Multi-Stakeholder Networks: Analysing firms’ future behaviour based on perceived results

by

Hugo Filipe Pereira Machado

Dissertation for Masters of Management

Advised by

Profª. Doutora Maria Catarina de Almeida Roseira

2015
Bibliographical Note

Hugo Machado was born in 1992 in the city of Oporto. In 2010, he entered in the School of Economics and Management of the University of Oporto (hereinafter “FEP”) to pursue a Bachelor Degree in Management, graduating in 2013. Meanwhile, he studied one semester abroad, in the School of Economics, Business and Accounting of the University of São Paulo, in Brazil, where he received a recommendation letter from Professor Joe Akira Yoshino, Ph.D., attesting his performance on the corporate finance course.

In September 2013, Hugo pursued his academic path by enrolling in the Masters of Management at FEP, having successfully applied for the Double Degree programme established with KEDGE Business School – Campus Marseille – a French Grand École with Triple Crown accreditation. The work developed in this dissertation was advised by Professor Catarina Roseira, Ph.D., and fulfils the requirements of both Master degrees.

In June 2014, Hugo started an internship in the International Controlling Department of Corticeira Amorim’s cork stopper branch before initiating his professional career as a Tax Consultant at EY (Ernst & Young) in September 2014.
Acknowledgements

I would like to express my heartfelt gratitude to Professor Catarina Roseira for the endless patience, the availability, and the belief put into my work. It would be impossible to pursue this study without her incommensurable contribution.

Last but not least, I would like to thank all those who contributed to the work herein developed, particularly to the representatives of the Vinhos Verdes Route’s members who believed in this work and accepted the challenge to present their considerations on the route’s processes, structure, and outcomes. A special thanks to Bárbara Roseira, from C.V.R.V.V., whose contribution was essential in making the bridge between me and the members of the wine route.
Resumo

Multi-Stakeholder Networks (MSN), i.e. redes de cooperação envolvendo múltiplos agentes, baseiam-se na convicção de que uma rede de negócios integrada, onde múltiplos agentes participam ativamente nos processos de decisão, permite a afetação ótima dos recursos e aumenta a eficácia estratérgica. De grandes multinacionais a pequenas empresas locais, agentes de negócios a nível mundial parecem ter despertado consciência para o potencial inerente às MSN.

Contudo, existe parco conhecimento sobre o modo como as empresas lucram com estas abordagens, o que gera críticas e solicita mais investigação. A falta de conhecimento empírico sobre este tema dificulta o consenso relativamente ao resultado prático de semelhante estratégia. Neste contexto, o presente estudo visa compreender como é que o valor percebido da pertença a uma MSN influencia a intenção de manter, reforçar ou diminuir o nível de envolvimento e investimento na rede. Assim, este estudo assume relevância ao fornecer bases para uma melhor compreensão sobre o modo como as empresas estão realmente a capitalizar sobre MSN e como isso afeta o seu comportamento futuro. Para atingir o seu objetivo, esta dissertação adota a forma de um estudo de caso, focando-se na Rota dos Vinhos Verdes. Entrevistas foram conduzidas a 11 membros de 5 diferentes setores.

Este estudo revela que, apesar das diferentespercepções sobre os resultados das MSN, os atores parecem concordar com a manutenção da sua participação na rede. Este alinhamento parece ainda mais significativo quando nenhum dos membros pensou deixar a rota, o que reflete a crescente importância da colaboração e das sinergias na estratégia empresarial, com as partes interessadas almejando posições que permitam a capitalização sobre resultados futuros, mesmo quando os atuais resultados percebidos não são animadores.

Abstract

Multi-Stakeholder Networks (MSN) concept is grounded on the conviction that developing a truly integrated business network, where multiple stakeholders should actively participate on decision-making processes, leads to optimal resource allocation and increases strategic effectiveness. As such, this concept has been considered as a key asset for companies’ performance enhancement across many industries.

From big multinationals to small local companies, business agents worldwide seem to have raised awareness on the potential behind MSN. However, the business world holds a short grasp on how companies actually profit from following stakeholder approaches, which leaves room for criticism and calls for further research. The lack of empirical assessment on this subject hinders consensus on the practical outcome of developing such business strategies. In this context, the aim of the present study is to understand how the perceived value of belonging to a MSN influences stakeholders’ intention to maintain, enhance or decrease the level of involvement and investment in the network. Thus, this study finds its relevancy in providing foundation for a better understanding on how companies are actually capitalizing on MSN approaches and on how it affects firms’ future behaviour. To achieve its goal, this dissertation adopts a case study methodology, with focus on the Potuguese Vinhos Verdes Route, resorting to qualitative methods. Interviews were pursued to 11 members from 5 different business branches.

The present study reveals that, despite different perceptions over the outcomes of MSN, actors seem to agree on the decision to maintain their position in the network. This alignment seems even more meaningful as none of the members considered leaving the route, which reflects the increasing importance given to collaborative approaches and synergies in business strategy, with stakeholders targeting positions that enable capitalization on future outcomes even if current perceived results are not encouraging.

**Key-words:** multi-stakeholder networks, Vinho Verde, business performance, stakeholder management.
Index

Bibliographical Note ..................................................................................................... i
Acknowledgements ....................................................................................................... ii
Resumo........................................................................................................................ iii
Abstract ........................................................................................................................ iv
Chapter 1 – Introduction .............................................................................................. 1
Chapter 2 – Business Strategy Evolution ...................................................................... 5
  2.1. From Competition to Coopetition ...................................................................... 6
  2.2. The Stakeholder Theory .................................................................................... 9
Chapter 3 – Multi-Stakeholder Networks .....................................................................13
  3.1. Network Concept.............................................................................................13
    3.1.1. Facilitator vs. Constraining Networks ......................................................15
    3.1.2. Organic vs. Organized Networks .............................................................17
    3.1.3. Issue-Based Networks .............................................................................18
  3.2. Multi-Stakeholder Networks .............................................................................20
    3.2.1. MSN Lifecycle ..........................................................................................22
    3.2.2. MSN Value Creation in System .................................................................24
  3.3. Business Strategy and MSN ..............................................................................26
  3.4 Synthesis ...........................................................................................................27
Chapter 4 – Research goal and Methodology ..................................................................28
  4.1. Research goal and framework for analysis .......................................................28
    4.1.1. Motivations to enter a MSN ...............................................................29
    4.1.2. MSN Structure and Processes .................................................................30
    4.1.3. MSN Perceived Outcomes .......................................................................31
    4.1.4. Future Behaviour ......................................................................................31
  4.2. Case Study Methodology ..................................................................................32
    4.2.1. Case Selection ..........................................................................................33
    4.2.2. Data Collection ........................................................................................33
    4.2.3. Data Analysis ...........................................................................................36
Chapter 5 – Vinhos Verdes Route Case Study ..............................................................38
  5.1. Vinhos Verdes Route ......................................................................................38
  5.2. Analysis of the Vinhos Verdes Route Case Study ..............................................40
    5.2.1. Motivations to enter in Vinhos Verdes Route .................................................40
Tables and Figures Index

Figure 1 – MSN Lifecycle ........................................................................................ 23
Figure 2 – Value Creation Continuum ..................................................................... 25
Figure 3 – Framework for Analysis ......................................................................... 29
Figure 4 – Target Participants’ Geographical Location .............................................. 35
Table 1 – Target participants in Vinhos Verdes Route .............................................. 34
Table 2 – Motivations to enter Vinhos Verdes Route ................................................ 41
Table 3 – Vinhos Verdes Route Structure and Processes .............................................. 43
Table 4 – Participants’ Perceived Outcomes ............................................................. 47
Table 5 – Participants’ Future Behaviour ..................................................................... 51
Chapter 1 – Introduction

Business strategy as a way to control market forces and shape the competitive environment can be traced back to the second half of the nineteenth century, but the term “strategy” only became part of the business dictionary during the following century (Ghemawat, 2002). Competition-driven management dominated, developed over the undisputed truth that economic value is created mainly, if not solely, within the firm (Rindfleish, 1998; Dagnino & Padula, 2002). Success and value appropriation were synonyms, implying the defeat and the loss of value by other parties involved in the game and giving rise to the conviction that interests of different players are in unrecoverable contrast (Dagnino & Padula, 2002).

Notwithstanding the importance of competition and the value that can be created through competition-driven business strategies, history consistently revealed that conducting business as a war hinders profit optimization and weakens the players (Brown, 1996). Thus, the change of the business paradigm from a win-lose perspective to the aim of creating and fostering synergies was a natural step for the corporate world (Brown, 1996; McGrath & Gourlay, 2013). Cooperation became a must. Strategy is now a game where players never actually win, but are in a continuous quest for new skills and resources, seeking the next challenge to come (McGrath & Gourlay, 2013).

As the business world raised awareness to the value of collaboration and partnerships, studies on stakeholder relevance and impact on business performance played a key role in the quest for a better understanding of value creation through inter-organizational interactions (Bäckstrand, 2006; Parmar et al., 2010). The concept of organizing economic activities as networks seemed a natural outcome of the increasing understanding on stakeholder interactions and has thrived since 1990, as researchers recognized that linking different communities of practice triggers and boosts the creation of new specialized knowledge (Möller & Svahn, 2004).

Multi-Stakeholder Networks (MSN) concept emerged from studies on the strategic value of interaction structures and inter-organizational partnerships and was developed to regulate and coordinate operations in heterogeneous groups through collaborative
problem solving (Brown, 1996; Goyal & Joshi, 2003; Bäckstrand, 2006; Roloff, 2008). As individual firms are not capable of internally control all the relevant value drivers of their value chain, business players have been creating increasingly complex networks of knowledge and technological bonds (Möller & Rajala, 2007). Fostering interaction between entities with different interests, ideologies, and purposes, the focus of MSN is on the system itself, with members aligning strategies and joining efforts towards a common goal that is perceived to be more effectively tackled collectively (Möller & Rajala, 2007; Roloff, 2008). Thus, general understanding over the complexity and uncertainty inherent to the diversity of stakeholder interests and capabilities is critical to ensure cohesion and consistency on the decision-making process (Parmar et al., 2010).

In a business network context it is crucial to understand the underlying value creation system. On a MSN perspective, the value system can be described as the set of activities pursued by the economic players based on the available set of human, tangible and intangible resources (Möller & Rajala, 2007). The dynamics of value creation and stakeholder value appropriation are in the spotlight of the strategic management field, with researchers facing some challenges regarding the definition and measurement of value creation, which hinders the development of analytical frameworks that allow a more systematic study (Garcia-Castro & Aguilera, 2014).

The goal of the present study is to understand how the perceived value of belonging to a MSN influences the stakeholders’ intention to maintain, increase or decrease the level of involvement and investment in the network. The role of inter-organizational partnerships such as MSN raises questions on the legitimacy, effectiveness, and accountability of such business strategies (Bäckstrand, 2006) as the business world holds a short grasp on how companies actually profit from following stakeholder approaches, which leaves room for criticism and calls for further research (Jensen, 2001; Garcia-Castro & Aguilera, 2014). Responding to this call, this study finds its relevancy in providing foundation for a better understanding on how companies are actually capitalizing on this approach and on how it affects firms’ future behaviour.

To achieve its goal, this dissertation adopts a case study methodology with focus on the Portuguese Vinhos Verdes Route. The Vinhos Verdes Route was created by the
Comissão de Viticultura da Região dos Vinhos Verdes\(^1\) (hereinafter C.V.R.V.V.) between 2002 and 2003\(^2\) with the intention of providing a fully integrated touristic offer that represents the interests of its members. Originally more oriented towards wine producers and the promulgation of the Vinho Verde product, the route progressively widened its horizons to encompass an increasing diversity of stakeholders, including restaurants, tourist resorts, tourist agencies, wine farms and wine cellars. Currently composed by 67 members with different backgrounds, the route provides multiple activities and itineraries through 49 municipalities rich in history and tradition. This new dynamic positioning prompted a renewed interest in the Vinhos Verdes Route, with numerous membership requests being received. For the future, the aim is to grow and develop the network, pursuing initiatives to help on the requalification of the services rendered by small historical players and working to reinforce the Vinho Verde Region as a landmark in Portuguese tourism.

Tourism is historically one of the Portuguese top performing sectors. In 2014, this sector generated sales of 10.400 million euros and had a positive impact of 7.100 million euros on the Portuguese current account balance, this last amounting to approximately 1.000 million euros (Turismo de Portugal, 2014). The tourism sector is characterized by a very significant interdependency between the different actors, making the awareness of the key role of networks and cooperation is more preeminent than in other industries (Shtonova, 2011). In this context, the Portuguese Vinhos Verdes Route seems an appropriate case to study due to its fit to the study’s goal: it was built around a common goal, it is composed by stakeholders of various kinds and dimensions that potentially have different interests regarding the route, and it already has a history that enables the understanding of its development and dynamics.

This dissertation is organized as follows. **Chapter 2** presents an overview on business strategy evolution, debating the paradigm twist from competition-driven management to coopetitive approaches and analysing the contributions of the stakeholder theory. This

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\(^1\) Inter-branch organization which aims to represent the interests of the professions involved in the production and trade of "Vinho Verde" and based on the Portuguese “Minho” region, as well as the defense of national and regional heritage.

\(^2\) According to the information provided by C.V.R.V.V. there are no records on the creation of Vinhos Verdes Route. The most dated documents regarding this wine route go back to 2002/2003. In the absence of official documentation, it is C.V.R.V.V. belief that Vinhos Verdes Route emerged around that period.
historical and contextual introduction is critical to understand the motivations behind inter-organizational relationships and specifically MSN. Next, Chapter 3 provides an approach on interactions and inter-organizational relationships towards the creation of the network concept and, ultimately, the development of MSN. In accordance with the aim of the present dissertation, the focus of the study is narrowed to issue-based nets and business networks formation and life-cycle. Chapter 4 presents the research goal, the framework for analysis and the methodology adopted in the empirical research. Namely, it explains the reasoning behind the development of a case study approach and identifying the different data sources and research procedures. Chapter 5 unfolds the Portuguese Vinhos Verdes Route case study. Starting with the presentation of the route, it then develops into the analysis of the case study, based on the global framework for analysis, and to the discussion of results. Concluding this dissertation, Chapter 6 presents its final considerations and limitations and suggestions for further research.
Chapter 2 – Business Strategy Evolution

The first chapter of this dissertation was developed to provide an outlook of business strategy evolution, enabling a better understanding on the context in which MSN emerged. To fulfill this purpose, the chapter is organized as follows: firstly a succinct analysis is presented on the paradigm transformations behind business strategy, developed over the concepts of competition, cooperation, and coopetition, and particularly focused on the evolutionary process that led to increasing levels of collaboration between players (Section 2.1.). The second section discusses the interactions and inter-organizational relationships in current interdependent business frameworks based on the findings of the stakeholder theory (Section 2.2.).

