

# Transforming cooperation practices into individual routines: an analysis of firms inserted in cooperation networks

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Transformando prácticas de cooperación en rotinas individuales: un análisis de las empresas situadas en redes de cooperación

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## Abstract

This research study aims to identify new organizational routines practiced by firms that are members of horizontal interorganizational networks as a result of knowledge acquired through cooperation. Based on the study by Provan, Fish and Sydow (2007), four different ways to share knowledge in a network are proposed. The method is an exploratory, qualitative approach through a multi-case study. The units of analysis are ten firms that are members of two supermarket networks. In-depth interviews with managers were performed and analyzed by content analysis. This research study brings empirical and theoretical contributions, shedding light on how shared knowledge in a network can transform and develop companies, allowing small details and simple information to contribute to companies' growth and permanence in the market.

**Keywords:** *Cooperation. Knowledge sharing. Organizational routines.*



## Resumen

El objetivo de la investigación es identificar nuevas rutinas organizacionales practicadas por las empresas que participan de redes interorganizacionales horizontales, resultantes del conocimiento adquirido por medio de la cooperación. Basado en el estudio de Provan, Fish y Sydow (2007), se propusieron cuatro diferentes formas de compartir conocimiento en red. Se adoptó como método el abordaje cualitativo con naturaleza exploratoria a través del estudio de multicazos. Las unidades de análisis son diez empresas insertadas en dos redes de supermercados. Se utilizó de entrevistas en profundidad junto a los gestores, que fueron analizados a través del análisis de contenido. Esta investigación trae contribuciones empíricas y teóricas, permitiendo el entendimiento de cómo el conocimiento compartido en una red puede transformar y desarrollar muchas empresas permitiendo que pequeños detalles y simples informaciones contribuyan al crecimiento y hasta la permanencia de esas empresas en el mercado.

**Palabras clave:** *Cooperación. El intercambio de conocimientos. Rutinas organizacionales*

## 1. INTRODUCTION

Organizational cooperation is built to manage environmental uncertainty and meet the needs for resources, since the firms and their employees do not always have the necessary knowledge to innovate within their limits (Filieri and Algezai, 2014).

In cooperation, an important advantage is knowledge exchange. Interorganizational transfer of knowledge has become a useful organizational strategy to create value and sustainable competitive advantage (Fang, Yang & Hsu, 2013). Firms that succeed in transferring and absorbing knowledge across their boundaries accumulate numerous benefits, including reduction of failures and increased productivity (Squire, Cousins & Brown, 2009), by changing organizational routines and building new ones, and by influencing the creation of new management practices. However, studies discussing the impact of cooperation on organizational practices of business firms are very rare in literature. For example, what knowledge has been acquired by a given firm “A” for being part of a network, how such knowledge has been acquired (model developed by Provan, Fish and Sydow, 2007), and what organizational practices have changed? Given this, the present work aims to identify new organizational routines practiced by firms that are part of horizontal interorganizational networks, resulting from knowledge obtained through cooperation. Thus, it is expected that this study will positively help new firms that are seeking cooperation, showing possible processes that can be renovated in their businesses, added to the knowledge and information that they will acquire.

## 2. COOPERATION

Cooperation can facilitate the development of the most diverse innovative solutions, since no single firm can achieve the same results as those obtained through cooperation. Furthermore, firms do not have all resources, competencies and capabilities that are essential for carrying out the businesses, which makes it more difficult to compete in the market (Popp, Milward, Mackean, Casebeer, & Lindstrom, 2014). This reinforces the idea that firms that intend to mutually increase their profits, to obtain or develop resources and competencies that are vital to compete and create

a larger market for their products, opt for cooperation as an element that creates value (Bouncken, Gast, Kraus & Bogers, 2015).

McAdam, McAdam, Dunn & McCall (2014) noticed that a collaborative enterprise focused on horizontal integration is an entity in continuous evolution, as different members are involved and the general objective and the objectives associated with the enterprise are remodeled. Horizontal interorganizational networks are characterized by collaboration between companies that operate in the same stage of the productive chain, where relationships between companies and their competitors take place, i.e., companies that produce and sell similar products, thus aiming to complementarity (Panzano, 2011).

The use of networks by small- and medium-size firms has grown remarkably in recent decades due to the increasingly complex innovation process (Nordman and Tolstoy, 2016). As a consequence, cooperation between firms have become more and more complex, and their impact on organizations has increased considerably. Such impact derives, in many cases, from the knowledge existing in the network and how they share it.

