., 2012). Modification of an alliance, through a feedback loop, is a common result of evaluation (Waddock, 1989).

Based on performance, partners may decide whether to terminate or continue the alliance process (Hyder and Eriksson, 2005). A collaborative agreement may terminate when the desired goal is attained or the alliance no longer fulfills any of its goals (Hyder and Eriksson, 2005), by a joint venture’s acquisition by one of its partners; through an organizational merger of the parent firms, which represents an extreme outcome of a strategic alliance (Todeva and Knoke, 2005); when a current partner is no longer suitable because of new goals or a shift in direction or market conditions change (Kanter, 1994).

Instead, if the alliance has exceeded expectations, the firms will in all probability enhance their commitment to the alliance. As long as the alliance is in operation, the higher level of performance or exchange of resources may require changes in the partners’ motives in the alliance, thus the process in which motives shape performance, and performance reshapes motives becomes continuous (Hyder and Eriksson, 2005).

However, untangling the impact of environmental, economic, organizational, and inter-organizational factors on alliance outcomes and consequences is a very difficult activity (Todeva and Knoke, 2005).

2.5.6 Gaps and directions for further research

The analysis of the literature makes some shortcomings emerge, which gives opportunities for future research.

The most relevant gap in this stream of research is the lack of a comprehensive analysis of the development process of alliances, in the sense that most studies focus on one or some aspects without having an entire vision on the different aspect that made up the whole process.

The second significant gap is the lack of analysis about the effect of different contingencies in the development process of an alliance. Indeed, many authors cite elements related to contingencies, both from an internal and external perspective with respect to the alliance, however this issue has not received sufficient attention. This cause a lack of contextualization and characterization of alliances which are very specific phenomena that can assume specific connotations with respect to the environment where it develops or to the type of firms which it is made up of. As a consequence, this aspect deserves further investigation.

Lastly, there are some specific features which have not been deeply analyzed. In particular the issues related to activity planning, monitoring and control and change management represent three interesting areas for further research, since they are supposed to be strategic aspects, but there is not much literature on these topics.

2.5.7 The framework of analysis

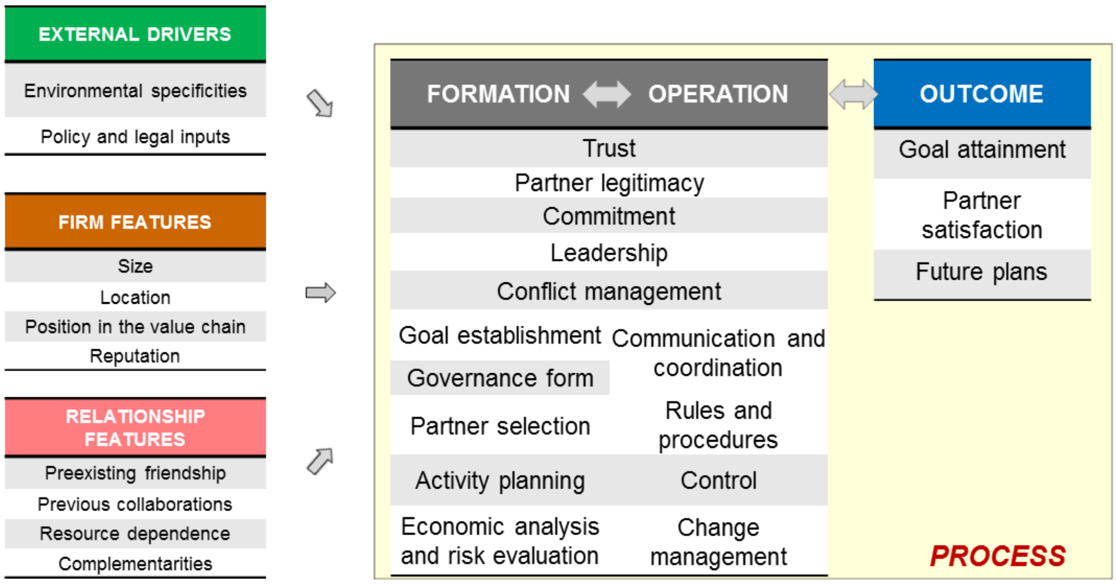
The analysis of the literature about alliance dynamics, with a particular focus on the process of alliance development, makes it possible to develop a framework of analysis which integrates the different contributions related to the process and adds four types of contingencies which can affect the process of alliance development (see Figure 6). This framework is also meant to bridge the gap referring to the fact that there has been limited work on building a comprehensive theory about the evolutionary process of alliances (Wohlstetter *et al*., 2005). This study takes the macro-stages theory as a reference point, but considering also possible dynamic changes, which implies a not strictly sequence of stages.

As far as the process is concerned, there are some factors which seem to influence both the formation and operation phases and they are mostly "social" aspects related to trust, commitment, legitimacy and conflicts, which may take different connotations but are relevant throughout all the process of alliance development. Instead some factors interest only the formation phase and others only the operation phase. In the formation phase there are those factors which are needed to establish the alliance, that are goal establishment, partner selection, governance, leadership and economic and risk evaluation. Instead in the operation phase there are those factors meant to maintain the alliance, that are activity planning, communication and coordination mechanisms, rules and procedures, control and change management. It could be argued that in the formation phase there are more managerial factors, while in the operation phase more managerial factors, which reflect the type of decisions which are taken in the two phases respectively. In the outcome phase, managerial factors and decisions are present, as the evaluation of performance and impacts, re-evaluation of activities, possible improvements, and the decision whether to continue or terminate the alliance.

As far as contingencies are concerned, the distinction of internal and external drivers (Pansiri, 2005) has been maintained, with internal factors referring mainly to motives to alliance formation, deeply analyzed in paragraph 2.2.4, to which the temporal orientation (Todeva and Knoke, 2005) has been added since this could affect motives and thus impact on the alliance development; instead external drivers refer to all those factors which do not depend on firms but shape the environment where they operate and thus influence their actions. Then other two boxes were added which make reference to relationship features among members and firm features. The relationship among firms before they become members of the same alliance in terms of pre-existing friendship (Ring and Van de Ven, 1994), previous collaborative experience (Doz *et al.*, 2000), resource dependence (Gomes-Casseres, 1997) and competitiveness to intervene in the alliance formation. Firm features refer to those elements which are sometimes cited in papers dealing with strategic alliances in order to characterize the analyzed firms, that are their size, location, position in the value chain and reputation.

All these factors represent conditions which can vary from alliance to alliance and can impact on the development process. Some papers specify the sector, country and size of firms involved in the alliance under investigation (e.g., the study of alliances in the Australian and Asian markets by Batonda and Perry, 2003; the analysis of an alliance in the biotechnology industry by Oliver, 2001; the study of an alliance of two large companies in the fashion industry by Wigley and Provelengiou, 2011), but in general factors related to contingencies remain under-investigated and their impact on the alliance development process has not been deepen yet.

Figure 6: Framework of analysis



2.6 Research questions

The analysis of the two streams of research allow to make different gaps emerge, as illustrated in previous paragraphs. The analysis of the literature about marketing alliances guided us towards a deeper investigation of aspects related to the development process of marketing alliances among SMEs with the aim of depicting a comprehensive framework which includes organizational and managerial factors involved in the process, as well as elements of contingencies. Indeed, these issues appear to be under-investigated in the stream of research about alliance dynamics.

In this context, the issue related to alliance success is dedicated specific attention due to both the explicit call for research in this field and the chance to identify drivers to marketing alliance success (or unsuccess) in their development process.

The research questions are the following:

RQ1: How is the development process of SME marketing alliances carried out?

RQ2: How do the organizational and managerial factors involved development process of successful SMEs marketing alliances differentiate from those involved in the development process of unsuccessful ones?

3 Methodology

3.1 Overview of the chapter

This chapter provides a full explanation of the reasons which brought to choose the qualitative approach based on multiple case study. Based on the most famous and cited authors dealing with this methodology, the path going from the research questions to the conclusions emerging from data collection and analyses is designed. Also the quality of the research design in terms of validity and reliability is given a dedicated paragraph, since it represents a particularly relevant aspect in qualitative research, thus deserving detailed investigation.

3.2 The choice of the methodology

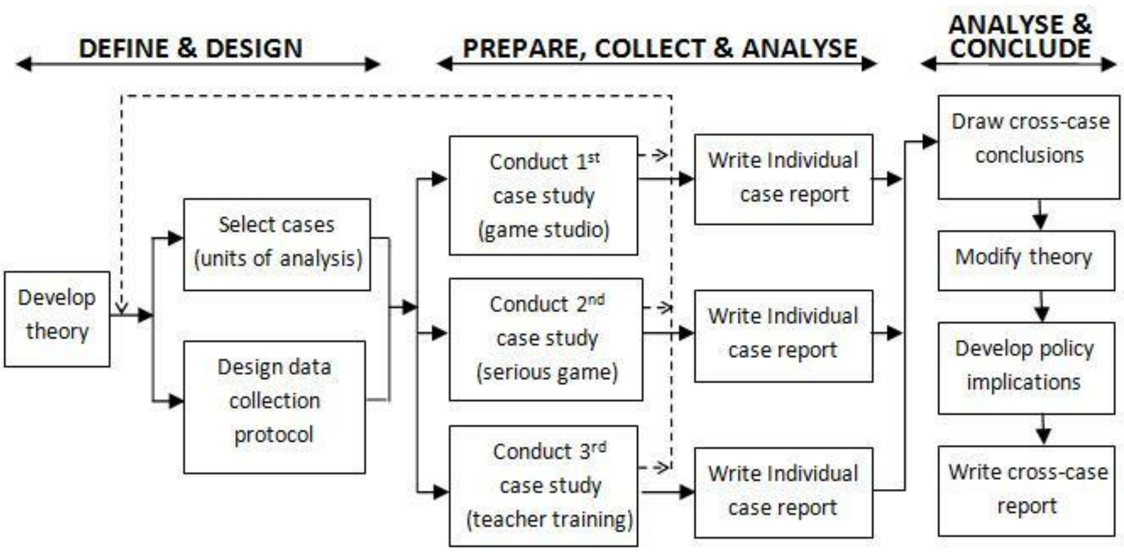
In order to define the methodology for this work of thesis, the works by Eisenhardt (1989) and Yin (2009), which are two of the most relevant and widely accepted contributions to the field of qualitative research methods, were considered a reference point. Yin (2009) states that the first and most important condition for differentiating among the various research methods is to classify the type of research questions being asked. In particular, “why” and “how” questions are likely to favor the use of case studies, experiments or histories. the case study method was preferred considering other two criteria Yin identifies: the extent of control over behavioral events and the degree of focus on contemporary as opposed to historical events. Indeed, the case study is preferred in examining recent or contemporary events, but when the relevant behaviors cannot be manipulated, as in the case of alliances, which are the object of study of this work. Moreover, Yin (2009) suggests that the case study method should be used when the researcher wants to understand a real-life phenomenon in depth, but such understanding encompasses important contextual conditions because they are highly pertinent the phenomenon of study. Furthermore, Halinen and Thornoos (2005) explicitly assert that “it is obvious that case strategy is more suitable for the study of business networks”.

Another aspect to be kept in mind is that there may be exploratory case studies, descriptive case studies or explanatory case studies. Indeed, the most important application of case studies is to *explain* the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies; a second application is to *describe* an intervention and the real-life context in which it occurred; third, case studies can *illustrate* certain topics with an evaluation, again in a descriptive mode; and fourth, the case study strategy may be used to *enlighten* those situations in which the intervention being evaluated has no clear, single set of outcomes (Yin, 2009).

3.2.1 The case study method

Yin (2009) explains that the case study method consists of different phases: the definition and design of the research, the data collection, which needs to be previously prepared, the data analysis and the conclusion (see Figure 7). During the first phase, the aim of the study needs to be clarified, so as to select the most suitable cases in order to reach it. This step includes also the preparation of the case analysis protocol. During the second step the researcher conducts the interviews for each selected case, gaining more and more experience about how to carry out the data collection. Collected data are now analyzed for each individual case which consists of a whole study, in which convergent evidence is sought regarding the facts and conclusions for the case: each case’s conclusions are then considered to be the information needing replication by other individual cases. Indeed the last step is meant to provide a cross-case analysis leading to the conclusions and implications of the research. Both the individual cases and multiple-case results can and should be the focus of a summary report. For each individual case, a case study report is prepared and this report should indicate how and why a particular proposition is demonstrated (or not demonstrated). Across cases, the report should indicate the extent of the replication logic and why certain cases are predicted to have certain results, whereas other cases, if any, are predicted to have contrasting results.

Figure 7: Case study method (Yin, 1989)



The following paragraphs deal with each phase of the case study method specifically.

3.2.2 Retrospective longitudinal analysis

Networks are dynamic and constantly changing and this needs to be considered when a research process is designed (Coviello, 2005; Halinen and Törnroos, 2005). Because the time limitations of the research project meant that a true longitudinal method involving immersion in the organization over an extended period of time was not possible, a retrospective approach which relies on the participants' memories was used, as recommended by Carson and Coviello (1996), and Medlin (2004). Employing a retrospective approach was reasonable because the intentionally formed network's creation was recent, having only been formed in 1999. It was therefore assumed that changes were expected to be minimal and research participants' memories reasonably accurate over this time span. A convergent approach was taken to ensure accuracy of events; this compared participants' stories and secondary data sources to confirm events, and follows the method outlined by Medlin (2004).

3.3 Research design

3.3.1 Cases selection

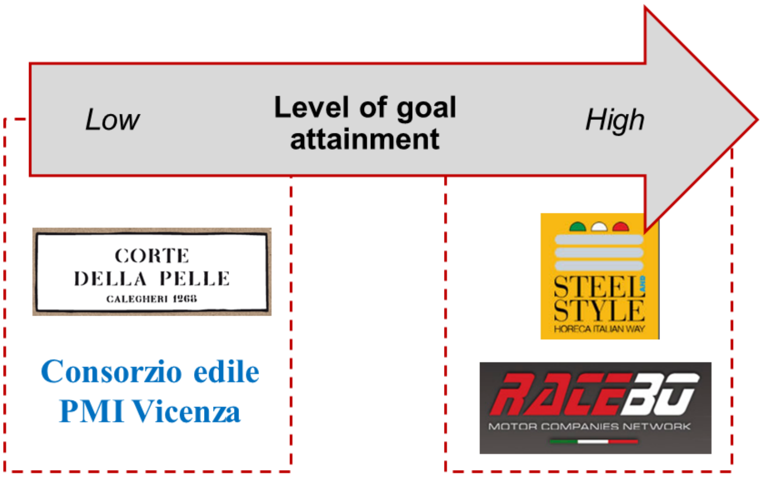
Yin (2009) highlights that the most important aspect to be pointed out about the selection of cases is that it is not a sampling process, but the choice should relapse on those cases that will most likely illuminate the research questions. To this end, a number of case study candidates could be useful to select cases among them.

As anticipated, with this study, we are interested in shedding light on the development process of a marketing alliance among SMEs and on the organizational and managerial factors which are supposed to have an influence on the success of the alliance. In this study, the level of success reflects the level of goal attainment. As a consequence, marketing alliances which have reached their established goals and marketing alliances which have not are selected, so as to have a base of comparison. For simplicity, cases will be referred to as successful and unsuccessful during the whole dissertation. Moreover, we specified that we are interested in multi-partner alliances, thus our cases need to be alliances made up of more than two partners. Furthermore, since we have seen that case studies are particularly useful when investigating recent or contemporary events, we opted for choosing recent alliances.

Considered these selection criteria, we firstly carried out a few interviews with key informants who could give us some suggestions about potential cases. They were one of the council members of Unindustria Treviso, a union of industrials in the province of Treviso which has created a division specifically devoted to support the creation of alliances among firms, and the director of Retimpresa, an association dedicated to the coordination and development of services for associated firms, with particular reference to alliances. It is important to point out that this association was born in conjunction with the design of the "Network Contract Law" which has been addressed in Appendix 1.

It is now possible to map selected cases on a line representing the level of success which may be low or high, as shown in Figure 8.

Figure 8: Selected cases



In this way, the study bases on two successful cases and two unsuccessful cases, so that replication could increase external validity.

3.3.2 <u>Data collection protocol</u>

The protocol is intended to guide the investigator in carrying out the data collection from each case (Yin, 2009). Table 13 presents the sections it is made up of and it provides both the theoretical issues and the practical actions carried out in this thesis for each section.

Table 13: Guidelines for the preparation of the data collection protocol (adapted from Yin, 2009)

Protocol section	Contents	Contents in the study
Overview of the case study project	Background information about the project, the issues being investigated, and the relevant readings about the issues	- Visit of the website of the alliance, if existing, and the partners - Search for materials published on the Internet or provided by previous key informants
Field procedures	Plan the data collection so as to: - Gain access to key organizations or interviewees - Have sufficient resources while in the field - Make a clear schedule of the data collection activities to be completed within a period of time - Provide for unanticipated events	- Contacts with potential key informants to be interviewed - Scheduling of interviews from January to December 2012 - Organize with a recording device and a notebook to bring during the interviews
Case study questions	They represent a reminder of the information that need to be collected and why; each questions should be accompanied by a list of likely sources of evidence	- Preparation of the semi-structured questionnaire - Sharing with key informants - Pilot case study
Guide for the case study report	Description of a research design, apparatus and data collection procedures; presentation of the data collected; analysis of the data; discussion of findings and conclusions	- Draft for each case - Use of matrices and schemes to identify patterns - Revision by key informants

In particular, the case study questions are the heart of the protocol. In this specific study, this section has been developed on the basis of the framework of analysis presented in paragraph 2.5.7, adapted in order to become a suitable questionnaire to be used during the interviews and, thus, increase reliability.

The initial protocol has been shared with key informants and then applied to a pilot case. This helped identify the most significant aspects, those aspects that, indeed, were not so relevant and those that needed to be investigated in further detail. Moreover, the pilot data provided considerable insights into the basic issues being studied, so that the final research design was informed both by prevailing theories and by a set of empirical observations.

The final version of the protocol is presented in Table 14.

Table 14: Case study protocol

Main theme	Questions
The genesis of the alliance	When was the alliance born?
	Why was it created? Were there mainly internal or external drivers?
	What are the main goals of the alliance?
	Did you have a temporal orientation?
	Were goals established clearly since the beginning? Were they shared among all partners or not?
	Who was the alliance initiator? Was he inside or outside the alliance?
	Did you make a business plan or another form of activity planning? Did you include an economic analysis?
	How many companies is the alliance made up of?
	Which criteria did you follow to select partners?
	Did some companies exit or enter the alliance at a later stage?
	Which alliance form was chosen? Why?
	Does a formal contract exist?
	Is the governance internal or transferred to en external party?
	If internal, does only one firm hold it or is it shared among partners?
Information about partners	What is their core business?
	What is their business model?
	Are partners positioned on the same market segment?
	Do partners have the same level of reputation?
	Are partners competitors?
	Do partners realize complementary products?
	Do partners serve the same markets or even the same clients?
	Did partners already know each other?
	Did partners previously collaborate together?

	Do partners have any resource dependence?
Information about the alliance	How are communication, coordination and decisional process managed?
	Is there a manager or a central body?
	If there is a central body, is it made up of common staff?
	Is there a plan of meetings among partners?
	Are IT systems used to support communication and coordination process?
	Is there a leader partner (even morally) or do all firms share all decisions, responsibilities, etc.?
	Do all partners have the same level of commitment to the alliance?
	Do all partners equally benefit from the alliance?
	Do all firms trust each other?
	Is there any activity that you do together? Are they generic (independent), sequential (output A = input B) or mutual (bidirectional)?
	Does any system based on results exist?
	Do shared norms exist?
	Does any public body support the alliance?
	Did some conflicts emerge? If so, how did you solve them?
	Is the decisional process fast and simple or are there delays caused by organizational reasons?
	Are all partners perceived as a unique entity or as single firms?
	Has any aspect been changed overtime?
Outcomes	Are you overall satisfied with the results of the alliance?
	Which are the main difficulties you have faced? Were you able to overcome them? If so, how?
	Are you planning to continue or terminate the alliance?
	Are you going to modify or re-evaluate some aspects of the alliance? If so, why?

Case study data collection does follow a formal protocol, but the specific information that may become relevant to a case study is not readily predictable (Yin, 2009). This is the reason why the investigator should be a good listener, which implies capturing the mood and affective components and understanding the context from which the interviewee perceives the world; moreover it is important to be adaptive and flexible so as to be ready to ask good questions throughout the data collection process since unanticipated events may occur, which imposes to adapt procedures or plans.

In this phase, also the definition of who are the respondents is carried out, together with an indication of the different moments in time when interviewing different actors in the same alliance, so as to gather information about the dynamics of the alliance, which is peculiar of longitudinal studies.

3.4 Data collection

3.4.1 Interviews

Based on the data collection protocol, 22 in-depth interviews to key informants (i.e., alliance partners CEO, consultants and external brokers) have been carried out asking about the facts of each alliance and asking their opinions about events.