MSN concept was crafted over a strategic paradigm that recognizes the value of collaboration, cooperation, and partnerships (Brown, 1996; Goyal & Joshi, 2003; Bäckstrand, 2006; Roloff, 2008). Over the last couple of decades, the business world raised attention to the increasing complexity and interdependency latent on its environment and developed a huge effort to understand and capitalize on its dynamics (Aurik, Fabel, & Jonk, 2014). Studies on stakeholder relevance and impact on business performance played a key role in the quest for a better grasp on the value created by inter-organizational interactions (Bäckstrand, 2006; Parmar et al., 2010). However, this reality is far different from the competition-driven concepts that dominated most of last century (Turismo de Portugal, 2014). In this sense, to enhance the understanding on the value of inter-organizational relationships and, particularly, MSN, one should first understand the motivations and the evolutionary process behind this strategic drive for co-value creation (Arsenyan, Büyüközkan, & Feyzioğlu, 2015).

For a better comprehension of the aforementioned paradigm transformation, the next section provides an outlook over the transition process from competition-driven strategies to collaborative approaches in competitive environments.
2.1. From Competition to Coopetition

Business strategy as a way to control market forces and shape the competitive environment can be traced back to the second half of the nineteenth century, but the term “strategy” only became part of the business dictionary during the following century (Rindfleisch, 1998). Defined as an integrated and coordinated set of actions and compromises that firms’ use to generate competitive advantage, based on its core competences on specific markets (Hitt, Ireland, & Hoskisson, 2010), business strategy was dominated by competition-driven concepts developed over the undisputed truth that economic value is created mainly, if not solely, within the firm (Rindfleish, 1998; Dagnino & Padula, 2002).

Competition strategies suffered a very significant evolution during the twentieth century. The increasing recognition of the impact of firms’ individual activity on the competitive environment gradually curbed the role of Adam Smith’s “invisible hand” on management (Ghemawat, 2002). On the second half of the century, the development of more integrated multidivisional firms triggered the development of formal strategic approaches, characterized by a narrow focus on metrics, tasks, and efficiencies (Ghemawat, 2002; Aurik et al., 2014). Meanwhile, the growing understanding over market dynamics raised awareness to the issue of firms’ interdependence on a competitive scenario (Richardson, 1972). Over the premise that interests of different players are in unrecoverable contrast, firms’ interdependence is qualified as a zero-sum game that influences value distribution across the players of a certain market or industry (Ghemawat, 2002).

Under a competitive perspective, the dynamics of value appropriation within firms’ interdependence can be analysed from both a vertical and a horizontal perspective (Dagnino & Padula, 2002). The first is grounded on the drive for value appropriation in economic exchanges pursued with both suppliers and customers (Garcia-Castro & Aguilera, 2014). The latest is developed over the quest for above normal results thorough competitive advantage, achieved with the exploitation of a firm’s resources and distinctive competences (Barney, 1991).
Notwithstanding the importance of competition and the value that can be created through competition-driven business strategies, history consistently revealed that conducting business as a war hinders profit optimization and weakens the players (Dagnino & Padula, 2002). Thus, the change of the business paradigm from a win-lose perspective to the aim of creating and fomenting synergies was a natural step for the corporate world (Brown, 1996).

The increasing market competition and globalization witnessed by the end of the twentieth century, as well as the high level of product differentiation, made it critical for companies to significantly reduce production development costs and time-to-market (Arsenyan et al., 2015). The technological breakthrough triggered in the late 1990s fostered interaction between agents with different backgrounds and acting rules (Aurik et al., 2014), which boosted value chain modularity and the emergence of completely networked enterprises intended to pursue a wide range of collaborative deals (Aurik et al., 2014). Therefore, collaboration between firms became more and more frequent, and ultimately the corporate world realized that, more than reducing costs and increasing efficiency, these synergies also boost knowledge development and enhance technological breakthroughs (Arsenyan et al., 2015; Goyal & Joshi, 2003; Ritala, Golnam, & Wegmann, 2014). Cooperation gained popularity. Strategy is increasingly seen as a game where players never actually win, but are in a continuous quest for new skills and resources, seeking the next challenge to come (Brown, 1996; McGrath & Gourlay, 2013).

Cooperation strategies, in opposition to competitive perspectives, approach firms’ interdependence as a positive-sum game based on strongly convergent interest functions (McGrath & Gourlay, 2013). In this sense, economic value creation is achieved and enhanced through the combination of mutually dependent activities developed within the firms’ structure of interdependence, based on the available set of human, tangible and intangible resources (Möller & Rajala, 2007). As the focus stands on the group rather than on the self, the relational dimension of co-value creation frameworks encourages its members to pursue collective interests even when it carries significant costs to the self, a phenomenon entitled social value orientation (Van Lange, 1999).
Despite the valuable contribution of cooperative strategies towards a better understanding on the value system inherent to inter-organizational relationships, they disregard the individual dimension, missing to explain how co-value creation translates into benefits at a firm level (Dagnino & Padula, 2002). The increasing recognition on the value of synergies and the implicit win-win relations fostered between the players gave rise to the study and development of new business strategies aiming to enhance the compromise between competition and cooperation (Dagnino & Padula, 2002). It was in this context that the coopetition concept emerged.

Coopetition strategies approach firms’ interdependence as a positive-but-variable game structure that potentiates mutual but not necessarily fair benefits (Dagnino & Padula, 2002). Recognized by its pragmatism (Brown, 1996; Rindfleisch, 1998), coopetition goes beyond the conventional rules of competition and cooperation by recognising that both can coexist in inter-organizational relationships (Luo, 2007). In this sense, the coopetitive framework encompasses managing partially convergent interests (Hu & Zheng, 2014), which implies that the supreme interests of a partner may not be necessarily aligned with the greatest interest of other parties (Luo, 2004). As a result, attention has been drawn to the uncertainty emerging from dynamic competitive pressures of firms’ interdependence (Brown, 1996) and to the possible rise of social issues (Dagnino & Padula, 2002).

Coopetition can be developed along one single level (e.g., buyer-supplier relationships) or several levels of the value chain (i.e., industrial districts, firm clusters and multilateral agreements). In both cases, its value creation system is bi-dimensional, as firms pursue both value share and individual value creation (Roloff, 2008). The first occurs when firms join efforts to increase the size of the markets, creating value to be potentially shared among all the current business players (Brandenburger & Nalebuff, 1996). The latter covers the creation of completely new markets, so that the related parties develop new value sources over which to compete (Ritala et al., 2014). In this context, awareness was raised on the potential of developing coopetition strategies that properly plan cooperation and competition based on environmental dynamics, leading to the proliferation of sustained inter-organizational activities (Luo, 2004).
Concluding on business strategy’s evolutionary process, the increasing understanding over market dynamics and firms’ interdependence on a competitive scenario was on the genesis of the strategic paradigm transition from competition to coopetition. Notwithstanding, both competition and coopetition-driven models coexist in the current business world, with studies being pursed in order to understand the benefits and risks inherent to these different strategic perspectives (Richardson, 1972; Dagnino & Padula, 2002; McGrath & Gourlay, 2013; Aurik et al., 2014). In this context, the next section approaches the contribution of the stakeholder theory towards building a better grasp on the relational dimension of business environment.

2.2. The Stakeholder Theory

The first appearance of the current meaning and purpose of the term “stakeholder” dates from 1963, when it was used in an internal memorandum at the Stanford Research Institute (Donaldson & Preston, 1995). The term was born to challenge the mainstream approach to managerial practices, where shareholders were seen as the one and only group to which management had to report and react (Pesqueux & Damak - Ayadi, 2005; Parmar et al., 2010).

The first definitions regarding the stakeholder concept shared a wide strategic sense that outlined a stakeholder as every group or individual who either impacts or is impacted by a company’s course of action (Freeman, 1984). The concept evolved as studies extended the understanding of interaction structures, with Donaldson and Preston (1995) claiming that stakeholders must also have a legitimate interest in the organization. Clarkson (1995) stated that stakeholders’ rights or interests in an organization result from actions taken by the firm and may be legal or moral, individual or collective. Clarkson also distinguishes between primary and secondary stakeholders according to the level of interdependence with the firm. The primary stakeholder group is composed by entities whose participation is essential to the firm’s survival, while secondary stakeholder groups encompass entities that in some extent affect or influence, or are affected or influenced by the firm, but are not strongly engaged with the corporation and therefore are not essential to its survival. Stakeholder identification
often culminates in the definition of stakeholder segmentation and hierarchy, which consists in organizing the agents into groups based on specific characteristics and categorizing them according to their impact on firm’s performance (Byrd & Gustke, 2006). Despite the value and contribution of stakeholder identification frameworks, this definition may be subject to failure by over narrowing the conceptual definition of stakeholder groups without taking into consideration the specific context and characteristics of the economic activity in analysis (McVea & Freeman, 2005).

The stakeholder theory has emerged from the need of corporate decision-makers to understand the increasing complexity of their business environments, and so, of their challenges, providing the foundations to assess and rethink business strategies (Freeman, 2004; Tantalo & Priem, 2014). More than a univalent framework that is designed to be effective in all business contexts, it should be regarded as guidelines to be used with a critical sense and adapted to the unique characteristics of each specific business environment (McVea & Freeman, 2005). In the last three decades the stakeholder theory has been the subject of multiple conceptualizations and analysed over different dimensions (Carvalho & Gomes, 2011). Stakeholder theory’s descriptive approach is aimed at generating exploratory and predictive propositions, while instrumental studies are focused on exploring the connection between stakeholder-oriented strategies and mutually beneficial outcomes (Pesqueux & Damak - Ayadi, 2005). The normative approach studies stakeholder relationships based on ethic and philosophical principles, claiming that from the moment that a firm defines and accepts responsibilities and obligations to primary stakeholders, the relationship enters the domain of moral principles and ethical performance, whether consciously or not (Clarkson, 1995). Nonetheless, it was the managerial approach that closed the gap between the stakeholder theory and the real world of business, as rather than attempting to separate descriptive, normative, and instrumental claims, it aggregates them with a focus on understanding why stakeholder management might result in better results outcomes and how it might integrate stakeholder interests and objectives into business strategies (McVea & Freeman, 2005).

According to Freeman (1984), to understand a business is to know how inherent relationships work and change over time. In such relational dimension, the first issue a
firm faces when developing a stakeholder approach is to identify their stakeholders and define their legitimacy, which raises the problem of tracing the stakeholders’ identity (Pesqueux & Damak - Ayadi, 2005). Mitchell, Agle, and Wood (1997) tackled this issue by developing a qualitative framework for stakeholder identification based on drivers such as power, legitimacy, and urgency. Stakeholder power could be defined as the degree in which individuals or groups are capable of persuading, stimulating, or compelling other entities to pursue certain actions (Carvalho & Gomes, 2011). The issue of legitimacy translates into the problem of identifying the agents that possess the characteristics to be considered a stakeholder and has been subject of numerous attempts of clarification, with Dunham, Freeman, and Liedtka (2006) claiming that a stakeholder represents an individual or group that the firm needs in order to exist and that has a moral interest on the benefits and losses generated by the organization. In opposition to the conceptual approach to stakeholders’ legitimacy, Agle, Mitchell, and Sonnenfeld (1999) pursued an empirical study to understand key attributes towards stakeholders identification, concluding that society grants legitimacy and power to business leaders, shareholders, employees, and customers. Urgency is the driver that assesses stakeholders’ dynamism or, in other words, their predisposition for immediate action (Mitchell et al., 1997). Notwithstanding the different variations of the stakeholder identification, the principle behind them is univalent and lays on the conviction that if a firm can affect or be affected by groups or individuals, then decision-makers should bear that in mind and develop specific strategies for dealing with stakeholders (Freeman, 2004).

The relational context inherent to the stakeholder theory makes stakeholder management more complex than just assessing agents’ strength on the basis of political and economic power (Freeman, 2004). In a universe of interdependence tamed by a pluralistic expression of points of view, it is imperative to align interests and goals towards the definition of a common good (Pesqueux & Damak - Ayadi, 2005). However, accurately identifying and invigorating actors’ motivations to take part in stakeholder processes is a key, yet challenging task (Schwilch et al., 2012). Studies within the stakeholder literature are commonly grounded on the assumption that individual stakeholders value fairness, but this premise challenges the findings of social psychologists and behavioural economists, who have successfully demonstrated that
motivational factors are heterogeneous across individuals (Bridoux & Stoelhorst, 2014). Bridoux & Stoelhorst (2014) studies show that an arms-length approach, mainly based on power relations, can be at least as successful as a fairness attitude. The outcome of each strategy depends on the audience stakeholders’ profile, which can be categorized in two main styles: self-regarding and reciprocal. While self-regarding individuals tend to only care about their own interests, not giving value to fairness, reciprocators usually reward fair treatments and punish unfairness (Bridoux & Stoelhorst, 2014). Thus, successfully understanding how stakeholders respond to their stimulus is a good starting point for an organization to conceive a strategy to motivate its peers (Nogueira & Pinho, 2015).

Practicality, the strong suit of stakeholder theory’s managerial perspective, is simultaneously the focal point of criticism of this approach (McVea & Freeman, 2005). Theorists claim that the managerial perspective is not founded on a strong and clear methodology, which hinders empirical testing of its findings (Freeman, 2004). But more important, the contribution of the relational and social dimensions towards both individual and collective value creation is difficult to measure, generating strong instrumental claims regarding its role in generating superior performance (Jensen, 2001). On the other hand, theoretical approaches are not free of criticism, as the frameworks developed are accused of excessive generalization, not considering the effects of environmental contingencies on the strategic outcomes (McVea & Freeman, 2005). Despite all the limitations and flaws appointed to the different dimensions of stakeholder theory’s conceptualization, its contribute towards a better understanding on the dynamics of the business world and the potential of performance enhancement through firms’ interdependencies is unquestionable (Freeman, 1984, 2004; Clarkson, 1995; Donaldson & Preston, 1995; McVea & Freeman, 2005; Bridoux & Stoelhorst, 2014).

