

Entrepreneurial business network and dynamic relational capabilities: a case study approach

Alessandro Zardini

Department of Management, University of Verona, Verona, Italy

Lamin B. Ceesay

School of Business and Management, University of Verona, Verona, Italy

Cecilia Rossignoli

Department of Management, University of Verona, Verona, Italy, and

Raj Mahto

*Anderson School of Management,
University of New Mexico Anderson School of Management,
Albuquerque, New Mexico, USA*

Abstract

Purpose – To further extend the understanding of the aggregating functions of an entrepreneurial business network, this paper attempts to explore the antecedents enabling the organisation of diverse entrepreneurs to engage in a collaborative inter-firm business network project. This paper also elucidates the development of the relational capabilities and performance of entrepreneurial business networks.

Design/methodology/approach – An explorative, longitudinal case study design is employed to analyse an Italian agricultural business network, which comprised a group of local small- and medium-sized enterprises (SMEs). Using the network as the focus of analysis, the case study draws insights from key informants comprising the network management team and the entrepreneurs who make up the membership of the business network.

Findings – The results of the study provide critical factors for successful organisation of inter-firm engagement. Although these factors are not mutually exclusive, the results show that organising for inter-firm engagement in an entrepreneurial business network context positively influenced the network relational performance and entrepreneurs' innovation capabilities.

Originality/value – The paper extends current understanding of inter-organisational engagement and illuminates the antecedents enabling the development of network relational dynamics capabilities. The empirical results provide unusual insights into the aggregating roles of an entrepreneurial business network, giving practitioners practical insights into managing a successful inter-organisational collaborative project. Using the relevant theoretical frameworks, the study empirically tests the organisation solutions relevant to literature on inter-firm engagement in a business network context and addresses the organisation solutions' interrelationship and linkages to entrepreneurial network relational performance in terms of knowledge practice, information and resources sharing and innovation.

Keywords Co-creation, Inter-organisational engagement, Entrepreneurial business network, Relational dynamic capabilities

Paper type Research paper



Introduction

Entrepreneurial business network contracts are gaining growing research attraction in recent years. Many reasons could be attributed to this development, for example, the increased innovation capabilities of local small- and medium-sized companies and the resource requirement for collaborative projects (e.g. Ricciardi *et al.*, 2016; Rossignoli and Ricciardi, 2015). To address some of these challenges, the Italian Government implemented law decree 91/2014 (converted into *Law 116/2014*) called “the Network Contract”. The Decree

introduced an innovative form of inter-organisational collaboration for small- and medium-sized enterprises (SMEs) in which firms agreed to define a common program through which to exchange information or services, collaborate in specific areas or for specific issues, or jointly manage common activities, enabling the creation of a common identity, values, funding and a governance structure to manage the network project (Cantele *et al.*, 2016).

Scholars characterised the concept of innovation network in clusters, industrial districts or (regional) innovation systems (e.g. Buchmann, 2015). However, during the coronavirus disease 2019 (COVID-19) pandemic, the business networks have enabled firms to explore new opportunities jointly and have thereby minimised the impact of the pandemic on them individually. With the increasing uncertainty at the time of the pandemic, innovation networks are viewed to drive joint resources mobilisation and adaptive and relational capabilities through collaborative working arrangements. In fact, studies show that inter-organisational collaboration is a key enabler of business model and strategy-based innovation practice for SMEs (Krause and Schutte, 2015). Since SMEs are often resource constrained, especially in the pandemic-stricken Italian economy, SMEs are viewed to have leveraged business networks to enjoy innovation practices such as new product development capabilities, market expansion and managerial knowledge competence. These arrangements make the innovation networks critical to achieving the common network objectives. However, research is limited in this line of enquiry, particularly in the phase of the COVID-19 pandemic.

As well defined by Ritter *et al.* (2004), the concept of a business network is different from that of a strategic alliance. There is always a competitive advantage associated with parties' cooperation (Contractor and Lorange, 2002). In business networks, the relationship is built on duality: cooperation competition (Bengtsson and Kock, 1999). Moreover, we have chosen business networks in the Italian context because it is the only country in the world that has regulated the network contract with a specific law. However, despite the high growth potential of business network contracts, very little is known about the aggregating role of business networks, particularly in the Italian case, which is mainly dominated by SMEs.

Building on the dynamic capabilities research (e.g. Teece *et al.*, 2016; Teece, 2007, 1989), the unprecedented COVID-19 era business environment makes the social relationship between market actors an important aspect of this environment. The social and economic aspect of the interaction between market actors influences their capability to capture or create value (e.g. Jonas *et al.*, 2018; Ngugi *et al.*, 2010). Since the business environment is characterised by uncertainty, it requires actors to cooperate to co-create and/or fight (compete) to destroy value (Ricciardi *et al.*, 2016, p. 149). Thus, the collaborative capability of businesses enables them to leverage their distinctive capabilities to sense, seize and capture value, collectively (Teece *et al.*, 2016; Donada *et al.*, 2016). For instance, joint investment in relation-specific resources (Dyer and Singh, 1998) promotes social interaction and relational rent-generating activities.

In the literature review, we discovered a paucity of research on the organising solutions for inter-firm relationships in business network contracts. However, there is a plethora of research on collaborative value creation in business relationships, such as those involving customers in value co-creation (Peters, 2016; Storbacka *et al.*, 2016; Gentile *et al.*, 2007), inter-firm co-creation in front-end projects (Matinheikki *et al.*, 2016, 2017) and collaborative business networks contexts (Bagheri *et al.*, 2019; Dyer *et al.*, 2018; Reypens *et al.*, 2016; Marcos-Cuevas *et al.*, 2016; Short *et al.*, 2013; Bititci *et al.*, 2004; Teng, 2003). We address this gap in the literature by focussing on the business network contract as the authority, with legal mandate, for organising actors' relationship in the network. To do this, this study builds on Lehtinen and Aaltonen (2020) organising solutions in collaborative relationships.