Since the unit of analysis is the alliance, respondents are summoned to answer in name of the alliance and keeping in mind that the object of study is the alliance and not themselves.

The first three interviews are made with key informants belonging to different organizations which had previously been involved in different ways in collaborative projects. In particular, they are experts in matter of IORs and their experience was important since they could shed some light in the phenomenon of interest at the beginning of the research, help identify a number of potentially interesting case studies and the most relevant issues related to the development process of alliances.

As far as interviews with alliance partners are concerned, more than one informant for each alliance was interviewed, thus having the triangulation among different evaluators, called *investigator triangulation* (Patton, 2002). Key informants were interviewed more than once, with a period of time passing between the two sittings, so as to capture aspects related to alliance dynamics over time.

The duration of each interview was between thirty minutes and two hours, according to the time the interviewee had available, and all interviews are recorder. Table 15 shows some details about the interviewed people.

Table 15: Details of the interviews

Key informants	Firm	Position	Role	Date
Dr. Miotto	Confindustria Veneto	Director	Alliance expert	Jan 2012
Dr. Carrera	Unindustria Treviso	Responsible of UNINT – Legal area	Alliance expert	Jan 2012
Dr. D'Alvia	Confindustria Roma	Director of Retimpresa	Alliance expert	Feb 2012 Oct 2013
Case	**Firm**	**Position**	**Role in the alliance**	**Date**
Steel&Style	UNINT (Unindustria Treviso)	Alliances manager	External initiator and manager	Feb 2012 Apr 2013
	Monolith	CEO	Partner	Mar 2012
	Imesa	Sales manager	Internal promoter	Apr 2012 Apr 2013
	Cuppone	CEO	Partner	Apr 2012
Calegheri	*Self-employee*	Accountant	External support	Feb 2013
	Gritti	CEO	Initiator and internal manager	Mar 2012 Mar 2013
	Acrib	Director	Thirt party	Nov 2013
RaceBo	Unindustria Bologna	Director	External initiator	Jun 2012
	VRM	CEO	Internal initiator and manager	Nov 2012
	Verniciatura bolognese	CEO	Partner	Mar 2013
	Icos	CEO	Partner	Mar 2013
Consorzio costruzioni PMI Vicenza	API Industria Vicenza	Employee	External coordinator	Feb 2013
	API Industria Vicenza	Employee	External coordinator	Mar 2013
	Zordan Srl	CEO	External president	May 2013
	Eurocostruzioni	CEO	Partner	Jun 2013

3.4.2 Other sources of evidence

Apart from interviews, there are other five possible sources of evidence: documentation, archival records, direct observations, participant-observation, and physical artifacts (Yin, 2009). The different sources are highly complementary, thus the more sources are used, the higher the quality of the case study.

In particular, this work of thesis as used the following sources of evidence:

- Documents: key informants personal documents, administrative documents, public announcements, articles in newspapers and internet;
- Archival records: “public use files” (i.e. statistical data made available from the Retimpresa), organizational records;
- Direct observation: observations of meetings, classrooms, field visits;
- Physical artifacts: physical evidences of the alliance activity.

The rational for using multiple sources of evidence is the development of converging lines of inquiry, a process of triangulation and corroboration. With respect to investigator triangulation in the previous paragraph, this is another type of triangulation, called *data triangulation* (Patton, 2002).

3.4.3 Case study database

One of the mayor shortcomings of case study is the lack of a formal database differing from the written report which often constitutes the only output of data collection. Instead, in order to enhance reliability, every critical reader should have raw data available for personal inspection. Data collection may bring to notes, documents, tabular materials and narratives, all containing information which needs to be stored for following examination.

In this sense, a complete database containing all required information about all cases was created. For each case, an excel data sheet was created containing all responses to the questions in the protocol obtained from the different interviewed informants.

3.5 Data analysis

“Analyzing data is the heart of building theories from case studies, but it is both the most difficult and the least codified part of the process (Eisenhardt, 1989). Miles and Huberman (1994) explains that data analysis consist of data reduction, data display and conclusion drawing and verification. The main distinction is between within-case analysis, whose main aim is to “become intimately familiar with each single case as a stand-alone entity”, and cross-case analysis, whose main aim is to “go beyond initial impressions, especially through the use of structured and diverse lenses on the data”

(Eisenhardt, 1989). Next paragraphs deal with the coding process, the within- and cross-case analysis.

3.5.1 The coding process

Before analyzing the write-ups of each case study, it is necessary to proceed with the coding of data. Codes are defined as tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study (Miles and Huberman, 1994). The rationale for this technique is that theories can’t be built from “raw data”, called incidents, as observed or reported (Corbin and Strauss, 1990). Giving conceptual labels to phenomena can a theorist accumulate the basic units for theory, called concepts. Concepts that are found to pertain to the same phenomenon are grouped to form categories, which are higher level, more abstract concepts which must be developed in terms of their properties and dimensions. This part of the coding process is called *open coding* (Corbin and Strauss, 1990).

Coding will to some extent depend on whether the themes are more “data driven‟ or “theory-driven‟ (Ryan and Bernard, 2000). In this research study, due to the fact that this is not a totally unexplored field, many categories already existed in previous literature so our coding process is mainly driven by the pre-existing theory, in particular by the categories identified in the framework of analysis. However, also new categories could be identified following the classical open coding technique. we coded the data manually, writing notes on the texts and using highlighters to indicate potential patterns.

Tables 16 and 17 shows two examples of coding are provided, the former is theory-driven while the second is data driven.

Table 16: Example of theory-driven coding

<table>
<tr><th>Cases</th><th>Quotes</th><th>Category</th></tr>
<tr><td>Case 1</td><td>“I started suggesting other managers to take advantage of the opportunity of a collaborative projects” (A partner CEO)</td><td rowspan="4">Partner selection</td></tr>
<tr><td>Case 2</td><td>“I asked to specific firms in the industry to start this project with me” (A partner CEO)</td></tr>
<tr><td>Case 3</td><td>“As an association of firms, i presented the project in order to understand who was interested in it” (Union of industrials)</td></tr>
<tr><td>Case 4</td><td>“I started asking to managers I know whether they wanted to join me in this adventure” (A partner CEO)</td></tr>
</table>

Referring to partner selection, a number of dimensions and properties may be identified, as for example the type of partners that are selected, with reference to their location, the type of production, their reputation, which makes understand that *partner selection* is actually a category.

Table 17: Example of data-driven coding

Cases	Quotes/Evidences	Category
Case 1	UNINT proposes the alliance to potential partners, it is responsible of its starting up; it conveys enthusiasm to partners and exerts a great influence on them	Alliance initiator
Case 2	A partner CEO had the first idea and was very determined in carrying out his project "[…] He knocked physically at my door to propose me the alliance, he was very convincing and was able to push the whole project forward" *(A partner CEO)*	
Case 3	"API Industria proposed the alliance to associates, despite it only had a generic idea of its implementation" *(A partner CEO)*	
Case 4	"I had this idea since a longtime before and the network contract law induced me to propose it to some other firms." *(A partner CEO)* "I supported firms during the founding of the alliance" *(Acrib)*	

Likewise, looking at the category of alliance initiator, different kind of information may be connected to it, as for example the experience of the alliance initiator, his personality and his/her ability to convey enthusiasm and involve alliance partners.

We coded for as many potential themes as possible, coding extracts of data inclusively, so as not to lose the context (Bryman, 2001). In so doing, it was possible to build the book of codes for the present study.

Once identified all possible codes and categories, the subsequent step consists in making connections between categories, thus identifying a set of relationships. This phase is called *axial coding* (Corbin and Strauss, 1990). There are a number of tactics in order to carry out this phase and the overall suggestion is to use visual representation, as for example schemes and tables (Miles and Huberman, 1994; Braun and Clark, 2006), which facilitate the identification of patterns.

3.5.2 The within-case analysis

As explained by Eisenhardt (1989), the within-case analysis makes the researcher gain familiarity with data and preliminary theory generation, allowing the unique patterns of each case to emerge before investigators push to generalize patterns across cases. There is no standard format for such analysis, however the central issues are detailed case study write-ups for each case, consisting of descriptions which help researchers to cope early in the analysis process with the often enormous volume of data. Also event listings, critical incident charts, networks, time-ordered matrices and taxonomies may be useful (Miles and Huberman, 1994). Information gathered from documents, websites and other sources about the four cases was used to develop background information for each case. This in turn gives the researcher the depth of understanding that is needed for cross-case analysis.

Once prepared this materials, it is the moment of looking for explanation and causality. Here as well there are a number of exercises which can help carry out this step of the analysis, as for example making predictions and then using the case data to test them (Voss *et al*., 2002), as well as the causal network which is a "display of the most important independent and dependent variables in a field study and of the relationships among them" (Miles and Huberman, 1994, p. 153).

Quotes from participants were added after this to illustrated important points.

The write-up of each alliance was audited by feeding each case description back to the key actor for each alliance to confirm accuracy and further clarify understanding (Miles and Huberman, 1994; Patton, 2002).

Each within-case description was conducted based on the theoretical framework designed on the basis of the literature review, thus considering the construct areas identified from prior alliance studies, as suggested by Brown and Eisenhardt (1997). The within-case description formed the first level of analysis of the data and was reviewed as part of the supervision process. Thanks to the within-case description, emerging patterns could be more easily identified, and the descriptions also built familiarity with each case prior to the cross-case comparisons (Eisenhardt, 1989).

Chapter Four is dedicated to the description of cases and the subsequent analysis concerning each individual case.

3.5.3 The cross-case analysis

A cross-case analysis took place after the within-case descriptive analysis of the networks. This analysis followed the guidelines set out by Eisenhardt (1989), Miles and Huberman (1994), and Patton (2002). The purpose of the cross-case analysis is to develop a deeper understanding of the development process of alliances, and to find out under what conditions specific organizational and managerial factors are related to alliance success. The process involved the comparison of the four case study using data gathered from all of them. The approach taken made it possible to examine similarities and differences across multiple cases.

For these reasons, the systematic search for cross-case patterns is a key step in case research and it is also essential for enhancing the generalizability of conclusions drawn from cases (Voss *et al*., 2002). In order to prevent from reaching premature and even false conclusions, the key to good cross-case comparison is looking at the data in many divergent ways (Eisenhardt, 1989). The practical tactics suggested in previous literature (Eisenhardt, 1989; Miles and Huberman, 1994) are very diversified, but the most common and used in this study are:

- selecting categories or dimensions, and then looking for within-group similarities coupled with intergroup differences, widening this technique also to matrices so as to compare several categories at once;
- selecting pairs of cases for which listing the similarities and differences between each pair;
- seeking confirmation from multiple data sources leads to more reliable results, which also increases the reliability of the research.

In this study, data were displayed in matrices and schemes, which enabled the definition of concepts and exploration of causal connections between organizational and managerial factors in order to understand how alliances with a high and medium-low level of success are developed respectively. This was done through the identification of multiple instances and the patterns that emerged.

Pattern-matching between cases is an inductive process (Corbin and Strauss, 1994). Where findings conflicted, a deeper examination and probing of the data took place to understand why this happened. It involved comparing occurrences across the cases to clarify and explain patterns. Field notes were analyzed separately and this process aided in corroborating and strengthening findings, as suggested by Eisenhardt (1989). Notes were made during the process to aid in the identification of themes and insights and why these occurred. Conclusions from the different analyses lead to the creation of different propositions to be tested with future research.

Chapter Five is specifically devoted to the cross-case examination.

3.6 Coming to the conclusions

3.6.1 Shaping hypothesis

The previous step of data analysis should provide with a series of overall impressions, tentative themes, concepts, and hopefully relationships between variables. This crucial step consists in iterating a process of comparison between theory and data, so as to build theory which is as close as possible to evidences from each case (Eisenhardt, 1989). Replication bases on the logic of treating a series of cases as a series of experiments with each case serving to confirm or disconfirm the hypotheses (Yin, 1984). In this context, cases which confirm emergent relationships enhance confidence in the validity of the relationship, whilst cases which disconfirm the relationships often can provide an opportunity to refine and extend the theory (Eisenhardt, 1989). Essential to the identification of relationships between constructs is refining the definition of constructs themselves and measuring them, thanks to the accumulation of evidence from diverse sources which bring to the convergence on a single, well-defined construct. Another important issue is trying to understand why relationships exist, which contributes to the internal validity of the research.

3.6.2 Enfolding literature

After shaping hypothesis, the final step of the qualitative method consists in comparing the emergent concepts, theory or hypothesis with the extant literature (Eisenhardt, 1989). This entails taking into account both conflicting and consistent literature. On the one hand, conflicting literature is important because it offers the opportunity to reconsider the emergent theory with a different mode of thinking/perspective, which may enhance the strength of the emergent theory and make it gain in generalizability. On the other hand, literature discussing similar findings, overall in different contexts, is important because it can help link phenomena normally not associated with each other, thus enhancing internal validity, generalizability and the conceptual level of the research.

3.7 The quality of the research design

Four tests have been commonly used to establish the quality of the empirical social research, whose case studies are one form, and several tactics when dealing with these four tests when doing case studies have been identified (Yin, 2009).

The tests are the following:

- *Construct validity*: identifying correct operational measures for the concepts being studied and avoiding subjective judgements in collecting the data;
- *Internal validity*: seeking to establish a causal relationship between variables, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships;
- *External validity*: defining the domain to which a study's findings can be generalized;
- *Reliability*: demonstrating that the operations of a study –such as the data collection procedures– can be repeated, with the same results.

Table 18 presents the four tests with the respective tactics carried out in the study in order to enhance the quality of the research.

Firstly, in order to enhance construct validity, multiple sources of evidence were used, not limited to one key informant per each alliance, but different involved people, as well as secondary data gathered from company briefings, press releases and internal reports. Secondly, cases were selected so that they either: predict similar results (a literal replication) or produce contrary results but for predictable reasons (a theoretical replication), thus increasing the internal validity of the research (Voss *et al*., 2002). Moreover, explanation building and comparison with previous literature were carried out (Eisenhardt, 1989), and results were compared with the framework of analysis based on the literature review, thus doing pattern matching (Yin, 2009), all techniques which are supposed to increase internal validity. Thirdly, replication logic in the case selection was used in order to increase external validity (Yin, 2009). Lastly, reliability was obtained thanks to the preparation of the case study protocol and database (Yin, 2009).

Table 18: Case study tactics for four design tests (adapted from Yin, 2009)

Test	Case study tactics	Phase of research in which tactic occurs
Construct validity	- Multiple sources of evidence - Key informants review draft case study report	- Data collection - Composition
Internal validity	- Theoretical replication - Literal replication - Theoretical reasons for why the relationships exist are identified	Data analysis

	- Results are linked to the literature, both consisting and conflicting - Results are compared with the framework of analysis	
External validity	Use of theory in single-case study Use of replication logic in multiple-case study	Research design
Reliability	A case study protocol is designed A case study database is prepared	Data collection

4 Within-case analysis

4.1 Overview of the chapter

Being focused on the within-case analysis, this chapter is made up of four paragraphs which provide a detailed description of each case included in the study. Each paragraph is divided in six parts: the first one describes the genesis of the analyzed network and its general characteristics, so as to give a whole picture of the network under investigation; the other parts present in greater details some specific aspects which are particularly relevant for the aim of the study, that are the phases of the network development process, its organizational and managerial factors which enter into the process, the contingency factors which may influence the process, relevant actors involved in the process and, finally, the main evidences emerging from the analysis. Quotes by interviewed people are included in each paragraph in order to provide more evidences.

4.2 Steel&Style

4.2.1 Case description

Steel&Style (S&S) is a consortium made up of leading Italian Ho.Re.Ca. (Hotellerie, Restaurants, Cafes) and Food Processing equipment complementary producers whose mission is that of expanding their business in the emerging markets sharing their expertise and resources. It has been working since 2006 when UNINT (Unindustria Treviso, the union of industrials of the area of Treviso in the Veneto region, North-East of Italy) spreads the news about the possibility to assist SMEs in the area of Treviso willing to launch collaborative projects. The managing director of one company, in particular, appreciates the idea and starts suggesting other managers to take advantage of this opportunity in order to improve their marketing capabilities. He begins asking to those companies he already knew that are in the same industry and in the same area and which, in his opinion, could be interested in such a project. After this initial process, potentially interested firms decide to meet around a negotiating table to discuss the issue with UNINT. Thirteen firms (see Figure 9), supported by UNINT, agreed about the creation of a consortium. As Table 19 shows, partners are specialized in different products for the Ho.Re.Ca industry, ranging from products for professional kitchens, as for example ovens and cooking systems, to furniture elements, like shelves and taps, and professional cleaning devices, as dishwashing and laundry machines (see Table 19).

Table 19: Partners and core activities

Company Name	Main products
Aristarco SpA	Professional dishwashing system
Artinox SpA	Stainless Steel Shelving and Tiles
Cuppone Srl	Pizza Ovens
Fwerex Srl	Food processing equipment
Gemm Srl	Refrigeration Systems
Imesa SpA	Laundry Solutions
Kastel Srl	Ice Makers
Lasa Srl	Professional Dishwashers
Lotus Srl	Cooking Systems for Professional Kitchens
Monolith Srl	Taps and Nozzles
Orved SpA	Vacuum Packing Machines
Rica SpA	Heating Elements
Technoinox Srl	Cooking Systems for Professional Kitchens

All partners have not only the same core business, that is they all manufacture appliances, but also the same business model, that is firms selling products in Italy and abroad with their brand in the B2B sector. Moreover, these firms are all positioned in the same market segment, have the same markets and in some cases they also share some clients or distributors. Indeed, three firms which are specialized on the same products are competitors. They are all positioned at the same level of the value chain and have no resource dependence, so this is an example of horizontal alliance. Figure 9 provides a possible representation of the structure of the alliance.

The shared aim is to carry out marketing activities together which mainly encompass the promotion the companies' products, the participation to trade fairs and actions to get information about potentially interesting new markets they want to enter or where they want to foster their competitive positioning. The fact that the aim is clear and shared among partners facilitated the initial alliance formation phase. Despite product complementarity is one of the preferences for partners selection at the beginning, three companies realizing the same products and, thus, competitors, are involved in the project, as anticipated. This causes some conflicts which were solved with two companies spontaneously getting out the consortium for different reasons. This early difficulty makes member companies not accept competitors in the consortium anymore. After the initial phase, the average number of companies becomes ten.

Figure 9: Structure of S&S

The program of the alliance includes different steps: at the beginning partners start from realizing a brochure with a common brand acting as an umbrella brand (Steel&Style) which encompasses the trademarks of partners, in order to participate to exhibitions together with a unique stall, thus saving money, having larger advertising space and a larger representative strength/force. The exhibitions calendar is arranged each year by all members after UNINT put forward a proposal. In trade fairs partners are perceived as a unique entity, which attracts clients interested in complete solutions. As a consequence, this activity allows partners to gather a high number of contacts of potential clients. Regarding this issue, the CEO of a partner says:

"*The first exhibition in Russia proved a success since the beginning, we sold almost every product we brought, clients appreciated us presenting as a single entity and we gathered a lot of contacts."*

In 2008 there is a turning point: partners, always guided and supported by UNINT, decide to launch a new project called *Infopoint*. They employ a woman who had been working for years for a company offering linguistic services, and organizing events and training. As a consequence, she has strong commercial capabilities and ability to communicate. Her aim is to promote the S&S partners' products and image by highlighting their design, their high quality standards and their excellent performances and above all their "made in Italy products" in the international Ho.Re.Ca. scheduled fairs. All firms are presented under the same umbrella brand, while maintaining also their own brands. Moreover this second step of the project aims at producing a report which contained different types of information on the visited country. Indeed, each fair is followed by *ad hoc* reports on the acquired contacts together with business information and country fiches, which constitutes the output of every mission. This represents a moment when all companies meet each other, view and discuss the results and UNINT has the control over the activities. In 2008 the strategic areas for S&S are Eastern Europe, Central Asia and the Baltic Republics, in 2009 Eastern Europe and the Middle East, in 2010 Asia, Latin America and Africa, and in 2011 again Middle East, Latin America and Africa.

Among these countries, Africa looks particularly significant because there seem to be some room for business development. Thanks to the presence of a referee in Africa, who was born in Benin and thus knows the territory and how to deal with local people, not only this project follows the *Infopoint* footprints, but it also makes a step forward, in the sense that not only promotion and marketing, but also commercial activities are carried out. Indeed, a group of companies collaborate in order to offer to clients ready-to-go solutions, overall in the fields of food processing and laundries.

Obtaining a quantitative result of the project is quite difficult, but partners assert they are satisfied with their participation in the consortium, since it has helped them enlarge their number of contacts and clients portfolio and also determine in advance the feasibility of entering into a new market. Moreover those firms participating to S&S Africa have the possibility to take part to large projects thanks to their belonging to the consortium, because they would have been too small and specialized to satisfy a request by a big client.

Despite a number of convenient activities, the consortium decided to terminate its activity because partners feel they have reached their goals.