Concluding, in a business world increasingly influenced by relational dimensions, it is critical to conceive firms as networks of relationships that extend further beyond the traditional boundaries of the organization (Brown, 1996; Goyal & Joshi, 2003; McVea & Freeman, 2005; Bäckstrand, 2006; Roloff, 2008; Parmar et al., 2010). Thus, on the
next chapter we explore various dimensions and approaches to the concept of business networks narrowing it towards the definition of Multi-Stakeholder Networks.

Chapter 3 – Multi-Stakeholder Networks

Considering the increasing importance of inter-organizational relationships on business strategy addressed on the previous chapter, the idea of organizing economic activities as networks seemed a natural step. It has thrived since 1990, as researchers recognized that linking different communities of practice boosts the creation and dissemination of new specialized knowledge (Oliver, 1990; Möller & Svahn, 2004; Bjork & Virtanen, 2005; Ford & Håkansson, 2006) and introduces new ways for firms to enhance competitive positioning in increasingly globalized and competitive markets (C. Roseira, Brito, & Henneberg, 2010). As firms are not capable of internally controlling all the relevant resources and activities of their value chain, they have been developing increasingly complex networks of knowledge and technological ties, giving rise to Multi-Stakeholder Networks (MSN) (Möller, Rajala & Svahn, 2005; Möller & Rajala, 2007; Roloff, 2008; Nunkoo, Gursoy, & Ramkisson, 2013).

In this context, this chapter goal is to discuss the concept of MSN and is organized as follows: firstly the network concept is presented (section 3.1.), building the foundations for developing deeper analysis over MSN concept (section 3.2.) focused on its lifecycle (section 3.2.1) and value system (section 3.2.2). Finally, the last section makes the bridge between MSN and business strategy (section 3.3).

3.1. Network Concept

According to Dredge (2006), the origin of the network concept dates from the late 1970’s and has been generally credited to Heclo’s “iron triangle”, a framework developed under the political context of the United States of America to represent the close relationships developed between interest groups, congressional committees, and government agencies in order to control policymaking processes and outcomes. Roughly a decade later, the interest on network research had exponentially grown
Albrecht, 2013) with multiple definitions for business networks being developed by different branches of social and economic approaches (Watts, 2009; Zach & Racherla, 2011; Ramos, Roseira, Brito, Henneberg, & Naudé, 2013).

Studies with both mathematical and sociological background gave rise to the notion of networks as sets of nodes and edges, representing actors and their relationships, respectively (Albrecht, 2013). In a broad social interpretation, a network concerns the patterns formed by the combination of a particular set of entities and the inherent relationships between them (Ford et al., 2002; Dredge, 2006; Timur & Getz, 2008). In a business perspective, a network is subject to different interpretations from its participating actors (Dredge, 2006). Network boundaries are usually artificial and developed on a company-centered view of the network, which provides an individual and often incomplete understanding of the surrounding environment. It is in this context that the concept of network pictures emerged, recognizing the singularity inherent to different perceptions on networks’ reality (Ford et al., 2002; Ford, Gadde, Håkansson, & Shenota, 2003; Ford & Håkansson, 2006; Roseira et al., 2010).

Network pictures are descriptive constructs founded on participants’ vision and understanding on network dynamics that provide ground for action within network environment (Roseira et al., 2010). These non-neutral pictures foment the creation of boundaries through systematic cognitive bias, which gives rise to a strong normative element (Ford et al., 2002). In this sense, a network picture provides a partial and critical outlook on both individual and collective action on a relational environment, which may encompass an actor’s idiosyncratic perspective on its own concrete and rightful position in the network (Ford & Håkansson, 2006). As networking involves choices, network pictures are important drivers for business strategy development, building the foundations for actors’ action plans, whether or not these plans are feasible or realistic (Ford & Håkansson, 2006). All in all, network pictures affect and are affected by networks’ dynamics and performance, continuously evolving over time as actors build over their accrued business experience (Ford et al., 2003).

Timur & Getz (2008) argue that networks may be characterized by its density and centrality, with the first referring to the number of connections between the actors, while the second refers to the existence of central actors who possess higher capacity to
access information and interact with other members. Nevertheless, one should note that social networks may be stable but not static, as they change their characteristics as actors interact and evolve, in order to adapt to an ever changing environment (Alvarez, Ireland & Reuer, 2006; Albrecht, 2013; Medlin & Ellegaard, 2015). With regard to stability, a network is considered stable when any firm that is connected to another within the network possesses a firm incentive to maintain the link and while two firms that are not connected have no strict motivation to establish a link with each other (Dagnino & Padula, 2002).

### 3.1.1. Facilitator vs. Constraining Networks

In its essence, a business network implies that actors are embedded in webs of interconnected relationships that provide opportunities for and constraints on their actions (Möller & Rajala, 2007). In other words, developing a network approach has the potential for both acting as a facilitator or constrainer, depending on how organizations develop relationships with each other (Zach & Racherla, 2011).

The facilitator dimension is achieved when the integrating actors capitalize on the participation in a business network, either directly, by gaining access to new resources and knowledge, or indirectly, by being able to develop new relationships (Ritter, Wilkinson, & Johnston, 2004). On the other hand, the constraining dimension is usually associated with structural fragmentation, which may raise problems on its own, namely conflicting goals and interests, but also hamper collaboration and cooperation (Watts, 2009). As heterogeneity in collaborating firms’ cultural orientation increases the risk of misunderstanding and conflicts, actors often tend to overstress the development of inclusive approaches that end up putting efficiency in jeopardy (Beaumont & Dredge, 2010). The dynamic nature of business networks is also blamed for negatively affecting firms’ performance, as it demands a significant effort from its actors in order to keep up the pace of knowledge creation and technological evolution (Möller & Svahn, 2004; Ford et al., 2003).
In this context, from a managerial perspective it is important to understand the main drivers that affect the success of inter-organizational collaborations (Möller, Rajala & Svahn, 2005; Roseira et al., 2010). According to Zach and Racherla (2011), studies on inter-organizational networks have identified embeddedness, dominance, and resource overlap as critical variables that influence the outcome of network relationships. Embeddedness relates to the extent of entrenchment between organizations within the network, as well as the positive impact for them accruing from the participation in the system. In fact, the position of a firm within the group contributes to its chances of achieving sustainability, fostering existing relationships and building new connections. The downside of embeddedness is the inherent volatility to externalities faced by the network peers and the possible restriction to the resources available within the perimeter of the established relationships (Uzzi, 1997).

Dominance is a reflection of the power of an entity in relation to others, and also the perception of an actor’s popularity and visibility within the network (Zach & Racherla, 2011). In fact, for some actors’ power can be obtained through the width and cohesion of their relational ties (Watts, 2009). There is strong evidence that network dominance leads to a significant increment on returns of scale, as a dominant profile tends to attract preferential linkages and enhance collaboration (Medlin & Ellegaard, 2015). However, the benefits of having a dominant partner inside a network go far beyond an individual perspective, as allies usually end up profiting from the stability and coherency raised by this hierarchical structure, namely regarding the optimization of resources’ allocation (Zach & Racherla, 2011).

Resource overlap may exist as, in a given business network, actors end up sharing some competitive interests and goals, it is expectable that some of them use similar resources or target the same customers (Roseira et al., 2010). This resource overlap, which seems a necessary step towards knowledge creation, raises the competitiveness among the group members, which on the one hand constrains the economic action of some actors, but on the other hand creates a positive environment that promotes innovation (Zach & Racherla, 2011).

Different types of business networks encompass different interests and controlling mechanisms, so the actors’ perception over facilitator and constraining issues varies
according to its experiences (Bjork & Virtanen, 2005; Möller & Rajala, 2007), e.g. the types of networks they are embedded in. Therefore, the following subsection is dedicated to exploring the differences between organic and organized networks.

### 3.1.2. Organic vs. Organized Networks

Manageability is a hot topic in the business networks research (Brandenburguer & Nalebuff, 1996; Achrol, 1997; Möller & Svahn, 2004; Ritter et al., 2004; Möller & Rajala, 2007; Albrecht, 2013). While some authors see networks as self-organizing entities (Easton, 1992; Ritter et al., 2004; Ford & Håkansson, 2006), others argue that networks can be intentionally created (Brandenburguer & Nalebuff, 1996; Möller & Svahn, 2004; Möller & Rajala, 2007).

The concept of organic networks leans towards the historical, evolutionary, and embedded character of business networks, depicting them as borderless, self-organizing systems that arise from local interactions in a bottom-up approach (Möller & Rajala, 2007). Despite being founded over intentional actions from the actors that craft them (Möller & Svahn, 2004), these networks cannot be managed by single entities, and the players are also unable to choose whether to be part of them or not (Ramos et al., 2013). Actors are embedded in organic networks through both direct and indirect business relationships, and it is over strategic decisions and actions that they manage their position within the network (Ford & Håkansson, 2006), however, without the ability to individually provide it with direction or control (Ritter et al., 2004). In this network approach, despite the interacting sets of organizational and social relationships, each actor pursues its own goal (Möller & Rajala, 2007).

Organized or intentional networks are linked to a strategic management perspective that suggests that firms have the capability to develop intentionally created networks, which encompass a specific set of organizations with negotiated roles and aligned interests (Möller & Svahn, 2004; Möller & Rajala, 2007). Indeed, researchers focused on this approach argue that this type of networks have to be managed in order to be efficient, which goes in complete contrast with the organic perspective (Dyer & Singh, 1998). In
organized networks the controlling agent, which can assume the form of either a single actor or a restrict group of entities, is responsible for setting the ground rules for participation and interaction as well as aligning interests and managing conflicts (Jarillo, 1998). In this sense, participation protocol is usually simple and informal and developed towards practicality and pragmatism (Hagel & Brown, 2006).

Recognizing the dichotomy between the two aforementioned approaches, Hite and Hesterly (2001) developed a hybrid perspective, arguing that networks emerge in a path-dependent process and gradually becomes more manageable as both firms and relationships mature. Not far from this standpoint, Möller, Rajala, & Svahn (2005) claim that, while agreeing that it is not possible for a single actor to possess full control over a network’s resources and activities, management in a network perspective is a relative issue, strictly attached to the idiosyncrasies of specific types of networks.

Concluding, both organic and organized approaches to business networks contribute to a better understanding on the dynamics of inter-organizational interactions. Regarding organized networks, the focus should not be on arguing whether networks are manageable or not but on unravelling which managerial solutions best suit a certain network environment (Möller & Rajala, 2007).

Following the purpose of this study, from now on we will build our findings on the premise of a managerial approach, being the upcoming subsection dedicated to introduce the concept of issue-based networks.

### 3.1.3. Issue-Based Networks

As seen before, the importance of business relationships is widely recognized by both managers and business academics, raising awareness to the strategic value of mobilizing other networks towards collaborative action (Ford & Håkansson, 2006; Roseira et al., 2010; Ramos et al., 2013). In this context, the recognition of common issues as catalysts of collective action originated the issue-based networks’ concept (Brito, 2001; Ford et al., 2003; Dredge, 2006; Möller & Rajala, 2007; Roloff, 2008; Beaumont & Dredge, 2010; Roseira et al., 2010).
Issue-based networks can be outlined as sets of cooperative relations encompassing actors that join efforts to tackle a common issue (Brito, 2001). Relying on the premises of sharing and coordination, this concept finds its relevancy in providing a better understanding on collaborative inter-firm phenomena (Roseira et al., 2010). Collective action inherent to issue-based networks calls for compatible network pictures. When actors’ interests and goals are significantly aligned they may choose to act in an integrated approach, developing a collective actor that acts as an intermediate inter-organizational form between the firm itself and a business network (Möller & Rajala, 2007; Roseira et al., 2010). Issue-based nets may be developed through both formal and informal approaches and include economic and social links between partners, depending on the contingencies of the specific environment (Ford et al., 2003).

Studies on issue-based networks’ emergence have been drawn on both organic and organized perspectives (Brito, 2001; Beaumont & Dredge, 2010). From an organic perspective, issue-based networks rise through a bottom-up process triggered by initially uncoordinated activities of key actors that share a common issue (Dredge, 2006; Roseira et al., 2010). For a network to emerge, there should be both a foundation for cooperative behaviour, namely through pre-existing relationships between the participants, and a reasonable alignment of individual network pictures, as actors rely on them to understand the network dynamics (Brito, 2001; Ford et al., 2003). As network relationships develop, feedback loops on the outcome of collective action are used to adjust individual visions and objectives and to assess the willingness to reinforce participation levels (Roseira et al., 2010). Organized approaches on issue-based nets highlight its pragmatic and practical dimensions by recognizing the specific purpose of its creation, which fosters clear participation and goal alignment, thus providing the foundations for efficient collective action (Beaumont & Dredge, 2010). A mainstream example of this organized network perspective is lead organisation-governed networks, wherein a central organization takes the coordinating role, using top-down decision-making to facilitate and nurture collaboration (Provan & Kenis, 2007). A more disruptive example consists on network administrative organisations, wherein a separate entity is specifically elected to assume governance activities, operating as a central node for communication, coordination, and decision-making (Provan & Kenis, 2007).
3.2. Multi-Stakeholder Networks

Multi-Stakeholder Networks (MSN) emerged from the strategic value of interaction structures and inter-organizational partnerships and was developed to regulate and coordinate operations in heterogeneous groups through collaborative problem solving (Brown, 1996; Goyal & Joshi, 2003; Bäckstrand, 2006; Roloff, 2008; Schwilch et al., 2012). The focus of MSN is on the system itself, fostering interaction between entities with different interests, ideologies, and purposes, with members aligning strategies and joining efforts towards co-value creation (Möller & Rajala, 2007; Garcia-Castro & Aguilera, 2014).

Studies on stakeholder relevance and impact on business performance played a key role in the quest for developing a better grasp of the value created by inter-organizational interactions (Bäckstrand, 2006; Parmar et al., 2010). Studies on MSN focus on the motivations, interests, and objectives towards the development of strong and long living inter-organizational relationships (Roloff, 2008). MSN recognize stakeholder individuality in a quest to develop fruitful relationships centered on a specific purpose, goal, or issue. Stakeholders are analyzed on their capacity and willingness to actively contribute to the development of MSN activities, calling on the practicality of inter-organizational relationships rather than focusing on the development of theoretical frameworks. In this sense, MSN blurred the guidelines for stakeholder identification and categorization by putting all actors in common and equal ground for discussion and decision-making (Mistilis, Buhalis, & Gretzel, 2014).

