Confidence factor in the construction of networks performance in cooperation inter-enterprise

Joceli Antônio Andreola, Jocelia Felícia Andreola, Maria Emilia Camargo*, Marta Elisete Ventura da Motta, Ademar Galelli, Rosecler Maschio Gilioli and Ana Cristina Fachinelli

Department Business Administration, University of Caxias do Sul, UCS, Brazil.
Post Graduate Program in Management, University of Caxias do Sul (UCS), Caxias do Sul-RS, Brazil.

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In today's competitive business world, the search for sustainable advantage for organizations is constant, making necessary improvements before the situation is imposed by the market. One of the forms founded by micro and small organizations that seek to maintain a position in the market and a good level of competition is to be part of a cooperative network. But for it to achieve its goal, one of the main items needed is trust built between the network components. It includes generating confidence within the network, starting a virtuous cycle, striving for the result obtained by the commitment and loyalty of its components. Through the trust between members, they begin to see themselves as partners and not competitors, gain competitive advantage from it over the network, which can only be made possible after building up confidence. In this study, a closed questionnaire was applied in a network already formed in the area of school transport, identifying the relevant factors observed by its components to build trust in network.

Key words: Networks of cooperation, trust, commitment and performance.

INTRODUCTION

The concept of cooperation, according to Pires et al. (2001), arises from the perception that a company is not alone in its environment, but is part of an interdependent world. For Amato (2000), there is a consequent need for the enormous pressure that businesses are struggling to respond quickly to the market, that is, be flexible, to improve their competence, managerial and technological capacity to generate and maintain access to the market and be in tune with the changes international, and not allowing them to act alone. This is what characterized the growing importance of business relations and interrelationships.

This concept, according to Vasconcellos (1999), includes all forms of integration and aggregation as well as the modalities of meeting economic and technological capabilities. However, building these relationships is backed by confidence, building a delicate process that seeks to level the behavior of participants. Trust must be built over time (Stevenson and Jarillo, 1991; Park and Ungson, 2001) because the basic characteristics such as honesty, willingness and effectiveness are only seen and agreed upon after a long period of relation (Lajara et al., 2002).

Trust is built on the principle of network formation (Hoffmann and Schlosser, 2001), depending on the partners’ commitment to future investments, sharing information, and safeguards in the figure of a contract (Dyer, 1997). Realizing that one trusts the other partner becomes more important than the existence of trust. When one partner realizes that the other gives him confidence, it is easier to create a cycle of trust building (Thoben and Jagdev, 2001).

The identification of the construct of confidence, a cooperative network is the object of this study, seeking to
understand at what point it solidifies and strengthens the results of interaction between participating companies.

The aim of this study was to verify this construction on a network segment of a highly competitive school transport and business, where trust is the main obstacle to consolidating relations that are the foundation of the results, given the existence of numerous and informal companies.

**Competitive environment**

Collaborative networks and business alliances occur in all business sectors and between companies of various sizes, and may involve different degrees of cooperation and, according to the nature of operations vary in relation to the purposes and objectives. Braga (1999) stated that the reasons for the formation of alliances include: economies of scale, to have low cost of entry into new markets, to have low cost of entry into new business segments; to learn from competitors; to manage strategic uncertainty and manage costs and share risks.

This initiative happens in public transport, specifically the school. However, the large number of competitors, characteristics of entrepreneurs and pressures from micro businesses are under siege of big business, and informal entrepreneurs become skeptical with the initiative, the need to build trusting relationships.

**Networks of cooperation**

Bremer and Ortega (2000) defined cooperation network as a group of companies that interact through the exchange of skills, going beyond the pure relationship of buying and selling. The dynamics of cooperation is practically an opposition from the perspective of traditional competition. Research in the economic and social link to the culture of cooperation is one of the key factors in long-term prosperity (Fukuyama, 1996; Putnam, 2002). The debate on cooperation between companies gains strength from changes in the competitive environment, where the webs of relationships emerge from a context of information and technology, so that individual behaviors have more barriers and less space, particularly at the economic and social development (Castells, 1999).