4.2.2 Contingency factors

A part from the external drivers which are common to all alliances since they refer to the Italian context, there are other contingency factors which play a role in the development process of S&S. The first group of contingencies refers to the characteristics of partner firms. As anticipated, all firms are SMEs, belonging to the same industry and are mainly located in the area of Treviso, a province in the North-East of Italy, and are positioned at the same level of the value chain, thus giving rise to a horizontal alliance. They have almost the same level of reputation and no previous experience of collaboration, that is this is the first time they participate to a collaborative project with other firms. However, the alliance is supported by UNINT which is not a member of the alliance, but a third-party having a good experience of alliances since its mission is precisely sustaining collaborative projects among SMEs throughout all their activity.

Considering relationship features, it is also the first time they collaborate together, despite they almost all knew each other before. An previously pointed out, partners realize complementary products, so they do not have any resource dependence among one another.

4.2.3 The development process of S&S

Looking at the development of the alliance, the element which gives the start to the process is the initial proposal by UNINT. Indeed, without the alliance business idea the alliance would never begin. After this happening, the first step carried out by UNINT, with the help of the managing director of one firm who believes a lot in this project, is to search for potentially interested partners which are willing to join the project. Then potential partners meet all together in different sessions in order to design the alliance, that includes establishing its aims, defining its governance and the role of different partners, planning activities of the alliance, evaluating potential benefits and risks and establishing rules and procedures in order to operate. This first phase of planning also contributes to determine the temporal orientation of the alliance, which represents the expected amount of time needed to reach established goals. Partners of S&S agree to a medium term temporal orientation, that is around five or six years, so that the alliance is different from a merely operative and temporary project, but it acquires a more relevant dimension. Also the dimension related to the brand is given a relevant role, indeed the CEO of the partner who welcomes UNINT proposal says:

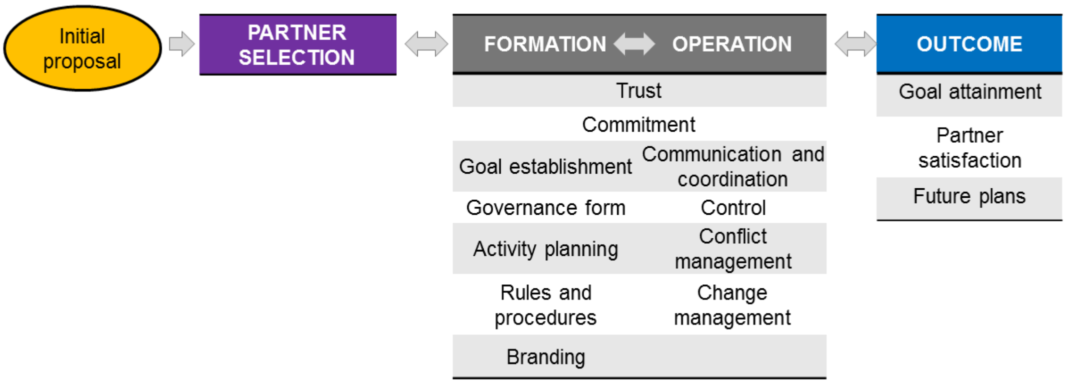
"One of the most important issue was the choice of the brand. Steel&Style obtained the approval by all partners because it recalls the material of their products providing also a dimension of attractiveness which is peculiar of Italian products."

This happens before the alliance effectively starts to operate, which happens in a second phase, when all the aspects are clarified and the first activities are carried out. When the alliance starts to function, then UNINT establishes when and where to meet in order to coordinate activities, to control the going on of the alliance and discuss potentially delicate aspects needing re-consideration or new opportunities. In this phase, there can also be the need to discuss and solve emerging conflicts among partners.

The alliance faces two moments of evaluation: the former when the *Infopoint* project seems to have reached its goals and produced benefits for firms, and the latter when also the *S&S Africa* project comes to an end. In both this occasions, partner satisfaction and willingness to continue the project, based on potential opportunities, are taken into account.

All this said, S&S development process may be represented as Figure 10 shows.

Figure 10: S&S development process



4.2.4 Characterizing organizational and managerial factors

This paragraph provides a description of the organizational and managerial factors involved in the process (see Figure 10), also showing how they are characterized.

As far as partner selection is concerned, UNINT and the firm involved in this phase present the alliance to potentially interested firms in one specific geographical area and industry (Ho.Re.Ca), preferring firms which realize complementary products. Moreover, the managing director of the involved firm is inclined to present the project to firms he already knows. In so doing, potential partners share values and know who they are collaborating with, which let partners start with a good level of trust. In a subsequent step, another criteria is selected: competitors are better not to be engaged in the same alliance because this element could undermine trust and create breaches in the relationships, thus damaging the wellbeing of the alliance. Indeed, the only conflict that emerges during the activity of S&S regards competitors; they turn out not to be able to co-exist within the same alliance due to the incapacity to overcome past conflicts and a general sentiment of skepticism.

Concerning the design phase, the first element which is discussed by S&S partners are goals. Goals are proposed by UNINT and then shared among partners, which does not constitute a problematic step, since all partners agree about initial goals. Goals do not remain the same throughout the whole life of the alliance, indeed there are three stages of the alliance presenting aims more and more challenging. Hence the more general and strategic macro-goal is established since the beginning, so as to provide an orientation to the alliance, but then operative aims are carried out step-by-step.

UNINT is very precise in scheduling activities and establishing norms and procedures. However, all partners take part to the decision making process, by participating to established periodical meetings in order to plan activities and take decisions together. In this way, the communication and coordination processes result simple and fast, and UNINT has the chance to supervise the going on of activities and debate any critical issue or conflict that may emerge.

Passing to a softer dimension of the alliance, partners demonstrate a high level of participation during the whole process, which suggests that all partners show a good level of commitment to the alliance, also thanks to the perceived advantages gained through the alliance. However, despite the level of trust increases when competitors exit the alliance and it is strengthened thanks to the going on of activities and goal fulfilment, partners do not develop a total level of trust. This may have a fundamental role in the decision of ending up the alliance.

4.2.5 Relevant actors in the development process of S&S

The alliance business idea comes from UNINT which, thus, pushes the process on when trying to communicate the idea to and persuade potential partners, and makes the alliance development process start up. After the communication of the business idea to some potential partners, UNINT is also supported by the managing director of a partner firm who, as anticipated, welcomes the idea very enthusiastically and joins UNINT in the phase of partner selection. This active participation of the CEO of a firm completes the role of UNINT. As a consequence, UNINT is the initiator of S&S and he is helped by the CEO of a partner. It is always UNINT, in this case alone, without any of the partners prevailing on the others and supporting UNINT, which manages the consortium during its activities, coordinates them and assures a control over the proceeding of the activities and the results. Furthermore, UNINT maintains the governance of the alliance and has an influence over alliance partners. Table 20 summarizes the main features of S&S.

Table 20: Main features of S&S

	GENERAL ASPECTS
Industry	Ho.Re.Ca
Year of foundation	2006
Drivers	Acquire new clients, increase their marketing activities, take advantage of a chance offered by Unindustria (both internal and external drivers)

Initiator	UNINT, helped by a partner CEO	
Number of partners	At the beginning 13, then 9	
Criteria for partner selection	Companies belonging to the same industry and territory, manufacturing complementary products, potentially interested in the project; later on, no competitors are accepted	
Partner entering/exiting	Yes, two competitors and another firm exit	
Partner core business	Appliances producers (e.g., kitchens, ovens, food processing equipment, laundry solutions)	
Partner business model	Firms selling products with their brand in the B2B industry	
Market position of partners	In the same market segment, at the same level of the value chain	
Partner reputation	Same level of reputation	
Presence of competitors	At the beginning three competitors, but then none	
Market and/or client sharing	In some cases, yes	
Previous knowledge of partners	Yes	
Previous collaborations together	No	
Other previous collaborative projects	No	
Resource dependence among partners	No	
	ORGANIZATIONAL AND MANAGERIAL FACTORS	
	Formation phase	**Operation phase**
Goals	Participate to trade fairs together, getting information about potential clients and markets, provide clients with complete solutions, increase sales	Sale of complete solutions
Business plan	Activity planning, not economic analysis	Activity planning
Governance form	Consortium	
President and/or bodies	External body: UNINT	
Composition of common body	nr	
Management of communication, coordination and decisional process	Responsible of communication and coordination: UNINT	

Plan of meetings	Periodical meetings	Periodical meetings
Type of joint activities	No joint activities	
Existence of shared norms and rules	Yes	Yes
Level of benefits equity		Not relevant differences
Existence of a control system based on results		No
Conflict management	Yes, among two competitors and one partner exits the alliance	No
External perception of the alliance		In trade fairs, unique entity, otherwise single firms
Change management	Regarding criteria for partner selection	Evolution of goals
Commitment to the alliance	Same level by all partners	
Level of trust	Good level of trust	Good level of trust
	OUTCOME	
Partner satisfaction	Overall yes	
Main difficulties	Relationships, trust building; some of them overcome some not	
Plans for the future	Terminate	
Aspects to be modified or re-evaluated	-	

4.2.6 Main evidences emerging from the case of S&S

Briefly summing up the main features of S&S, it is a consortium made up of SMEs willing to promote their products and exploring new possibilities for their internationalization. It is a consortium characterized by the constant presence of a third-party supporting the starting up and operation of the alliance. This element shapes the whole development process of the alliance, in the sense that not only UNINT gives inputs to begin the alliance, but also it guides partners in every step of the development process of the alliance. In so doing, the process seems simple and lean, with everything planned and kept under control. Moreover, despite the strategic aim is clear since the beginning, S&S has a step-by-step approach in establishing operative goals, which facilitates the progressive reaching of goals which in turn enhances trust.

The issue of trust emerges also at the very beginning of the process when selecting partners on the basis of proximity, both geographic and cultural, previous knowledge and complementarity instead of competitiveness is supposed to facilitate trust building.

Referring to the general satisfaction of partners, they all show appreciation for the collaborative project thanks to the benefit it brings. Generally speaking, UNINT declares:

"We tried to estimate the return on the investment by comparing the number of new contacts acquired thanks to S&S activities with the amount of money provided by each partner and the result was fabulous."

More specifically, the CEO of one of the partners asserts:

"Steel&Style helped us acquire our third most important client."

The expectation was that firms may have liked to do a step forward continuing to provide complete solutions for clients, instead they decide to stop the activity of the alliance since they are satisfied and think they have reached predetermined goal. UNINT addresses this issue asserting:

"*The evolution has been hypothesized many times, but in the end it has not occurred mainly due to low inclination towards enduring collaborations of partners*."

The CEO of a partner adds:

"A part from aptitude of partners, it was also due to the person to whom the task was assigned who was not sufficiently skilled and had not the right personality to do it."

This confirms the importance of people involved in the project, both from a technical perspective, but also from a personal perspective.

The consortium could have had the chance to continue its activity making a further step forward, that is trying to present to potential clients as a unique entity offering an integrated solution. However this significant step forward would have implied a higher sharing of knowledge, know-how and activities and partner still did not have such an open attitude and such a high level of trust to allow this evolution.

4.3 Corte della pelle - Calegheri 1268

4.3.1 Case description

Corte della Pelle (CdP) is the name of the consortium created by four shoe producers belonging to the Brenta Shoe District, between the provinces of Venice and Padua in the Veneto region (North-East of Italy), in 2009. The idea of doing a collaborative project comes to the mind of an entrepreneur many years before and it is based on two major reflections: the former is that it is important for shoe producers to have a direct selling point and the latter that working together could be the best and maybe only way a SME has in order to be competitive. He carries forward his idea supported by the Acrib, the association of shoe producers of the District, which also has fostering collaborative projects among its most important aims. The CEO of Calzaturificio Gritti proposes the project to a number of selected firms in the district which realize complementary products and are not competitors. After the initial negotiation period, he succeeds in lunching his project together with other four shoe producers positioned in the medium-fine segment with a completely *made in Italy* production, but not competitors (see Table 21).

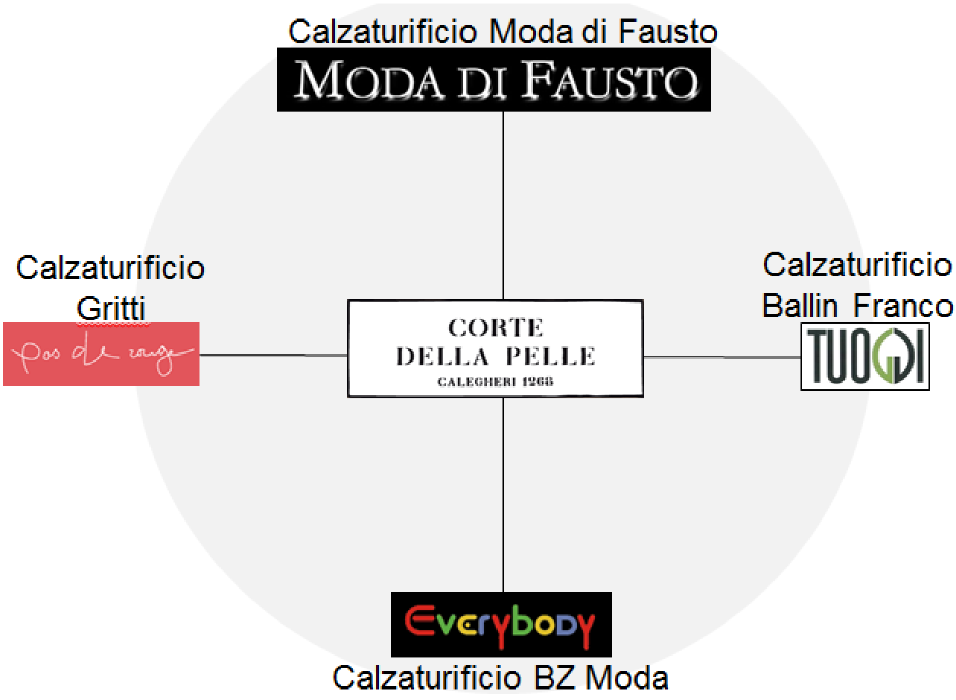
Table 21: Main features of CdP partners

Company	Specialization	Target clients	Business model
Calzaturificio Gritti Srl	Women shoes characterized by lightness and comfort, but with feminine and modern design as well	Women interested in comfort and style	Own brand: *Pas de Rouge*
Moda di Fausto SpA	Classic women shoes	Women who like classical and high quality shoes	Own brand: *Moda di Fausto*
B.Z. Moda Srl	Women shoes characterized by comfort, creativity, and everyday femininity	Sophisticated and dynamical women, no matter their age	Own brand: *Everybody*
Franco Ballin Srl	Women shoes (even if they also produce men shoes) characterized by a particular attention to the environment, but also comfort, style and innovation	Women sensible to sustainability and comfort	Own brands: *TuOggi*, RDB 213 Contractor

Partners realize different types of shoes for different target clients, even though they share some markets and also some clients. Indeed, some of them are more specialized in the production of women shoes with a more classic design, while others have a more sophisticated or particular design. They all sell products with their own brands, except from Franco Ballin Srl which is also a contractor for international *griffes* of the fashion industry.

One partner exits the alliance very early because the managing director realizes he is not willing to invest money in a risky project, overall after the initial difficulties, and after a short time a bank, which was interested in the project, joined the other four firms because it believes this could be an interesting project to invest some money in. Figure 11 represents the current structure of CdP network.

Figure 11: The structure of CdP



The initial goal of the consortium is to collect part of unsold goods from clients, i.e. retailers, in order to re-sell them in outlets, which represents mainly a strategy for client retention, but also an opportunity to sell to consumers directly without any intermediary. When the network is established, its original name is *Calegheri 1268*, which is chosen because it is the Venetian term referring to shoe producers, and it has the network contract as its governance form. The *Network Contract Law* (No. 33/2009), drawn by the Italian government in order to regulate a particular form of interfirm relationship, as explained in Appendix 1, gives them the right input to make their agreement effective. They choose this form of governance since it should bring some economic advantages due to government policies whose main aim is to foster this type of initiatives in order to promote SMEs which are at the backbone of the Italian economy. The CEO of the founder partner asserts:

"We thought that we would have received an economic support for creating the network; the chamber of commerce had talked about one million euros for network contract, but they never arrived."

As anticipated, the regulation of the network contract provides only a framework scheme identifying the essential content of the contract and leaving to the freedom of the parties the definition of specific clauses according to their needs and to the circumstances in which they operate. Thus, it allows a high degree of flexibility and firms maintain their independence, without having a new legal entity created. The essential elements of the network contract include the following items: form and structure of the network, partner firms' common purpose, network program and governance. They draft the written contract, specifying their purpose is to enhance client retention through a program of recollection of unsold goods to be sold in outlets, filed with the Register of Enterprises where the participants have their headquarters and established a common body. The management committee is entrusted with the performance of the network contract, the achievement of the common purpose, and with powers to act on behalf of the participants when entering into contractual relationships with third parties and/or government bodies, with a parity-based logic. This central body is made up of one member per partner firm.

The signing of the network contract represents both the incentive to formalize the collaboration and the obstacle to its development, in the sense that the structure of the contract itself prevents firms from implementing their planned actions. The caveat is that network contracts are recognized organizations registered in the local Chamber of Commerce as well as a firm or a consortium, but they are not allowed to operate as a new legal entity and, thus, cannot make transactions. In particular, in this case study, partners cannot sell their products through the network contract.

"We thought we could sell our products through the network contract, instead you cannot buy nor sell, it is a political instruments" (CEO of the founder partner).

This causes the need to find a solution to the problem and a subsequent delay in the carrying out of programs. After discussing the issue together with Acrib, partners decide to set up the consortium which may operate as an independent organization with a legal entity. In the long term, the main project remains the same, but this shortcoming causes an interruption of activities, due also to the fact that partners expectations regarding some financial support thanks to the network contract are not met, thus forcing them to only rely on their incomes. Moreover, this causes a lack of moral, in addition to economic, support on the part of public institutions. This fault is caused by a misinterpretation of the law which in 2009 has just been approved and is applied, without the full understanding of all its clauses. This is mainly due to the fact that partners, together with the accountant, thought that they could have sold their collected unsold goods through the network contract which, instead, is not a legal entity and as a consequence this is not possible.

Due to all these difficulties, they have to reconsider the whole project feasibility and make some steps backward, starting with a less ambitious stage of the project, that is the opening of a direct selling point in the Riviera del Brenta which takes its name from the consortium, that is *Corte della pelle*, in April 2012. The brand is chosen because it represents an area of Venice where many years ago leather was sold, not only for shoes but also for clothes and saddleries. This shop is strongly desired by companies which do not want to give up, instead they prefer to open a small shop, starting in any case the activity of the alliance.

"The opening of this first shop encountered many difficulties, moreover it is different from the initial idea of outlets, but it represents the first direct selling point realized only with our resources and sacrifices" (CEO of the founder partner).

Each partner sells its products using its company brand, so that each partner maintains its own identity. This shop has also become the place where partners meet every Saturday morning.

The larger project of opening the other outlets and begin the collection of unsold goods from clients remains. Indeed, they have asked the chance of opening two outlets in two shopping centers, one in Italy and one abroad, and this is another element of delay since there is a waiting list. They are also planning to use the brand *Corte della Pelle* as a trademark for their products, indeed it has already been registered.

Due to the delay in starting to carry out the network activities and the subsequent failure in the achievement of predetermined goals, partners are not completely satisfied with their experience in the network, even if the opening of the first shop is considered an element of motivation to continue with the whole project. The CEO of a partner declares:

"We are very disappointed with the going on of the initial project, we thought this could be an interesting solution founded on solid bases, instead we haven't got anything of what we expected."

Despite all the problems the alliance has to face, mainly related to bureaucracy issues and governance, there have been no conflicts among partners which are tied by a high level of trust and commitment to the alliance.

4.3.2 The development process of CdP

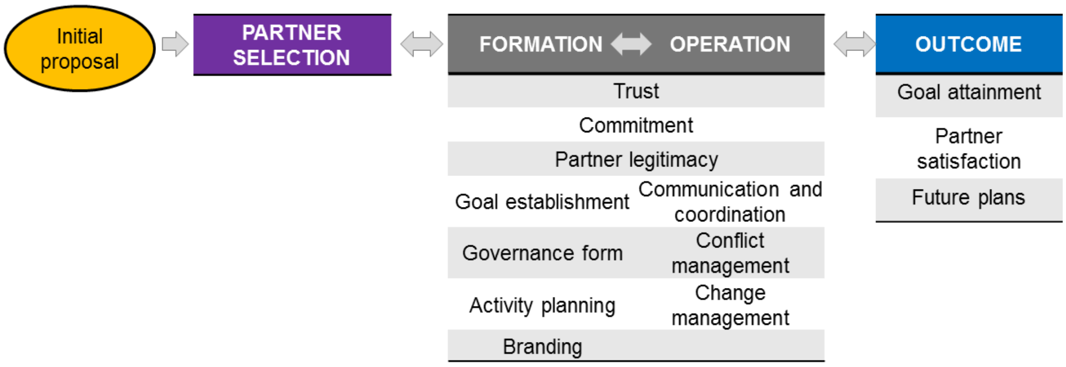
The development of the network is triggered thanks to business alliance idea of the CEO of a partner. Owing to the fact that the project needs some partners in order to be implemented, he starts proposing it to some selected firms in the shoe district in the Brenta Riverside. Once identified those partners interested in the project, whose aim in the case of CdP is already clear and well-defined, they decide to set up the network by subscribing one of the first network contracts in Italy with the support of an accountant and the association of shoemakers in the Brenta Riverside, called Acrib. This first step includes the establishment of the network aim and program, as well as the designation of the president and common body. Also the issue related to the name of the network contract is addressed in the initial phase, and then reconsidered when passing from the network contract to the consortium. As for the temporal orientation of the alliance, partners expect to reach their aims within five or six years, that is with a medium-long temporal orientation.