Drawing on the decades-long research on relational dynamic capability (Dyer and Singh, 1998; Donada *et al.*, 2016), scholars recognise the importance of social relations and the context in which market entrepreneurs are engaged to capture and co-create

value, collectively. Therefore, this study argues that organising inter-firm engagement on value capture and co-creation provides an ideal context for developing network relational capabilities. Since network relational capabilities characterise the content of the personal bonds amongst entrepreneurs in terms of trust, reciprocity and self-regulating mechanisms (Rossignoli and Ricciardi, 2015), such context enables socialisation, interactive learning and shared community of practice (Ngugi *et al.*, 2010). Thus, the network context becomes a central governance source for multi-stakeholder engagement (i.e. inter-organisational relationships), enabling the development of the entrepreneurial network relational capabilities. Such capabilities are necessary for identifying, building and integrating strategies for enhancing network performance and survival (Crick *et al.*, 2021).

To address this research problem, this study uses an exploratory, longitudinal case study approach. This approach provides analysis of a business network context using a local Italian agricultural business network—Buongusto Italiano. Thus, the focus of analysis is the business network comprising SMEs engaging in agricultural value chains. Organising inter-firm coopetition projects has the potential to strategically position the network, promoting the development of high relational capabilities of the network to create and leverage opportunities for sustained network performance through which the collective interests of network firms are systematically managed. Thus, organising inter-firm projects could allow business networks to develop and harness network relational capabilities. This is in terms of the creation of structural social capital through the establishment of new relationships (Gulati, 1998; Barnir and Smith, 2002; Ngugi *et al.*, 2010; Jonsson, 2015), promoting network–firm relationships, improving coordination quality (Ireland *et al.*, 2002) and creating market opportunities for increased alliance performance (Donada *et al.*, 2016; Dyer *et al.*, 2018). Since the success of collaborative network projects is inextricably linked to member firms' performance, the competitiveness of the network may translate into the sustained competitiveness of the network company.

Further to the recent suggestions for additional studies on how business networks organise entrepreneurs in collaborative projects (Kleinaltenkamp *et al.*, 2019; Storbacka, 2019; Jonas *et al.*, 2018), this study specifically focusses on two research questions (RQs):

- RQ1. What are the antecedents enabling the organising for inter-firm engagement in a collaborative business network project?
- RQ2. How does organising for inter-firm engagement contribute to the development of network relational dynamic capabilities?

The rest of this study is organised accordingly. The second section is the theoretical background on inter-organisational collaboration. This section is followed by section 3, describing the research method adopted in this study, the data collection and the data coding. Section 4 is the data analysis and discussion. In section 5, implications and limitations are presented. The paper's final part is the conclusions and agenda for future studies.

Conceptual background

Inter-firm engagement, collaborative practices and business network performance

Studies on stakeholder engagement in the context of co-creation have mainly focussed on the service marketing domain involving customer–firm relationship (e.g. Vargo and Lusch, 2004; Verleye *et al.*, 2014; Kumar and Pansari, 2016). Beyond individual customers to groups of firms, scholars are calling for the examination of multiple stakeholder engagement— involving multiple firms in value co-creating environments (e.g. Jonas *et al.*, 2018; Alexander *et al.*, 2018; Kleinaltenkamp *et al.*, 2019; Storbacka, 2019). Since inter-firm “coopetition” is characterised by competitive intent of entrepreneurs owing to the shared challenges of competition (Osarenkhoe, 2010), this means that the tension when firms cooperate to co-create and/or fight to destroy value is an important aspect of relational dynamics and performance

of inter-firm business networks (Ricciardi *et al.*, 2016). Thus, the promotion of inter-firm cooperation built on shared trust, fairness and sharing minimises the challenges of greed, control and opportunism in a business network context (Rossignoli and Ricciardi, 2015).

Kale and colleagues describe inter-firm learning in terms of exchange on the basis of information and know-how (Kale *et al.*, 2000, p. 221). Whereas information is the knowledge that is codified, stored and transmitted without immediate loss of value, know-how is the tacit, sticky, complex and difficult manner of replicating knowledge (Kogut and Zander, 1992). Mohr and Sengupta (2002) discuss inter-firm learning as a means to acquire relevant knowledge pertaining to market knowledge (about new technological skills, new markets and customers), partners (partner competence, resources and influence) and capabilities of managing collaborative networks. This knowledge is the source of a network's competitive advantage (Gulati *et al.*, 2000). It leverages external resources and capabilities of network companies through cooperative engagement built on inter-firm trust and shared identity. Further, harnessing common inter-firm knowledge resources requires the network to maintain a high frequency of interaction, communication and joint problem-solving (Kale *et al.*, 2000) because such an atmosphere breeds stronger ties and trust, enabling the exchange of tacit knowledge (Su-rong and Wen-ping, 2012; Kogut and Zander, 1992). Since inter-firm ties are embedded in the network structure, personal relationship between knowledge workers, especially at informal levels, is an important conduit for exchange of technical know-how in a business network context (Kogut and Zander, 1992).

Storbacka (2019) illustrates four observable contexts of cooperative-based inter-firm engagement: (1) co-production v. value-in-use activities—when entrepreneurs are engaged in new product co-design, co-creation, co-promotion and value use; (2) relational properties, characterised by the exchange relationship built on mutual trust and friendship; (3) informational properties, characterised by exchange of relevant, timely information; and (4) temporal properties, according to the scholar, concerned with the momentary nature of an exchange relationship over a time. Moreover, Lehtinen and Aaltonen (2020) designed a framework for inter-firm engagement, arguing that organising solutions are fundamental to inter-firm coopetition in a multi-stakeholder context, according to governance-based, value-based and dynamism-based solutions (Lehtinen and Aaltonen, 2020, p. 96). Whereas governance-based solutions are characterised by coordination and control (governance choice), institutional arrangements (network-level arrangements, e.g. dedicated communication team) and engagement indicators tied to inter-firm projects, value-based solutions organise activities aimed at promoting an atmosphere of cooperation in which entrepreneurs actively commit to producing the desired collective value. Last, the dynamism-based solution concerns the relational flexibility involved in the routine operations, especially in managing the paradox of coopetition. Thus, supervisory relations, communication systems and flexible roles and responsibilities are critical in inter-firm engagement environments. To conclude, this paper builds on the existing literature on organising for inter-firm engagement, thereby promoting the development of the network relational dynamic capabilities.