González (2003) addressed the issue of cooperation between companies. The main theoretical approaches on the subject are:

1. Transaction costs: where cooperation between firms reduces the hierarchy and opportunism prevails against rationality and uncertain market. The initial benefit is the reduction of costs based on vertical cooperative agreements.

2. Conduct strategic: where companies seek to achieve competitive advantages in the long term through coopetition, especially in horizontal agreements, that is, between competitors.

3. Focus on organizational arrangements: where the horizontal, vertical and transverse produce organizational learning due to the relations of exchange of information and knowledge, resources and capabilities.

In 1996, Adam Brandenburger and Barry Nalebuff published the book, “Co-opetition” by inserting the term in the field of strategic management, initially used to identify and study the strategies of relationships between companies seeking to supplement their operations.

According to Ghemawat (2000), co-opetitions are "participation in which customers buy products or services or for which suppliers sell complementary products." However, the intention of Brandenburger and Nalebuff (1996) was to elucidate the fourth element of this value chain, making companies compete with themselves, and forming the so-called value chain, where the companies are also related to their competitors.

This approach has brought a new dimension to the cooperative and competitive approach, contributed to the complexity of the competitive environment, especially in the following aspects such as dynamic complementarity, cooperation, adaptation and survival.

New and Mitropoulos (1995) stated that the idea of network is important to present an alternative to the fatigued market against large groups of the economic hierarchy, and highlighted the natural stability of many business relationships, providing a framework for understanding the spread of technology, using best practices, and promoting gaining competitive advantage in small businesses.

Faggion (2002) proposed three factors which help explain the success of networks in micro and small enterprises in different economic scenarios in recent years, that is, the economies of scale through networks, trust and cooperation, and competition coexisting with state and social welfare caused by the increased efficiency of regional industries. The author emphasizes that the classical theories have neglected the economic power of these and other factors that are related to trust and cooperation.

The advantages, according to Gulati et al. (cited in Kosonen, 2001), of interorganizational networks and business networks are summarized as follows: strategic networks provide an organization with potential access and socialization of information, resources, markets and technologies, with advantages of learning and economies of scale, and allows companies to achieve their strategic objectives, risk sharing and extending the value chain stages and organizational functions.
Confidence factor

Establishing trust between partners is the most cited factor in literature as a prerequisite for cooperation (Hakansson et al., 1993, Hoffmann and Schlosser, 2001). The companies represented by people must be predisposed to trust and want to rely on their peers (Walters et al., 1994), for without trust there will be lack of commitment and the network will fail, even if the goal is logical and beneficial for the partners (Cullen et al., 2000).

The confidence and expectation of a person, group or company is a justifiable behavior ethically, that is, taking morally correct decisions and actions based on ethical principles of analysis by another person, group or company or a joint approach economic exchange (Hosmer, 1995). For Luhmann (1988), trust is a social mechanism that allows individuals to manage uncertainty with increasing tolerance in a natural competitive behavior in the business. This is because trust is seen as a way of legitimizing social relationships integrating the business, which goes beyond the established standards and values legitimately written.

In the context of cooperation networks, the trust factor in social and economic perspectives can be divided as follows:

1. The benevolent trust refers to the belief of those involved, as other members in the network will act in good will, not seek only the opportunity but the individual and collective interest.
2. The confidence of credibility is the belief that each member in the network is committed to fulfill the expectations of the group in the network.
3. The confidence of competence is based on the belief that the partners have the skills and techniques to meet their obligations.
4. The trust contract is based on keeping promises tacit and implicit.
5. Cummings and Bromiley (1996), in agreement with other authors, stated that the main argument about the importance of trust concerns the savings generated by reducing opportunistic behavior in labor relations.