After this design phase, the effective operation phase does not start due to the incompatibility between the governance structure and the aim of the network. Indeed, as anticipated, due to the fact that the network contract does not constitute a new legal entity, partners could not sale the collected unsold goods through their outlets. As a consequence the project faces a stalemate and partners need to reconsider the design of the network. The best solution partners are able to find is the establishment of a consortium which has a more robust structure and provides for the possibility to sell goods. However, despite finding this stratagem, partners change their vision also about the objectives which are in turn reevaluated.

At present, the activity of the consortium is limited to the direct selling of partner products through a small shop they have opened in the Brenta Riverside. However, in a moment of evaluation and reflection, partners decide not only not to break up the alliance but also to work in order to try reach the initial aim, despite they are not completely satisfied with the project.

Based on these considerations, CdP development process may be represented as Figure 12 shows.

Figure 12: CdP development process



4.3.3 Characterizing organizational and managerial factors

This paragraph provides a description of the organizational and managerial factors involved in the process (see Figure 12) and how they are characterized in the alliance object of study.

As far as partner selection is concerned, the CEO of a partner firm proposes the project to firms he already knows in the district, in particular to firms which realize complementary products and are not competitors. Subsequently, a firm exits the alliance because it is not inclined to investments, thus indicating that this represents another implicit criterion needed to belong to the network.

Concerning the design phase, it is driven by the fields partners are required to fill in to establish the network contract. The first considered element is the common body which, in the case of CdP is made up of one member per partner firm. The other aspects, however, are much more theoretical than effective, in the sense that both the objective and the program are included in the contract without a correspondent detailed activity planning and economic analysis. The macro-objective is shared among partners, actually it is what they agreed upon when deciding to enter this project, but "increasing the fidelity of clients through the recollection of unsold goods" is a very broad and ambitious goal which cannot be reached without a clear specification of the steps needed to be implemented. Moreover, the governance form of the network is established without considering its practical alignment with the goals. These initial shortcomings bring to a heavy delay of activities and a substantial change of initial plans, which brings partners back to the decisions taken in the design phase.

Scheduling and formality lack also in the second phase of the activity of the alliance. Indeed, all activities, including the decision making process, the communication, and coordination and control of activities, are carried out with an informal approach, thus resulting very simple and fast, but at the same time as much disorganized and not respecting a global design.

Passing to a softer dimension of the network, partners demonstrate a high level of involvement in the network, which suggests that all partners show a good level of commitment to the alliance, and a high level of trust as well. If partners had not trusted each other totally and strongly believed in their project, the activity of the network would have stopped very early in the development process. Despite all the shortcomings, no negative incidents or opportunistic behaviors occur.

4.3.4 Contingency factors

In the case of CdP, external factors play a more important role than in the other cases. Indeed, the Network Contract Law gives the CEO of a firm the chance to implement the project he had kept in his mind for a long time. Thus, on the one side, it is the determinant input which makes him step from the idea to the facts. Maybe, on the other side, this aspect also plays in his disfavor, in the sense that the long-awaited chance to put in practice this ambitious project can make him underestimate the more practical aspects related to the project.

"We have received such a strong input from the environment, that we have thrown our heart over the fence," admits the CEO of a partner firm.

A part from external drivers, there are other contingency factors which play a role in the development process of CdP. As anticipated, all firms are SMEs and are located in the same district, the Brenta Riverside shoe district, in the North-East of Italy, and are positioned at the same level of the value chain, thus giving rise to a horizontal alliance. They have more or less the same level of reputation and are not used to participate to collaborative projects, thus they have no previous experience of collaboration, either with the same partners or with other ones. Despite this aspect, partners are tied by a strong pre-existing friendship which helps the interpersonal relationships among partners, as declared by the CEO of a partner firm:

"We have lived in the district for 30 or 40 years, we have all grown up here and started working in our firms since we were young, so we know each other very well, both personally and from a work point of view."

Their network is based on complementary of products meant to satisfy the needs of different types of clients. As a consequence, they have no resource dependence.

4.3.5 Relevant actors in the development process of CdP

The alliance business idea comes from the CEO of a partner who is also responsible of the communication of the idea to potential partners in order to make the network take shape. In this sense, the CEO of a partner firm is the initiator of CdP who, extending the definition of a heavyweight alliance manager, can be defined a heavyweight initiator since he is the champion of his idea and he strongly believes in it. Indeed, he asserts:

"I've had this idea since ten years ago when I realized that collaborating and having direct selling point would have been two of the most important issues for shoe makers in our district. I'm sure it is the only chance we have to survive and remain competitive, I'm firmly motivated in carrying on this project."

In the first part of the development process, this person is flanked by a third party, Acrib, which however plays a marginal role, in the sense that it does not take the network by the hand and guide it through its development process, but only helps the first phase of formation of the network. Another actor involved at the beginning is he accountant who helps firms draft the network contract. He should be the expert in legal matters, but he admits:

"I didn't know anything about this new tool, the network contract, so I tried to get the picture together with the partner representatives so as to fill the required fields."

At a certain point, partners decide to continue all alone, managing themselves and carrying out activities without any external support. The most influential person continue to be the CEO of the same partner firm who is particularly engaged in the network and drives the network, always sharing with partners all decisions. For these reasons, he can be defined as the alliance manager, even though activity planning is reduced to the minimum requested and other managerial and organizational aspects assume an informal connotation. This aspect leads to a simple and fast decision making process, but at the same time to a lack of an objective control system over the network activity. Table 22 summarizes the main features of CdP.

Table 22: Main features of CdP

	GENERAL ASPECTS
Industry	Shoe
Year of foundation	2009
Drivers	Enhance competitiveness, improve client fidelization
Initiator	A partner CEO, supported by Acrib
Number of partners	4

Criteria for partner selection	Shoe makers belonging to the district realizing complementary product, not competitors	
Partner entering/exiting	Yes, one firm exited and a bank entered	
Partner core business	Shoe makers (assemblers)	
Partner business model	Shoe makers selling with company brand, only one is also a subcontractor (B2C)	
Market position of partners	All in the medium-high quality shoes segment, at the same level of the value chain	
Partner reputation	Almost same reputation	
Presence of competitors	No	
Market and/or client sharing	Yes	
Previous knowledge of partners	Yes	
Previous collaborations together	No	
Other previous collaborative projects	No	
Resource dependence among partners	No	
	ORGANIZATIONAL AND MANAGERIAL FACTORS	
	Formation phase	**Operation phase**
Goals	Clients' fidelization through the collection of unsold goods to be sold directly through outlets	Opening of a direct selling point
Business plan	The minimum required by the contract, not economic analysis	Totally informal activity planning
Governance form	Network contract	Consortium (selling product with the NC was a problem)
President and/or bodies	President: a partner CEO + internal board	
Composition of common body	One member per partner	
Management of communication, coordination and decisional process	Acrib facilitates these processes, but partners take all decisions	Informal communication and coordination
Plan of meetings	Periodical meetings	Informal meetings
Type of joint activities	nr	

Existence of shared norms and rules	Yes	Informal rules
Level of benefits equity		Not relevant differences
Existence of a control system based on results	Sales through the shop (planned)	Not effective
Conflict management	Not with partners, but with external entities	Not with partners, but with external entities
External perception of the alliance		Single firms
Change management	Regarding governance (alliance form) and goals	
Commitment to the alliance	One partner is more committed	Not relevant differences among partners
Level of trust	High level of trust	High level of trust
	OUTCOME	
Partner satisfaction	Not really (problems related to bureaucracy, but also limited product offering)	
Main difficulties	Bureaucracy, not able to solve them, they are the real obstacles	
Plans for the future	Continue	
Aspects to be modified or re-evaluated	Yes, common brand, other outlets	

4.3.6 Main evidences emerging from the case of CdP

The main features of CdP are the following: it was born as a network contract among SMEs which want to enhance client fidelization thanks to the collection of unsold goods to be sold in outlets, while now it is a consortium among SMEs selling their products jointly through a small outlet. However, the initial aim remains valid for partners who do not want to give up and continue to believe in their project, overall the alliance founder. It is a consortium characterized by the presence of a string personality who influences the whole development process of the alliance, in the sense that partners are very motivated, they share the alliance business idea, which has been efficiently communicated by the founder, and are very committed to the alliance. However, at the beginning there is a misinterpretation of the Network Contract Law, due to the fact that both it is one of the first “experiments” of the implementation of the law, and involved people are not so skilled in legal matters. Moreover, the main concern of how to sell products using the network contract could have been addressed in a different way establishing precise rules and procedures in the invoicing of sold products, for example, which could have made partners escape the problem, instead of re-designing the whole network wasting much time. This may be due both to a lack of expertise and to the fact that, being all partners positioned at the same level of the value chain, there is not one partner which is closer to the market and which is “naturally” selected as the one having relationships with clients of the network. Here all partners are equal and have the same chance to negotiate with clients, making it necessary to have precise rules regulating the relationship with clients. Moreover, despite the strategic aim was clear since the beginning, there is not a clear and detailed activity planning establishing operative goals, which could facilitate the progressive reaching of goals. In the second part of the project, the aim changes and becomes less ambitious, even if still relevant for partners, however there is still a lack of formal planning and control of activities and communication and coordination processes are managed informally. This can be a consequence of the lack of experience in terms of collaborative projects, indeed managing a firm is completely different from managing a network.

Referring to softer elements of the network, both trust and commitment are very high. One the one hand, trust becomes a sort of selection criterion when the CEO of a partner firm does not propose the project to all firms in his district, but select on the basis of previous knowledge which in some way implies trustable firms. On the other hand, commitment remains high despite all shortcomings, proving the involvement of all partners in the network. These elements prove fundamental when things go on differently and aims appear much more difficult to reach than expected. If partners had not trusted each other, the network would have already broken up.

4.4 RaceBo

4.4.1 Case description

RaceBo is the first Italian network contract that has been signed among producers and subcontractors to automotive manufacturers. They operate in different mechanical sectors: from the working of metals to casting light alloys, precision engineering, metal carpentry, components for chassis and engines and painting. The RaceBo companies represent the excellence of the Bologna Motor Valley. Together they are a highly performing team: around 700 employees and a turnover which has increased of 100%

in two years, from 90 million Euro turnover in 2010, to 140 million Euro turnover in 2011 and 180 million Euros in 2012.

The alliance was born in 2009 when the automotive sector faces a stalemate situation and large producers start to choose their suppliers based mainly on their turnover and on prices. As a consequence, SMEs find it difficult to approach big clients, which adds up to the economic crisis affecting Europe around 2008.

The CEO of the VRM explains:

“We needed to face two major challenges: first of all, candidate to large clients as suppliers, not only offering complete solutions but also trying also to become competitive as far as pricing is concerned, and secondly overcome a very difficult moment.”

As a consequence, the core objectives are to identify new market opportunities in the automotive industry, to candidate to large clients as suppliers, providing them with finished products and services, which represents a marketing aim, but also guaranteeing high quality standards and more competitive prices; this could also help firms overcome the crisis and enhance the specific engine-based skills of this important district.

A collaborative project seems the most suitable way to deal with these issues, since *“it helps building a market strategy together, not based on sporadic actions,”* explains the CEO of a partner.

Furthermore Unindustria Bologna (the union of industrials of the province of the Emilia Romagna region, in the North-East of Italy) has just presented the “network contract” to its associates, which gives the possibility to try this solution which allows firms maintain their independence while collaborating. However, the alliance is strongly desired by the CEO of VRM, an automotive component assemblies supplier, who believes this could represent a strong potential to overcome constraints related to firm size and resource availability and increase competitiveness, thus he starts to poll other firms’ willingness to take part to this project. With the collaboration of Unindustria Bologna, he begins asking to firms belonging to the same industry but not competitors, positioned in the area of Bologna and having an inclination for investments and new projects. Ten firms, in addition to VRM, embrace the project and so the network contract is signed in May 2010. The contribution of both Unindustria Bologna and overall of the CEO of VRM are fundamental at the point that the CEO of Verniciatura Bolognese states about him:

“If the CEO of VRM had not been the promoter of the project, everything would have been more difficult, overall at the beginning. He knocked at my door physically, since I was neither member of Unindustria”.

A common body for the governance of the alliance is created, which coincides with VRM, whose CEO is also the president of the alliance, as well as its founder. At present, twelve companies constitute the alliance, since one company went out because it was not inclined to make investments and two more companies entered. They all have the same business model, that is firms selling their products in the B2B industry without any brand. Only VRM sells its products abroad, but being most of partners suppliers of VRM, in some way they need to take into account that their products will be commercialized in foreign markets. Firms do not have the same level of reputation and are not positioned on the same market segment, However, some partners have the same clients. Table 23 shows the partners and their main activities.

Table 23: Partners and core activities

Company Name	Specialisation	Activities
2A	Workshop specialized in metal polishing and satin-finishing equipped with cnc machines and robotic islands for tumbling and vibro polishing	- Polishing - Grinding - Satin-finishing - Tumbling - Ultrasonic degreasing
BALESTRI	Aluminium anodising treatment silk-screen process - carpentry	- Aluminium anodising and buffing - Steel electric buffing - Industrial silk-screen process, pad prwenting and engraving - Light carpentry
FONDERIA SCACCHETTI	Light alloy casting house	- Aluminium castings (gravity casting, sand and sand-resin technologies)
FXT	High technology metal carpentry	- Laser cutting - Punching - Bending - Roller levelling - Ilding - Assembly
I.C.O.S.	Sheet metalworking and metal cold forming	- Precision machining on sheets according to customer's drawings
RIFIMPRESS	Casting house - aluminium and magnesium alloy die-	- Light alloy die-casting after casting treatments - Machining with machining centres

	casting	- Heat treatment - Impregnation
S.A.I.FRA	Special tool design and production	- Tool manufacturing
SIDERIT	Heat treatments	- Preliminary treatments - Surface treatments - Under atmosphere treatments - Vacuum treatments - Induction hardening - Laboratory tests - Services (Shot blasting, Straightening)
VERNIBO	Metal powder coating	- Metal painting - Plastic painting - Sandblasting - Paint removing
VRM	Precision machining	- Automotive component assemblies supply - Precision machining with milling and turning centres - Automotive preassemblies and assemblies
SM	Prototyping-equipments for foundries, high-precision machining	- Planning and co-design of parts for automotive and motorcycle sector - Rapid prototyping in resin and silicon/rubber starting from 3D files - Equipment for foundry, for prototypes and series production, for automotive and motorcycle sector - Turnkey supply of certified prototypes - 5-axis machining of small and medium series
FORGIALLUMINIO	Aluminium alloy forging	- Aluminum alloy forgings: semifinished, machined and preassembled products - Forging tools and equipments

As Table 23 shows, there are some companies specialized in the casting or forging of semi-finished products, others in their treatment, being both heat or superficial treatments, and others in the assembly process. This makes it clear that the alliance has a mixed structure, in the sense that it covers the production chain vertically, but there is also a horizontal dimension, since some phases are carried out by more than one firm, mainly depending on the material of the product being realized. Seen as a whole, the alliance has a pyramidal structure, as Figure 13 shows.

The structure of the alliance meets the requirement of providing clients with an integrated solution, indeed it includes both completeness and differentiation at the same time. Partners also create a brochure with their umbrella brand, containing also the presentation of each single partner. This brochure is used when they participate to trade fairs of the sector (e.g. EICMA in Milan) with a unique stall. This is how they made their alliance be known to new potential clients, as well as by contacting clients of single partners to inform them about this alliance. Regarding this issue, at present firms are perceived as a unique entity abroad and as separate firms in the domestic market.

Figure 13: Structure of RaceBo

The structure imposes that when an order arrives, there are some firms working on it and some others not, depending on the relevance of the specialization for that specific order. In general, when a partner of the network receives an order which implies the involvement of products or services it cannot provide by its own, it is able to identify those partners of the network which are more apt to process that order. Most often, it is VRM the partner who has the direct relationship with the client, because it is closer to it, or another partner when it is responsible of the larger part of the job. The rule for the invoicing is the same. In so doing, partners are not selling their products and services through the network contract, which is not admitted since it is not a legal entity, but each time one partner sells its products and services and also those of other partners. Despite this delicate mechanism and the fact that some partners are more involved in business than others, there here have never been conflicts.

Among all partners, about half of them have seen their income increase significantly, instead the others not so sharply. However, also these companies are satisfied with their participation in the alliance and willing to remain in the network because they have benefitted of secondary advantages, first of all in terms of marketing strength. Being part of a network makes it possible to share information about clients and markets and each partner can offer a client a stronger potential since it can present not only its products and capabilities, but also those of its alliance partners, enlarging its offering and, thus, having more chances.

To this end, the CEO of I.C.O.S. affirmed:

"Before the alliance, each of us visited a client by his own with a far less chance to succeed."

The alliance is also supported by Carisbo, a credit institute of the territory.

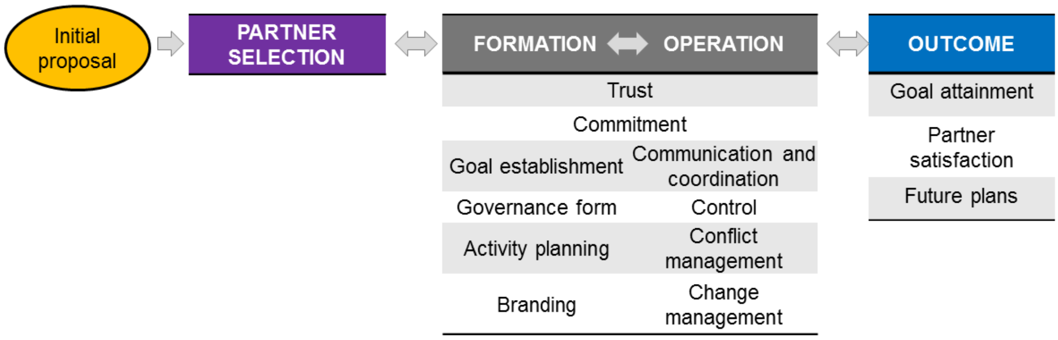
4.4.2 The development process of RaceBo

As in previous cases, the process starts with the initial alliance business idea by the CEO of VRM. With the support of Unindustria, he organizes a meeting in the headquarter of the association with the aim to present the project to firms, so as to find potentially interested partners. A number of different sessions follows in order to identify the right partners and start designing the network which includes also the draft of the network contract. As a consequence the main activities are establishing the network precise aims, defining its governance bodies and the role of different partners, planning activities of the alliance, evaluating potential benefits and risks and establishing rules and procedures in order to operate. Partners expect to reach their aims in 4-5 years, that is a medium term temporal orientation, even though they are all confident that this can be a long-lasting project.

In a subsequent phase, when all the aspects are clarified, the network actually starts to operate and the first activities are carried out. During this phase, partners meet periodically so as to support the going on of activities and discuss potentially delicate aspects needing re-consideration or new opportunities.

The alliance has not faced a precise moment of evaluation, but at the same time every day represents a turning point, in the sense that partners remains in the network as long as they are satisfied with it and benefits provided. A part from this consideration, every potential opportunity is discussed together and constitutes a moment of evaluation. All this said, RaceBo development process may be represented as Figure 14 shows.

Figure 14: RaceBo development process



4.4.3 Characterizing organizational and managerial factors

In this paragraph, all organizational and managerial factors involved in the process (see Figure 14) are analyzed.

As far as partner selection is concerned, firms are selected in the automotive industry, since the aim is to address to big clients in this sector; moreover, they have to produce complementary products or services and be disposed to invest some money in new projects, that is having a proactive and innovative aptitude. The CEO of VRM proposes the project to managers of firms he already knows, but Unindustria engages also some firms which were not associate before and, thus, other associates do not know.

The draft of the network contract drives the design of the network, in the sense that Unindustria, following the scheme of the network contract, guides partners in establishing goals, planning activities, founding the common body and setting rules and procedure to operate without any misunderstanding. The writing of a business plan for the activities of the following three years helps partners carry out activities in an ordered manner and following a step-by-step approach. In this way, the general aim is clear, but as much clear and shared are operative goals. This allows partners reach their aims easily and then set up new objectives which are more and more challenging. Indeed, partners step from participating to trade fairs together to become supplier of large clients (e.g. Ducati) in the automotive industry.