Wang, Wang and Liang (2014) describes knowledge sharing as the process of transmission, communication, interaction and coordination of knowledge or skills, which help improve the organizational productivity, the capacity of absorbing, innovating and sustaining competitive advantage. Davenport and Prusak (1998) argue that knowledge sharing can be made in structured forms, in face-to-face meetings and narratives, because they believe that the signals that yield trust and conviction are better communicated personally.

In the study by Provan, Fish and Sydow (2007), distinct forms of interaction between network's individuals and how these networks are researched can be analyzed. Network-level interactions, whether formal or informal, provide possibilities of access to information and knowledge that until then was unknown to the partners. From this point of view, this research study provides an adaptation to the study by Provan, Fish and Sidow (2007), using examples of possible interactions that resulted in knowledge sharing in the network, generating new insights and knowledge to the participants, which are described in Table 1.

Table 1. Origins of new knowledge in interorganizational networks

	Individual Players	Collective Players
Organization	Impact of a player on another by interactions	Impact of individual players on a network
Network	Impact of a network on individual players	Whole network or network-level interactions

Note. Adapted from “Interorganizational networks at the network level: a review of the empirical literature on whole networks,” de K. G. Provan, A. Fish & J. Sydow, 2007, *Journal of Management*, 33 (3), p. 479-516.

First, knowledge would be shared informally among individual players. A player identifies another player in the network who shares the same vision and objectives as well as similar language and thoughts. Such relationship would consist of informal chats within the network or personal contacts due to the bond and trust built by the players. Second, although rarer, knowledge would be shared from a single organization and its actions towards the network. As a consequence, a single player would be able, per se, to change the network outcomes, which would affect the network’s structure, stability and efficiency, and so the other players. Third, knowledge would be shared within the network through formal processes, where individual players would benefit from information and knowledge of the network, i.e. the network would impact on the actions and behavior of each organization individually. And the last knowledge-sharing process would also happen in a formal way within the network. In this process, knowledge would be produced and transformed by all members of the network, i.e. the actions of the diverse network levels and structures would have an impact on the results of the network itself.

Companies share information, habits and resources with their partners to carry out joint activities and to adjust the norms and rules that govern the network’s activities. These joint activities change the routines of the member organizations. It is worth noting that changes in routines may not result from the network only, but from interactions between the members (Bhatti, Larimo & Carrasco, 2016; Vasudeva, Zaheer & Hernandez, 2013).

### 3. ROUTINES

Routines involve practices that enable an organization to change when the need for change is identified and addressed and, as Keegan, Lev and Arazy (2016) state, they are the product of explicit attempts to design work practices. Routines that once were stable need to be changed to fit the new organizational model.

In this research, we considered the classical concept described by Nelson and Winter (1982), in which organizational routines are behavioral patterns that include decision-making principles for all organization's levels, i.e., they refer to both the production level and procedures, such as, for instance, those related to hiring and dismissing employees, definition of investments and policies related to research and development, marketing and the firm's strategies for product diversification, etc.

The organizational routines identified in the studied companies result from knowledge built by mutual cooperation, which takes place through the four ways proposed for knowledge sharing in the network.

### 4. RESEARCH METHODOLOGY

To understand the new organizational routines of the companies under study, an exploratory research was carried out with ten units of analysis. These units consist of firms that are members of two horizontal inter-organizational networks in the supermarket sector, consolidated in the state of Rio Grande do Sul, southern Brazil. To participate in the study, the firms must have operated for more than three years in a cooperation-based process, because this is the minimum time that is considered for a company to achieve results and significant changes from the cooperation (Beltrame, 2017). After this has been assured, the firms were selected intentionally and according to the managers' willingness to participate. We also made sure that companies of different sizes would participate in the study in order to broaden the range of possibilities. Table 2 describes the characteristics of the firms included in the study.

**Table 2. Characteristics of the firms that are members of the networks studied**

Supermarket network A	Years of existence	Time in Network A	No. of employees
Case 1	26	20 years	140
Case 2	40	7 years	33
Case 3	21	17 years	52
Case 4	62	20 years	40
Case 5	36	11 years	43
Supermarket network B	Years of existence	Time in Network B	No. of employees
Case 6	42	19 years	100
Case 7	15	9 years	12
Case 8	23	16 years	42
Case 9	21	10 years	17
Case 10	22	3.5 years	10

Note: Prepared by the authors (2017).