A MSN is an issue-driven inter-organizational web purposefully conceived to tackle a specific issue that affects a delimited set of agents and seems to be more effectively approached collectively (Brown, 1996; Goyal & Joshi, 2003; Hajer & Wagenaar, 2003; Bäckstrand, 2006; Roseira et al., 2010). Highly practical and pragmatic, MSN recognize the specific purpose of its creation, fostering clear participation and goal alignment by accepting that firms may co-develop or share certain activities and resources while preserving their own distinctive and exclusive assets, which provides the foundations for efficient collective action (Beaumont & Dredge, 2010; Roseira et al., 2010). This coopetitive environment involving MSN also raised new questions regarding stakeholder management, as business managers should now recognize that stakeholders
interests and goals are not dyadic, this meaning either competitive or collaborative, but may rest in a coopetitive halfway and should be managed accordingly (Möller & Rajala, 2007; Roloff, 2008). In this sense, the outcomes of developing MSN approaches are highly dependent on how organizations put together these diversely developed relationships (Zach & Racherla, 2011).

The development of a MSN approach has the potential for both acting as a facilitator or constrainer to its actors, depending on their capacity to capitalize on inter-organizational relationships and overcome structural fragmentation and the dynamic nature of business networks (Ritter et al., 2004; Möller & Svahn, 2004; Watts, 2009). With heterogeneity playing a crucial role in MSN, as stated by Roloff’s (2008) threefold stakeholder interaction structure including representatives from business, civil society, and the state, the outcomes of MSN participation are most likely divergent between the different actors (Roseira et al., 2010). Recognizing this issue, Zach and Racherla (2011) proposed that heterogeneity, complexity, and balance are key drivers influencing stakeholders’ perceived value of taking part in a MSN. Heterogeneity accounts for the compatibility of diverse resource profiles and social structures of the participating stakeholders and can refer to differences in both resources and capabilities or social dimensions such as vision, management, and governance (Bjork & Virtanen, 2005; Möller & Rajala, 2007). Complexity concept is attached to the relational dimension of MSN and can be unfolded into two extents: scope and intensity. Scope refers to the range of activities that must be developed and managed attending to the MSN’s purpose, while intensity expresses the level of direct involvement required to the participants (Zach & Racherla, 2011). Since MSN are ultimately a social mechanism, balance refers to stakeholders’ perception on costs and benefits distribution and reciprocity in resource allocation (Zach & Racherla, 2011). Therefore, the outcome of MSN depends on how the developed interaction strategy fits in audience stakeholders’ profile (Möller & Rajala, 2007).

Aimed at providing a better understanding MSN dynamics and on how stakeholders’ perceived participation value might influence its course of action, the next subsection is dedicated at scrutinizing MSN lifecycle.
3.2.1. MSN Lifecycle

Despite the increasing research on inter-organizational relationships and specifically on MSN, research on business networks lifecycle is still on an embryonic stage (Albrecht, 2013; Ramos et al., 2013). However, some researchers have identified clear stages in a network lifecycle (Reinicke & Deng, 2000; Goyal & Joshi, 2003; Roloff, 2008). Roloff (2008) argues that MSN lifecycle is sevenfold, encompassing initiation, acquaintance, first agreement, second agreement, implementation, consolidation, and institutionalization or extinction stages.

The first big milestone in MSN lifecycle is the initiation phase, which consists on the formation of the preliminary discussion group, where the first discussions take place in order to achieve a clear problem statement (Roloff, 2008). Additionally, at this stage an anchor organization may be defined in order to facilitate MSN organization and coordination (Ramos et al., 2013). The second step of MSN lifecycle consists on the acquaintance phase, where the network expands its horizons through the inclusion of more stakeholders (Roloff, 2008). In such preliminary stage it is critical to ensure the representation of different stakeholder groups’ interests and the development of a framework for collaboration and deliberation between the participating agents (Bäckstrand, 2006). The acquaintance stage culminates with a better understanding on both the complexity of the issue at hands and stakeholders’ motivations and positions, building ground to the first agreement step, starting with a preliminary brainstorming where both network founders and newcomers expose their perspectives (Roloff, 2008).

Once the issue at hands is conceptualized and solution proposals have been gathered, on the second agreement phase stakeholders put their efforts in achieving consensus over the strategy definition and implementation. As soon as consensus is achieved over the strategy to follow, stakeholders start the implementation stage by breaking down the approach into activities and defining individual duties (Roloff, 2008). The success of strategy implementation is dependent on a full commitment from all participants to pursue both individual and collective objectives. Thus, at this stage the network is put to a severe test (Reinicke & Deng, 2000; Bäckstrand, 2006).
The consolidation phase derives from the successful definition of a clear strategy to be followed, thus, demanding greater effort from the stakeholders (Roloff, 2008). It is simultaneously the most costly and the most profitable phase, as it is now possible for stakeholders to invest in a reliable, solid approach (Reinicke & Deng, 2000). Additionally, positive externalities might rise from the network’s activity, so that entities that do not take part into the process end up benefiting from it (Watts, 2009). The last stage of a MSN culminates either on its institutionalization or extinction (Roloff, 2008). MSN’s institutionalization means that the structure evolved into long-lasting formal organizations or more structured forms of decision-making (Reinicke & Deng, 2000), while MSN’s extinction usually rises from its resource-consuming and unstable essence, as it demands a significant effort from its actors in order to ensure lasting and fruitful relationships (Möller & Svahn, 2004; Ford et al., 2003).

The figure on the next page provides a schematic representation of Roloff’s (2008) seven-stage MSN lifecycle model (see Figure 1).

![Figure 1 – MSN Lifecycle](source: adapted from Roloff (2008))
Concluding on the present topic, for assessing MSN effectiveness it is critical to scrutinize the partnership relation throughout the abovementioned stages in order to better understanding the relationship between expectations and outcomes and how it influences stakeholders’ future behaviour (Bäckstrand, 2006).

3.2.2. MSN Value Creation in System

MSN value system paradigm is grounded on the notion that the development of products or services entails a series of value activities executed by a set of actors forming a value-creating system (Parolini, 1999). Inter-organizational value creation is essentially founded over actors’ knowledge about resources and value activities, and on how they combine this understanding to create new knowledge (Möller & Svahn, 2004; Möller & Rajala, 2007). As co-creation of value encompasses the interplay with other stakeholders throughout the MSN such as different service providers, facilitators, and third parties (Ramos et al., 2013), it is not adequate to suggest that resources create value for the firm without considering the numerous actors that contribute by providing firm-specific, causally ambiguous, and socially complex resources and capabilities, while appropriating some of the value created by these relationships (Garcia-Castro & Aguilera, 2014).

The MSN value system has been subject to serious thought in the last decade. It plays a crucial role in business strategy as it not only delineates the current value activities that an actor can pursue but also outlines stakeholders’ capacity to refurbish their present capabilities and cultivate new ones through dynamic capabilities (Möller & Svahn, 2004; Möller, Rajala & Svahn, 2005; Möller & Rajala, 2007; Tantalo & Priem, 2014; Garcia-Castro & Aguilera, 2014). In this context, Möller and Svahn (2004) developed a value system continuum model (Figure 2) aimed at examining the knowledge and learning characteristics of different strategic networks, which was continuously developed by (Goyal & Joshi, 2003) and Möller and Rajala (2007).
The overexposed value creation continuum is threefold. The left end of the continuum depicts clearly specified and fairly stable value systems where stakeholders’ ability to exploit their current competencies through effective knowledge transformation and sharing is indispensable. The central segment of the continuum describes moderately well-established value systems that are being subject to modification through both incremental and local transformation processes, which require a hybrid approach between knowledge exploration and exploitation. As for the right end of the framework, it defines emerging value systems designed to foster the development of new technologies, business concepts, and products, which might call for major changes in prevailing value systems and in the design of new value activities. By developing the current framework the authors discovered that the level of stakeholders’ comprehension on MSN’s value activities greatly influences knowledge sharing in the network (Möller & Svahn, 2004; Möller, Rajala & Svahn, 2005; Möller & Rajala, 2007).

More recently, Tantalo and Priem (2014) and Garcia-Castro and Aguilera (2014) also developed studies aimed at studying how MSN outcomes influence individual value creation. The firsts developed the “stakeholder synergy” perspective, which focuses on market growth triggered by inter-organizational relationships. As MSN evolve, existing relationships strengthen and the network starts acting as a catalyst for new members and
resources, thus increasing synergies’ profitability (Tantalo & Priem, 2014). Still on value creation, Garcia-Castro and Aguilera (2014) consider that even underperforming MSN may provide room for individual value creation. As the decrease in the total value created by a MSN implies negative consequences to some but not all of its actors and raises attention to the influence of individual contingencies on firms’ value creation.

3.3. Business Strategy and MSN

Business strategy in MSN is not a linear process of analysis, development, and implementation (Ford et al., 2002), as networks are open to interpretation and create room for actors to give their own meaning to particular circumstances (Dredge, 2006) as they interact with each other, exploring and adapting to new circumstances (Möller, Rajala & Svahn, 2005; Roseira et al., 2010; Zach & Racherla, 2011). Stakeholders use qualitative and quantitative indicators to assess their participation in MSN and develop different network interpretations (Luyet, Schlaepfer, Parlange, & Buttler, 2012), i.e. different network pictures. As actors may hold dissimilar network interpretation, on a MSN level strategy encompasses constructing these pictures and pursuing consensus on the basis of collective wisdom (Ford et al., 2002). Stakeholders’ vision and networking strategies are also related to their positioning, i.e. their set of network connections, and the role played within the network. Positioning is a cumulative process that provides ground for firms’ strategic actions, thus, holding a strong influence on stakeholders’ strategic identity (Roseira et al., 2010).

Strategy involves continuous loops of action and reaction, based on evolving firms’ network pictures and participative role (Ford et al., 2002). A successful MSN will have its actors reviewing the issue definition, the planned approach, and the implementation stride towards continuous performance enhancement (Roloff, 2008). MSN outcomes comprise an element of choice, as firms develop a conscious attempt to ascertain real and accurate network outcomes and to assess its value (Ford et al., 2002; Dredge, 2006; Roloff, 2008; Roseira et al., 2010).
In this context, the present study was developed to gather a better understanding on how the perceived value of belonging to a MSN influences stakeholders’ intention to maintain, enhance or decrease the level of involvement and investment in the network. On the next chapter we present the research goal and the framework for analysis that sets the path for the empirical study.

3.4 Synthesis

The literature review presented on the first and second chapters provided an outlook on business networks’ evolutionary process, with a particular focus on MSN and how linking actors with different interests and backgrounds boosts the creation and dissemination of new specialized knowledge (Möller & Svahn, 2004; Bjork & Virtanen, 2005; Ford & Håkansson, 2006) and introduces new ways for firms to enhance competitive positioning in increasingly globalized and competitive markets (Roseira et al., 2010). Given the complexity of MSN dynamics, business strategy involves constant loops of action and reaction, based on ever evolving firms’ network pictures and participative role (Ford et al., 2002). Successful MSN are characterized by a constant follow-up on the issue at hands, the plan of action, and the implementation stride towards sustained collective and individual performance enhancement (Roloff, 2008). In this context, MSN outcomes encompass a significant element of choice, as stakeholders develop a conscious attempt to ascertain real and accurate network outcomes and to assess its value (Ford et al., 2002; Dredge, 2006; Roloff, 2008; Roseira et al., 2010). Notwithstanding, the business world holds a short grasp on how companies actually profit from following stakeholder approaches, which leaves room for criticism over MSN’s legitimacy, effectiveness, and accountability (Jensen, 2001; Garcia-Castro & Aguilera, 2014). Aimed at better understanding how companies are actually capitalizing on MSN approaches and on how it affects firms’ future behaviour, this study finds its relevancy in contributing to fill the empirical research gap on the practical value of MSN strategies. How this goal will be pursued in this study is the content of the next chapter
Chapter 4 – Research goal and Methodology

The present chapter was developed to present and explain the framework for analysis that sets the path for the empirical study. To fulfil this purpose, the content of this study is segmented into different conceptual dimensions, which are separately introduced as follows: the first section introduces the research goal and the framework of analysis, which encompasses the presentation of the model of analysis and its variables (section 4.1), while the second segment is dedicated to the scrutiny of the methodology pursued (section 4.2).

4.1. Research goal and framework for analysis

Drawing on the literature review and gaps that were identified in Chapters 2 and 3, the goal of this study is to better our understanding on how the perceived value of belonging to a MSN influences stakeholders’ intention to maintain, enhance or decrease the level of involvement and investment in the network. Specifically, the study aims at answering the following questions:

1. What are the motivations and expectations underlying the decision to enter a MSN?
2. How do stakeholders mobilize to develop joint tasks towards the attainment of a common goal and co-value creation in a MSN context?
3. How do stakeholders evaluate the perceived results in comparison with the objectives outlined?
4. How do stakeholders sketch their future behaviour in the MSN based on perceived results?

According to Yin (1994), the first step of a case study approach should consist in introducing the selected theme and must be followed by a preliminary analysis on the subject, guided by the framework for analysis developed over the insights of the literature review. In a second stage, the researcher must proceed to the analysis of the collected data, comparing the achieved results with the ones obtained with the
preliminary scrutiny (Yin, 1994). Thus, the research questions derived from the literature review were integrated in the framework for analysis depicted in Figure 3.

![Multi-Stakeholder Networks Diagram]

**Figure 3 – Framework for analysis**

Next, we briefly review the different variables that compose this framework.

### 4.1.1. Motivations to enter a MSN

Motivations to enter in MSN are expected to mainly vary between expanding access to resources, enhancing the creation and dissemination of new specialized knowledge, sharing costs and risks associated with certain projects or activities, and boosting market development (Möller & Svahn, 2004; Bjork & Virtanen, 2005; Ford & Håkansson, 2006; Roseira et al., 2010; Nunkoo et al., 2013). However, with heterogeneity playing a
crucial role in MSN, both motivations for and outcomes of network participation are most likely divergent between the different actors (Roseira et al., 2010; Bridoux & Stoelhorst, 2014).

As different stakeholders possess different interests and strategies, their perception over facilitator and constraining issues varies according to their individual experiences (Bjork & Virtanen, 2005; Möller & Rajala, 2007). Thus, the perceived value of belonging to a MSN is intrinsically related with the expectations created in the moment of entry (Roloff, 2008; Zach & Racherla, 2011; Albrecht, 2013; Mistilis et al., 2014). In this context, firstly we intend to take a better grasp on the main motivations behind the decision to enter MSN and specifically how they translate into strategic expectations created by stakeholders in the moment of entry in the network.