Antecedents enabling inter-firm engagement in a business network

Institutional arrangement. The business network creates and manages inter-firm relationships (Alexander *et al.*, 2018) and provides an atmosphere of trust and friendship (Jonas *et al.*, 2018), enabling interactive learning (Ngugi *et al.*, 2010) and exchange of specific knowledge (Weissenberger-Eibl and Schwenk, 2009). Thus, it promotes the quality of inter-firm relationships. Thus, shared value, reputation and identity are enablers of common network arrangements supporting entrepreneurial network performance and survival (Crick *et al.*, 2021).

Resources mobilisation and planning. Storbacka *et al.* (2016) argue that entrepreneurial networks address the challenges of inter-firm engagement through new resources linkages, modifying resource bases or creating new resource configuration. Thus, the network must develop and exploit these resources to achieve a common network goal. To achieve this, scholars suggest the importance of coordination of network–entrepreneur relations (Kleinaltenkamp *et al.*, 2019), promoting resource integration (Kleinaltenkamp *et al.*, 2012; Storbacka *et al.*, 2016) and managing value co-creation processes from network resourcing (Reypens *et al.*, 2016; Donada *et al.*, 2016). Moreover, Dyer and Singh (1998) highlighted the importance of investment in relations-specific assets as a source of relational rent. This means that the network must encourage investment in common resources to foster relations and co-creation processes. In fact, Sacchetti and Tortia (2016) argue that integration of financial or contractual control (e.g. ventures, subcontracting and market forms) is oriented towards the creation of mutually beneficial opportunities in collaborative projects.

Homophily/integration. Several scholars discuss the importance of aligning existing technology with network organisational structure (e.g. Vargo *et al.*, 2015). Alignment enables the compatibility of technology knowledge transfer and organisational processes. This way, any incongruence between the business network and firms limits innovation practice in network ecosystems (Vargo *et al.*, 2015). Thus, the role of the business network is critical to resources and institutional alignment within the network to address the challenges of mistrust, abuse and free-riding. Moreover, scholars discuss the importance of institutional configuration in the context of multiple stakeholder engagement in co-creation (e.g. Storbacka and Nenonen, 2011; Storbacka *et al.*, 2016; Kleinaltenkamp *et al.*, 2019; Lehtinen and Aaltonen, 2020), arguing that shared norms, reputation, identity and interest are the structures that enable cooperative norms and shared values for entrepreneurs' disposition in an inter-firm co-creation context. Further, relational theorists recognise the importance of institutional rules or social controls (Dyer and Singh, 1998) as source of rent. This means that all entrepreneurs share common goals that are bigger than their individual firms' goals. The hierarchical structures and positions embedded in institutional arrangements define actor roles and responsibilities to promote inter-firm harmony (Brodie *et al.*, 2019); programs create both asymmetries and potential barriers to enter and exit the ecosystem (Brodie *et al.*, 2019). Last, Lehtinen and Aaltonen (2020) find that institutional structure of the network provides an important atmosphere for enabling co-creation in multi-actor settings, such as in the business network.

Engagement platform. Recent studies emphasise the importance of stakeholder engagement platforms (e.g. Kleinaltenkamp *et al.*, 2019). Dyer and Singh (1998) explore the investment of relations-specific assets in which entrepreneurs are fully and effectively engaged in a collaborative project. For example, investment in communication systems (such as information technology infrastructure) enables a virtual interaction and thereby a constant flow of information between entrepreneurs (Breibach *et al.*, 2014). These practices reduce the challenges of physical interaction in a specific network context. These engagement platforms are the means through which inter-firm engagement activities are conducted. This includes the creation of a social mechanism, both physical and virtual engagement atmospheres, conferences and social and interpersonal bonding events, allowing for the socialisation of entrepreneurs.

Trust-building mechanism. Through collaborative partnerships, network entrepreneurs tend to adopt network ethical values: solidarity, altruism, loyalty, trust, reputation and acting in good faith (Rossignoli and Ricciardi, 2015, pp. 43–44). Under these conditions, interaction amongst network entrepreneurs and their recurrent expectations of exchanges promote relational ties and thereby reduce opportunistic behaviour (Das and He, 2006).

Coordination and control. Studies suggest that critical challenges confronting inter-firm engagement are coordination and control. Coordination of collaborative projects includes the

management of common network proprietary knowledge (de Faria *et al.*, 2010) and managing social ties and interaction (Raisch *et al.*, 2009), thereby enabling inter-firm relationship and resource integration (Su-rong and Wen-ping, 2012; Andriopoulos and Lewis, 2009). Such control practices mitigate against external knowledge spillover and entrepreneurs' appropriation concerns (Bouncken, 2011). Although it is challenging for the business network to achieve this, managing these entrepreneurial learning practices is important because they are potential sources of network competitive (dis)advantage.

In sum, it is anticipated that this theoretical background provides suitable information to address this study's RQs about the antecedents enabling the organisation of inter-firm engagement and the mechanisms for developing network relational dynamic capabilities over time.