The common body supervises and controls the going on of the activities, but all partners have freedom to act, the structure is very lean, as well as the bureaucracy and decision process. Partners meet periodically, maximum every three months, but most often every two weeks, or every time there is something to discuss, and every firm has the same power to decide and propose actions, even if, actually, three firms are the most proactive.

Considering a softer dimension of the alliance, partners are generally committed to the network, but not all to the same extent. This means that there are some partners which are particularly committed to the network since the benefits it generates for them are mostly relevant. As a consequence, commitment goes hand in hand with each partner involvement in and benefits from the alliance, which means that the more partners are involved in the alliance, the more they benefit from it and the more they commit to the alliance itself. All partners are conscious of that and this dynamics does not create any difficulty.

Likewise, the level of trust and reciprocity increases with the progressive reach of predetermined goals, benefits gained from the network, and due to the fact that no negative incidents or opportunistic behaviors occur.

4.4.4 Contingency factors

External drivers push the starting of the development process of the network, and in the case of RaceBo it is, in particular, Unindustria which makes firms know the new tool offered by the recent Network Contract Law. The other contingency factors which play a role in the development process of RaceBo refer to the characteristics of partner firms. As anticipated, all firms are SMEs and are mainly located in the area of Bologna, a province in the Centre of Italy where the aptitude of managers towards collaboration is much more marked than in other Italian regions. Consequently, albeit firms had not collaborated together in such a formal way before this experience, they already have an aptitude towards collaboration since they have other experiences of collaborations with a few of RaceBo partners but also with other firms. Furthermore, in the first phase of the development process the network is supported by Unindustria which previously supported other collaboration projects as well. Partners of RaceBo are positioned both at the same level and in different levels of the value chain, thus giving rise to a mixed alliance in which some activities are sequential and mutual and also some partners have a form of resource dependence. However, no partners are competitors because those firms which are positioned at the same level of the value chain have different and complementary specializations, for example some firms realize the same metalworking, they do it for different materials. They have almost the same level of reputation and no previous experience of collaboration, that is this is the first time they participate to a collaborative project with other firms.

4.4.5 Relevant actors in the development process of RaceBo

As already highlighted, in the case of RaceBo, the initial alliance business idea belongs to the CEO of a partner firm who is motivated to implement it by Unindustria Bologna which had just presented the network contract to its associates. On these grounds, at the very beginning of the process the CEO of VRM is the initiator of the alliance, with Unindustria playing a fundamental role for its effective implementation, since on the one hand the CEO of VRM is the champion of the idea who strongly believes in it, and on the other hand Unindustria is a facilitator since it is able to gather a high number of potential partners, conveying the right message to them.

Partners openly recognize:

"At the beginning, it was not easy to build up the network and the support of Unindustria was fundamental overall at the beginning in order to sensitize potential partners and make the project start."

Unindustria continues to support the network during the design phase, overall for the legal aspects related to the draft of the network contract and in this sense it helps the setting up of the network, since there were many delicate aspects related to the network contract which represented a novelty also for lawyers. However, the operative management of the network is left to partners. In particular, the common body, which coincides with a firm, VRM, maintains the governance, is responsible of the scheduling, supervising and controlling of the activities. Not only he is in charge of different managerial and organizational aspects working directly with other partners, but also he has a strong personality and influence over them. This partner is supported by other two firms which are the most proactive in the network, despite this does not mean that other firms are excluded from the decisional process, indeed all partners can approve or criticize proposals of the common body, and similarly they can propose their own ideas. Table 24 summarizes the main features of RaceBo

Table 24: Main features of RaceBo

	GENERAL ASPECTS
Industry	Automotive
Year of foundation	2009
Drivers	To overcome the crisis of the sector and reach new clients; take advantage of a chance offered by Unindustria (both internal and external drivers)
Initiator	A partner CEO, helped by Unindustria
Number of partners	At the very beginning 11, then 12

Criteria for partner selection	Firms of the same industry, with process complementarities (not competitors), willing to invest some money in projects	
Partner entering/exiting	Yes, one partner exited and two entered	
Partner core business	Components production and assembling	
Partner business model	Firms selling products without brand (suppliers) in the B2B	
Market position of partners	In the same market segment, at different levels of the value chain	
Partner reputation	Different level of reputation	
Presence of competitors	No	
Market and/or client sharing	Some common clients	
Previous knowledge of partners	Almost all	
Previous collaborations together	Yes, some of them	
Other previous collaborative projects	Yes, they are used to collaboration, even if not formalized	
Resource dependence among partners	Yes	
	ORGANIZATIONAL AND MANAGERIAL FACTORS	
	Formation phase	**Operation phase**
Goals	Identify new market opportunities in the automotive industry, participate to trade fairs together, candidate to large clients as suppliers	Provide clients with finished products and services
Business plan	The minimum required by the contract, not economic analysis	Activity planning
Governance form	Network contract	
President and/or bodies	President: a partner firm + internal board	
Composition of common body	Representatives of three firms	
Management of communication, coordination and decisional process	Every time there is one order, the appropriate companies participate; there is a central body	

Plan of meetings	Periodical meetings	Periodical meetings
Type of joint activities	Yes, sequential and mutual	
Existence of shared norms and rules	Yes	Specific rules to manage orders
Level of benefits equity		Not equal for all firms
Existence of a control system based on results		No
Conflict management	No	No
External perception of the alliance		Abroad a unique entity, in Italy single firms
Change management	No	Evolution of goals
Commitment to the alliance	Three firms are more commited	Some firms are more committed
Level of trust	High level of trust	Very high level of trust
	OUTCOME	
Partner satisfaction	Yes	
Main difficulties	A company which did not want to invest some money (then it exited); not equal benefits	
Plans for the future	Continue	
Aspects to be modified or re-evaluated	No	

4.4.6 Main evidences emerging from the case of RaceBo

RaceBo is a network contract made up of SMEs whose aim is becoming suppliers of large clients in the automotive industry and open up new markets with an internationalization perspective. It is characterized by the presence of the CEO of a partner firm who is both the heavyweight initiator and network manager and is supported, in the first phase of the process, by an external third-party (i.e. Unindustria) and, in the second phase, by other two internal partners. This makes us understand that the network is actively and firmly governed so that each decision is taken considering its potential effects on the network which are then actually kept under control. The decisional process is simple and lean, with every partner participating in it.

The CEO of VRM knows the importance of his role and asserts:

"There is a fundamental condition in order to start a collaboration: a leader who knows how to gain the trust of partners and who is willing to drag behind all them".

The support by Unindustria is fundamental overall in the first phase of the development process of the alliance when aspects related to the network contract have to be defined, because this represents a novelty firms are not familiar with and, thus, they have no skills about that. In addition, previous experience of both partners and Unindustria suggests them to adopt a step-by-step approach in establishing operative goals, which facilitates the progressive reaching of goals which in turn enhances trust. The issue of trust emerges also at the very beginning of the process when selecting partners on the basis of proximity, both geographic and cultural, previous knowledge and, even in this case, complementarity instead of competitiveness are supposed to facilitate trust building.

Another relevant issue is the exit of one partner due to its lack of inclination for investments, whilst:

"The network works only if similar firms with a similar aptitude towards investments, otherwise the risk of having one or more firms which need to be dragged by the others, but in this way they also become an hurdle for the others. To this purpose, when establishing a network, doing a due diligence of potential partners would be very important to avoid involving partners with financial problems," suggests the CEO of VRM.

Despite not all partners are equally committed to the network and do not take advantage from benefits of the network to the same extent, this does not constitute a problem. Indeed, each partner evaluates benefits confronting the situation before and after the network establishment and not comparing its own ones to those of other partners, but. In so doing, rivalries and resent towards other partners are reduced to the minimum, while benefits gained thanks to the network are appreciated by all partners, even though with different levels.

A part from the attainment of predefined goals, the network brings also some collateral advantages, mainly linked to know-how. To this purpose, the CEO of a partner highlights:

"Being involved in projects or orders since the beginning, every firm has a higher knowledge of different aspects of the work because it has a comprehensive vision."

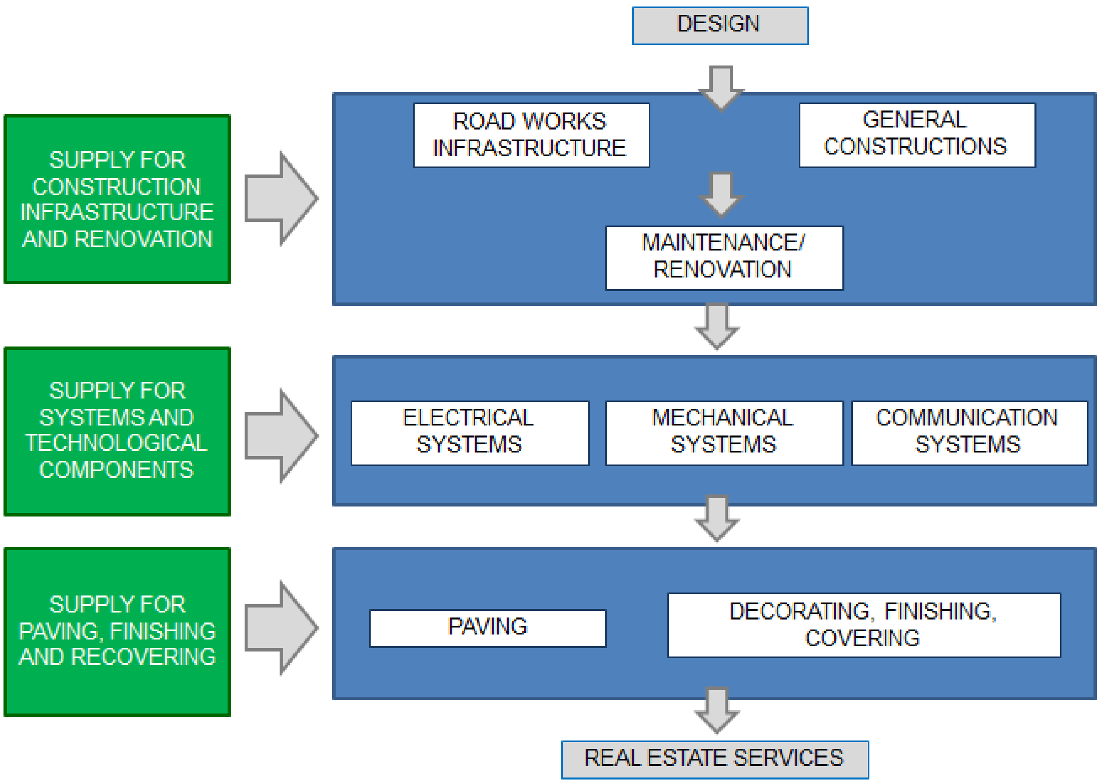
4.5 Consorzio Edile PMI Vicenza

4.5.1 Case description

The SMEs construction consortium of Vicenza (CE PMI), a province in the Veneto region, in the North-East of Italy, was officially born the 3rd May 2010 thanks to an initiative promoted by API Industria Vicenza, the provincial association of small firms in the construction industry, which captures a sentiment from companies. Indeed this is a particularly difficult period for the construction industry, with a sharp decrease in demand. Being very close to firms, API Industria proposes the project to all associated firms in the construction industry and at the beginning 17 firms show their interest in taking advantage of API Industria system, making it possible to create synergies and gain contracts otherwise unattainable singularly. In the first period, some companies enter and others exit the alliance, ending in 16 partners forming the alliance which gathers a total number of 380 responsible people and 76 million euro of sales.

They all operate in the construction industry and are able to cover all phases of the typical value chain of this industry, as Figure 15 shows.

Figure 15: Value chain of the construction industry



The scheme represents the different macro-activities ranging from the design phase to estate services, with intermediary steps. The vertical flow represents the main activities, while on the left there are secondary activities (e.g., supply). Inside the consortium, there are firms which are able to operate autonomously in each block/section, which is meant to satisfy all needs of the sector.

In particular, the consortium is made up of:

- companies in the construction, mining and plant design industries;
- companies of the house supply chain;
- design studios and engineering companies.

The scheme in Figure 16 shows the firms taking part to the project and the different activities in which it is possible to segment the marketplace.

Figure 16: Activities carried out by partners

	Design	Supply for construction	Road works / Infrstructures	General constructions	Maintenance / Renovation	Systems / Technological components supply	Mechanical systems	Electrical systems	Communication systems	Supply for paving, finishing and recovering	Paving	Decorating, finishing, covering	Real estate
EUROCOSTRUZIONI SPA	■		■	■	■						■	■	■
ELETTROFATTORI SRL							■	■					
ASSIOMA										■	■	■	
EDIL.FIRE				■	■								■
TERMOIDRAULICA PERIN							■						
BERTACCO XAUSA	■												
COSTRUZIONI CRESTANI			■	■									■
EDILMARMI SNC		■								■	■	■	
IL GRIFO SRL				■	■								
KBLUE SRL						■							
CAVA PIETRA MONTEMERLO SRL		■								■			
BERTOLA PIETRE		■								■	■	■	
MARINER SRL							■	■					
COSTA COSTRUZIONI SRL			■	■									
POLCOLOR SRL				■	■							■	
ACHILLE GRASSI		■								■	■	■	
ARTIGIANA STRADE			■								■		
POLIPROGETTO	■												
EUROPA ELETTROINDUSTRIALE								■					
SAIV									■				

If we consider the rows, which identify partner firms, it is possible to appreciate the different degree of specialization of firms. Indeed, some firms perform different activities, while others are very specialized in one single activity. Instead, considering the columns, areas/activities where firms overlap appear clearer; these may represent the potentially dangerous areas, even though they are secondary activities. Moreover, even those partners which are engaged in the same phase of the value chain have different specializations, so that partners are not competitors but realize complementary products.

The business model of partners is a B2B firm selling its products in Italy, only one firm also in foreign markets.

As a consortium, it is an own legal entity which, in the interest of all partners and through its common bodies, can acquire orders, both public and private, carry out common procurement and propose project financing[2] activities.

Being a group of highly professional and technical firms with highly differentiated but integrated capabilities, the mission of the consortium is to provide clients with complete solutions, participate to public offerings, acquire new clients/markets while enhancing the technical and commercial capabilities of partners, thus being accredited as one of the main worker in the sector in terms of dimension and quality of orders. In particular, the consortium has the power of doing the following tasks:

- analysis and choice of interventions;
- study and preparation of technical and urban projects and architectural instructions, for each single intervention;
- negotiation with public administrations and with public and private stations (in particular, with municipal ones);
- arrangement of execution projects, needed acts and agreement scheme for each concession/grant;
- participation to procedures for tender commitment and/or concession of works and plants by public or private bodies and subsequent management;
- negotiation and definition of conditions of loans by banks, in behalf of each partner firms;
- representing partner firms in front of Public Administrations, subcontractors and/or public and private contracting entities, in particular municipal ones, with respect to the phases of contract compliances and/or agreements and execution of works and subsequent management;
- stipulation of tender contracts and/or conventions regarding concessions in behalf of partner firms;
- release of possible expected surety-ships in tender contracts and or in conventions with subcontracting stations;

[2] Project financing is a financing procedure in the long term, consisting in the use of a new company (called SPC, Special Purpose Company) whose aim is to keep the project assets separate from the ones of initiative proponents (called "promoters").

- development of market surveys in order to present proposals and projects to potentially interested bodies.

By now, the consortium as a unique entity has not carried out any commission yet. It only candidates in order to complete the construction of the Cassola Aquapark, an aquatic park in a town near Vicenza. This represents a problematic project because the designated company, not belonging to the consortium, which had to realize the project went bankrupt after the economic crisis in 2009, but the municipality still wanted the project to be concluded. The CE PMI realizes the design, investing a lot of time and resources, but in the end the municipality does not entrust the works to the CE PMI.

As a consequence, this represents a failure for partners by now. At present, partners and API Industria are thinking over the project, in order to understand what to do. The idea is to continue with the consortium, but they have not come to a final decision yet.

4.5.2 The development process of CE PMI

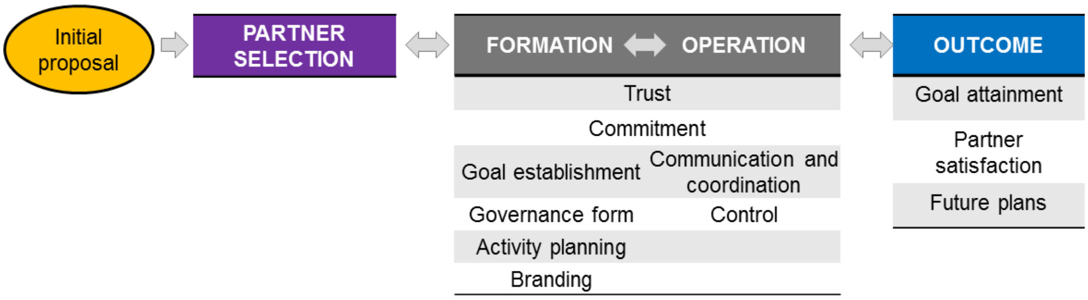
Looking at the development of the alliance, the element which gives the start to the process is the initial idea of a collaborative project by API Industria. The subsequent step is to propose the project to firms in order to start the partner selection phase. After making the project clearer, interested firms me*et al*l together in different sessions in order to design the alliance, that includes establishing its precise aims, defining its governance and the role of different partners. This first phase of planning also contributes to determine the temporal orientation of the alliance: partners expect to reach their goals within three or four years, that is with a medium-term orientation.

After having organized the structure of the alliance, some potential opportunities, like the Cassola Aquapark, are discussed, but, actually, the alliance has never started operating.

However, and probably for this reason, the alliance is facing a moment of evaluation taking into account partner satisfaction on the one hand, and potential future opportunities on the other hand.

All this said, the CE PMI development process may be represented as Figure 17 shows.

Figure 17: The development process of *CE PMI*



4.5.3 <u>Characterizing organizational and managerial factors</u>

This paragraph provides a description of the organizational and managerial factors involved in the process (see Figure 17) and how they are characterized/inflected in the alliance object of study.

As far as partner selection is concerned, API Industria proposes the project to all its associates in the construction industry and to other firms in the province of Padua where there are a number of important firms in the construction industry. However, the consortium is supposed to involve partners responsible for different phases of the construction value chain, that is favoring complementarity instead of competitiveness, so as to avoid conflicts since the beginning. The aim is clear and shared since the beginning, partners want to participate together to project financings and public tenders, presenting as a single entity able to provide with a complete solution. However, this aim is not supported by any form of activity planning or economic analysis. The consortium limits to present itself to public administrations and local entities as a unique entity in order to be appointed for some projects, whenever there is the chance to do so.

The consortium has an external president, who is supposed to grant equity among partners, and the other main bodies are the direction board, made up of six partner representatives, and the assembly of all partners. Thus, even though the president is an external person, the main bodies are constituted by internal members, so that all partners can take part to the decision making process. When the assembly is called, almost twice a month, partners meet where API Industria Vicenza has its offices, which has become the headquarters of the consortium. At the end of each year, the assembly gathers in order to prepare and discuss the annual report which is meant to give details about the activity carried out by the consortium through the whole year. It is a sort of final balance of activities, which represents a form of control, together with the election of an external president. The whole management of the consortium is very informal, even though a contract among parties exist.

As far as the financing of the consortium is concerned, subsidies of partner firms and goods bought with those subsidies constitute the consortium fund. All partner firms are supposed to pay the subscription fee which is established for each firm by the direction board. General expenses related to the activity of the consortium are divided equally among partner firms. Then, the assembly plans to distribute the expenses related to each intervention taking into account the level of involvement of each firm. Indeed, for each intervention a group of partner firms is meant to participate, based on their connection and specific capabilities with respect to the type of intervention. Each firm is free of execute works in the manner it prefers, subject to respecting the rules and timing established in the contract.

Passing to a softer dimension of the alliance, partners demonstrate a good level of trust, since most of them already know one another and no opportunistic behavior has occurred, even if not total. Actually, there have been only a negative experience, so trust among partners has not had the chance to grow. Moreover, the component related to culture is also present, in the sense that entrepreneurs in Italy are always very suspicious towards collaborations, which does not help the wellbeing of networks. This evidence is confirmed by the CEO of a partner:

"Entrepreneurs in the Veneto region have a small-town mentality, they are individualist and jealous of their know-how."

Also participation in the alliance activities and meetings is not very high for all partners, in the sense that the firms whose representatives constitute the direction board appear to be the most active and committed to the alliance.

4.5.4 Contingency factors

In the case of CE PMI, external drivers are determinant in the built up of the alliance because not only firms belongs to the Italian context in which we have seen there is a general push towards collaborative projects, but also the construction industry, in particular, faces a very difficult period with a sharp decrease of commissions, which makes professionals of the industry look for alternative solutions.

Considering the characteristics of partner firms, they are all SMEs, but they have different size, since there are both very small firms and some medium ones which result far bigger than the others, and different levels of reputation.

Reminding to the structure of the alliance covering the whole value chain, the consortium is made up of firms positioned at different level of the value chain, which have some form of resource dependence since some activities are sequential, as well as firms at the same level of the value chain which carry out the same phase, but with different specialization, so that they are not competitors, as previously remarked. As a consequence, this consortium has a mixed structure in which some firms are positioned horizontally, while some others vertically.