4.1.2. MSN Structure and Processes

MSN emerge from the patterns formed by the combination of a particular set of entities and the relationships between them (Ford et al., 2002; Dredge, 2006). These links have content, such as communications, knowledge creation, or resources (Timur & Getz, 2008). Therefore, we intend toanalyse stakeholders’ interaction structure. As MSN may be stable but not static, they change their characteristics as actors interact and evolve, in order to adapt to a changing environment (Alvarez, et al., 2006; Albrecht, 2013; Medlin & Ellegaard, 2015). Hence, we aim to understand the dynamics of the decision-making process, with particular emphasis on resource allocation, relationship development and perceived centrality of actors. In this study, perceived centrality refers to actors who are perceived by other network actors as possessing higher capacity to interact with and influence other members.

As seen before, MSN’s unfold into relational scope and intensity (Zach & Racherla, 2011). As MSN demand broad and intense participation from their actors, the developed interaction strategy depends on audience stakeholders’ profile (Möller & Rajala, 2007). In this context, it is also important to understand how stakeholders mobilize to develop joint tasks towards the attainment of a common goal and co-value creation.
4.1.3. MSN Perceived Outcomes

MSN have the potential for both acting as a facilitator or constrainer to its actors’ strategic purposes. Thus, perceived outcomes may be positive, as actors capitalize on their participation, namely by gaining access to new resources and knowledge or by being developing new relations (Ritter et al., 2004), outcomes may also as be perceived as negative, namely if the sharing of costs and benefits is seen as unbalanced and unfair. This constraining dimension may emerge from or cause conflicting goals and interests, and hamper collaboration and cooperation (Ford et al., 2003; Möller & Svahn, 2004; Watts, 2009). Different MSN encompass different interest mechanisms, so actors’ perception on costs and benefits distribution and on reciprocity in resource allocation varies according to their experiences (Bjork & Virtanen, 2005; Möller & Rajala, 2007; Zach & Racherla, 2011). Thus, we intend to better understand stakeholders’ perception of the benefits and risks associated with the participation in MSN, and if those factors are consensual among different actors.

4.1.4. Future Behaviour

As networks are open to interpretation of particular circumstances (Dredge, 2006), stakeholders assess their participation in MSN, triggering different network interpretations among participants (Luyet et al., 2012). Stakeholders’ networking strategies evolve on the basis of their network visions and perceived positioning (Roseira et al., 2010). Therefore, MSN outcomes comprise an element of choice, as firms develop a conscious attempt to ascertain real and accurate network outcomes and to assess its value (Ford et al., 2002; Dredge, 2006; Roloff, 2008; Roseira et al., 2010). Roloff (2008) argues that a successful MSN will have its actors reviewing the issue definition and the implementation stride towards continuous performance enhancement. In this context, this study seems important to compare expectations held by stakeholders entering the MSN and the perceived outcomes of their participation. This will enable the understanding of how the perceived value of belonging to a MSN influences stakeholders’ intention to maintain, enhance or decrease the level of involvement and investment in the network.
All in all, starting with a scrutiny over stakeholders’ motivations towards entering MSN, the present conceptual framework for analysis then unfolds MSN structure and processes in a quest to acknowledge stakeholders’ perception on the benefits and risks associated with MSN participation, concluding with a critical assessment on the relation between the perceived value of participating in MSN and firms’ future behaviour.

4.2. Case Study Methodology

Research on MSN requires a methodological approach that promotes understanding on a complex interactional context and enables the coexistence of different dimensions of analysis (Yin, 2005). Bearing in mind that the methodology adopted in a study should be defined in accordance with the nature of the problem at hands (Serrano, 2004) the present dissertation adopts a case study approach resorting to qualitative methods. The qualitative nature of case study approaches finds its utility in explaining causal relations in real life situations that are too complex to be explored through experimental strategies, as it does not require control over behavioural events (Vilelas, 2009; Vaismoradi, Turunen, & Bondas, 2013). According to Yin (1994, 2005), such research strategy is focused on answering explanatory questions such as “how” and “why”, enabling the scrutiny of operational links developed over time and, therefore, meeting the purpose of this study.

Due to its quest for explaining causal relations in real life situations, qualitative approaches value the bond that emerges between the researcher and the object of analysis (Denzin & Lincoln, 2000). As data analysis becomes more demanding and subjective, challenges might arise from data representativeness and quality, building often-blurred time and process frontiers that hamper the investigation (Almeida, 1994). In this context, it is determinant for the success of the study to be able to draw interpretations and be consistent with the collected data (Patton, 2015). As long as this consistency is achieved, qualitative approaches build the ground for a holistic approach to the phenomenon at study (Bardin, 2009). It is the researchers’ responsibility to provide the environment and the framework for the achievement of representative outcomes (Almeida, 1994; Patton, 2015).
4.2.1. Case Selection

We selected the Vinhos Verdes Route as our case study. This wine route was created by C.V.R.V.V. between 2002 and 2003\textsuperscript{4} with the intention of providing a fully integrated touristic offer that represents the interests of its members. Currently composed by 67 members across 5 main different business branches, the route provides multiple activities and itineraries through 49 municipalities rich in history and tradition. The C.V.R.V.V. acts as the convenor on this MSN, creating and regulating the environment towards fruitful interactive and collaborative behaviours. For the future, the route’s aim is to grow and develop the MSN, pursuing initiatives to help on the requalification of the services rendered by small historical players and working to reinforce the Vinho Verde Region as a landmark in Portuguese tourism. In this context, this theme seems an appropriate case to study as it was built around a common goal, it is composed by stakeholders of various kinds and dimensions that potentially have different interests regarding the route, and it already has a history that potentiates the understanding of the dynamics of its development. Furthermore, MSN development has been increasingly recognized as a key aspect of wine tourism activities, which attests the relevancy of the selected theme (Marzo-Navarro & Pedraja-Iglesias, 2012; Albrecht, 2013).

Concluding, the case study approach adopted in this dissertation suits the quest for a holistic understanding of the four dimensions that compose framework for analysis, and the research questions.

4.2.2. Data Collection

Semi-structured interviews were the main data collection tool. Semi-structured interviews are commonly used in qualitative research as they provide both access to and clarification of a significant amount of information (Fortin, 1999; Bogdan & Biklen, 2010). However, diligent content analysis is required in order to achieve meaningful conclusions (Bardin, 2009).

\textsuperscript{4} According to the information provided by C.V.R.V.V. there are no records on the creation of Vinhos Verdes Route. The most dated documents regarding this wine route go back to 2002/2003. In the absence of official documentation, it is C.V.R.V.V. belief that Vinhos Verdes Route emerged around that period.
We interviewed a representative of C.V.R.V., the managing entity of the Vinhos Verdes Route and also a sample of members to obtain their views on the development and dynamics of this MSN. The members were selected with the aim of collecting a representative sample of diverse network pictures developed by stakeholders from different business branches and with dissimilar backgrounds. In order to outline the sampled group, the following criteria were used: (i) the participants had to be members of the Vinhos Verdes Route; (ii) had to be representative of all five main business branches that compose the wine route: wine cellars/farms, cooperative wineries, housing units, restaurants, and touristic animation agencies (5 members configure points of interest, not suiting any of the outlined branches); (iii) had to be representatives of different geographic sub-regions; and (iv) should encompass actors that joined the network at different stages. Combining these criteria, eleven interviews were pursued comprising the convenor organization (C.V.R.V.V), the only touristic animation agency, one of the two restaurants participating in the route, three cooperative wineries, three wine cellars/farms, and two housing units. Table 1 presents the interviewed stakeholders, sorted by alphabetic order.

<table>
<thead>
<tr>
<th>Entity</th>
<th>Business branch</th>
<th>Location</th>
<th>Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adega Cooperativa de Ponte da Barca</td>
<td>Cooperative winery</td>
<td>Ponte da Barca</td>
<td>Financial Manager</td>
</tr>
<tr>
<td>Adega Cooperativa de Ponte de Lima</td>
<td>Cooperative winery</td>
<td>Ponte de Lima</td>
<td>Member of Marketing Dept.</td>
</tr>
<tr>
<td>C.V.R.V.V.</td>
<td>Convenor organization</td>
<td>Porto</td>
<td>Member of Marketing Dept.</td>
</tr>
<tr>
<td>Casa Agrícola de Compostela</td>
<td>Wine cellars/farm</td>
<td>Vila Nova de Famalicão</td>
<td>CEO</td>
</tr>
<tr>
<td>Conhecer, 5 Sentidos</td>
<td>Touristic animation agency</td>
<td>Maia</td>
<td>CEO</td>
</tr>
<tr>
<td>Mercado da Saudade</td>
<td>Restaurant</td>
<td>Braga</td>
<td>CEO</td>
</tr>
<tr>
<td>Paço do Pombeiro</td>
<td>Housing unit</td>
<td>Felgueiras</td>
<td>CEO</td>
</tr>
<tr>
<td>Quinta da Aveleda</td>
<td>Wine cellars/farm</td>
<td>Penafiel</td>
<td>Member of Marketing Dept.</td>
</tr>
<tr>
<td>Quinta da Lixia</td>
<td>Wine cellars/farm</td>
<td>Lixa</td>
<td>Marketing Director</td>
</tr>
<tr>
<td>Quinta das Escomoeiras</td>
<td>Housing unit</td>
<td>Celorico de Basto</td>
<td>CEO</td>
</tr>
<tr>
<td>Vercoope</td>
<td>Cooperative winery</td>
<td>Santo Tirso</td>
<td>Export Manager</td>
</tr>
</tbody>
</table>

Table 1 – Target participants in Vinhos Verdes Route

Figure 4 provides the location of the interviewed stakeholders.
Figure 4 – Target participants’ geographic location

For confidentiality reasons, throughout this study we do not mention the names of 11 representatives interviewed. Each respondent is associated with an acronym (Px), with the numbering following the chronological order of the interviews.

The interviews were organized to gather information about the participants’ vision regarding all four dimensions of the framework for analysis, namely: (1) motivations and expectations behind the decision to enter in Vinhos Verdes Route, where we aim to better understand the context in which the organizations decided to enter the MSN and the objectives outlined for this participation; (2) structure and processes of the route, where stakeholders provide information regarding interactions periodicity, relationships’ development, and decision-making process organization; (3) results and
perceived value of participation and of the route itself, where stakeholders were asked to compare their perception of the route’s general performance and the way it impacts their individual activity with the initial expectations raised by their entrance in the wine route; and (4) future behaviour intention, where we aim to take a grasp on how the perceived value of belonging to the Vinhos Verdes Route influences stakeholders’ intention to maintain, enhance or decrease the level of involvement and investment in the network.

Two slightly different scripts were developed: a first one directed to the interview made to the C.V.R.V.V’s representative, i.e. the convenor, and a second one for the targeted participants on the wine route (see Annex 1 for C.V.R.V.V.’s interview script and Annex 2 for general participants’ script). The first was crafted with the intention of gathering an overview of the route’s modus operandi and status quo, while the second was developed to allow foster a better grasp on the perceptions of general participants.

The interviews were made in the second and third weeks of August, on the stakeholders’ facilities, and had an average duration of 45 minutes. From the total of eleven interviews conducted, nine were audio recorded and later on transcribed. The remaining 2 were only recorded due to respondents’ request; in this case, the researcher took notes during after the completion of the interviews. Apart from the raw information obtained, these interviews proved useful for the investigator to take an empirical grasp on the professional environment surrounding the respondents’ activity (Roseira, 2005).

Additionally, data was also collected from stakeholders’ institutional websites and from the 2006 Guide of the Vinhos Verdes Route to complement and triangulate the data collected through the interviews.

4.2.3. Data Analysis

Data analysis method is a process of transforming data in organized and simplified information through explicit coding rules, which enables critical interpretation of the achieved results (Stemler, 2001; Bardin, 2009). The present study was developed over a
content analysis methodology based on specific coding rules that enabled appropriate summarization of the data gathered on the interviews (Patton, 2015).

Following Alhojailan’s (2012) framework for meaningful qualitative data analysis, the first step of our approach comprised the organization of both oral and written data into tables of content following the themes identified in the framework for analysis. This process fosters the opportunity for identifying, comparing, and determining the relevant data to focus on. Based on Bardin’s (2009) framework for data codification, for the purpose of the present study we considered the “theme” as registration unity and the paragraph as context unit.

After structuring the raw data, the second step consists in establishing a clear link between the research objectives and the data summary (Alhojailan, 2012). This process of categorization consists in clustering and classifying a set of data through differentiation, according to common characteristics (Bardin, 2009). Thus, the summarized data was firstly allocated between four categories, consisting in the four dimensions of the model of analysis presented on Chapter 4. Based on this first segmentation, information was then segregated between different subcategories according to the specific questions it answers. Finally, the third stage of this data analysis method consists in interpreting the information and presenting the main conclusions achieved with this case study, which is pursued in Chapter 5 (Alhojailan, 2012).

To sum up, this chapter presents the research goals and questions, the framework for analysis. Then, it presents the methodology adopted in the empirical research, namely the selection of the case study and the sources and data collection and data analysis used in this dissertation. The next chapter is dedicated to introducing and discussing the results herein achieved.
Chapter 5 – *Vinhos Verdes Route Case Study*

This fifth chapter presents and discusses the results of the empirical research. To fulfil this purpose, the chapter is organized as follows: after a preliminary presentation of the Vinhos Verdes Route (section 5.1.), the case study is analysed (section 5.2) following the structure of the framework for analysis introduced in Chapter 4 and in accordance with the literature review developed on Chapters 2 and 3; this chapter culminates with the presentation and discussion of the achieved results (section 5.3).

5.1. Vinhos Verdes Route

The Vinhos Verdes Route was created by the C.V.R.V.V. between 2002 and 2003 with the intention of providing a fully integrated touristic offer that represents the interests of its members. Originally more oriented towards wine producers and the promulgation of Vinho Verde, the route progressively widened its horizons to encompass an increasing diversity of stakeholders towards the promotion of the Vinho Verde region.

Originally demarcated on September 18, 1908, the Vinho Verde region stretches across the northwest of Portugal in an area traditionally known as “Entre-Douro e Minho”. In terms of geographical area is the largest Portuguese demarcated region, and one of the largest and oldest wine regions in the world. Here wines with “Designation of Vinho Verde Origin”, which are affirmed and valued as unique in the world, are produced. According to C.V.R.V.V., recurrently awarded in national and international competitions, today Vinho Verde is certainly not the same as a decade ago. This evolution results from the investment of Vinho Verde region’s players in new vineyards, new vine training systems, a new generation of winemakers, and professionalization of all activity. The increasing international recognition of the quality of the Vinho Verde alongside its outstanding natural beauty transformed this region into an increasingly popular touristic destination, moving thousands of business players from different economic branches towards wealth and jobs creation, strongly contributing to the development of the region and the country.
Tourism is historically one of the Portuguese top performing sectors. In 2014, this sector generated sales of 10.400 million euros and had a positive impact of 7.100 million euros on the Portuguese current account balance, this last amounting to approximately 1.000 million euros (Turismo de Portugal, 2014). The tourism sector is characterized by a very significant interdependency between the different actors, making the awareness of the key role of networks and cooperation more preeminent than in other industries (Shtonova, 2011). The increasing popularity of Portugal as a tourist attraction triggered a reorganization process that started in December 2014 and is still in progress. The Vinhos Verdes Route is now presented as a way to experience the Portuguese Northwest region through Wine and Culture, providing multiple activities and itineraries through 49 municipalities rich in history and tradition.