Materials and methods

A single case study approach

The present study contextualises the role of business networks in organising inter-firm engagement, antecedents enabling such engagement and their linkages with network relational capabilities. A single case study approach was employed (Eisenhardt, 1989; Rashid *et al.*, 2019). Since inter-firm relationships are characterised by social interaction, this paper adopts an explorative case study design (Yin, 2018) as a suitable method to observe the relational dynamics associated with inter-firm engagement practices. Rashid *et al.* (2019, p. 1) argue that through a case study approach, social phenomena can be explored in great depth, allowing for discussion of the "why" or "how" within some social contexts. Further, a case study approach seeks to provide a systematic but open assessment of experiences because of its exploratory power (see Rowley, 2000; Saunders *et al.*, 2009) to uncover the underlying social aspects in network-actor engagements over time, with simultaneous inclusion of theoretical constructs (Eisenhardt, 1989) that are implicit in those underlying processes.

Theory building is an integral part of scientific research and research suggests that exploratory case studies enable the development of new theories and the integration of existing knowledge with emerging phenomena to advance science (see Eisenhardt, 1989). This case study follows the development of a robust interview protocol prepared *a priori*, thereby guiding the entire research process. Through a semi-structured discussion, this paper builds insights from empirical data from semi-structured personal discussions and data from other secondary sources, increasing the content validity of real-life phenomena (Saunders *et al.*, 2009; Mohd Noor, 2014) that characterise the nature of inter-firm relationship in a business network context. These multiple data sources ensure data triangulation, building an empirical case that supports the validity of the research findings (see Yin, 2018, 2013).

Case presentation

On the basis of the theoretical sampling nature of this study (Eisenhardt, 1989), a single case study investigating Buongusto Italiano, a local Italian SME business network operating in the agricultural food sector, was conducted. Since its registration, the network focusses on supporting and coordinating the production, certification and marketing and export of agricultural food products and consists of several partner and member SMEs that are geographically spread across all regions in Italy. There are 50 participating companies within this business network. The Buongusto Italiano business network is a service system for collaborative innovation (Brodie *et al.*, 2019; Kleinaltenkamp *et al.*, 2019) providing an ideal context for organising inter-firm projects and a climate for coordinating collaborative activities. The network context allows for the in-situ exploration of social interactions

between firms and their relationship with the business network as proposed by [Lehtinen and Aaltonen \(2020\)](#) and [Ferguson et al. \(2016\)](#). Further, the selection of this network case is motivated by the fact that one of the researchers has been engaged in the strategic decision processes of the network over the past several years and has developed substantial experience and knowledge on the workings of the network, enabling access to relevant stakeholders in the network and data to support this research. The network is governed by a network manager, who facilitates the operations of the network and the horizontal coordination of the participating firms in the network.

The network seeks to foster more collaborative, fairer and inclusive inter-firm relationships that promote the Italian agricultural brands, making them accessible to a larger public, supporting its traditions and craftsmanship [1] and enabling a constant exchange of information, skills and opportunities for the benefit of firms and the network. Further, these cooperative practices are possible when entrepreneurs demonstrate mutual respect and trust, openness and safeguarding of the common internal interests ([Cantele et al., 2016](#)). The network also engages in organising innovation trainings, which enables member firms to interact and share ideas for the advancement of individual interests. Such practices promote inter-firm trust ([Das and He, 2006](#)) and make the network an open innovation hub for local firms, enabling value capture and co-creation ([Reypps et al., 2016](#)). Thus, this case study aims to understand the strategic role of organising inter-firm engagement and linking it to the development of the network relational capabilities over time. Since network contracts seek to promote a collaborative inter-firm relationship, providing a conduit for knowledge sharing, innovation and promotion of common interest ([Ricciardi et al., 2016](#)), aggregation of firms and resources is a primary role of the business network. These horizontal organising functions of the network favour entrepreneurial innovation and competitiveness of collaborative networks around the world ([Rosenfeld, 1996](#)). In fact, since 2012, the network has invested in several innovation programs, including conferences, training programs and socialisation events, aiming to foster collaborative practices amongst firms. After the 6 years of the network activities, it has become a popular hub for supporting local SMEs in terms of packaging, logistics, marketing and exports promotion, contributing up to 27% of the country's export share in 2020 [2].

Data structure

This qualitative study attempts to understand the role of a business network in organising inter-firm projects and the antecedents enabling such engagement and finally link these to the development of network relational dynamic capabilities. To address these RQs, this paper leverages [Eisenhardt \(1989\)](#) and [Yin \(2018\)](#), using case study for theory iteration and development. Because previous research on the selected context is limited, an exploratory case study is conducted to analyse the phenomenon of organising inter-firm projects and linking with network relational capabilities, considering the business network context.

The data collection strategy was developed. In Phase 1, empirical data were collected through personal interviews, information discussions and observations between October 2014 and January 2021. The network began in 2012 and we began the study in 2014. The first 5 years have been helpful in consolidating the relationships of participating firms, creating shared processes and culture. In the last period, the network has increased along with the number of participating companies. Through the creation of products with the brand of the network, there has been an increase in turnover both nationally and internationally. We interviewed CEOs of the main participating companies and the network manager. The rationale for conducting interviews over the period was "to tap the knowledge and experience" ([Jonas et al., 2018, p. 406](#)) of key informants of the network as the network

progresses its aggregating role over time. Each interview was recorded using an audio recorder and later transcribed.

Data generated from these interview sessions informed this research. It provided information about how the network was established, its functions and responsibilities, antecedents enabling inter-firm engagements and how the network develops inter-firm relational capabilities over time. In this phase, 12 face-to-face, in-depth interviews with key informants (e.g. chief executive officers of participating firms, the network manager, the president of the network, export managers and technicians) constitute the sampling population of this study. These representatives were ideal because they are familiar with the operation of the network over the years and have acquired relevant expertise and privileged knowledge about the network. Each interview lasted for at least 2 h. The interviews were mainly conducted by one of the researchers, who has been engaged in the various research works on SME networks in Italy, thereby allowing access to relevant stakeholders and data, enabling the case study methodology for this study.

In Phase 2, secondary data (Rashid *et al.*, 2019; Rowley, 2000) were sought to provide context and understanding of network relationships. Secondary data sources include publicly available network documents, newsletters, presentations and news publications. Secondary data deepen insights into the complex processes of the network, its activities and relationships with members and other stakeholders. Based on such data, key participants and the impact of the network membership were investigated. Such analysis helps to validate the RQs. Table 1 highlights the main data used in the current research.

