

COLLABORATIVE KNOW-HOW IN NETWORKS OF SMEs

Valentina Morandi, e-mail: valentina.morandi@unibs.it

Francesca Sgobbi (corresponding author), e-mail: francesca.sgobbi@unibs.it

DIMI, University of Brescia

Via Branze, 38 – 25123 Brescia – Italy

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Thanks to the promise of providing a suitable and timely response to intense and rapid changes, networks increasingly meet with the favour of companies (Doz and Hamel, 1998; Parkhe *et al.*, 2006). A growing body of literature has examined the formation of inter-firm linkages (Gulati, 1995; Ahuja, 2000; Park and Zhou, 2005), the governance of networks (Jones *et al.*, 1997; Rowley *et al.*, 2000), the dynamics of relationships among network participants (Hite and Hesterly, 2001; Kim *et al.*, 2006) and the effects of networking on firm performance (Bell, 2005; Goerzen, 2007). Yet, many issues are still unexplored (Parkhe *et al.*, 2006). In particular, empirical studies mainly concern either alliances among large players (see e.g. Browning *et al.*, 1995) or local networks of socially and economically intertwined actors, such as small and medium enterprises (SMEs) in industrial districts (Pyke *et al.*, 1990), while empirical evidence on networking among non district-based SMEs is still scarce.

By cooperating in a network, SMEs could improve their competitiveness and overcome some of the barriers they face as a result of their small size (Sher and Lin, 2006). However, networking among SMEs may be hampered by several threats such as the risk of opportunistic behaviour or the lack of qualified skills to manage the complexity of an inter-organisational cooperation (Pisano, 1990; Ireland *et al.*, 2002). Collaborative know-how, defined as the capability to identify, negotiate, manage, monitor and terminate cooperative agreements (Simonin, 1997), has been long identified as a key-success factor. This learning-by-interacting skill enhances the likelihood to exploit the benefits of networking and to activate virtuous cycles of cooperation.

The paper explores which factors enable the establishment and the success of non district-based networks of SMEs, with particular attention to the role played by collaborative know-how at the network start-up and in the evolution of the co-operative relationships. The empirical analysis bases on two case studies of networks of Italian SMEs in the ICT sector. In both cases, the need to achieve the critical mass required for competing against larger firms as well as for achieving wider markets constituted the trigger to the networking activity. However, while the participants to one network explicitly choose to cooperate with firms providing complementary skills and targeting different final clients, the other network also includes participants which compete in the same markets.

Besides sketching which factors drive the capability of the participating firms in managing the inter-network value-creating processes, the examined case studies confirm the role of institutional actors as network promoters and supporters, as well as trust enablers.

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