In order to deepen the analysis of the topic studied, we chose the qualitative approach, and the procedures are characterized as a multi-case study. To achieve the objective proposed in this study, in-depth interviews were carried out with ten top managers, since they are key players in the organizational structure and have a vision that enables them to provide relevant information. The interviews were conducted from July to September 2016, with a duration of 50 minutes each. They were conducted in the supermarkets, which are located in different cities in the southern region of Brazil. The questions were asked by the researchers and recorded together with the respondents' answers. In addition, secondary data available on the websites of the network and the firms were collected to complement the interviews.

Afterwards, the interviews were transcribed and codified and then subjected to content analysis (Bardin, 2011). Subsequently, an analysis of these results was carried out, comparing it with the literature used in this study in order to meet the proposed objective. So, the data found in the ten cases was cross-checked for a final compilation of the results.

## 5. PRESENTATION AND ANALYSIS OF RESULTS

The ten firms studied are members of two supermarket networks. Five of them belong to Network A, and five to Network B. Network A was created in 1996, when 12 businessmen, representing 22 supermarkets, joined their efforts to cope with a strong competition and big supermarket chains that were established in the region and remain in the market. Today, Network A has nearly 60 supermarkets distributed in 24 towns in different regions of the Rio Grande do Sul state.

Network B was created in 1997 with the purpose of bringing together into a single force the potentialities of small- and medium-size supermarkets in the region. Today, Network B has 26 stores located in 13 towns in the Rio Grande do Sul state.

According to Porter (1998), the pursuit of collective efficiency and more competitiveness make that firms build alliances with the purpose of reducing costs and obtaining advantages and benefits that otherwise would not be achieved by themselves alone. This happens with the ten firms studied, because they decided to enter into a cooperation process to reduce costs, increase purchasing and selling power and use cost-effective marketing strategies, i.e., they sought to overcome limitations and obtain resources.

However, during the course of cooperation and over the years, the firms studied faced situations that were far beyond the expected processes. They saw a wide range of possibilities and information that they could add to their daily routines, improving operations and so ensuring business efficiency and profitability. At the same time, they were forced to comply with rules and standards that change over time, which makes them more flexible, strategically planned and stricter in their internal controls.

In cooperation, some mechanisms permit exchanges between the partners. The main mechanisms used in the ten cases studied for knowledge sharing are face-to-face meetings of the networks and e-mail communications among the partners. Even in some firms using different mechanisms, such as the internal system used by Network A, or the use of WhatsApp by Network B, or telephone, or visits to other firms, it was found that all

firms developed their own way to share knowledge and acquire it from the others, either relating to the network or the daily routines.

Different possibilities of sharing knowledge in the networks arise from these mechanisms. Each member develops part of its skills, incorporates new knowledge and contributes to a new form of group cohesion, which leads to the creation of new collective and individual routines.

The results are presented in Table 3, where the ways proposed to share knowledge within the network and the resulting routines from these interactions are identified. All changes made in processes, norms, rules, systems, equipment, standards, layout, etc. were analyzed in the ten cases. Based on these results, the new organizational routines adopted by the firms were compiled.

Table 3. New routines applied to the organizations from knowledge acquired by one player on another by means of interactions

Form of knowledge sharing	New routines
Impact of a player on another by means of interactions	Products sharing – lending to peers what they need; Asking for help from partners; Direction: Coordination and support in the performance of complex activities; Ability to obtain political support and the necessary resources by defending the group interests; Compliance with laws/regulations – Ministry of Labor, Health/Sanitation Inspection; Public Prosecutors Office; PROCON* Finance department: Control of payables – reduction of taxes paid; Sales: Use of processes and tools for sales control; Use of new technologies - system recommended or granted by a peer; Creation of new sectors – sale of new products; Control: Use of management control systems; Strengthening beliefs by cooperation; Planning: Seeking diversification; Use of new equipment; Providing new services.

Note: Developed by the authors (2017).

(\*) N.T. Consumer protection agency

As can be seen, many routines were created by the firms after joining the cooperation process. Most of all, such new routines began to govern the daily activities of these organizations. The ten firms of this study are considered beneficiaries of the cooperation, since they found ways to share knowledge, information and experience that have helped improve their daily activities and business operations.