For data analysis, this study employed a two-step mixed inductive–deductive coding approach (Yin, 2016; Saldaña, 2013). Through a deductive approach, the first sets of codes were generated from literature on inter-organisational relationships (e.g. Rossignoli and Ricciardi, 2015; Osarenkhoe, 2010), inter-firm engagement in network contexts (e.g. Breidbach *et al.*, 2014; Storbacka *et al.*, 2016; Alexander *et al.*, 2018; Storbacka, 2019; Lehtinen and Aaltonen, 2020) and network management (Lusch *et al.*, 2010; Reypens *et al.*, 2016; Donada *et al.*, 2016; Ngugi *et al.*, 2010). ATLAS.ti was used for coding data. It is qualitative data software used by researchers for coding and analysis of qualitative data.

Collected data	Number	Notes
Interviews	9	Since the beginning of the data collection stage (October 2014 to September 2020), nine personal interviews were conducted. The interviews comprised six informal interviews and two in-depth, structured interviews regarding the strategic configuration of the network, inter-firm engagement and a network relational capability assessment. All interviews were digitally recorded and then transcribed
Notes from interviews	58 pages	A total of 58 pages of notes from the interviews were recorded and used in this research
Internal documents	2	The internal constitution and balance sheet of the Buongusto Italiano were used in this research
Presentation slide (by network manager)	1	A presentation slide on the Buongusto Italiano business network was used in this research
Data collected online	8	This research collected data from the corporate website and social media. Other data about the network were collected from the website of the main network partner—Italian business network
Data from the press	34	Data from relevant monthly newsletters and news publications on the network were used
Notes from direct observations	43 pages	Notes from various official documents, articles and company brochures were consulted

Table 1.
Data collection

Data generated from literature support the coding process. [Saldaña \(2013\)](#) suggests that theory-driven coding strategy enables the integration of data with codes that are consistent with relevant theories. Prior to coding, literature was thoroughly read and codes were carefully deduced whilst keeping the RQs in mind, thereby providing specific contexts, details and responses to questions that arose during the data collection phase. The first selective codes address [RQ1](#) (organising solutions) as proposed by [Lehtinen and Aaltonen \(2020\)](#). The second code relates to [RQ2](#) (antecedents) and was built on nine *axial codes* that emerged from data and related to the first code. The third coding is built on the open codes related to each axial code explained by the data. Further, identifying the last open code was achieved through an inductive, data-driven approach ([Yin, 2016](#)) explaining the context of the network performance effect as it relates to [RQ1](#) and [RQ2](#).

The analysis proceeded with exploring the relationship between codes and across codes and how the codes apply to the data and theory. The methodological approach adopted in this study integrates theory-driven code with data ([Fereday and Muir-Cochrane, 2006](#)) on the basis of the social phenomenon involving the organising for inter-firm engagement. Finally, data were systematically analysed, aligning the data interpretation according to the RQs presented above. Further, stimulating insights, relevant examples and interview quotations are provided in the analysis and reporting of the findings, providing context into the network case study.

Reliability of codes and coding protocol was observed and thereby reflect the applicability and consistency of the codes and how these codes address specific RQs ([DeCuir-Gunby et al., 2011](#)). After the first initial coding, two supervisors, who have profound research experience in business networks, were engaged to validate the selected codes. These codes were confirmed with minor modifications. Following [Fereday and Muir-Cochrane \(2006\)](#), this process ensures the selection of “good code” for capturing the richness of the research phenomenon.

Coding process

The role of Buongusto Italiano agricultural business network is, chiefly, to promote, coordinate and safeguard the activities of network companies in the production and marketing of agricultural products and the promotion of the entire Italian traditional delicacies. The network plays an important role in organising inter-organisational engagements and projects, aimed to strengthen the development of the network and, collectively, all the member firms across the regions.

In the present case study, the analytical process follows a data structure (see [Figure 1](#)) that visualised how different levels of coding are connected during data analysis. Three selective codes were identified, which were deduced from literature and supported by data. These codes are fundamental in organising and coordinating inter-organisational engagement within a business network context. The analysis of the data revealed 12 axial codes that are connected and explained the selective codes. In-depth analysis of the data was built on how axial codes are connected to open codes that emerged; thus, it supported the RQs of this study. [Figure 1](#) is illustration of the 15 open codes, 13 axial codes and 3 selective codes used in the analytical process of this research.

The first selective code is the value-based solutions. In the Buongusto Italiano business network, participatory culture contributes to the development of joint decisions or problem-solving, through a pool of diverse opinions and financial and non-financial resources, to address the common network challenges or opportunities. In that sense, the integration of these diverse resources allows for what scholars describe as homophily interaction ([Gulati, 1995](#); [Orlandi et al., 2019](#)), thereby enabling joint sense-making and unity of purpose and action. Trust-building is central to inter-firm cooperative practice ([Orlandi et al., 2019](#)).