The Vinhos Verdes Route should be regarded as a development mechanism of the Vinhos Verdes region aimed at raising the quality level standards of rendered services and fostering the international recognition of the region as a brand. The route is currently composed by 67 members from 5 different main business branches (5 members configure points of interest, not suiting any of the outlined branches), namely: (1) wine cellars/farms, encompassing entities that have their own vineyards and which core business in funded on wine production and commercialization; (2) cooperative wineries, comprising usually large players which core business consists on wine production and commercialization but, instead of having their own vineyards, buy the grapes from smaller local producers; (3) housing units, usually developed through the reconstruction of antique, rustic buildings dated from the ancient culture of the region and focused on providing rural tourism hospitality services; (4) restaurants, comprising only two actors, located in Famalicão and Braga; and (5) touristic animation agencies, currently composed by only one agency that, among other services, provides a specific “Vinho Verde Wine Tour” with an approximated duration of 9 hours and including private tour guide services, transportation, entrance fees, and insurance. This wide diversity of local actors has the potential to trigger local dynamics that enhance the region’s image, management, and strategic vision.

The Vinhos Verdes Route relies upon a convenor organization (the C.V.R.V.V.) to take control and coordinate the MSN structure, creating the ground for the promotion of
integrated activities and projects that capitalize on the existing synergies between the different players. Therefore, while centralized on and coordinated by the convenor organization, the decision-making process should be able to foster both top-down and bottom-up initiatives, with all participants having granted the possibility to take an active role in the process. Vinhos Verdes Route’s new dynamic positioning prompted a renewed interest in this MSN, with numerous membership requests being received. For the future, the aim is to grow and develop the network, pursuing initiatives to help on the requalification of the services rendered by small historical players and working to reinforce the Vinho Verde Region as a landmark in Portuguese tourism.

All in all, the Portuguese Vinhos Verdes Route seems an appropriate pitch to study as it was built around a common goal, it is composed by stakeholders of various kinds and dimensions that potentially have different interests regarding the route, and it already has a history that potentiates the understanding of the dynamics of its development.

5.2. Analysis of the Vinhos Verdes Route Case Study

After the overexposed case study presentation, we hereby present the motivations and expectations behind the decision to enter the Vinhos Verdes Route, scrutinize the route’s modus operandi or, in other words, analyze the interactions and relationships developed in this MSN, and get a better understanding on the members’ perceived results from the participation in the route. Finally, we present how perceived results affect firms’ future behaviour.

5.2.1. Motivations to enter in Vinhos Verdes Route

According to the literature review pursued in Chapters 2 to 4, motivations to enter in MSN are expected to vary depending on participants’ individual experiences (Bjork & Virtanen, 2005; Möller & Rajala, 2007). Nevertheless, most usual motivations relate to expanding access to resources, knowledge creation and dissemination, cost and risk sharing, and market development (Möller & Svahn, 2004; Bjork & Virtanen, 2005;
Ford & Håkansson, 2006; Roseira et al., 2010; Nunkoo et al., 2013). Respondents were asked to describe the motivations and strategic expectations underlying their decision to enter Vinhos Verdes Route. The following table presents the achieved results.

<table>
<thead>
<tr>
<th>Description</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motivations and strategic expectations</strong></td>
<td></td>
</tr>
<tr>
<td>Better understanding the region and its agents</td>
<td>11</td>
</tr>
<tr>
<td>Common effort to promote and enhance region's potential</td>
<td>2, 3, 6, 7, 8</td>
</tr>
<tr>
<td>Create a fully integrated touristic offer</td>
<td>1</td>
</tr>
<tr>
<td>Increase individual awareness</td>
<td>3, 4, 5, 6, 7, 8, 9, 10, 11</td>
</tr>
<tr>
<td>Promoting Vinho Verde brand</td>
<td>5, 9, 11</td>
</tr>
</tbody>
</table>

**Table 2 – Motivations to enter Vinhos Verdes Route**

In a context where both Vinho Verde region and its wine had low awareness in national and international levels, the Vinho Verde Route emerged from the need to revolutionize the paradigm in this industry. It was created by the C.V.R.V.V. with the intention to develop a fully integrated and better communicated offer that correctly promotes the regions value proposition. From its creation until the present, the number of members continuously grew, encompassing agents from different business branches and with diverse backgrounds, firm sizes, and awareness levels. Notwithstanding, the main motivations towards the adhesion to the route seem to be aligned over the intention to develop and increase product’s, firm’s, brand’s, and region’s awareness, promoting Vinho Verde on both national and international markets. In a different dimension, members also value the opportunity to better understand different players’ idiosyncrasies and to join efforts and collaborate towards the development of an integrated offer. Participants’ alignment over the intention of developing Vinho Verde’s region and industry is latent on the following quotes:

“In the genesis of the adhesion to the Vinhos Verdes Route was the ambition to develop a joint effort towards the promotion and enhancement of region’s potential. With producers’ confluence we can reach much more interesting results.” (P2)
‘One thing we do here is to promote the Vinho Verde brand. I promote the Vinho Verde to all my customers by offering a bottle of wine as a welcome gift.” (P9)

‘Due both to personal interest and practical questions related to tourism businesses, I early adopted the strategy of promoting the Vinhos Verdes region, namely this wine route.” (P11)

In a strategic spectre, the expectations raised upon the creation of the Vinhos Verdes Route rested mainly on market development, not only in Portugal but mainly developing the Vinho Verde image internationally, as stated by the following respondents:

‘The importance of participating in the Vinho Verde Route is based on the promotion of our company, creating reputation, strengthening awareness in target markets, and enhancing internationalization.” (P7)

‘The focus of the Vinhos Verdes Route is on developing a touristic offer with international dimension, promoting the Vinho Verde region as a tourist destination.” (P11)

Additionally, promoting the region as a whole enabled cost reduction and, for some players, the route opened doors for receiving European Union funds. Concluding, from the most usual motivations to enter MSN mentioned on the literature review, in this case the main driver was the strategic need for market development, with emphasis on an international dimension.

5.2.2. Vinhos Verdes Route Structure and Processes

According to the literature, a MSN interaction structure is formed by a combination of a specific set of entities and the relationships developed between them, demanding broad and intense participation from their actors (Ford et al., 2002; Dredge, 2006; Möller & Rajala, 2007). As actors interact and evolve, MSN tend to continuously change their characteristics in accordance to the new needs of an ever-changing environment (Alvarez et al., 2006; Albrecht, 2013; Medlin & Ellegaard, 2015). In this context, it is
critical to develop general understanding over the complexity of MSN environments in order to ensure cohesion and consistency on the decision-making process (Parmar et al., 2010). With the aim of better understanding the dynamics of the Vinhos Verdes Route, namely how stakeholders mobilize to develop joint tasks towards the attainment of a common goal and co-value creation, participants were asked to describe this route’s interaction framework and decision-making processes, with the achieved results summarized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Is there any key stakeholder?</strong></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>2, 3, 4, 6</td>
</tr>
<tr>
<td>Yes, the C.V.R.V.V.</td>
<td>5, 7, 8, 10</td>
</tr>
<tr>
<td>Yes, other</td>
<td>1, 9, 11</td>
</tr>
<tr>
<td><strong>Route's modus operandi</strong></td>
<td></td>
</tr>
<tr>
<td>C.V.R.V.V. plays a central role</td>
<td>1, 2, 3, 5, 6, 7, 8, 10, 11</td>
</tr>
<tr>
<td>Does not know</td>
<td>4, 9</td>
</tr>
<tr>
<td><strong>Firm has a stake on route's decision-making process</strong></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>1, 3</td>
</tr>
<tr>
<td>Yes, but non-significant</td>
<td>5, 6, 7</td>
</tr>
<tr>
<td>No</td>
<td>2, 4, 8, 9, 10, 11</td>
</tr>
<tr>
<td><strong>Competition between participants</strong></td>
<td></td>
</tr>
<tr>
<td>Opportunity</td>
<td>1, 2, 3, 4, 6, 7, 8, 9, 10, 11</td>
</tr>
<tr>
<td>Constraint</td>
<td>5</td>
</tr>
<tr>
<td><strong>Diversity within route's participants</strong></td>
<td></td>
</tr>
<tr>
<td>Additional challenge</td>
<td>2, 5, 6, 9</td>
</tr>
<tr>
<td>Beneficial</td>
<td>1, 3, 4, 8</td>
</tr>
<tr>
<td>Beneficial but additional challenge</td>
<td>7, 10, 11</td>
</tr>
<tr>
<td><strong>Route fostered interaction between members</strong></td>
<td></td>
</tr>
<tr>
<td>Yes, strongly</td>
<td>1, 3, 11</td>
</tr>
<tr>
<td>Yes, but not much</td>
<td>5, 7, 9</td>
</tr>
<tr>
<td>No</td>
<td>2, 4, 6, 8, 10</td>
</tr>
</tbody>
</table>

Table 3 – Vinhos Verdes Route Structure and Processes

Vinhos Verdes Route is characterized by the existence of a convenor organization – the C.V.R.V.V. – that is responsible for managing and coordinating the route’s activities,
interests, and objectives. In this context, the decision-making process is intrinsically top-down, with the C.V.R.V.V. developing a central role. This agent conceives and develops strategies and activities, usually gathering feedback from its members before actually developing the project. The following citations demonstrate that participants tend to acknowledge the central role of the C.V.R.V.V. as the anchor organization (Ramos et al., 2013), even if this organizations is not intuitively referred as a key stakeholder for this wine route:

“When there are scheduled visits, it is the Vinhos Verdes Route who defines the activity, so it becomes easier for us to prepare and provide a memorable experience for these people.” (P3)

“The C.V.R.V.V. is the catalyst and coordinator agent of Vinhos Verdes Route and its activities. In this sense, it is essential to its existence.” (P5)

“C.V.R.V.V. is the entity responsible for managing and promoting the Vinhos Verdes Route.” (P7)

The method followed by the convenor organization for consulting its members is usually informal, but for more important and urgent matters the C.V.R.V.V summons an assembly and formally discusses the issues at hand with its members. However, not all members are usually consulted and their considerations might not be attained, as C.V.R.V.V. possesses the sole and final word. Additionally, route’s members generally seem to have no clear picture regarding the criteria followed towards the final decision:

“In the last year and a half I knew of the renewal process but did not participate in any working group.” (P2)

“Historically not. Just started to have a more active role in the decision-making process with the Vinhos Verdes Route's renewal process, contributing to the definition of objectives and interests, and showing full readiness to cooperate with any request of CVRVV.” (P5)

“I do not know. It is an internal matter for them. Currently I have no clue on how this process unfolds.” (P11)
The convenor role in this MSN seems challenging, as C.V.R.V.V. needs to manage the competitive environment that surrounds mainly the wine producers and has to align interests of entities from different business branches and with diverse backgrounds. In order to mitigate this challenge, the route’s renewal process encompasses a reassessment of current members’ legitimacy to take part in the networks, being required minimum standards regarding service and infrastructure quality. Additionally, potential new entrants are now subject to insightful assessment, as the C.V.R.V.V. usually pursues an examination of the entity’s facilities and services rendered based on specific criteria. In general, Vinhos Verdes Route members seem to face competition and diversity as an opportunity for developing and providing a better offer, even if acknowledging that these phenomena raise additional challenges to the C.V.R.V.V.:

“Diversity is positive. It is a benchmarking tool, providing the ability to know what our peers do, not only similar companies but also firms from other lines of business.” (P7)

“Diversity is a benefit, but the lack of rigor in the way it is currently implemented is a loss.” (P10)

“It is beneficial but, from my point of view, I consider it a challenge for them. I understand their constraints, but I believe that this diversity poses an additional challenge for the management of Vinhos Verdes Route.” (P11)

Activities pursued by the Vinhos Verdes Route are usually threefold, encompassing benchmarking, region and product promotion, and training courses for its members. Benchmarking activities and training courses are aimed at developing members’ skills towards the creation of a more integrated offer that provides a unique experience to the tourists. As for region and product promotion, the activities developed usually consist in inviting recognized international journalists and bloggers to take a tour in the Vinhos Verdes Route and write about their experience. Additionally, the C.V.R.V.V. organizes thematic events such as the Vinho Verde Wine Fest, which promotes the approximation between consumers and wine producers, creating ground for increasing awareness at various levels: product, firm, brand, and region. Through these activities, participating firms also have the opportunity for developing existing relationships and interacting
with new agents, creating a favourable ground for new partnerships to emerge. After pursuing an activity, the C.V.R.V.V. usually distributes surveys to gather feedback from its members regarding the perceived outcome and suggestions for improvement. Notwithstanding, the convenor organization seems to lack dynamism, mainly after the beginning of the route’s renewal process. Furthermore, generally there is a lack of communication between route’s members and the C.V.R.V.V., a fact that hiders the development of new and more initiatives:

“We have very little to do with Vinhos Verdes Route, but we had more. We had a person who was on the committee and who frequently communicated with us. Now not that much.” (P9)

“As an independent company, we are keen to provide our customers with a visit to the vineyards or participation in the grape harvest, but there is no structure that facilitates these relationships.” (P10)

All in all, the Vinhos Verdes Route seems to both benefit and perish from the general characteristics of MSN pointed on the literature review, namely regarding actors’ heterogeneity. Conscious of the complexity of the network environment (Parmar et al., 2010) and of the need to adapt to the characteristics of its members (Albrecht, 2013), route’s current renewal process is key for overcoming some of the major flaws pointed by its stakeholders and to ensure its sustainability. Also critical is the need to define and communicate a clear decision-making process and to ensure that it is duly followed in order to facilitate the route’s organization and coordination (Ramos et al., 2013)