When knowledge is shared by **one player to another**, it happens spontaneously and informally, whether in a meeting, at a dinner party, in a message sent to the group or in individual chats between the partners. Such information is passed on to the others for the simple fact that they want to help and cooperate with the partner. The partners work in a natural and collaborative manner, because they believe that by helping others everybody will grow together. This is exemplified by the statement of manager A:

There are many things, as we are many, for which prescreening comes naturally. Experiences [...] when you decide to change the internal software which is not the same of the network, we always exchange information. Does it work for you? Is it good? Can we take it? Is the service company good? In all management levels we exchange ideas, so we are always seeking this kind of internal discussion, using the positive experience of a colleague.

In this process, knowledge sharing is achieved especially when the business partners succeed in building trust and creating long-term partnerships (Chen, Lin & Yen, 2014). One of the major information exchanged by the partners are those related to inspection. The managers were unanimous in mentioning that they share information about issues related to the Ministry of Labor, warning the colleagues about the problems that they faced, processes that were not in compliance with laws, so that the others could correct the same problem in their firms. Among the inspection entities, they cited the Health/Sanitation Inspection Agency, PROCON (Consumer protection) and the Public Prosecutors Offices.

It became a habit for these managers to seek for help from their partners, which facilitates their daily processes and makes the contracted services more effective. These results corroborate the research conducted by Ro-

hden, Hollerweger and Ossani (2012), who said that due to the information shared within the network, costs reduction and risks reduction can be achieved because the partners exchange experiences and hence are able to diminish the risks of acquiring certain products and services. Based on these interactions, through which information, knowledge and opinions are shared with other organizations, the firms can expand their individual knowledge (Nonaka & Takeuchi, 1997), making their processes more efficient and safe. Another example of knowledge acquired from partners can be seen in the discourse of manager B:

We went to two supermarkets in another city and one of the most remarkable experience was how to deal with returns in the supermarket. We did not do it well, we did not have a well-defined return policy, and they already had it, they had a defined return sector, a system that quantified and identified the returned items. [...] we had some expired products, but not much. But the volume increased when we got into the network. It was lost money, but now we have a specific sector, and when the suppliers come here to negotiate, the buyer already has a list of the expired items and their worth. So, he can negotiate it before the next purchase order. Thus, this is what we learned with our partners after we joined the network.

In small firms, in the same city or in regions nearby, it was noticed a solid partnership and a true spirit of cooperation. Added to the knowledge and exchange of information, there is an exchange of goods and products. The firms lend or sell to each other, at cost price, bags and goods, which most of the time are goods on sale, and the stocks end up quickly, besides helping each other in difficult times. It has been created so great a partnership that it is common to call a colleague and ask for some boxes of tomato or some bales of oil, for instance. Another very simple example of this mutual collaboration is when a firm has some questions on how to issue an invoice when it is using a new software program and seeks help from a colleague in the network. Because of the interactions and knowledge transmitted to one another, many firms expanded their business sectors, offering new products and services to the customers. With these new processes, not only sales increased but also did the quality of the work performed. These are so important details that, if the firms were not in a cooperation process, they would never be able to accomplish it. It

is mutual help, the replacement of small goods and services that permits sales to continue operating and ensure the customers' satisfaction.

Such knowledge-sharing activities allow organizations to increase their resources, provide value-added products and services, detect the opportunities that arise, and develop new and important businesses (Chen, Lin & Yen, 2014). The firms share qualities, habits, routines and resources by performing joint activities. Cooperation has been an alternative for these firms to be more competitive and innovative in their market. As a consequence, firms get organized and seek new routines and habits to cope with environmental circumstances; changes in how firms operate are made, and business actions are adjusted and aligned with the activities and strategies agreed in the network (Vasudeva, Zaheer & Hernandez, 2013).

In line with the network standards, many routines arise within the firms as a result of the efforts put on processes legitimation and improvement by the network, as described in Table 4. Procedures and rules are created and must be followed by the members, and as they acquire sufficient knowledge to adapt and reorganize them, the businesses grow and improve. To evolve, networks need to be fostered and their operations need to be optimized to ensure maximum results by the networks and, consequently, by the members (Rohden, Hollerweger & Ossani, 2012).