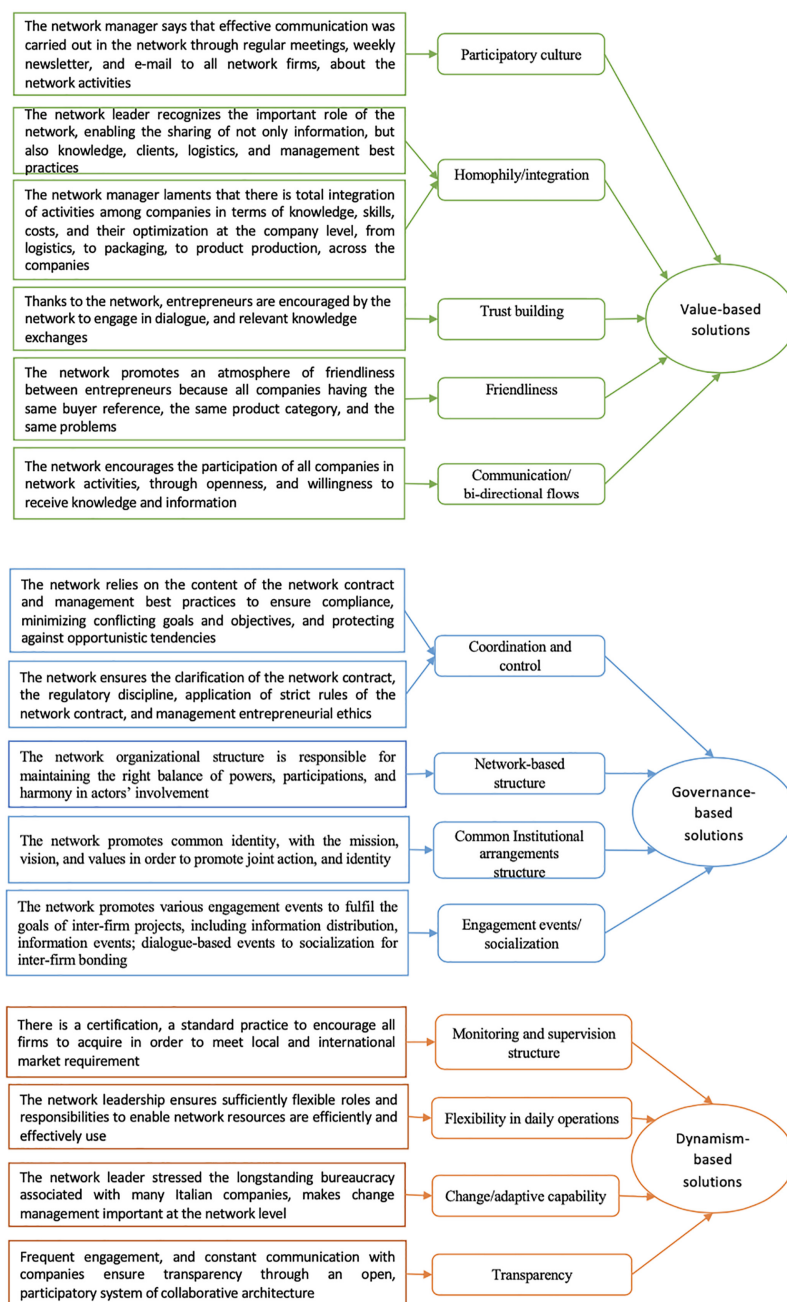


Figure 1.
Data structure

It inspires entrepreneurs to act with honesty and an open mind, enabling the exchange of value-relevant information and knowledge (especially tacit knowledge), which are manifested in the data.

Since relevant knowledge passes through more intense, collaborative social structures in which trust is dormant (Ahuja, 2000), such practices make trust-building an essential enabler of generated knowledge for the network. In fact, the network involves open dialogue and effective communication, which support the quality of inter-firm engagement in the Buongusto Italiano business network. When the network communicates frequently, entrepreneurs feel they are considered and participation in the network activities by the firms becomes a necessity (Scuotto *et al.*, 2017) because they enjoy “mutual learning, frequent interaction, and trusting relationships” (Davis and Eisenhardt, 2011, p. 162). Trust-building programs highlight entrepreneurs’ willingness to engage in a more sustainable relationship through friendship. Network entrepreneurs engage in dialogue, effective communication and the exchange of relevant knowledge and information. The Buongusto Italiano network could be viewed as leveraging the trust, friendliness and participatory culture to enable access to complementary resources or competencies beyond its internal boundary.

The second selective code relates to the governance-based solutions. Governance choice is an essential determinant of inter-organisational relationships and business network performance (Rossignoli and Ricciardi, 2015). Since inter-firm relationships characterise diverse idiosyncrasies, the horizontal coordination by the network ensures the adoption of standard best practices, providing guidance to entrepreneurs whilst safeguarding entrepreneurs against free-riding or opportunism. Further, the network fosters its inter-firm ties by organising various engagement events (such as expos, meetings, information events and other forms of socialisation), which results in the development of trust and friendliness and lessens partners’ opportunistic behaviours.

Building the network-based structure in the Buongusto Italiano case lessens the bureaucracy associated with most Italian companies, ensures actor participation and creates an engagement atmosphere of friendship rather than rivalry. Such practices minimise the potential of entrepreneurs’ appropriation concerns, enabling the network to harness the gains of more collaborative practices. Subscription to the network contract ensures that firms must begin to abide by the new role and identity of the network (Cantele *et al.*, 2016), which, in the current case, promotes an institutional context built on common values and objectives. Such an atmosphere contributes to a more collaborative culture and thereby lessens individual differences and conflict situations in the network.

The third selective code is the dynamism-based solution. Information flow is a key ingredient in a dynamic business relationship, just as in the Buongusto Italiano network case. Previous studies have suggested that timely and relevant flow of information between network entrepreneurs enables the network to quickly address emerging challenges and opportunities in the environment (see von Hippel, 1994; Kogut, 2007). De Faria *et al.* (2010) discuss information flows in terms of the spillover effects amongst partners and non-partners of the network. The authors add that network entrepreneurs must manage information flows to maximise incoming spillover from stakeholders, whilst simultaneously controlling against non-partners. Since such information is often used in technical problem-solving, which is “sticky” implying that it is costly to acquire, transfer and use (von Hippel, 1994). The case study supports this view through the promotion of multiple mechanisms for information sharing (e.g. weekly newsletters, meetings and emails). By these practices, the network could maintain greater flexibility in engaging entrepreneurs in various processes of value capture and co-creation. The study suggests that flexibility in day-to-day operations enhances the network’s adaptive capability (Ricciardi *et al.*, 2016), leaving it able to adapt to environmental changes more quickly and innovate rapidly in light of the changes in the environment. To achieve these, the network must enhance its

monitoring capability, ensuring high compliance to standard practices, management ethics and certification processes.