Being associated to API Industria, almost all partners already knew each other, but some of them got in touch only in occasion of the alliance. However, they had never collaborated together before, even though some of them had some form of collaboration with other companies, mainly operative, not strategic.

4.5.5 Relevant actors in the development process of CE PMI

The alliance business idea comes to API Industria which, thus, pushes the process on when trying to illustrated the project to its associates and makes the alliance development process start up. Thus, API Industria is the founder of CE PMI, despite it does not shape a clear and specific idea, nor it conveys much enthusiasm to potential partners.

API Industria also supports partners in the starting up of the consortium, it is the coordinator of the alliance, in the sense that it helps partners scheduling and coordinating the activities. However, it has not direct responsibilities in the management of the process. Indeed, the official president of the consortium is an external person not belonging to any of the partner firms, but whose main role is to act as a supervisor, more that managing the alliance. Table 25 summarizes the main features of CE PMI.

Table 25: The main features of CE PMI

	GENERAL ASPECTS
Industry	Construction
Year of foundation	2010
Drivers	Crisis of the industry, lack of orders. Taking advantage of API Industria system, firms can create synergies and gain contracts otherwise unattainable singularly
Initiator	API Industria
Number of partners	16
Criteria for partner selection	Firms of the same industry, mainly associated to Apindustria, willing to take part to the project, not competitors
Partner entering/exiting	Yes, some entered and some exited

Partner core business	Different specialization in the construction industry (e.g. hydraulic, architects)	
Partner business model	Firms selling in Italy, only one also abroad	
Market position of partners	In different market segments, at different levels of the value chain	
Partner reputation	Different level of reputation	
Presence of competitors	No	
Market and/or client sharing	No	
Previous knowledge of partners	Almost all	
Previous collaborations together	No	
Other previous collaborative projects	Yes, a few of them	
Resource dependence among partners	Yes, some of them	
	ORGANIZATIONAL AND MANAGERIAL FACTORS	
	Formation phase	**Operation phase**
Goals	Provide clients with full solutions, participate to public offerings, acquire new clients/markets	
Business plan	Not really	
Governance form	Consortium	
President and/or bodies	External president, internal board	
Composition of common body	Common staff	
Management of communication, coordination and decisional process	Every time there is on order, the appropriate companies participate; there is a central body	
Plan of meetings	Periodical meetings (about every 2 weeks)	Periodical meetings (about every 2 weeks)
Type of joint activities	Yes, mainly sequential	
Existence of shared norms and rules	Yes	-

Level of benefits equity		More specialized firms are less involved
Existence of a control system based on results		Annual report
Conflict management	No	No
External perception of the alliance		Unique entity by administration, single entities by others
Change management		The president is going to change
Commitment to the alliance	Equal among partners	Low level of commitment
Level of trust	Good level of trust	Decrease in the level of trust
	OUTCOME	
Partner satisfaction	Not really (lack of orders)	
Main difficulties	Partners with different size and thus with different facilities and inclination to investment; aptitude towards collaboration; lack of planning	
Plans for the future	Uncertain	
Aspects to be modified or re-evaluated	Yes the planning phase which is now absent but required	

4.5.6 Main evidences emerging from the case of CE PMI

Summing up the main features of CE PMI, it is a consortium made up of SMEs in the construction industry. Their aim is to overcome a difficult period for their industry proposing to public administrations in order to participate to project financings or public tenders as a single entity offering integrated solutions. It is a consortium characterized by many people being involved in the alliance and having different tasks, but, at the same time, by a general lack of an entity having a strong personality, assuming direct responsibilities and guiding the alliance. This last element influences the whole development process of the alliance, in the sense that the general aim is not supported by a plan of operative actions, at the point that the CEO of a partner firms asserts:

"*Something needs to change. First of all, some form of planning activity has to be introduced so as to support the mission with an effective action plan*".

Moreover, the fact that partners are very differentiated causes the co-existence of firms with a different size which results in a different inclination to investment. To this regard, the CEO of one partner asserts:

"Firms which have different dimensions are too different in their inclination towards investments."

Furthermore, being so differentiated, they also have a potentially different advantage thanks to the alliance, in the sense that more specialized firms are likely to have less opportunities in comparison to more general-purpose firms. For these reasons, the commitment to the alliance is very varied among partners, causing also a lack of strong cohesion among partners.

All these aspects are exacerbated by the general low aptitude towards collaboration on the part of firms and their dearth of experience in matter of collaborative projects. This element may be responsible of some wrong choices or difficulties, as for example the lack of an operative plan of activities and objectives.

5 Cross-case analysis

5.1 Overview of the chapter

This chapter contains the details of the cross-case analysis which provides evidences emerging after the data collection and the description of single cases, as suggested by Eisenhardt (1989). Following the guidelines set out by Eisenhardt (1989), Miles and Huberman (1994), and Patton (2002), the four cases are compared according to different techniques, so as to identify patterns among cases and develop the propositions which are presented here. The purpose of the study was to understand how the development process of marketing alliances is carried out and how the development process of successful SMEs marketing alliances differentiate from the development process of unsuccessful ones. As a consequence, this chapter dedicates two separate paragraphs to shed more light on these two issues.

5.2 The main themes

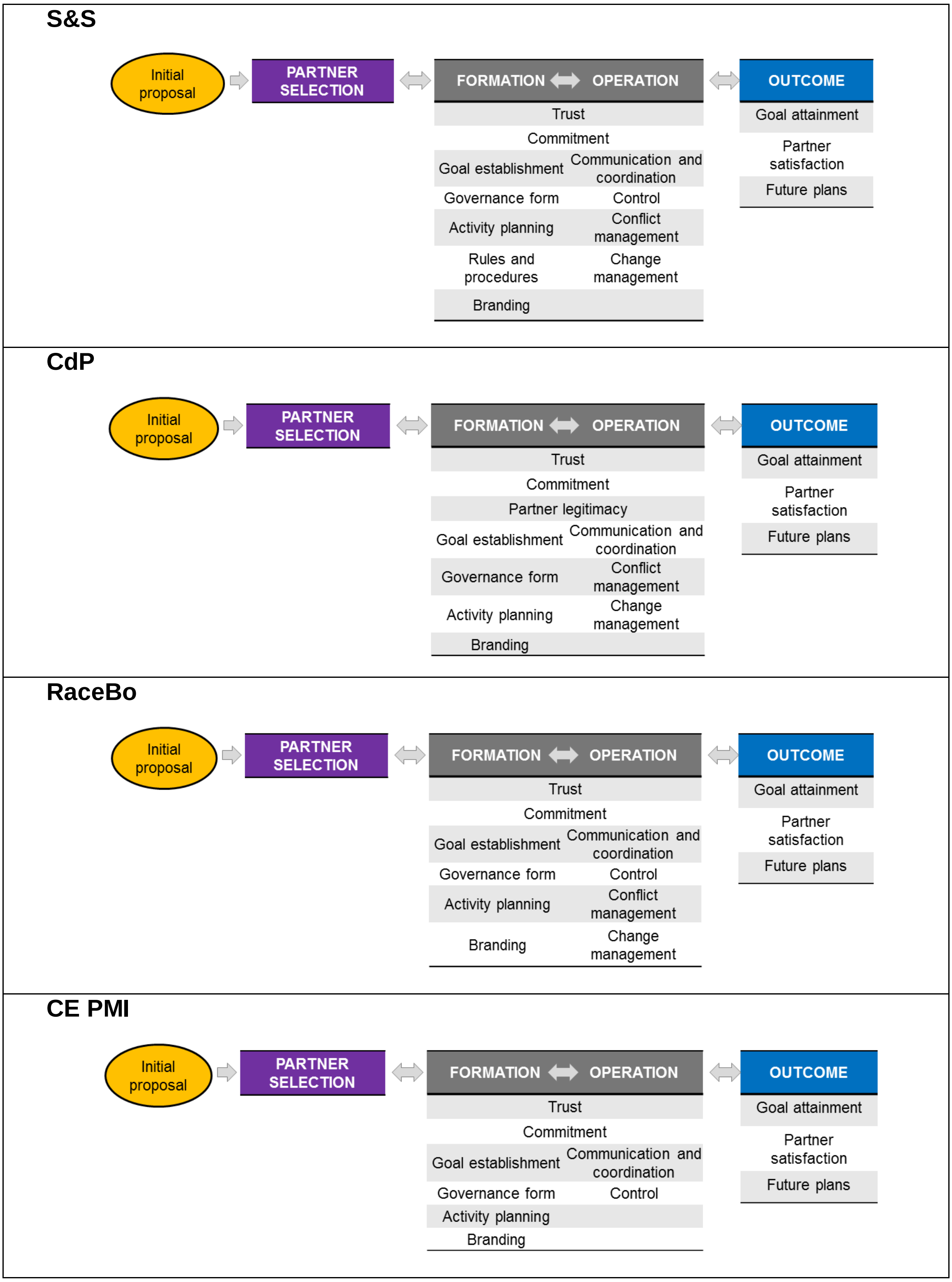
There are three key themes in this study: two of them make reference to the two research questions, that are the development process of marketing alliances and the organizational and managerial factors that are supposed to have an influence on the success of a marketing alliance; moreover, there is an emergent issue which appears to be particularly relevant in the context of marketing alliances, that is the role played by actors involved in the alliance. The next two paragraphs are dedicated to these three issues respectively.

5.2.1 The development process of marketing alliances

In the previous chapter, the development process of the four investigated cases have been presented, and Figure 18 resumes the main features.

As we can appreciate, marketing alliances develop through a process made up of four phases pushed by an initial input which consists of an idea of business involving different actors. At the beginning, this input is just a concept which can be used for commercial purposes prior to its transformation into a viable business. For this reason, the input to the process has been called *alliance business idea*. Secondly, the first activity carried out after the alliance business idea is always partner selection which happens before any other plan is made or decision is taken. This is quite logical, since an alliance implies more partners working together, so the first decision to be taken is to whom collaborating with. This step may be carried out by a firm in first person, more probably when one of its members is responsible for the alliance business idea, or thanks to the support of associations which can support firms in the development process of marketing alliances.

Figure 18: The development processes of the analyzed cases



When partner selection has been carried out, since they are not familiar with the project and they do not figure out how precisely it could develop, they are used to meet all together in different sessions in order to design the alliance. Due to the fact that it is a project which needs to be ideated and shaped, it appears much immediate to call this step *alliance design*, which is in line with how we called it in the literature review, instead of alliance formation which can have a broader meaning. This phase may include various activities, but the three points that are always dealt with are the governance form of the marketing alliance, goal establishment, and activity planning which allows to reach objectives. The governance includes the designation of the president and internal committees or bodies, or any other requirement of the contract which is always present in the analyzed cases. These preliminary decisions, in particular activity planning, may be more or less formalized, at the point that they can be developed in the context of a real business plan or only drafted, which depends on different factors that are analyzed more in depth in the following paragraphs. Another factor which assumes particular relevance in marketing alliances is the choice of the alliance brand. Actually, marketing alliances are supposed on the one hand to be directly visible by clients and on the other hand, since their aim is mainly to increase competitiveness, even though in different forms and with different specific objectives, the intangible component related to emotions and suggestion created by a brand is highly important. In those alliances where the activities in the development process are carried out in a more formal way, partners also establish specific rules and procedures for the going on of activities. They more often regard how to deal with orders and involve different partners in different requests from clients; otherwise, they may also concern what partners can or cannot do in name of the alliance. In the design phase, the economic evaluation, which was present in the framework of analysis based on the literature review, is never mentioned in the case analysis. Actually, this element is never carried out, despite its potential importance was highlighted during two interviews. To this regard, the CEO of VRM (RaceBo) asserted:

“Realizing a complete and accurate business plan including a detailed economic analysis would be useful for partners who may have a concrete description of all the aspects related to the project they are participating in.”

The operation phase, whose name seems appropriate so it has not been modified, starts when the alliance begins to function and some activities are actually put in practice. Owing to many partners and activities being involved in the alliance, the communication and coordination process seems to be unavoidable. Again, it can be carried out with a different level of formalization, but it often consists of periodical meetings where partners talk about what to do and take decisions. These meetings also represent a moment of control of activities by partners or by external entities which play a role in the alliance, as well as a situation when discussing possible conflicts emerged among partners. As anticipated in the literature review, conflicts are functional when more people work together, so they are not always negative; however, it is important that they are treated as any other issue regarding the alliance and that they are dedicated the amount of time they deserve. Another relevant matter which needs to be taken into account is change. Due to an infinite number of circumstances, every aspect of the alliance may change with the passing of time, so change management represents a question partners face day by day. This last element makes us understand that there may be a return to previous phases which leads to a change of initial settings.

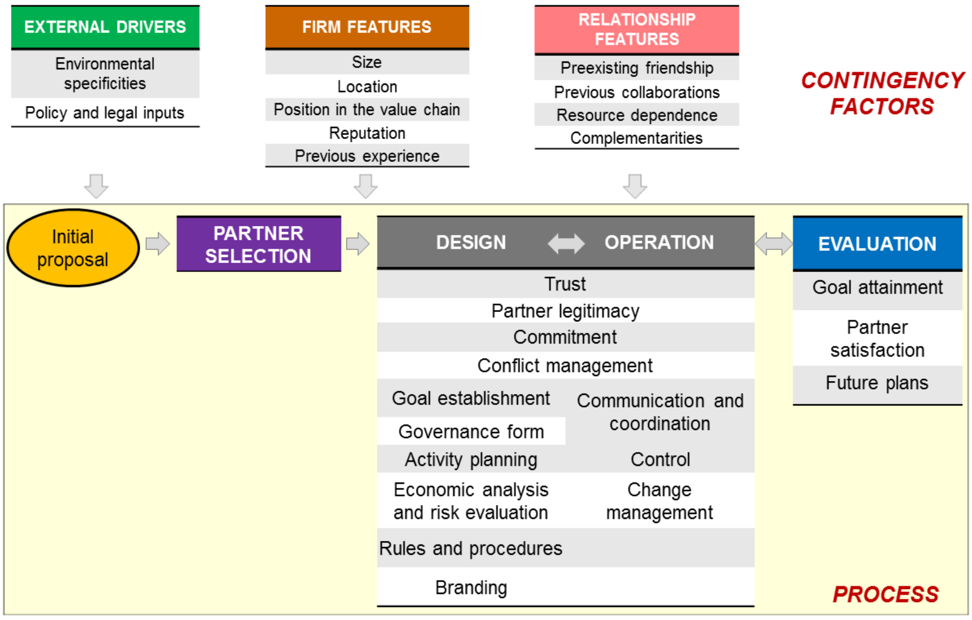
Other than all these practical and tangible factors, there are other aspects which deserve to be considered due to their high level of importance for marketing alliances. Since many people are involved in an alliance, it is impossible to overlook those intangible elements regarding personal relationships and attitudes. Indeed, during the design and operation phase of the development process, three main elements intervene that are trust, partner legitimacy and commitment. Due to their nature, they do not take place in a precise moment, instead they go hand in hand with the going on of activities and develop during the process. They need to be taken into account in the development process of marketing alliances since they may influence and be influenced by all the above mentioned elements.

The last phase of the process is the outcome. After the alliance has operated for a certain period, it arrives a moment when partners take stock of what they have done and the results they have obtained. They mainly evaluate whether goals have been attained or not, if partners are satisfied with their participation to the alliance and think about future plans, in case they decide to continue with the marketing alliance. Of course, this may also represent the moment in which partners decide to interrupt the alliance both because they have reached their goals or because they realize it is not worth doing. Due to the fact that not only outcomes are considered, this phase has been called *evaluation*, which has a broader meaning and represents better what partners really do. The fact that at this point partners may think about future plans implies that there might be the need to go back to the design phase to establish new goals or plan different types of activities. This confirms the fact that the development process of marketing alliances is not strictly sequential, but it encompasses the possibility of passing from one phase to the subsequent one and then again to the previous ones.

As far as elements of contingency are concerned, we took into consideration many different elements emerging from each single case, so as to provide a picture as complete as possible. Evidences emerging from cases are in line with the framework of analysis presented in paragraph 2.5.7, with the exception of one element that has been added. It concerns previous experience of partners in other collaborative projects, not necessarily with the same partners. Being related only to each firm, it has been included in elements of contingency related to firm feature.

Figure 19 summarizes the proposed version of the development process of marketing alliances.

Figure 19: Proposed framework for the development process of marketing alliances



5.2.2 <u>Relevant actors in marketing alliances</u>

The description of investigated cases made the issue of actors involved in the alliance arise. In particular, two actors seem to play a fundamental role: the initiator of the alliance and the manager.

Talking about the initiator, Table 26 resumes the evidences emerging from the analyzed cases. We can notice that the alliance business idea belongs to a person being part of a firm, thus internal to the alliance, or to an external organization or association. It is interesting to notice that if a member of a firm has the business alliance idea, it is used to look for a support in a local association, who plays the role of *facilitator*, instead if an association is responsible of the business alliance idea, it carries out the phase of partner selection by its own, at most assisted by a partner which for example has welcomed very enthusiastically the idea and wants to be active since the beginning, as in the case of S&S.

In any of these situations, the initiator is responsible of the two main events that push the development process of the alliance, that are the business alliance idea and partner selection, as well as the initial settings for the starting up of the alliance. Throughout these activities, he may be helped by the facilitator.

Table 26: The alliance initiator(s)

Case	Evidences about the initiator(s)
S&S	UNINT is responsible of the alliance business idea and of the phase of partner selection, when it is supported by a partner CEO; it also supports the design phase
CdP	A partner CEO is the person who has the alliance business idea and he is supported by Acrib for the phase of partner selection and the initial settings
RaceBo	A partner CEO is the person who has the alliance business idea and he is supported by Unindustria Bologna for the phase of partner selection and the draft of the contract
CE PMI	Apindustria Vicenza has the alliance business idea, it enables partner selection and helps the starting up of the alliance

As far as the person who manages the marketing alliance is concerned, Table 27 shows that the four cases are slightly different, but the main concept is that the *alliance manager* is responsible of the communication and coordination process and exerts a control over activities. These accomplishments may be more or less formalized and systematic, which results in a generally more or less formalized management of the alliance.

Table 27: The alliance manager

Case	Evidences about the manager
S&S	UNINT is responsible of the communication and coordination process, it controls the going on of activities and supervises every activity
CdP	The initiator (a partner CEO) drives the alliance, always sharing responsibilities with his partners, but he has a stronger personality that makes him become the president of the alliance who pushes the activities
RaceBo	The initiator (a partner CEO) is also the president of the alliance who coordinates and control activities
CE PMI	There is an external president of the alliance who is mainly a supervisor for the

	alliance; instead, Apindustria Vicenza provides facilities for partners meetings and helps the control of activities

Based on this general evidence, there seems to be two main types of alliance manager, which recalls the terminology originated and commonly used in the literature about project management with particular reference to new product development. In this field, the concepts of *heavyweight* and *lightweight* project managers are very common. A heavyweight project manager is defined as a project manager who is not only the coordinator but a concept champion with direct responsibilities for all aspects of the project. He or she has strong influence outside the development group, works directly with the engineer and has a status within the organization (Fujimoto, 1991; Wheelwright and Clark, 1995). On the contrary, a lightweight project manager is defined as a design engineer or product marketing manager who coordinates different functions' activities, but has not power to reassign people or reallocate resources. Moreover he/she has little status or influence in the organization (Wheelwright and Clark, 1992).

Similarly, a heavyweight alliance manager has capabilities and direct responsibilities in the management of the process, he works actively with partners and has an influence over them. On the contrary, a lightweight alliance manager may schedule and coordinate the development process, as well as encourage partners, but does not have great expertise. Table 28 clarifies the contextualization of these two concepts in the analyzed cases.

Table 28: Heavy- and lightweight alliance managers in the analyzed cases

Cases	Evidences	Alliance manager
S&S	UNINT is the coordinator of the alliance, it is responsible of the management and control of activities; it is always involved in first person in the alliance and exerts a great influence on partners	Heavyweight
CdP	The alliance manager is always present and very involved in the alliance, he plans activities and tries to push the whole project forward, but he has no experience of this type of project and underestimates the needed effort in terms of technical skills an alliance requirements.	Lightweight
RaceBo	The alliance manager is in charge of different managerial and organizational aspects, he works	Heavyweight

	directly with other partners, and he also has a strong personality and influence over them	
CE PMI	Apindustria helps partners scheduling and coordinating the activities; however, it has not direct responsibilities in the management of the process	Lightweight

Due to the importance of the initiator of the marketing alliance, this concept is extended also to the initiator who can have different aptitudes, behaviors and responsibilities, similarly to the alliance manager. Based on the evidences emerging from cases (see Table 29), we can define the heavyweight alliance initiator as the champion of the alliance idea who shapes a clear idea, strongly believes in the idea and promotes the idea actively. Instead, the lightweight alliance initiator simply proposes the idea, which may not necessarily be his/her own idea, and does not convey much enthusiasm.