**Table 4. New routines applied to organizations as a result of knowledge acquired from the network on individual players**

Ways of sharing knowledge	New routines
Impact of a network on individual players	<p>Direction:</p> <ul style="list-style-type: none"> <li>Attending meetings;</li> <li>Sharing information about the network with employees;</li> <li>Aligning individual strategies with the network' strategies;</li> <li>Use of information systems;</li> <li>Alignment of priorities, goals and new organizational strategies with those of the network;</li> </ul> <p>Finance department:</p> <ul style="list-style-type: none"> <li>Control of payables and receivables due to increased volume of purchases and sales;</li> <li>The following sentence is missing: of new credit card brands to receive payments of sales;</li> <li>Performing activities to increase profits, such as participating in campaigns and events;</li> <li>Financial control of liabilities;</li> <li>Payment of the network's monthly membership fee;</li> </ul> <p>Marketing:</p> <ul style="list-style-type: none"> <li>Adequacy to the network portfolio;</li> <li>Adequacy to the network's media plan of actions (websites, on-line media, off-line media, publicity, advertisement);</li> <li>Following the network's inserts and discount offers;</li> <li>Use of the network's bags;</li> <li>Building differential relationship with customers;</li> <li>Building differential relationships with suppliers – reduced number of sellers in the firm;</li> <li>Following price policies and rules for discount sales;</li> <li>Using the network's payment conditions - accepting the Network's card as a new form of payment;</li> <li>Following the network's "brand" image;</li> </ul> <p>Sales:</p> <ul style="list-style-type: none"> <li>Use of processes and tools for sales control;</li> <li>Pricing some products according to the network;</li> <li>Good relationship with customers – building customer loyalty by using the Network's card and special offers;</li> <li>Promoting customer's satisfaction, special promotions and best prices;</li> <li>Keeping loyal customers and the firm's fans;</li> </ul> <p>Purchasing department:</p> <ul style="list-style-type: none"> <li>Shopping together;</li> <li>Planning purchases at the times specified by the Network;</li> <li>Management of recurring purchasing cycles;</li> <li>Stocks control – having the products announced as special offers available in the announced days;</li> <li>Purchasing quality control;</li> <li>Purchasing specific brands – made by the Network;</li> <li>Purchasing from specific suppliers – made by the Network;</li> <li>Using the Network's purchase system – software or e-mail;</li> </ul> <p>Organization:</p> <ul style="list-style-type: none"> <li>Work division;</li> <li>Standardizing some work processes;</li> <li>Standardizing some procedures;</li> <li>Adapting to changes in work forms;</li> <li>Picking up products from the Network's center;</li> </ul> <p>Control:</p> <ul style="list-style-type: none"> <li>Keeping the organization on the path chosen (adequacy to Network' standards and rules);</li> <li>Setting limits to keep employees aligned with the new organizational goals of cooperation;</li> </ul> <p>Planning:</p> <ul style="list-style-type: none"> <li>Accomplishing the network's goals, no longer the firm's only;</li> <li>Making decisions involving the network;</li> <li>Ability to adapt norms and rules;</li> <li>Seeking diversification;</li> <li>Continuous efforts to expand to new markets;</li> <li>Development of new markets.</li> </ul>

Note: Developed by the authors (2017).

The firms' adjustment to the network to meet the required changes is a key aspect, since a new organization is created as a network with its specific set of operational norms and regulations. As a result, the knowledge shared by the **Network to the players** comes from some requirements of the Network. Among such requirements is attendance to scheduled meetings or when called to discuss important subjects of the Network.

This new routine of attending meetings is implemented in all firms, which results in the creation of many other routines. Joint decision making is a new practice developed by the managers, in addition to fitting the internal processes and goals to the Network. Other routines absorbed by the partners are the exchange of information and knowledge and the planning of new actions that the firms should accomplish according to what has been decided in the meetings. Corroborating this, Mella and Colombo (2014) state that when organizational routines are defined and accomplished, players receive rules to follow, to evaluate the conditions, to operate and produce or reproduce actions that vary over time or to selectively maintain the interaction patterns established.

In order that these processes work properly, the firms plan their purchases, which has not happen in many firms before joining the Network. In addition, they created new procurement routines and habits, making purchases at the days and times specified by the Networks. Another routine that was created was stocks control. This need was identified because of the increased volume of purchases and to have the products required to meet the Network's, sales and offers. The firms needed to adjust their stocks as well as to control the quality the products purchased, because they started working with new products, brands and suppliers. Manager E explains one of these processes:

What we had to change when we joined the network was how to manage the stocks, because we have to follow the inserts. There are two inserts of the network per month and three offers per week. Some items that we used to have in stock no longer exist, and for some items we have to calculate stocks for one or two offers, and also to fit the size of the supermarket.