Discussion

In this section, the paper discusses the Buongusto Italiano business network contract case using a theoretical narrative (Riessman, 2005) corresponding to the RQs identified through the literature review. To answer RQ1, we tried to divide the discussion of the results into three parts. The first part is the analysis of the value-based solutions. The second is the governance-based solutions; finally, the third is the dynamism-based solutions. Subsequently, in section 4.4, discussions of the second RQ are presented.

Value-based solutions to organising inter-firm engagement

Participatory culture. The participation of entrepreneurs in a collaborative project is crucial to the network performance. Stronger engagement of firms involves creating the right atmosphere of balanced relationship (Vargo *et al.*, 2015), thereby enabling the firms to contribute to innovation-supporting activities. This is manifested in the Buongusto Italiano network case, in which the network ensures strong actor participation in various activities of the business network, including exchange of relevant knowledge (Miller *et al.*, 2011) as mentioned by the network manager:

The participatory architecture is the hallmark of business network model. In fact, I encourage the active participation of all entrepreneurs as a fundamental to network development model. So far, when projects are already put in place, at least 90%, if not 100% of companies, participate.

In this case, actor participation must not be limited to meetings, but crucially take place in various collaborative activities (Lusch *et al.*, 2010). In the current case, there is evidence of participation in various innovation-supporting activities, promoting network performance through “knowledge sharing, client sharing, proposing project ideas, and activities concerning the network” (network leader).

Homophily/integration. Although there may be some competitive intents amongst firms in the network, common goals and shared practices are encouraged and supported by the network contract, which consequently positively influences inter-firm relationship and network performance. In fact, Cantele *et al.* (2016, p. 3) suggest that such network practice “commits firms to share resources and competences to achieve common goals” defined by the network contract, which is important in collaborative value creation. Thus, the current case commits entrepreneurs to adopt integrated culture and identity, shared by all firms that subscribed to the network contract as stated by the network manager:

There is total integration of activities among companies in terms of knowledge, skills, costs, and their optimisation at the company level, from logistics, to packaging, to product production, across the companies.

For example, the integration of activities involves the adoption of brochures and price lists that match the template issued by the network. This practice enhances the homogeneity of practice amongst companies in the network. In that regard, the role of the network involves not only coordinating the integrated activities, but also adopting integrated practices and shared visions across firms. Further, there is evidence of integrated programs in the network, such as the “certification” of companies, promotion of management best practices, entrepreneurial ethics and the shared histories and image of the region. These shared practices and identity bind the firms together more strongly and improve the collaborative performance of the network (Das and He, 2006). Moreover, studies assert that resource interdependence between firms is inextricably linked to the performance of inter-firm

business networks (e.g. [Jonas et al., 2018](#)). Thus, the current network has a strong influence in organising the degree of inter-firm resource dependency, enabling the network to leverage resources and capabilities from network partners ([Vargo et al., 2015](#)). Since the network is a collection of firms with diverse resources and competencies, the synergy created through the network aggregation promotes the network's competitive performance as described by the network manager. There is often a rich conversation of senior executives drawn from various fields (e.g. sales and marketing, export managers, purchasing and logistics) to brainstorm and share experiences to advance collective business interests, bringing the network goodwill and opportunities. In fact, such alignment enables the compatibility of technology knowledge transfer and organisational process; by this way, any incongruence between the business network and firms limits innovation practice in the network ecosystem ([Vargo et al., 2015](#)).

Communication/information flows. Access to information about the network and its activities is fundamental to an open innovation system ([Orlandi et al., 2019](#)). The network has a role in ensuring timely and relevant flows of information, as well as the inclusion of all entrepreneurs in the process. Such a process keeps network entrepreneurs engaged, thereby "creating strong communication culture in the network" ([Rossignoli and Ricciardi, 2015, p. 42](#)). To this end, the network is found to have a very strong interactive communication mechanism, allowing a constant exchange of information through various means, such as the conduct of regular meetings, issue of monthly newsletters, regular emails, and the periodic release of network programs and projects on social media and other mass media outlets. The goal of this robust engagement is to fully implement a "360° of transparency" in terms of the network projects and activities (network manager). The manager further highlights those frequent communications with entrepreneurs is a way of "providing timely information, as well as sought feedback on network activities related to price list and catalogues, and market trends". Entrepreneurs rely on these data to promote network activities and advance entrepreneurs' business interests.

Trust-building and friendship. Collaborative practices between firms in a business network context requires close working relations "under norms of cooperation and friendship" ([Mohr and Sengupta, 2002, p. 289](#)). In the case of the Buongusto Italiano network, there is evidence of friendship between entrepreneurs with the expectation of working together, jointly, to achieve collective network interests and individual goals of entrepreneurs. In fact, through this, the network has a role in instituting shared norms of cooperation, leveraging firms' bargaining positions for joint problem-solving and resource mobilisation ([Taylor and Thorpe, 2004](#)). According to the export manager, this is necessary because:

All companies are having the same buyer reference, the same product category, the same problems ... and our network approach starts with trust and friendship within the network, then comes what is best for entrepreneurs, and then the network company.

Under this situation, there is a spirit of greater openness and willingness of entrepreneurs to share and learn about the customers and market trends and thereby exchange relevant knowledge. Thus, the network has a role in creating open and honest communication between firms and the network. In fact, the network encourages dialogue between entrepreneurs to inspire trust and the exchange of knowledge (especially tacit knowledge) ([Miller et al., 2011](#)) as mentioned by the leader:

Entrepreneurs are encouraged by the network to engage in dialogue, relevant knowledge exchanges, enabling all entrepreneurs to make informed decisions particularly changes in market conditions, consumer demand and internationalisation experiences. It does not matter whether small or large firms, we create an atmosphere for entrepreneurs to engage in constructive discussions.