5.2.3. Vinhos Verdes Route Outcomes

MSN have the potential for both acting as a facilitator or constrainer to its actors’ strategic purposes (Ritter et al., 2004; Ford et al., 2003; Watts, 2009). As each MSN has its own interaction environment, actors’ perception on costs and benefits distribution and on the value created by such organized inter-organizational relationships varies according to their experiences (Ford et al., 2002; Bjork & Virtanen, 2005; Möller & Rajala, 2007; Zach & Racherla, 2011). Intended to better understand stakeholders’
perception of the benefits and risks associated with the participation in Vinhos Verdes Route, and trying to identify a possible consensus among different members, participants were asked to share their impressions on the outcomes of their participation in this wine route, with the achieved results summarized in the following table:

<table>
<thead>
<tr>
<th>Perceived Outcomes</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Costs and benefits distribution</strong></td>
<td></td>
</tr>
<tr>
<td>Unequal but fair</td>
<td>1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11</td>
</tr>
<tr>
<td><strong>Perceived benefits</strong></td>
<td></td>
</tr>
<tr>
<td>Increasing opportunities</td>
<td>2</td>
</tr>
<tr>
<td>Increasing recognition / promotion / awareness</td>
<td>1, 3, 4, 5, 6, 7, 8, 9, 11</td>
</tr>
<tr>
<td>Internationalization</td>
<td>7, 11</td>
</tr>
<tr>
<td>Consumer education</td>
<td>7</td>
</tr>
<tr>
<td>Profit from EU funds</td>
<td>1</td>
</tr>
<tr>
<td>No real benefits</td>
<td>10</td>
</tr>
<tr>
<td><strong>Perceived risks</strong></td>
<td></td>
</tr>
<tr>
<td>Damaging region's and individual image</td>
<td>2, 5, 7, 8</td>
</tr>
<tr>
<td>Lack of professionalization</td>
<td>1, 7</td>
</tr>
<tr>
<td>Sunk costs</td>
<td>11</td>
</tr>
<tr>
<td>No real risks</td>
<td>3, 4, 6, 9, 10</td>
</tr>
<tr>
<td><strong>Do results meet expectations?</strong></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>3, 6, 7</td>
</tr>
<tr>
<td>No</td>
<td>1, 4, 5, 9, 10, 11</td>
</tr>
<tr>
<td>Impossible to answer</td>
<td>2, 8</td>
</tr>
<tr>
<td><strong>Results’ assessment methods</strong></td>
<td></td>
</tr>
<tr>
<td>Difficult connection between results and participation</td>
<td>1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11</td>
</tr>
<tr>
<td>Business turnover</td>
<td>2, 6</td>
</tr>
<tr>
<td>Media exposure</td>
<td>3</td>
</tr>
<tr>
<td>awareness</td>
<td>2, 5, 7, 8</td>
</tr>
<tr>
<td>Number of new clients</td>
<td>6, 9, 10, 11</td>
</tr>
<tr>
<td>Number of visits</td>
<td>2, 4, 5, 8, 9, 10</td>
</tr>
<tr>
<td>Surveys</td>
<td>1</td>
</tr>
<tr>
<td><strong>Impact of participation</strong></td>
<td></td>
</tr>
<tr>
<td>Very low</td>
<td>4, 9, 10, 11</td>
</tr>
<tr>
<td>Significant but non-determinant</td>
<td>1, 2, 3, 5, 6, 7, 8</td>
</tr>
</tbody>
</table>

Table 4 – Participants’ Perceived Outcomes
Benefits emerging from the participation in the Vinhos Verdes Route seem to be consistent among its members. Generally, from the participation in this MSN actors identify an increase in recognition, promotion, and awareness levels. Additionally, some actors benefited from the enhancement of Vinho Verde’s international positioning while others mentioned an improvement in consumer education. The following statements resume the general perception on the abovementioned benefits:

“I would say the Vinhos Verdes Route is a sea of opportunities, as long as there is will and dynamism in its participants. The Vinho Verde market is growing, the region is gaining recognition, so the advantages can be numerous.” (P2)

“Participating in the Vinhos Verdes Route brings benefits in terms of internationalization, awareness, products’ promotion, increased prestige and consumer education.” (P7)

“The benefit is being part of an institution that, from an external point of view, works to promote its adherents, with emphasis on an international level.” (P11)

As for risks inherent to the participation in this MSN, generally actors do not identify significant hazards, either because they believe that C.V.R.V.V. is performing well, or because they feel that there is no possible big loss emerging from this involvement. However, some members pointed out that their image might be damaged by other actors’ lower quality standards and that the investment pursued may not be recovered:

“My greatest concern is that the quality standard is not homogeneous. If a person comes to a company like ours, and have a positive experience, but then goes to another producer and has a negative experience, this negative perception will also stain my image and the route's reputation.” (P2)

“I do not see any particular risk in participating in the Vinhos Verdes Route, unless that due to the action of other members the route begins to acquire a very bad image, which would also affect our reputation.” (P8)
“The only downside is that participating in the route requires a proper investment. It makes no sense to belong to the route and not making an investment to capitalize on it. However, the investment may not be recovered.” (P11)

Regarding the match level between the achieved results and the initial expectations raised by entering the Vinhos Verdes Route, the opinions diverge. While some members identified a positive relationship between expectations and results, others expressed their disappointment regarding this matter. Moreover, diverse foundations were linked to both perceptions. As for satisfied members, the argumentation was threefold: (i) C.V.R.V.V. has performed well and achieved proposed objectives; (ii) the firm experienced a positive impact after joining the network (e.g. increasing awareness or business turnover); and (iii) firm’s initial expectations were modest. Regarding unsatisfied players, the line of thought was also threefold: (i) overall situation is just as it was before entering the route; (ii) actors were not included in the activities pursued by the route; and (iii) more promotion, awareness, and visits were expected. Notwithstanding, firms recognize that it is difficult to establish a clear connection between the achieved results and the participation in the network. Concluding on this topic, as stakeholders’ opinion diverges regarding Vinhos Verdes Route’s performance, the following statements depict the different perceived outcomes:

“I think the results are below expectations. There is much more we can do to improve the Vinhos Verdes Route. For example, for some members the expectations have not been met but no one clearly knows what they were expecting. It may not have been well communicated.” (P1)

“Results match initial expectations because, although it is difficult to measure the impact in terms of sales volume and new customers, there was an increase in firms' awareness and image.” (P6)

“Our expectations regarding wine routes are modest. We do not have wine tourism, a hotel, an inn, or wine cellars to visit. In this sense, by promoting the region, the Vinhos Verdes Route meets our modest expectations.” (P7)
“No, by far. It lacks a structure, something that really enhances the Vinhos Verdes Route as road signs are clearly not enough.” (P10)

All in all, Vinhos Verdes Route’s members generally attribute a non-determinant impact to their participation in this network. In fact, when asked to quantify the impact of eventually leaving the route, the adherents provided two different answers: (i) the impact is significant but not determinant; and (ii) the impact is barely existent:

“We would lose awareness and some ability to appear in key markets. Of course, that's not what decisively affects the functioning of a company, but unless we have this, we lose all the momentum, all the publicity and synergies that the route offers.” (P3)

“The impact to the company would be in terms of regular promotion. This would be surmountable but would always have an impact on the firm. However, one cannot say that this impact would be decisive for us.” (P8)

“The impacts would not be many. Currently, belonging to the Vinho Verde Route is more like a symbolism.” (P10)

Concluding, currently the Vinhos Verdes Route seems to be neither a facilitator nor a constraining factor to most of its members (Ritter et al., 2004). However, it seems to support the network picture perspective, as members’ perspectives on the route’s outcomes seem to vary according to their individual experiences (Ford et al., 2002).

**5.2.4. Participants Future Behaviour**

As networks are open to interpretation, stakeholders’ strategies evolve as they develop their network visions and perceived positioning (Roseira et al., 2010). This element of choice enables firms to develop a conscious effort to ascertain real and accurate network outcomes and to assess its value (Ford et al., 2002; Dredge, 2006; Roloff, 2008; Roseira et al., 2010). Therefore, MSN actors are expected to continuously assess their participation in the network, reviewing the issue at hands and redesigning implementation steps towards continuous performance enhancement Roloff (2008).
With the aim of developing a better grasp on how the perceived value of belonging to a MSN influences stakeholders’ intention to maintain, enhance or decrease the level of involvement and investment in the network, participants were asked to outline their firms’ action plan regarding its participation in this Vinhos Verdes Route. The following table presents the achieved results.

<table>
<thead>
<tr>
<th>Description</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company's future on the route</td>
<td></td>
</tr>
<tr>
<td>Invest</td>
<td>1, 3, 5</td>
</tr>
<tr>
<td>Maintain</td>
<td>2, 4, 6, 7, 8, 9, 10, 11</td>
</tr>
<tr>
<td>Route's future</td>
<td></td>
</tr>
<tr>
<td>Optimistic</td>
<td>1, 2, 3, 5, 6, 7, 9</td>
</tr>
<tr>
<td>Skeptical</td>
<td>4, 8, 10, 11</td>
</tr>
<tr>
<td>What would participant's change?</td>
<td></td>
</tr>
<tr>
<td>Adapt the route to members' characteristics</td>
<td>9</td>
</tr>
<tr>
<td>Enhance online presence</td>
<td>2</td>
</tr>
<tr>
<td>Improve participants' assessment framework</td>
<td>10</td>
</tr>
<tr>
<td>Improve signposting</td>
<td>2</td>
</tr>
<tr>
<td>Promotion of wine tourism</td>
<td>8, 9</td>
</tr>
<tr>
<td>Provide integrated offer</td>
<td>1, 2, 4, 5, 10, 11</td>
</tr>
<tr>
<td>Vinho Verde promotion in markets with low awareness</td>
<td>7</td>
</tr>
<tr>
<td>Impossible to answer</td>
<td>3, 6</td>
</tr>
</tbody>
</table>

Table 5 – Participants’ Future Behaviour

Based on the overexposed assessment on the benefits and risks associated with the participation in the Vinhos Verdes Route, stakeholders seem keen on maintaining their position in the network. None of the members considered the hypothesis of leaving the route, while only few actors considered the possibility of reinforcing the investment. As the major part of the costs was already taken, this decision to maintain the investment seems to put stakeholders in an expectant position, waiting for the results of the route’s renewal process that is still in progress. The following statements illustrate that, despite the diversity of perceived outcomes, stakeholders are keen on maintaining their participation in the Vinhos Verdes Route:
“We are creating conditions to capitalize on the potential that the Vinhos Verdes Route can offer. In this regard, and given the effort that C.V.R.V.V. is doing, as long as the good work that has been done continues, the ball is on our side and we have to work to take advantage of this investment.” (P3)

“The company is interested in continuing its participation in the route, since the costs are reduced compared to the benefits. There is even the possibility of an investment to improve firm’s infrastructure in order to enhance the experience offered to the visitors.” (P8)

“We will continue participating in Vinhos Verdes Route. The investment has already been made. We use the route’s logo, we have a balcony dedicated to this wine route, and we also have a canvas associated with the route. This was the investment made with the expectation to get something out of it.” (P10)

Additionally, the adherents tend to recognize the potential of the Vinhos Verdes Route, so despite the fact that currently the perceived results are not particularly encouraging, they prefer to be in a position that allows them to capitalize on eventual future outcomes:

“I see the future of Vinho Verde Route much better. A bright future. Firstly, because at the moment there are many more requests for information, so people have a lot more interest in the region. Secondly, with this whole Porto touristic hype it is now easier to drive tourists to the Vinho Verde region.” (P1)

“The Vinhos Verdes Route renewal process has great potential. The C.V.R.V.V. has a great dynamism, which is expected to be now translated into the route. In addition, members have the capacity to improve the current offer.” (P5)

“I see the route in the future much more active, much more proactive, with the involvement of new actors, associated with more cultural and sports activities, because green wine begins to have a strong awareness and begins to interact with new cultural and social branches.” (P7)
When asked to mention what they would change in the Vinhos Verdes Route, participants tend to focus on the development of an integrated offer:

“We have to gather all the stakeholders to work harder and collectively think of solutions to provide and integrated offer. Benchmarking policies should be followed based on successful wine routes.” (P4)

“I would develop a more unified format for the route, to eliminate the problem of too competitive and individualistic approaches from some members. I would bet also in the development of the Vinhos Verdes Route brand, increasing awareness at both national and international level.” (P5)

“I would create something that ensures benefits to anyone who wants to visit the Vinhos Verdes Route, for example discount cards or vouchers. I think these things are basic but essential. Additionally, I would promote meetings, events, and wine tastings, in a real effort from the route to promote its members.” (P10)

Concluding, the Vinhos Verdes Route seems to support the perspective that stakeholders’ strategies evolve as they gather experience and continuously shape their network visions and perceived positioning (Roseira et al., 2010). Additionally, the current renewal process also seems to be in line with Roloff’s (2008) findings that MSN members periodically review the issue at hands and redesign implementation steps to enhance the networks performance.

5.3. Discussion of the Achieved Results

Vinhos Verdes Route consists in a MSN created by the C.V.R.V.V. with the aim of gathering business agents around the main issue of promoting and enhancing the Vinho Verde region, its wine, and its tourism industry (Brown, 1996; Goyal & Joshi, 2003; Hajer & Wagenaar, 2003; Bäckstrand, 2006). Therefore, the first issue faced by the route consisted in interpreting the motivations and strategic expectations behind agents’ decision to join the network in order to define a common ground that aligns their interests (Pesqueux & Damak - Ayadi, 2005). In this regard, the main motivations
towards the adhesion to the route seem to be aligned over the intention to develop and increase awareness at both macro and micro levels, promoting Vinho Verde’s “brand” on both national and international markets. Strategically, stakeholders expected the route to foster Vinho Verde’s market development, with the spotlight on international markets.

As for its structure and processes, Vinhos Verdes Route is characterized by being developed around a convenor organization – the C.V.R.V.V. – that is responsible for managing and coordinating the route’s activities and stakeholder interactions (Nilsson, 2007). Notwithstanding the inherent potential for acting as a facilitator for the development of an integrated network, C.V.R.V.V. ends up building barriers for sustainable inter-organizational relationships, as the lack of transparency over the decision-making process hinders members’ receptiveness to pursue the outlined activities and strategies. This issue seems to rise from unreliable and incomplete communication, with the convenor regularly ignoring some members’ contribution.

Stakeholders’ perception on the outcomes of participating in Vinhos Verdes Route is diverse and diffuse. In fact, while some members identified a positive relationship between expectations and results, others expressed their disappointment regarding this matter. This lack of alignment between network pictures creates a main obstacle for the successful development of collective action, corroborating Ford’s (2003) findings. In this regard, the Vinhos Verdes Route seems to fall halfway between a facilitator and a constraining network, as in one hand it contributes to the region’s promotion, while on the other hand network’s structural fragmentation hinders the development of a fully integrated touristic offer (Watts, 2009).