In this same condition is also the sales sector, for which it was necessary to create control tools due to the large volume of merchandise sold. Now the firms have the routine of pricing the products according to the Network offers, which happens three times a week. In addition, they have to fit sales to the campaigns created in special dates, which contributes to keep some customers' loyalty to the Network trademark. Such loyalty increases when the supermarkets offer as an option of payment with the Network's own card, bringing several consumers to the supermarkets.

An important sector that had to adjust its routines to the Network's rules was finance. Because of the increased products turnover and increased volume of purchases and sales, the firms realized that they needed to have a stricter control of cash flow and, in many cases, reorganize the firm to have specific employees in charge of this sector. The finance sector is also affected due to the payment of the Network' monthly fee and the joint purchases which need to be made whenever requested. Due to the Network, this sector has also benefited from the lower charges paid to the credit cards operators, besides the fact that they accept a diversified number of credit card brands.

Another new routine for the firms is the payment conditions of purchased goods, which have changed over time. The firms started to make payments not only to the suppliers, but to the network, too, because the network makes collective purchases, pays the suppliers and then charges the firms with low interest rates.

The firms had to learn, as a Network's requirement, to follow a policy of prices and some rules for the offers, since the internal offers of the supermarkets cannot affect or compete with those of the network. All members receive tables with prices and the week's offers that they must follow. They are simple routines that had to be created and strictly followed for the good functioning of the businesses and reputation of the network.

The firms also created new planning routines and work organization to meet the goals and the rules of the network. New sectors were created in the firms as well as a better division of work; processes and internal pro-

cedures were standardized in order to better perform the work and improve the firms' own results, which in turn leads to the network growth.

Currently, decision-making in the firms also needs to consider strategies to achieve the network's goals, and flexibility is also necessary to adjust to norms and rules, which change from time to time. More flexible routines were created, allowing the firms to adjust easily to the new environments and to the diversification of products, customers, suppliers and development of new markets. Verschoore and Balestrin (2010) point out that flexibility and quick adjustment to market shifts, which allows an easier adjustment to the group's demands, are typical of small-size companies.

Also about the knowledge passed on by the network to the members, there is the knowledge and information related to the network's media strategy, which affects the firms unlimitedly and makes most of the organizational routines change. Every week the firms need to review and adjust their media's actions, creating strategies that match their interests with the interests of the great group. In order to follow the network's inserts and offers, the firms need to buy and place the same products on the shelves, at the same prices as published in the media, and if they do not have the products, they must have a strategy to replace them with similar ones. It is also important to mention that the firms should make their individual discounts in such a way that they will not affect or interfere with the network's offers. Other strategy is the use of the network's bags and no longer those with the supermarket logos, which reduces costs and promotes the network brand.

Relationships with the customers have also changed, as employees must be careful to everything that is related to the network and perform their job more effectively. The internal poster boards in the supermarkets, which show the prices of the products, must make it clear to the customers what is a network's discount and what is an particular discount of the firm. So, there is a need for continuous adjustments of the firm's media actions. The relationship with suppliers has also changed, and what was a daily routine to receive and negotiate with a great number of sellers has diminished over time. Today, many suppliers negotiate directly with the network, because some brands can only be purchased jointly. The merchandise now is ob-

tained directly from the network's distribution center, which changed the employees' routines, as explained by Manager G:

We had the visit of suppliers here periodically, every week or every fifteen days, so we bought on Tuesday, received on Thursday, one week after the other [...]. Not anymore; now we have a truck that goes there twice a week to pick up fruits, load the fruits, so this movement of people has changed. The employees' work schedule changed, because when the truck arrives there must be someone to unload; we had to hire a driver, buy a truck, because this was not needed before.

Also resulting from the network is that the firms and employees had to learn how to handle with big campaigns aimed to increase profits and attract a great number of customers. At these times, the routines of the firms should follow the patterns defined by the campaign: usually banners and posters displaying the offers; the employees wear campaign shirts; some products sold more easily – because of rewards – requiring big stocks and control of these products, much more attention by the employees, who should be able to respond to any question that the customers might have about the campaign or the network.