Cummings and Bromiley (1996) stated that the confidence part of a belief is backed by individual perceptions of affective, cognitive and intentional, that is, confidence is like a human being that feels, thinks and intends to act. This individual belief constructs the common belief, the perception that the other parts of the group act in good faith, have honesty in relationships; have the understanding that others do not seek excessive advantages over others, even if the opportunity arises. This definition of trust then means the effort to act in good faith, with honesty in the exchange and limited opportunities (Williams, 2001).

METHODOLOGY

According to Gil (2002), descriptive research has its primary objective as the description of the characteristics of a given population or phenomenon or the establishment of relationships between variables. Secondary data were extracted from: a) the internet, b) the literature, and c) documentary research. The descriptive research, which according to Gil (2002), is a research technique to be used when one wants to determine the profile of a group of people or companies, based on common characteristics among individuals.

The development of a descriptive research was aimed at a broader theoretical survey of the subject and a quantitative survey was carried out through a questionnaire with eight closed questions, having scale values of 0 “for no relation” to 5 for “much relationship”. In this, 13 micro enterprises at the time of the research formed the cooperative network of school transport in the city of Caxias do Sul, with nine firms responding and four not responding.

ANALYSIS OF RESULTS

The history of this network of cooperation demonstrates a delicate process of awareness of associated companies for the purpose of consolidation. The network, now consolidated, already has many achievements. There are stronger business associates, yet the delicate construct of this relationship can be explained by the findings of this study.

The relevant factors in building trust in the network was found in the survey: suitability of partners, clear objectives of the network, the presence of a moderator, market pressure, legal network, direct competition of the partners, network construction methodology and previous relationship.

The main factors in building confidence in the suitability of the partners are (with weight 4.33 on 5) built by the company submitting the documentation, participation in meetings and fulfillment of agreements signed by the participants. The clear objectives of the network (with weight 4.22 on 5) are also trapped in this large construct being backed by the clarity of the philosophical aspects that guide the operation and strategic planning. The presence of the moderator and support entities (with weight 4.22 on 5) was given as an important function in the absence of this, preserving business relations in the issues discussed.

Market pressures (with weight 4.11 on 5) set the scene after given the details of the positions of competitors and the reaction of these initiatives through the network; the latter highly reactive behavior strengthens the bonds between the firms. Although important aspects of legal
instruments (with weight 3.44 on 5) and methodology of building the network (with weight 3 on 5) are not recognized as most important, it is through these that the network is developed and regulates relations. Issues relating to direct competition between associated companies (with weight 3.11 on 5) and previous relationships (with weight 2.78 on 5) showed no greater importance for building confidence in the network.

Aspects of trust found in the network were trust in the support entity, trust in the moderator, trust in the network, confidence in the results, trust in other members and support entity, trust in the moderator, trust in the network, relationships (with weight 2.78 on 5) showed no greater importance for building confidence in the network.

Aspects of trust found in the network were trust in the support entity, trust in the moderator, trust in the network, confidence in the results, trust in other members and confidence in management. It was observed that the trust is still dependent on external forces of the network, with the first aspect of influence being in the support body (with weight 4.33 on 5) and moderator (with weight 4.22 on 5). Considering that, the trust in the network itself is already stated (with weight 4.11 on 5) which should increase as the network achieves better results (with weight 3.89 on 5). One aspect is still being improved: trust between the companies (with weight 3.77 on 5) which may explain why the confidence in the board is in the last place (with weight 3.67 on 5). There was also the lowest index for confidence in the board already considered and 73.33% of the maximum possible points of research show that the network has degree of self motivation and commitment.

Conclusion

It was observed that the issues inherent in previous relationships have less weight in building trust in the network. This is due to the highly competitive and breaking paradigm, before the present competition. It can be observed that companies of this network are dependent on external supporting figures, and lack of follow-up is expressed, informally, as a matter of success for the network.

Questions regarding the outcome has a direct impact on trust in the network itself, and its directors explain the numbers resulting from the research, given the fact that the network has still modest results. In this context, it is suggested for future studies, research be reapplied in other networks of this kind, so that comparisons can be done, including creating future scenarios.

REFERENCES