Bearing in mind the aforementioned analysis on motivations, processes, and perceived results inherent to the Vinhos Verdes Route, wide diversity was expected to be reflected in stakeholders’ future behaviour intentions. However, actors seem to agree on the decision to maintain their position in the network. This alignment seems even more meaningful as none of the members considered the hypothesis of leaving the route, while only few actors mentioned the possibility of reinforcing the involvement level. These results seem to reflect the ever increasing importance given to collaborative approaches and synergies in business strategy, with stakeholders preferring to be in a
position that allows them to capitalize on eventual future outcomes, despite current perceived results not being particularly encouraging. In this sense, Vinhos Verdes Route’s value creation seems to be grounded on a “stakeholder synergy” perspective, which focuses on market growth triggered by inter-organizational relationships and lays on the assumption that MSN create the ground for a positive-sum value creation game (Tantalo & Priem, 2014).

With regard to Vinhos Verdes Route’s lifecycle, and based on Roloff’s (2008) seven-stage network lifecycle model, the network is currently facing the decisive last stage that culminates either on its institutionalization or extinction. Given stakeholders’ intention to maintain the level of involvement in the route, it is expected that Vinho Verde Route’s structure evolves into more structured forms of decision-making, alternating between deliberation and action stages during its lifecycle.

All in all, perceived results do not seem to critically influence stakeholders’ future behaviour in a strategic sense. Aware of the potential behind MSN, as long as inherent costs do not put firm’s sustainability in jeopardy, players prefer to be in a position that enables capitalization on eventual future outcomes.
Chapter 6 – Conclusions

6.1. Final Considerations

This final chapter of the present dissertation was developed with the intention of briefly summarizing all the work pursued during the last 5 months, from the literature review to Vinhos Verdes Route case study. The decision to study MSN emerged mainly from my personal interest on the subject, being sustained by the increasing development of network approaches in current business strategy practices.

MSN emerged from studies on the strategic value of interaction structures and inter-organizational partnerships and was developed to regulate and coordinate operations in heterogeneous groups through collaborative problem solving (Brown, 1996; Goyal & Joshi, 2003; Bäckstrand, 2006; Roloff, 2008; Schwilch et al., 2012). Fostering interaction between entities with different interests, ideologies, and purposes, the focus of MSN is on the system itself, with members aligning strategies and joining efforts towards co-value creation (Möller & Rajala, 2007; Garcia-Castro & Aguilera, 2014). Business strategy in MSN is not a linear process of analysis, development, and implementation (Ford et al., 2002), as networks are open to interpretation and create room for actors to give their own meaning to particular circumstances (Dredge, 2006). In this sense, strategy involves continuous loops of action and reaction, based on ever evolving firms’ network pictures and participative role (Ford et al., 2002). A successful MSN will have its actors reviewing the issue definition, the planned approach, and the implementation stride towards continuous performance enhancement (Roloff, 2008). Thus, MSN outcomes comprise an element of choice, as firms develop a conscious attempt to ascertain real and accurate network outcomes and to assess its value (Dredge, 2006; Roloff, 2008; Roseira et al., 2010).

With regard to Vinhos Verdes Route case study, the route is developed around a convenor organization – the C.V.R.V.V. – that is responsible for managing and coordinating the route’s activities and stakeholder interactions. In a strategic sense, adherents expected the route to foster Vinho Verde’s market development, with the spotlight on international markets. Despite members’ diffuse perception on the
outcomes of participating in the Vinhos Verdes Route, perceived results do not seem to critically influence stakeholders’ future behaviour in a strategic sense. Aware of the potential behind MSN, as long as inherent costs do not put firm’s sustainability in jeopardy, players prefer to be in a position that enables capitalization on eventual future outcomes.

As the business world holds a short grasp on how companies integrate network activity in individual business strategy, this dissertation finds its relevancy in providing foundation for a better understanding on how companies are actually capitalizing on network approaches and on how it affects firms’ future behaviour. In this sense, this dissertation’s contribution unfolds into two different dimensions: academic and managerial.

In an academic sense, the main contribution of this dissertation lays on helping to answer the questions raised by Möller, Rajala, and Svahn (2005) and Bäckstrand (2006) on the practical outcomes of MSN for its members’ individual performance and on the impact of MSN perceived results on participants’ future behaviour. Results emerging from this study seem to back Jensen’s (2001) scepticism on the practical outcomes of collaborative strategies, as more than a half of the respondents claim that the achieved results do not meet the expectations behind the decision to enter the MSN. However, these results should be put into perspective, as simultaneously some actors recognize added value on their participation on the Vinhos Verdes Route. The reason for this misalignment seems to lay on the singularity inherent to different perceptions on networks’ reality or, in other words, on participants’ different network pictures (Ford et al., 2002; Ford et al., 2003; Ford & Håkansson, 2006; Roseira et al., 2010). In fact, participants who believe to have significantly benefitted from their participation on the route tend to describe MSN’s structure and processes much more positively than unsatisfied members. This reality supports Björk and Virtanen (2005) findings that actors’ perception over facilitator and constraining issues varies according to its experiences. Thus, after pursuing present study we believe that the assessment of MSN’s practical contribution should be pursued through the sum of individual perspectives towards the formation of a holistic picture, considering the particularities of its participants and confronting the achieved results with initial expectations.
As for the impact of the perceived outcomes of MSN strategies on participants’ future behaviour, we find this study’s results intriguing. Roseira et al. (2010) and Roloff (2008) argue that stakeholders’ networking strategies evolve as actors review their perceived positioning and redefine network visions towards performance enhancement. However, in contrast with these findings, according to this investigation actors seem to be aligned towards a will to maintain their position on the Vinhos Verdes Route despite opposite perceptions on the route’s performance. In fact, this decision seems to be at some extent based on wishful thinking, as actors admit both to struggle in assessing the results of their MSN strategy and to have no clear idea of the route’s plans for the future. In this context, we believe that currently it is possible that some MSN members are caught by the hype on collaborative strategic and business synergies, blindly following this trend and possibly jeopardizing their businesses’ sustainability. Thus, participants’ future behaviour seems to be more significantly influenced by outlooks on future benefits than by perceived results.

In a managerial dimension, the main contribution of the present dissertation lays on raising attention to the possibility of a general unconscious bias towards the development of MSN strategies, triggered by the recent hype on collaborative approaches in business strategy. Therefore, we alert to the risks of pursuing such behaviour, namely the increasing chances of business failure. Another contribution consists in drawing attention to the importance of members developing SMART - specific, measurable, attainable, realistic, and timely – objectives for the assessment of their participation in the MSN. As this study portrays, evaluating the outcomes of such strategies is a complex and challenging task, and the lack of specific measurement tools leads to wishful thinking, which endangers both MSN’s and businesses’ future. Finally, this investigation highlights the need for effective communication towards the alignment of diverse and diffuse interests and goals. In this sense, actors should be proactive in expressing their stands, creating the ground for collaborative decision-making and ensuring that all members acknowledge and understand the strategy pursued. These contributions may prove useful, not only for the Vinhos Verdes Route, but also to other wine routes or MSN with similar characteristics, as by scrutinizing Vinhos Verdes Route structure and processes this study promotes a benchmarking tool
for a better understanding on the practical constrains and difficulties faced by MSN and its participants.

6.2. Limitations and Suggestions for Future Research

Notwithstanding the contribution of the present dissertation for the current research stream on MSN, there are some inherent limitations that deserve attention and thought. The first limitation of the present study is linked with the methodology followed for the selection of the respondents, as from the selected sample most interviewed entities were pointed and previously contacted by a C.V.R.V.V. representative. This fact might have impacted research results as it is likely that the suggested Vinhos Verdes Route members were the ones with whom C.V.R.V.V. has developed closer relationships. A second limitation inherent to the present dissertation is related with the size of the selected sample. Despite the fact that it was not our intention to gather a representative sample but to understand a specific phenomenon, the sample dimension might have raised constraints in projecting the achieved results to a bigger universe, namely regarding the relationship between perceived results and future behaviour intentions. Last but not least, the Vinhos Verdes Route is currently facing a renewal process that started in December 2014. This fact has been hampering route’s normal functioning and activity development for the last nine month, which might have significantly biased stakeholders’ communicated perception.

In order to enhance this dissertation’s contribution to the MSN research stream, future studies could focus on comparing the results herein achieved with similar investigations further developed in both similar and different tourism sectors, industries, and geographical regions. Additionally, the present work could be enhanced with the development of more interviews directed at a diverse audience, namely regarding existing route members, non-members interested in joining the network, and rejected entities. In a different scope, quantitative studies on the present phenomenon could be developed and its results confronted with the outcomes of this dissertation in order to provide a more objective approach to MSN.
Bibliography


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Annex 1 - Script for C.V.R.V.V.'s interview

<table>
<thead>
<tr>
<th>Motivation to enter (Expectation)</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>As an introductory note, can you briefly describe the history of the Vinhos Verdes Route? How was it created? Who took the initiative? How was the creation funded?</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>What are the main objectives outlined and how are they measured?</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>On the website there is a reference to the renewed Vinhos Verdes Route. Could you explain in which consists this renewal?</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>How does the process of raising new members work?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Are there specific criteria for evaluating potential new members?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Is there a minimum size considered appropriate for the Route?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Types of businesses and/or companies (all connected to the wine production and/or tourism)?</td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>Could you explain how does the route work and how is it managed?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Do you have resources exclusively dedicated to the Route?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- How are the initiatives/activities to pursue?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- How are they funded?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- What is the role of the members?</td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>Could you identify the activities/initiatives regularly undertaken by the Route? In your opinion, what has changed over the years and why?</td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>From the referred initiatives, choose one that you find particularly relevant to the Route. Could you explain how it was born and developed?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- What is the aim of the initiative?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Which members took part in the initiative?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- How do you evaluate the results achieved?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- What was the members’ feedback?</td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>There are 5 different types of members, which I assume must have different interests and goals. Is that true? How is made the reconciliation of these different interests?</td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>Is there any type of member that proves to be particularly relevant to the Route? If so, why?</td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>Many of the members compete with each other. Does this fact pose a special challenge to Route? How is this situation managed?</td>
<td></td>
</tr>
<tr>
<td>Q11</td>
<td>In your opinion, which are the main challenges and opportunities faced by the route?</td>
<td></td>
</tr>
<tr>
<td>Q12</td>
<td>What is the members’ feedback regarding the overall performance of the Route?</td>
<td></td>
</tr>
<tr>
<td>Q13</td>
<td>What is your perception on members’ satisfaction level? Is it homogeneous?</td>
<td></td>
</tr>
<tr>
<td>Q14</td>
<td>Being heterogeneous, could you explain the drivers that affect this disparity? (for example, bigger, less dependent firms may find the role of Vinhos Verdes Route less relevant.)</td>
<td></td>
</tr>
<tr>
<td>Q15</td>
<td>Do you consider that the results achieved with the Route meet the expectations generated with its formation? Why?</td>
<td></td>
</tr>
<tr>
<td>Q16</td>
<td>Bearing in mind both Vinhos Verdes route’s and its members’ performance, and comparing the achieved results with the initial expectations, how do you foresee the route’s future?</td>
<td></td>
</tr>
<tr>
<td>Q17</td>
<td>If you could change anything in the Route, what would you do?</td>
<td></td>
</tr>
</tbody>
</table>
## Annex 2 - Script for adherents' interview

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivations to enter (Expectations)</td>
<td>Q1</td>
<td>By way of introduction, can you briefly describe the history of your company? What characterizes its activity?</td>
</tr>
<tr>
<td></td>
<td>Q2</td>
<td>Could you explain when, how, and why did the company enter the Route? Which benefits did you expect to obtain?</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
<td>What is the firm’s level of involvement in the Route? (For example, which type of investments is and was pursued to take part in the Route? In which activities and how often does the firm participate?)</td>
</tr>
<tr>
<td></td>
<td>Q4</td>
<td>Is there any company/institution who you find essential to the existence of the route?</td>
</tr>
<tr>
<td></td>
<td>Q5</td>
<td>Could you explain how does the Route work? How is it managed? What is the role of its members? For example, how are selected the activities/initiatives to develop and the members to involve in these activities? How does the process of raising new members work?</td>
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<td></td>
<td>Q6</td>
<td>Does your company have a stake in the Route’s decision-making processes? At which level?</td>
</tr>
<tr>
<td>Structure and Processes</td>
<td>Q7</td>
<td>The Route includes companies that compete with each other, as they sell similar goods/services. Does this situation raise a constraint on the Route’s activity/development? In other words, does it carry some risk or, contrariwise, may prove beneficial for Route and its members?</td>
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<td></td>
<td>Q8</td>
<td>The route includes different types of companies with different sizes, encompassing a wide range of activities, and also likely to have dissimilar interests/goals. What do you think of this diversity? Does it raise some sort of challenge to the functioning and management of the Route?</td>
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<td></td>
<td>Q9</td>
<td>Does your company interact with other members of the Route? How? Did this relationship already exist before the entrance in the Route?</td>
</tr>
<tr>
<td>Perceived Outcomes</td>
<td>Q10</td>
<td>Studies show that this type of organizations may raise an unfair/unequal distribution of costs and benefits between different participants (in other words, capitalize from others’ investments or hinder each other’s work, for example). Do you think this statement applies to the Vinhos Verdes Route?</td>
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<td></td>
<td>Q11</td>
<td>Briefly, what are the main benefits and risks associated with this involvement in the Vinhos Verdes Route?</td>
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<td>Q12</td>
<td>Do you consider that the results achieved with this participation in Vinhos Verdes Route meet the expectations raised when entering the Route? Why?</td>
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<td>Q13</td>
<td>How do you assess the results (number of sales, number of visits, new customers, new markets, notoriety, image, news)?</td>
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<td>Q14</td>
<td>How do you assess the importance of participating in the Route for your company?</td>
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<td></td>
<td>Q15</td>
<td>Bearing in mind the previous assessment of the costs and benefits associated with the participation in the Route, how do you foresee the future of your company in this regard?</td>
</tr>
<tr>
<td>Future Reactions</td>
<td>Q16</td>
<td>And how do you foresee the Route’s future?</td>
</tr>
<tr>
<td></td>
<td>Q17</td>
<td>If you could change anything in the Route, what would you do?</td>
</tr>
</tbody>
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