In order that all this happens, there is a process of adjustment inside the firms, which improves the operations and relationships of the large group, promotes growth and enhances each firm's learning level. Every knowledge acquired in the network leads to important changes in the organizations, and brings increasing and continuous returns (Davenport & Prusak, 1998) to both the firms and the cooperation venture. The new routines derived from this knowledge provide coordination for actions in all functional levels of the organization. Through these routines it is assured that there is control of the activities performed and coherence between what is defined as organizational directive and what is performed by any individual in the organization. This diminishes uncertainties and, of course, the power of decision at the different organizational levels (Spuldaro, 2013).

All knowledge transferred by the network to the players and some changes derived from this process are part of the network's objective, which is to contribute to the development and sustainable gains of the partner firms, supporting them in their learning and innovation.

Within the network itself, much knowledge has been produced by all associates as a result of experiences and information that have been shared among them and the common goals, as shown in Table 5. This knowledge impacts on the results of every member firm.

**Table 5.** New routines applied to the organizations as a result of knowledge acquired by the network itself or by interactions in the network

Ways of sharing knowledge	New routines
By the network itself or by interactions in the network	<p>Marketing</p> <p>Creation of special campaigns;</p> <p>Creation of offers and inserts, which every member must follow;</p> <p>Planning:</p> <p>Development of new products with the Network's label</p> <p>Development of new services – creation of the Network credit card – use, sale and receiving;</p> <p>Mechanisms for return of goods to suppliers;</p> <p>Pursuing diversification;</p> <p>Continuous efforts to enter new markets;</p> <p>Development of new markets;</p> <p>Attainment of the network's goals, not only the firm's ones;</p> <p>Network wide decision-making;</p> <p>Contracts with credit card companies reducing interest rates;</p> <p>Creation and use of a procurement system;</p> <p>Control:</p> <p>Keeping the organization on the path chosen – creation of norms and standards for the network's members;</p> <p>Strengthening the belief on cooperation.</p>

Note: Developed by the authors (2017).

As a result of this knowledge, the partners created joint strategies for the network, making sure that the firms will individually adapt to these new processes and change or create new organizational routines. This is also due to the fact that within the network, as explained by Klein and Pereira (2013), the firms begin to have different functions, committing themselves to the agreements and activities jointly proposed.

Jointly, the firms studied created mechanisms to facilitate the daily processes and to support their development. The firms put together every partner's knowledge and experiences to design new strategies for the market. Manager E corroborates this when he says: "We had many other things that were made collectively to improve a system, so that everything would work in an organized manner [...] we have created new mechanisms, incorporated more suppliers" into the network.

With the generation of new knowledge by the great group, new ideas and new possibilities arise to meet market demands and maybe stand out in the marketplace. The partners decided to create products with the network's own label, as reported by Manager I: "Another thing that we did together was the creation of the network's own brand: some industries produce flour, fabric softener, disinfectant with the network's label. So, we buy these products together to have them with the network's logo", considering that this would give more visibility to the brand, expand the market share and win new customers.

In addition to the own-label products, the network created its own credit card, which increased many customers' loyalty due to its advantages and easy contracting conditions, especially for customers who do not have other credit cards or have a low bank account limit. With the creation of the card, new processes came for the firms and employees. In many stores, the cashiers were trained and began themselves to request and make the cards for the customers, receive payment of the card invoice, consult and provide information when requested by the users. With the creation of its own credit card, the network assured some monthly sales for the supermarkets.

By joining experiences and knowledge that some firms had with merchandise returns, the partners created a sector to deal with returns with the industries, which facilitated and accelerated this process for all member stores. The difficulty that some firms had to return damaged or outdated products diminished when made collectively because the network has more negotiation power, which makes that industries accept the return of many products when requested. Many firms did not know how to return products, and some of them had never done it before. After the creation of this new routine by the network, the firms pay more attention

to the expiration dates and to the condition of the products arriving at the supermarkets, keeping control of the products that must be returned or got a discount from the industry. These are small details that allow less waste of goods and reduce financial losses by the firms.

Many routines developed by the firms as a result of the common knowledge produced come from network's demands and directives. This happens because many processes created jointly will eventually become rules to be followed by everyone. As an example, we have the routines mentioned earlier, about campaigns created by the network or resulting from weekly offers or inserts, which are also created jointly and must be followed by the firms. Collectively, the firms succeeded in contracting credit card companies with significant reductions in interest rates, with significant increases of the businesses' financial returns. The knowledge of some partners, along with the negotiation power of others, yielded new possibilities for the firms, resulting in more gains for all associates. In some firms, the reduced credit card interest rates allowed for investments in sectors that need improvements.