Table 29: Heavy- and lightweight alliance initiators in the analyzed cases

Cases	Evidences	Alliance initiator
S&S	"UNINT proposed us the alliance, in the form of a clear and precise idea, conveying enthusiasm and supporting it with convincing potential benefits" *(A partner CEO)*	Heavyweight
CdP	"I had this idea since a longtime before, I strongly believed in it and I'm sure it is the only chance i have to survive and remain competitive, I'm firmly motivated in carrying on this project" *(The initiator)*	Heavyweight
RaceBo	A partner CEO had the first idea and was very determined in carrying out his project "[…] He knocked physically at my door to propose me the alliance, he was very convincing and was able to push the whole project forward" *(A partner CEO)*	Heavyweight
CE PMI	"API Industria proposed the alliance to associates, despite it only had a generic idea of its implementation" *(A partner CEO)*	Lightweight

These evidences suggest that in marketing alliances the figures of the alliance initiator and manager embody the leader of the alliance. Here, the concept of leadership is enlarged in the sense that both moral aptitudes and technical capabilities are included.

5.2.3 Organizational and managerial factors leading to success

This paragraph is supposed to shed light on the second research question. Organizational and managerial factors, taking into account also contingency factors, are analyzed and compared among cases so as to identify patterns leading to the discovery of key success factors for marketing alliances.

Partner selection presents similarities among all cases, indeed the same criteria for partner selection are used. SMEs seem to privilege collaborations with partners located in the same industry and geographical area, because this entails partners share the same problems and values. A partner CEO asserts:

"Belonging to the same industry, we already know the environment we operate in and we share difficulties; as a consequence it is easier to communicate and look for collaborative solutions."

Another partner CEO gives another point of view:

"I prefer to make affairs with someone who I know shares my ideas and values, and I can be aware of this only if it is quite close to me."

This last quote introduces another important element for partner selection, that is previous knowledge of partners. Indeed, SMEs tend to search for partners among people they already know, which reflects a precautionary attitude of Italian entrepreneurs. Proven that, in general, they have difficulties in collaborating with other entrepreneurs, if they manage to do so, at least they do it with someone they already know, which gives them a higher sense of confidence.

Secondly, product complementarity seems to be the key for collaboration. In particular, SMEs willing to be part of a marketing alliance look for partners offering products or services they cannot provide singularly, thus becoming more attractive to clients. This is in line with previous literature asserting that one of the main drivers to collaboration for SMEs is to overcome resource constraints (Lorenzoni, 1990).

The last element is competitiveness, in the sense that SMEs do not want any competitor to be part of the same marketing alliance. Whilst in some R&D alliances, collaboration among competitors may happen (Gnyawali and Park, 2009), in marketing alliances they are absolutely undesired. In two cases at the beginning there were two or three competitors in the marketing alliance, but this caused conflicts leading to competitors exit from the alliance. As a consequence, also in those cases where this was not a selection criterion since the beginning, it becomes later on. This may be due to the fact that clients have a direct visibility on marketing alliances, so balancing the dichotomy cooperation-competition becomes much more demanding.

Based on these evidences, we shaped the first proposition.

P1: When firms are close one another, in terms of location, production and culture, already know each other and realize complementary products, they are more likely to undertake a marketing alliance.

The suggestion from cases is that these criteria are supposed to increase the level of initial trust among partners. To this regard, UNINT manager asserted:

"italian entrepreneurs, who are distrustful in nature, feel more relaxed if they know other managers they collaborate with. […] We also realized that suspicion increases sharply if competitors are involved in the same alliance, overall in case of marketing alliances which have a direct visibility towards clients."

Always referring to competitiveness inside the alliance, the CEO of a RaceBo partners explicitly confirmed:

"I felt comfortable and confident because no competitors were involved in the project."

The CEO of one of Calegheri partners completed the picture by stating:

"I choose partners in my district since I know they share my values and my problems, which increases the initial level of trust towards them."

These evidences lead to the second proposition exposed below.

P2: In SMEs marketing alliances, selecting not competitor known partners which manufacture complementary products and with a high level of proximity increases the level of initial trust among partners.

Always talking about partner selection, the initiator of RaceBo explicitly asserted:

"When selecting partners, it is fundamental that they are willing to invest some money in the alliance; for this reason, doing a due diligence before starting the marketing alliance could be a useful practice."

Indeed, not only in RaceBo, but also in Calegheri 1268, those firms which were not inclined to investments, despite modest, ended in exiting the alliance. Accordingly, the following proposition has been developed.

P3: In SMEs marketing alliances, selecting partners prepared to invest money in the alliance decreases the probability that those partners exit the alliance.

Focusing on goal establishment, we can notice that the main difference emerging from cases concerns the way they are established, meaning whether the macro-objective is set and then separated into more detailed sub-objectives so as to reach the macro-objective step-by-step or the macro-objective remains the only established goal without any intermediate step. In the two cases of success the macro-objective is divided into more concrete sub-objectives and the first one are simpler before going on with ore challenging goals. Instead in the two unsuccessful cases, partners start with a very ambitious goal since the beginning, as Table 30 shows.

Table 30: Goal establishment and previous experience

Level of success	Cases	Goal establishment	Previous experience
High	S&S	Start with few and concrete goals	High
	RaceBo	Go on with more ambitious goals	High
Medium-low	CdP	Start with ambitious goals	Low
	CE PMI		None

Since we guessed one possible explanation could be the level of experience of collaborative projects of actors involved in the alliance, we checked this element of contingency and find interesting evidences. Indeed, in the two cases of success, there are at least one actor that has a high level of experience of collaborative projects. In S&S, UNINT, which is both the initiator and alliance manager, has the development of collaborative projects in his mission and, before S&S, UNINT supported the development process of other various alliances. To this regard, UNINT responsible asserted:

“We noticed that proceeding step-by-step enhances the chance the alliance is successful, firstly because it entails a more precise activity planning and control, secondly because in so doing partners are more likely to perceive they are reaching established goals, hence the level of trust and commitment increase.”

Instead, in the case of RaceBo, partners are already used to collaboration, in the sense that they previously collaborated either with some of the same partners or with other firms. This different attitude with respect to partners of other alliances seems to be related to the location of partners. Actually, the Emilia Romagna region is particularly active in promoting collaborative projects, even before the establishment of the network contract. The CEO of a partner affirmed:

"Having experienced other collaboration projects, we know it is better to set minor objectives and then go on with more ambitious ones. In this way, the macro objective has more chances to be reached."

Based on these evidences, the following two propositions are presented.

> *P4: If involved actors have a high previous experience of collaboration, they are likely to follow a step-by-step approach in goal establishment.*

> *P5: Having a step-by-step approach in goal establishment increases the probability of a successful SMEs marketing alliance.*

The issue related to governance deserves particular attention. The case description reported that there are two cases of consortium and two of network contracts. While in the case of the two consortia, the governance form does not play a significant role in determining the success of the alliance, in the two cases of network contract, the governance is partially responsible of the unsuccess. Indeed, since the network contract doesn't establish a new legal entity, partners can't sell products through the network contract, so they have to establish specific rules and procedure to deal with this issue, otherwise potential conflicts may arise. This aspect is particularly delicate in the case of horizontal marketing alliances where all partners are positioned at the same level of the value chain and, potentially, any partner could be the head of the alliance and have direct contacts with clients, as in the case of CdP (see Table 31). Indeed, in this case partners were not able to establish specific procedures so as to overcome this "problem", so they had to establish also a consortium. Instead in the case of a mixed alliance, like RaceBo, it is easier that the head is naturally selected (the one closest to the client which is used to maintain the relationship with it). As a consequence, a mixed position of partners along the value chain facilitates the positive impact of rules and procedures on alliance success.

Table 31: Rules and procedures and position along the value chain in network contracts

Level of success	Cases	Governance form	Rules and procedures	Position of partners in the value chain
High	RaceBo	Network contract	Well established	Mixed (vertical + horizontal)
Medium-low	CdP	Network contract	Informal	Horizontal

As a consequence, the following two propositions are exposed.

P6: The presence of well-established rules and procedures has a greater impact on the success of a SMEs marketing alliance governed by the network contract, than on the success of an SMEs marketing alliance governed by the consortium.

P7: In SMEs marketing alliances governed by the network contract, a mixed position of firms along the value chain moderates the impact of rules and procedures on the success of the alliance.

Always referring to the network contract, being a new and specific tool, also the presence of someone who is familiar with the principles of network contract is fundamental for the successful starting up of a marketing alliance governed by the network contract. Indeed, RaceBo was supported by Unindustria Bologna in the draft of the contract and in the initial settings in the phase of the starting up of the alliance, and its sustenance was essential since the law had just been approved and it was one of the first network contracts to be signed. Some people in Unindustria Bologna had studied the network contract low in details, so it had a good knowledge of this new tool. Instead in the case of CdP, which is also one of the first network contracts, Acrib, which supported the alliance at the very beginning, was not so skilled in matter of the network contract, hence it asked for the help of an accountant who, however, had never heard about the network contract (see Table 32).

Table 32: Level of knowledge of the network contract of involved actors

Level of success	Cases	Governance form	Network contract experts	Knowledge of the network contract
High	RaceBo	Network contract	Unindustria	Medium-high
Medium-low	CdP	Network contract	Accountant, Acrib	Low

As a consequence, we hypothesize that the presence of an actor having a good knowledge of the network contract is relevant for the successful starting up of a marketing alliance.

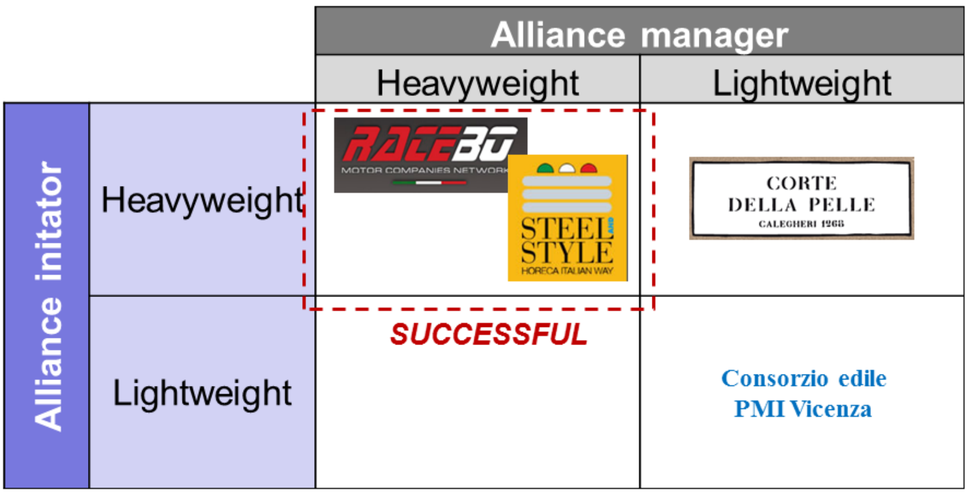
P8: In SMEs marketing alliances governed by the network contract, being supported by en entity with a good knowledge of the network contract is fundamental for the success of the starting up of the alliance.

Now the concepts of initiator and alliance manager are recalled. If the two types of initiator and alliance manager and their possible characterizations are placed along the two dimensions of a matrix (see Figure 20), it is easy to appreciate that the two successful cases have both a heavyweight alliance initiator and a heavyweight alliance manager. In the case of RaceBo, the heavyweight alliance initiator and the heavyweight alliance manager is internal to the alliance (i.e. the CEO of a partner firm), whilst in the case of S&S the same role is played by UNINT which is external to the alliance. This means that it seems not important whether the heavyweight alliance initiator and manager are inside or outside the alliance, the relevant issue is that they are present. The case of CE PMI, in which there is not a strong referential figure, confirms the significance of these two actors.

Instead, the case of CdP is in the middle of the other cases because there is an internal heavyweight alliance initiator which then is also the lightweight alliance manager, because he has a strong personality but not all necessary know-how in matter of marketing alliances.

These evidences suggest that a heavyweight initiator is important to make the alliance start, but it is not sufficient for its success.

Figure 20: Alliance initiator and manager



P9: The presence of both a heavyweight initiator and alliance manager increases the success of a SMEs marketing alliance.

With respect to the alliance manager, when there is a heavyweight alliance manager, the activity planning and control, communication and coordination processes and rules and procedures are more formalized. Indeed, UNINT and the CEO of VRM, that are the heavyweight alliance managers of S&S and RaceBo respectively, are directly involved in the routine activities and work together with other partners, hence they are constantly coordinating, planning and controlling activities, which results in a more formalized structuring and carrying out of activities. Again, it seems not so different if the heavyweight alliance manager is inside of a partner firm or not. The next two propositions are then shaped.

P10: The presence of a heavyweight alliance manager leads to formalized activity planning and control, communication and coordination mechanisms, whereas the presence of a lightweight alliance manager leads to informal activity planning and control, communication and coordination mechanisms.

P11: A higher degree of formalization of activity planning and control, communication and coordination mechanisms leads to a successful SMEs marketing alliance.

The next issue is related to the alliance brand. In three of the analyzed cases, this topic is given particular attention, in the sense that partners of these marketing alliances demonstrated high consideration of this theme. The CEO of a partner of S&S asserted:

"For our alliance, we wanted a brand recalling our specific activity which also highlighted our Italian character. Hence, we opted for Steel&Style since the steel is the main material we work with and one of the main feature associated with the made in Italy is style. Moreover, at the same time, we opted for an English brand in order to be more internationally oriented."

Also RaceBo partners chose an English brand:

"A marketing alliance needs to have a short and effective brand evoking internationalization."

Instead, partners of CdP relied on different arguments:

"Calegheri is the name of the confraternity of shoe producers which was born in 1268. It seemed to us an appropriate name for our network contract since it evokes our origins."

Both successful cases have a short brand, easy to remember because somehow related to the products realized by partners, and very effective. This evidence inspired the last proposition.

> *P12: A short, effective and easy to remember brand contributes to the success of a marketing alliance.*

5.2.4 Alliance success

The last matter emerged from the cross-case analysis refers to the concept of alliance success. As previously explained, for the sake of simplicity, we called successful alliances those alliances in which partners have reached established goals, which is in line with previous literature. However, there seem to be different factors associated with the concept of alliance success. Deducing evidences from the investigated cases, we can observe that RaceBo has reached its established goals and its future plan is to continue with the activities of the marketing alliance (see Table 33). The level of success of this case is certainly very high. Also S&S has reached its goals, however they have decided to interrupt the alliance. Exploring in greater details the reasons behind this choice, the issue related to trust seems to have an influence, in the sense that partners do trust each other, but not to such an extent to undertake the hypothesized future path which consisted of selling complete solutions to large clients under the same brand. This would have implied a sharing of knowledge partners are not ready to experience.

On the contrary, CdP partners have not reached their established goals, but they are strongly struggling in order to overcome difficulties and succeed in their project. The president of Acrib asserted:

"They trust so much in their project and each other that they are firmly convinced they will succeed. If they had not trusted each other so much, the alliance would have already ended."

In these two cases, the future evolution of the marketing alliance, which seems to be influenced by the level of trust among partners, can better define the level of success or unsuccess of these two cases respectively.

Instead, in the case of CE PMI, due to both the fact that activities have not got off the ground and some partners complain opportunistic behavior on the part of other larger partners, there is no doubt that the level of success of this marketing alliance is definitely low.

Table 33: Future plans and trust

Level of success	Cases	Established goals	Future plans	Level of trust
High	S&S	Reached	Terminate	Medium
	RaceBo		Continue	High
Medium-low	CdP	Not reached	Continue	High
	CE PMI		Still deciding	Medium-low

These evidences suggest that alliance success is a complex concept which needs to be defined better.

6 Discussion and conclusions

6.1 Overview of the chapter

This chapter resumes the insights of this work of thesis by recalling its aims and clarifying how the research objectives were addressed and what the main findings are. While dealing with this issue, it proposes also some comparison between these findings and previous literature, before illustrating the contribution of the thesis to the academic literature and managerial implications. Also policy recommendations are provided. In the end, the value and originality of the study are presented, as well as its limits and opportunities for future research.

6.2 The thesis objectives and main findings

The study examined the development process of marketing alliances, with a particular focus on organizational and managerial factors involved in the process and having an influence over marketing alliance success. Investigating marketing alliances is an important contribution as prior studies have tended to disregard them, dedicating much more attention to R&D alliances. A number of researchers have identified the need to shed more light on marketing alliances (Fang *et al*., 2008; O'Dwyer *et al*., 2011). The importance of marketing alliances was reported in Chapter One as give SMEs the opportunity to compete effectively in divergent and often larger markets (Dennis, 2000) and, thus, enhance their competitiveness and growth even internationally (Kale and Singh, 2009). Previous research also noted the high failure rate of alliances (Hyder and Eriksson, 2005), as well as a lack of studies describing how success (or failure) has been achieved specifically (Reid *et al*., 2008). Moreover, the extant research has tended to focus on alliances and their success or failure rates, but has not looked at them in comparative terms (Ring, 2000). These matters have informed the purpose of this study in which the overall aim was to understand how the development process of successful marketing alliances is carried out. The specific research objectives of the study were:

1. To develop insights that make a valuable contribution to alliance theory by understanding how marketing alliances develop in managerial practice.
2. To investigate and understand how organizational and managerial factors influence the success of the development process of marketing alliances.

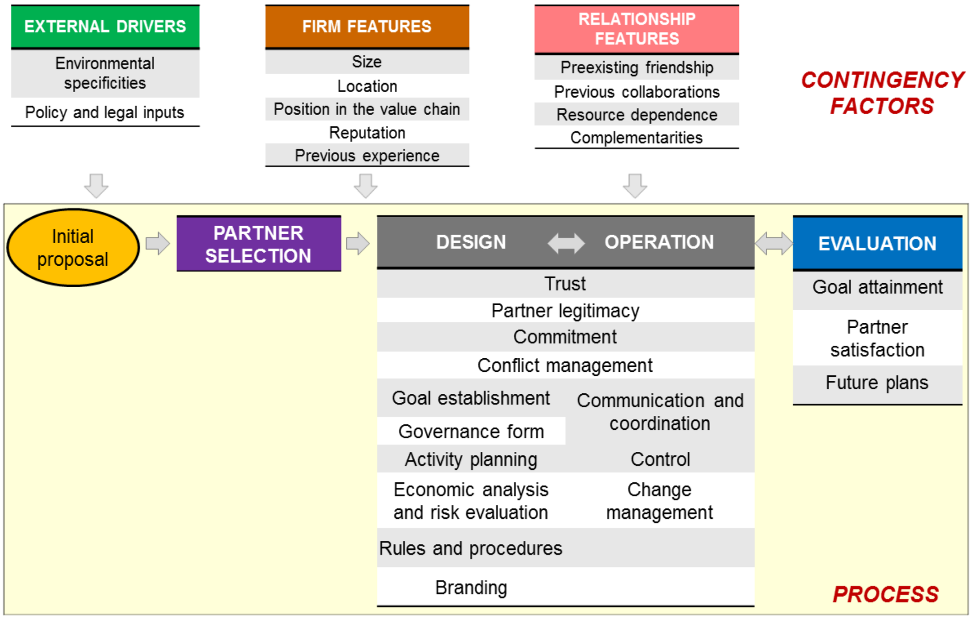
To ensure rigor in addressing the two objectives, particular attention was paid to the suggestions coming from the literature and, in particular, to those researchers (e.g.

Hoang and Antononcic, 2003; Halinen and Törnroos, 2005) identifying the case-study strategy as the most suitable approach for understanding networks. This is because the case study allows for multiple methods that can combine structural and relational aspects over time, thus addressing the complex and dynamic nature of alliances. Context of the network was also important because it informed why and how the marketing alliance was created, as well as the forces acting upon it which then influence structural and relational dimensions within the network (Anderson *et al*., 1994; Wilkinson and Young, 2002). Accordingly, two marketing alliances which have reached established goals, labeled as successful, and two which have not reached established goals, labeled as unsuccessful, were examined over time relying on a framework of analysis designed on the basis of the literature review. Data was gathered from key informants of the four analyzed cases, in particular from partner CEOs, as well as external actors involved in the alliances. Also secondary data were collected from company briefings, press releases and internal reports, so as to increase the validity of the research. By comparing and contrasting the four marketing alliances, it was possible to generate stronger findings.

Before dealing with main findings, one important consideration needs to be done with respect to the environment in which the marketing alliance develops. Actions carried out by public and private policies inevitably case a reaction on the part of firms. If an announcement offering some form of funding is published, or the design of a specific law in matter of alliances is approved, and in general the environment shows particular interest toward alliances, firms start to think over it and consider the possibility of responding to this stimulus. The important thing is that firms do it in a productive way, that is taking advantage of a new possibility of doing business which may also imply an evolution in their usual way of making affairs. For this reason, results emerging from this study are mostly relevant since they provide practical suggestions for managers and entities involved in such alliances.

The first main finding consists of a scheme representing the development process of marketing alliances. It includes the phases of the process, that are the alliance business idea, partner selection, the alliance design, operation and evaluation, all pushed by the initial alliance business idea, as Figure 21 shows.

Figure 21: Proposed framework for the development process of marketing alliances



The concept of the alliance business idea is new in the literature about marketing alliance, but actually it is the element which makes the process start, thus its characteristics, meaning its clarity, its feasibility, the person who is the creator, may shape how the process is then carried out. Also the fact of moving partner selection out of the design phase is a novelty, indeed previous literature consider this element inside of the formation process (e.g. Reid *et al.*, 2001). Instead, we guess it comes before, since it is a prerequisite for alliances. In the alliance design, operation and evaluation all relevant organizational and managerial factors are highlighted. They serve as means for answering the second research question which focuses on those aspects associated with the success of marketing alliances. To this end, the main evidences suggest that the presence of a heavyweight alliance manager is fundamental for the success of a marketing alliance, since he is able to carry out more formalized communication and coordination processes, as well as well-established rules and procedures and to exert a greater control over activities. This is in line with previous literature finding that one of the main factors associated with alliance success is administration and network management (Torres, 2002). The figure of the alliance manager is cited in few papers (De Man *et al.*, 2010; Dyer *et al.*, 2001), however his specific function and responsibilities is not given much attention. The issue of power is somehow related to this of the alliance manager, in the sense that the alliance manager exerts power over other participants, but, contrarily to previous literature (Bucklin and Sengupta, 1993; Young *et al.*, 1996), the presence of someone exerting power seems to be beneficial to alliance success. In this case, exerting power does not mean that the alliance manager is a dictator, but that he is able to drive the alliance, stimulate its partners, and take decisions, always with the approval of other partners. An element which is cited as important but still not commonly used in marketing alliances is the presence of indicators providing an objective measure of how the alliance is performing. This is in line with previous literature stating that the existence of simple quantitative and relevant key performance indicators is an aspect that partners may be interested to (Reid *et al*., 2001) and to which managers should dedicate more efforts.

Also previous experience of at least one of the actors involved in the alliance is fundamental since on the one hand it can help establishing intermediary goals so as to reach the main goal with a step-by-step approach, which seems to be associated to marketing alliance success; on the other hand, the support of someone who has a good knowledge of the network contract principles is essential in case the network contract is the selected governance form. To this regard, our results are in line with Chen and Tseng (2005) who stress the importance of partners involved in the alliance, and in particular with partners with whom having a mutually beneficial relationship. Product complementarity and specific know-how or capabilities go in this direction.

Moreover, cases show that the phase of partner selection is based on criteria which enhance the initial level of trust among partners, as proximity, previous knowledge and product complementarity, avoiding competition inside the alliance. These evidences support the thesis of Bucklin and Sengupta (1993) who talk about partner match which calls for the creation of alliances in which the chosen partners are similar in management style and company culture. The level of trust is important when collaborating, as previous literature indicates (von Fiedrichs Grangsjo and Gummesson, 2006), but it becomes essential in case something wrong happens and tensions among partners risk to arise.

Another interesting finding is the importance of the alliance brand. A short, effective and easy to remember brand appears to contribute to the success of a marketing alliance. This element has been addressed only once in previous literature about marketing alliances, hypothesizing its positive influence over firm brands (He and Balmer, 2005). Actually, it could be a peculiar aspect related to this type of alliances.

Finally, trust is confirmed to be a relevant, but not sufficient condition to success, as affirmed by Mouzas *et al*. (2007). Trust seems to make the difference overall when partners find some obstacles in reaching goals and we guess one possible explanation lies in the fact that when something goes wrong, the most immediate reaction is that of blaming other partners, which ends up in a sharp decrease in interpersonal trust. However, this matter deserves further investigation.

6.3 Contributions to theory

The study makes a noteworthy academic contribution through the development of theory concerning marketing alliances. Generally speaking, being completely dedicated to marketing alliances, it enriches the knowledge about this topic which has been under-investigated until now. In this context, this research addresses two specific issues which are supposed to contribute significantly to the literature.

On the one hand, it organizes the existing literature about marketing alliances, so as to understand the spotted and unsystematic contributions in this field. This makes it possible to design a comprehensive framework representing the development process of marketing alliances, which encompasses organizational and managerial factors involved in the process, as well as elements of contingency. This framework responds to the call for a deeper understanding of how marketing alliances are formed and what are the dynamics that bring to their creation and development. This aspect has not been given much attention in previous literature not only about marketing alliances, but also about alliances in general. As a consequence, it could represent a good basis for the development of theory concerning the development process of different types of alliance. With respect to previous literature investigating aspects related to marketing alliance development process (Batonda and Perry, 2003; Hyder and Eriksson, 2005; Wang and Xiang, 2007), our framework maintains the approach based on phases (Das and Teng, 2002), despite highlighting that those phases are not strictly sequential. On the contrary, it provides a more focused, even though detailed, picture of the process, rationalizing and giving an order to previous contributions coming from different areas of research. Moreover, it adds an analysis of elements of contingencies which may influence the development process.

On the other hand, it provides evidences about how success or unsuccess are achieved specifically, beyond shedding more light about the concept of success. Actually, the literature review offers many definitions and proxies for alliance success, thus resulting in an imprecise concept which needs to be clarified. This study lays the foundations for a better understanding of all possible dimensions building up the concept. Moreover, it proposes a number of factors which seem to impact on alliance success, hence providing the basis for the identification of key success factors for marketing alliances. Firstly, the roles of the alliance initiator and manager are investigated more deeply, since they were dealt with only once in previous literature (Larson, 1992; Spekman *et al.*, 1998). Also the role of facilitators, which were supposed to play an important role (Sherer, 2003), has been dealt with, including in the analysis also actors outside the alliance, first of all public or trade associations.

Secondly, formal organizational aspects such as the presence of a business plan including an economic evaluation are found to be potentially beneficial to alliance success, and thus included in the model, despite having been overlooked by previous literature, a part from two contributions (Spekman *et al*., 1998; Oliver, 2001). Thirdly, there are evidences suggesting the issue of alliance success is a concept which needs to be further analyzed considering different aspects; this work can represent a good basis for a more accurate definition.

This study could also represent a starting point for the comparative analysis of different types of alliances which are supposed to have different peculiarities and thus different dynamics leading to success. With respect to previous literature, all relevant organizational and managerial factors are considered, as well as their potential interrelations.

Beyond the scope of alliances, considering the touching point with the literature of project management as far as the light- and heavyweight alliance/project manager is concerned, the present research may also contribute to the theory of project management when dealing with marketing collaborative projects.

6.4 Managerial implications

This study has a relevant managerial component, since marketing alliances are a very practical subject which has immediate practical implications for managers. Indeed, evidences emerging from cases suggest a series of recommendations which are listed and explained below.

a) **Shaping and communicating the alliance business idea**: it is important that the alliance business idea is clearly shaped so as to communicate to potential partners a really interesting idea which relies on feasible basis; if the initiator believes in his idea, he is more likely to convey enthusiasm to potential partners.

b) **Selecting partners**: when selecting partners, particular attention has to be paid in order to assess whether they are disposed to invest money in the marketing alliance; moreover, another ex-ante condition is represented by the fact that Italian partners are better be close one another, both geographically and culturally, and not competitors since this approach may help overcome the skeptical aptitude towards collaboration, at least in this first phase of sensibilization of firms towards this different way of doing business.

c) **Establishing goals and planning activities**: establishing clear and shared goals is a necessary condition for the starting up of a marketing alliance, however it seems more efficient planning a series of activities and related sub-objective so as to reach the macro-objective with a step-by-step approach; to this regard, formalizing goals and activities in a business plan could be a useful practice, even better if also other aspects belonging to the structure of the business plan, such as an economic evaluation, are included.

d) **Setting rules and procedures**: when more firms work together, rules and procedures are vital, overall concerning the management of orders and mechanisms for the participation of different partners in different commissions; this is particularly relevant in the network contract in which partners cannot sell products through the network contract since a new legal entity is not created, oppositely to the consortium.

e) **Selecting the alliance brand**: the alliance brand is the first marketing action towards clients, in the sense that it is the name they associate to the marketing alliance; for this reason, it is preferable to choose an effective brand clients can easily remember and which represents well the marketing alliance; if the aim of the marketing alliance include internationalization, an English brand could be more appropriate.

f) **Managing the alliance**: the alliance needs to be managed, they do not evolve by their own; for this reason, the presence of a heavyweight figure, both internal or external, engaged in carrying out this task is critical for the success of the marketing alliance.

6.5 Policy recommendations

Governments throughout the world, primarily in Italy, are investing more and more funds for the creation of alliances and the signing of network contracts. It is therefore important to assess the efficiency and returns of these millionaire investments of public money and to provide assistance to firms willing to start a collaborative project. Actually, a fundamental prerequisite is a strong campaign of awareness of these topics. All analyzed cases show that Italian entrepreneurs and managers are still skeptics about collaborating with other firms, due to their individualist aptitude. There are some Italian regions where firms have a greater inclination towards collaborations, as for example Emilia Romagna, than other, as Veneto. Indeed, we noticed that none partner belonging to the marketing alliances in the Veneto region has previous experience of collaboration, whilst partners belonging to the case in Emilia Romagna were more familiar and, thus, more comfortable with collaboration. Indeed, in this region, there have been many public and private measures laying the foundations for the development of collaborations, resulting in a high number of projects involving many firms, far before the draft of the network contract law. As a consequence, following the steps of these pioneer regions is of great importance, because if firms are not educated in matter of collaboration, it is more difficult that they succeed. In his case, educating means illustrating the different forms of collaborations, because we remind that the network contract is only one of the different possibilities to govern an alliance, but it is not suitable for all necessities. It also means presenting potential benefits, but also the commitment, responsibilities and technical skills an alliance requires. To this purpose, it is important to accept an external support in case partners do not possess all necessary technical skills.

As far as the network contract is concerned, legal issues should be integrated with managerial requirements. Moreover, a good base on knowledge should include the awareness that the main driver for signing a network contract should not be fiscal subsidies. The president of Retimpresa asserted:

"If a group of firms want to sign a network contract with the main purpose of receiving some subsidies, then it is better form them not to do it."

6.6 Limitations of the study and opportunities for future research

Despite the above-discussed implications, this dissertation has some limitations.

Firstly, data were gathered from four cases, which is the minimum number of cases suggested by Eisenhardt (1989) to carry out a qualitative research based on multiple case studies. In marketing alliances, but actually in alliances in general, there could be endless elements of contingency, hence four cases cannot provide full evidence of how all marketing alliances develop, despite alliance in different industries have been considered.

Secondly, on a pure methodological basis, the adopted approach is that of the whole alliance; however, although data were gathered from key informants of different parties involved in each studied marketing alliance, not all partners have been interviewed. Insights coming from all different partner may have yielded a more comprehensive view on the dynamics of these alliances. As a consequence, the quality of the conclusions could be enhanced by matching already collected information with new data provided by other informants in each marketing alliance.

Thirdly, evidences should not be treated as generalizable findings because of the small sample size used in the study, rather findings that are now ready for further investigation.

Considering opportunities for future research, marketing alliances are an emerging area of research interest and the study of alliances themselves presents a complex methodological problem. Hence further research is needed to address the complexity of alliances by investigating them over time, in order to capture in greater details their dynamic aspect, and at more than one level. A more precise operationalization of the concept of alliance success also needs to be investigated. The framework representing the development process of marketing alliance and propositions developed from the present study provide the basis for this further investigation.

In particular, the framework could be used in order to understand whether other types of alliances follow the same pattern or, instead, there are different organizational and managerial factors entering the process and determining success. A more detailed in-depth study of marketing alliances which combines both qualitative and quantitative methods in which data is gathered from all actors in the alliance is called for. Such a study would also allow for a more rigorous testing of the propositions developed in the present study. Also, a larger-scale national or international quantitative study could further test the propositions with the view to developing a model for understanding alliance dynamics. Quantitative data should be collected in more than one way in order to test the reliability of each variable within the model. This could be replicated across a different time span with different agencies, and either across the same business sector or other sectors.

Further investigation is required regarding specific organizational and managerial factors, as well as interrelations between them, in marketing alliances. For example, branding seems to be particularly relevant in marketing alliances, despite this issue is highly under-investigated in previous literature. Understanding the dynamics occurring between the alliance brand and partner company brands may be an interesting issue, as well as the role played by trust in the different phases of the marketing alliance development process.

Moreover, due to the apparently fundamental role they play, the picture of the two relevant actors, the alliance initiator and manager, need to be defined better, specifying their duties and responsibilities, as well as their scope of action, so as to maximize their effectiveness for the alliance. Also the relationship between these emerging concepts with the concept of leadership in the alliance literature could represent an interesting area for future research.

Also, future research needs to consider the network contract law from a managerial point of view, which is much less known that the legal aspect. Indeed, managers want to know how to use this tool specifically, what benefits it can bring about and how to put theory into practice.

APPENDIX 1

The network Contract Law

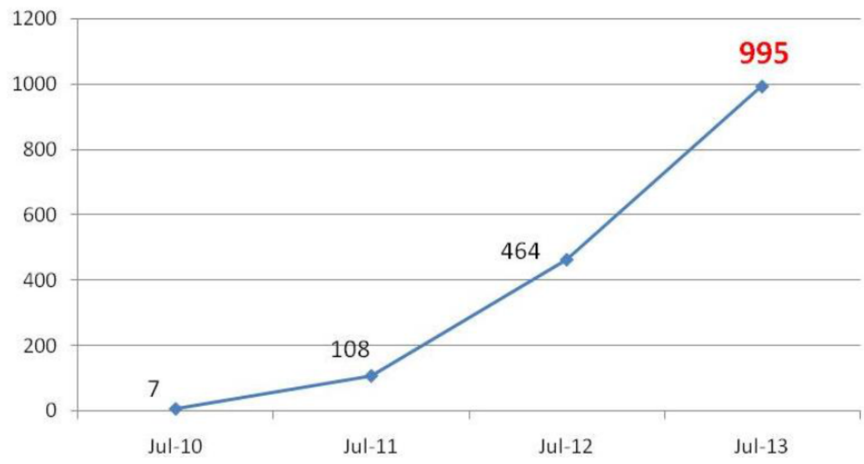
The network contract regulation is intended to offer companies a collaborative tool that allows them to seize concrete opportunities to expand their business. It is a much more effective contractual model compared to the traditional forms of aggregation in Italy, such as company fusions, consortiums, ATIs and joint ventures. As the business network regulation framework doesn’t entail the creation of a new legal corporation, the constitution of a legal entity instead of being a mandatory requirement is left to the mere discretion of the network participants. The network contract therefore enables companies to combine two key elements of business growth, which seldom coexist: enterprises can collaborate on large scale projects without losing their legal independence and their autonomy in the business activities not included in the contract.

The rationale behind the Business Network contract represents a step forward also from a business culture perspective as the aggregation of companies is an actual outcome of a shared business plan, specifically designed to pursue the common goal of improving the potential of innovation and competitiveness.

The innovation brought by the Business Network contract provides companies with the opportunity to join a flexible structure, that has a transparent organization and to choose the type of internal governance of the network. By setting up a Business Network companies can share their assets and best practices, work together towards a common goal while remaining completely independent in dealing with business activities not included in the network contract.

Since the introduction of the Business Network contract in Italy, in 2010, the number of companies that joined a network has increased significantly every year, as Figure 22 shows. The 995 network contracts until July 2013 are widespread in all Italian regions, even though Northern regions seem to have a higher inclination. The sector in which the network contract is more prevalent is the manufacturing (37%), followed by the professional, scientific and technical activities (12%) and the construction (9%).

Figure 22: Evolution of the number of network contracts since 2000 (Infocamere data 29th July 2013 – elaborated by Retimpresa)



The prerequisite of a Business Network contract is the submission of a shared business plan ("network program") that specifies the rights and duties of each participant and the activities to perform to achieve their common goal.

Both the Public Administration and the Banking System value the importance of interfacing with the entrepreneurial system in a context of transparency. This is why Public Institutions set up numerous initiatives to favor the creation and management of Business Networks. Financial institutions are also creating ad-hoc tools to improve access to credit. The European Investment Bank has set up a dedicated fund for Italian Banks to sustain business networks. From a regulatory perspective, the Italian Authority for the Supervision of Public Contracts with the publication of the "Determination" n.3 on the 23rd of April 2013, has extended the participation of Business Networks in public procurements (the requirements are detailed in the articles 34 and 36 of the Legislative Decree of the 12th of April 2006 no 163).

The Business Network enables its parties to "join forces" and collaborate to achieve common goals, to share business projects, to perform actions and activities that would be very difficult to accomplish individually. In such a difficult moment of stall of the Italian Domestic Consumption Demand, companies choose to set up business network contracts to become competitive on international markets and be able to seize new opportunities outside the national territory. Many business network contracts have included in their business objectives internationalization and export, mainly through common activities such as:

- Marketing of high quality products abroad
- Seizing new business opportunities
- Offering post sales assistance abroad

- Sharing information on different markets
- Providing training to members of staff employed in the international areas of businesses
- Enhancing negotiating power on purchase prices (i.e. primary resources)
- Joining events and initiatives that promote internationalization.

Public Institutions are actively promoting and sustaining Business Networks that want to export and become internationalized. Since 2010 Regional and Local Authorities and Local Chambers of Commerce have set up numerous programs to support Business Networks, many of which are specifically designed to promote their international activity.

Numerous studies have shown that businesses that have joined a network have increased their exports significantly, at times within a year. The Confederation of Italian Industries (Confindustria) is also promoting the Business Network as a new tool for enterprises' business expansion in international markets. RetImpresa, the Confederal Agency for Business Networks, is currently working, on behalf of Confindustria, on the implementation of the contractual model.

The Business Network contract solution is in effect an indicator of the vitality of Italian companies, who are willing to react positively in such a difficult time for the national economy.

The regulation of the network contract

The law n. 5/2009 (repeatedly modified) defines the network contract as the agreement between two or more firms which adopt a common program with the aim to enhance their competitiveness or innovative capability. Through the contract, they commit themselves to: collaborate within the scope of activity of partners, exchange information or services having an industrial, commercial, technical or technological nature, carry out one or more activities together within the scope of their business objectives.

The contract allows different levels of purpose and intensity of the relationship. As far as intensity is concerned, the network may range from a simple agreement for exchanging information to the development of an economic activity. Talking about the purpose, the network contract can help firm realize objectives of vertical integration (e.g. governing a supply network sharing production standards, coordinating a distribution system based on franchising) or horizontal integration, also strengthening pre-existing relationships (based on ATIs, consortiums, etc.) with the aim of carrying out activities of shared interest (e.g. founding common research laboratories).

The law states the general aim for firms of “enhancing their innovative capability and market competitiveness”. After the endorsement of the D.L. 18th October 2012, n. 179 , firms subscribing a network contract are allowed to participate to public offerings on the basis of the legislation for temporary business agreements.

There is not any established regulation model regarding matters like organization, responsibility and capital aspects. As a consequence, these aspects need to be defined by parties in the contract or in the attached network program, always respecting the general principles the legislator establishes.

Organization and responsibility

With respect to the organization, the legislator only provides for: the possibility of establishing a common body and of adopting a set of rules concerning subjects and issues that firms may agree upon.

The common body is entitled to exert the managerial and representative powers in the procedures of negotiation with public administrations, in the procedures of guarantees to access to credit, in those regarding the development of the entrepreneurial system, innovative processes and internationalization.

The legislation concerning the designation, substitution, composition and compensation is referred to the autonomy of the parties. Participants may be attributed with decisional competences regarding subjects of common interest and with the possibility to deliberate also for modifying the common program. Conflicts of interest are regulated by the private autonomy.

It is important to highlight that it is not necessary to respect the principle of proportionality between capital rights and administrative rights on the basis of the bestowed part.

If a participant desires to exit the contract, it is possible provided that the attainability of the common aim is not compromised.

The network can institute a patrimonial fund made up of the provisions from the participants. There is no specific regulation for entities which may be awarded and value measurement or in case firms recede or are excluded, leaving a high degree of autonomy to participants.

Despite establishing the patrimonial fund and the common body, the network contract does not constitute a legal entity. However, duties contracted by the representative in order to carry out the common program must be paid by the common patrimonial fund.

Fiscal incentives

With the aim of encouraging the drafting of the network contract, the D.L. 78/2010 suspends the tax on profits laid away in a specific fund and destined to the patrimonial fund for the realization of investments included in the program of the network. The suspensions does not occur anymore when the fund is used for different purposes from the coverage of losses or in case of suspension of the firm participation in the contract.

The suspension cannot exceed one million euros for each firm and it is subject to the total limit of financial resources amounting to 20 million euros in 2011 and 14 million euros in 2012 and 2013.

However, the effectiveness of these incentives may not be fully exploited for two reasons: the former is that incentives belong to a composite context in which many different schemes of network incentives exist, overall at a regional level; the latter is that incentives are addressed to all network contracts without considering the characteristics of the projects and the networks. Instead, some regional incentives make the firm or investment characteristics a condition for benefitting from them, instead of the juridical scheme which can also be different from the network contract.

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