Together, the firms also seek market-related knowledge and create strategies and innovations to diversify and develop this market, making that the network and they themselves grow. Accordingly, the routines and management practices also change. The managers need to continuously fit their practices and individual objectives to the knowledge and strategies created collectively. It is worth noting that the more committed with collaboration the manager is, the more aligned his practices will be with collective activities.

The proposed way of sharing knowledge by individual players to the network, where a single player would impact on the results of the whole network, was not found in this study. This is because the investigated network works democratically in solving its problems and in building new business possibilities. The managers argue that all decisions are made jointly, so even if a single partner transmits knowledge to the others and attempts to implement this new process within the network, he alone will not affect the network and the other firms' results.

The individual results also depend on the relevant role of absorptive capacity, since the firms need to develop their own ability to better take advantage of the benefits of inter-organizational cooperation. Establishing new bonds with other people, beyond the limits of the firm, will provide access to new information, assets and knowledge, allowing that new insights can be brought back home and add new perspectives to current thoughts (Sie, Bitter-Rijpkema, Stoyanov & Sloep, 2014), but this will depend on each one's individual ability.

As could be observed, in the cases where managers have greater absorptive capacity and spirit of cooperation, the information was better used and adapted to the firm's context, allowing an improvement and development of processes. Some firms have developed more than others over the years of collaboration. Some firms managed to double in size, expanding gradually their installations, others opened subsidiaries, others are in process of expansion, while some developed little.

In the managers' views, the new routines yielded positive results for the firms. According to these managers, through new routines – which range from using an internal control system of stocks and payments to the firm's compliance with labor and tax laws, a new management form, differentiation of internal offers from the network's offers, among many others – the firms have grown, developed, built new skills, increased sales and the number of customers, entered new markets and, especially, had capacity to remain in the market, making that their small firms managed to face big competitors and, in some cases, surpass them. The study conducted by Lin and Lin (2016) corroborates this perspective, because the authors analyzed the effect of network relations on the performance of small- and medium-sized firms and concluded that they depend heavily on external entities to improve their performance. Manager C emphasizes: "It's good, it's great, I do not regret, I continue and want to continue forever."

The results show that the more engaged in the cooperation process and more open to knowledge sharing, more possibilities of development these firms will have after joining the network. It is worth noting that effective knowledge sharing allows partners to streamline information, money and products across organizational boundaries, and thus to improve agility, adaptability and market predictability (Chen, Lin & Yen, 2014).

## 6. FINAL CONSIDERATIONS

This research showed that the study of organizational routines allows to determine, for instance, the causes of success and development of firms involved in collaborative activities, that knowledge sharing is a strategic and important way to obtain competitive advantage in businesses and that cooperation is vital to overcome deficient resources and capabilities and increase the likelihood of organizational success.

It should be emphasized that knowledge transfer in a network allows an organization to absorb managerial and administrative routines from other firms and to change them internally, adjusting them to their context. This information allows that the daily routines of each firm be more agile and the manager's work more effective.

It is worth mentioning that significant changes happen through cooperation. In cooperation, the firms need to adjust their administrative processes and forms of management, restructuring their internal environment and adjusting the activities to the new joint strategies in order to maintain the balance and functioning of the individual and collective process. The new routines derived from this process are applied to all levels of the organization and the managers' decision-making process.

Most of the new routines come from rules and norms created by the network, aiming to legitimize the processes and ensure equal rights and duties to its members. The existing interdependence between organizations and network redefines the organizational routines to be followed as well as new operational rules and production of actions, ensuring that standards are maintained and adopted by all members of the network.

Once you have the support and help from other people outside the organizational limits, management practices are performed more safely and efficiently. Thus, participating in a cooperative process will always be a viable alternative for firms because through cooperation, organizations have access to knowledge, skills, innovation, technologies, products, services and markets, which will help them grow, develop and survive in the market.

In order that all processes are carried out efficiently and knowledge is shared in cooperation environments, networks must create mechanisms for social integration, so that the firms will be able to share, communicate and transfer individual learnings to the organizational level. Through such socialization, networks are expected to increase and foster mutual trust in formal and informal links with partners, improving and increasing knowledge transfer.

Considering that this research was focused on firms located in super-market networks in the southern region of Brazil only, it is suggested that similar studies are conducted in other regions, as well as in other segments and contexts. Future studies on this topic might contribute to a better understanding of the strategies used by managers and networks to change and create new routines in the firms and so ensure their growth and survival in the market.

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