Given these instances, the network could develop confidence and trust amongst firms, resulting from the continuous interaction, dialogue and open knowledge exchange (Sheppard and Sherman, 1998).

Governance-based solutions to organising inter-firm engagement

Coordination and control. Managing collaborative projects is challenging owing to various idiosyncrasies associated with diverse partners. In the case of the Buongusto Italiano network, there is evidence of close coordination of inter-firm projects, promoting relationship quality and network performance. Mohr and Sengupta (2002) mention that coordination of network firms ensures a high degree of compliance, minimising conflicting goals and objectives and protecting one party from the opportunistic tendencies of others. This goal is clearly observed in the Buongusto Italiano network case. The network manager noted that the network contract has specific strict rules on how the network operates and various disciplinary regulations in place. The manager further noted that the network assists companies to acquire the required certifications (that are necessary for working in internationalisation projects), provides training on management best practices and promotes entrepreneurial ethics of a certain type. Given that the network contract provides standard operating practice for all firms to follow, this practice ensures that all firms are considered relevant partners in the collaborative project, irrespective of their size, market position or experience. In fact, by the horizontal coordination of firms, the network was able to mitigate the dominance of bigger firms and promote equality in which all firms abide by the network contract and enable the participation of all, especially the smaller firms, as described by the network leader.

Moreover, governance practice involves conflict resolution and avoidance situations. Participation in network activities is not free from disagreements and conflict; the network leadership must ensure common ground as the basis for a collaboration, rather than competition. Since inter-organisational relationships are not without conflict, strategies to mitigate the incidence of conflict must be controlled as noted by the network leader:

As for the conflicts that arise within the network, all entrepreneurs are committed to ensuring that such disputes are handled in the best possible way, consistently with the perspective of collaboration inherent in the network. Here the network manager has the role of 'referee' and balancer of these situations.

Engagement events/socialization. Communication and interaction between the network and firms are conducted through various means. For example, "emails, reminders, magazines, bulletins, reports, newsletters and video calls conducted via zoom" increase inter-firm familiarity and the role of the network in aggregating and coordinating inter-firm projects, increased mutual understanding and joint problem-solving as observed in the Buongusto Italiano business network. In fact, the network leader mentioned that:

We ensure participation [of firms] in various engagement events to fulfil the goals of inter-firm projects, including information distribution, information events; dialogue-based events to interact with both local and external stakeholders of the network [e.g. in fairs, expos] and invited visits to various sites in the region.

Interactive atmosphere stimulates dialogue, openness and a willingness to engage in collaborative discourse of the network. Therefore, the role of the entrepreneurial business network is ensuring such an enabling environment for socialisation and interaction (Ferguson *et al.*, 2016).

Network-based structure. The institutional positions in the Buongusto Italiano network comprise a network manager, network president, vice president and steering committee. The evidence suggests that the steering committee oversees governance of projects, addresses

inter-firm conflicts and provides approval consideration on network activities. This way, “the steering committee organises, controls, designs project guidelines” whilst streamlining the individual and collective goals of the companies. Whilst the network leaders are central to the day-to-day routine of the network, they are in charge of providing directives to all network companies. In fact, “these directives are meant to seek cooperation but not obligations, providing advice, and leading project activities” (network manager). The leaders rely on their skills, knowledge and experiences of dealing with multiple stakeholders in inter-organisational collaborative projects as described by the network manager: “The network organisational structure is responsible for maintaining the right balance of powers, participations and harmony in entrepreneurs” involvement’.

Therefore, the role of the network is to adopt a structure that supports the collaborative spirit and builds on the synergy of diverse resources and capabilities of firms. The network-based structure is such a system, providing the basis for inter-firm coordination and reference.

Institutional arrangements. Inter-organisational relationships are not free from members’ opportunistic behaviour. Whilst frequent interaction, trust and strong governance mechanisms help to address this menace, the challenge is the design of regulatory and supervisory frameworks aimed to ensure conformism and pro-social behaviours (Rossignoli *et al.*, 2015). Although bigger firms tend to influence smaller companies, the role of the network leader in the clarification of the network contract ensures “regulatory discipline, application of strict rules of the network contract and management entrepreneurial ethics” as mentioned by the network manager. The governance and control mechanism shapes the value creation process in inter-firm projects and determines who does what and how (Bouncken and Fredrich, 2016). Studies highlight that such controls in inter-firm coopetition minimise partners’ opportunistic behaviour; this was observed in the data. In fact, according to the network manager, the network adopts a non-compromising rule: “When [a] company behaves incorrectly, they are eliminated directly from the board of directors or [they are] automatically expelled from the network itself”.

The expulsion of a company from the network is a control mechanism aimed to avoid firms’ free-riding and other opportunistic behaviours (Rossignoli and Ricciardi, 2015), thereby creating an atmosphere of collaborative practices of all firms. In such case, competition between firms is discouraged by the network contract. Violators, such as entrepreneurs who act opportunistically, are seriously reprimanded and, in a few cases, are expelled from the network according to the network manager.

Further, network leaders often rely on the network contract to regulate relationships and ensure an internal structure that supports collaborative practices between firms. For that reason, network leaders have the following supervisory roles:

To ensure the rules are respected and agreements are supervised, precisely because the network manager, bears the leadership that triggers a mechanism whereby companies place their trust in this internal figure. (network manager)

Dynamism-based solutions to organising inter-firm engagement

Monitoring and supervision. The supervisory role of the network leader enhances the “full compliance of the approach and autonomy of the network companies, to materialise the values of the companies themselves” as mentioned by the network leader. In fact, strong monitoring of the network progress signifies that the network contract is fully integrated to enable entrepreneurs to deliver standard quality and in a form that represents the common values and identity of the network amongst companies that subscribed to the network contract. For example, the certification of companies is a standard monitoring practice to

ensure that firms meet local and international market requirements, thereby ensuring that network companies meet the requirements of the market and clients they serve. The network adopts a horizontal coordination mechanism, enabling the network to monitor activities of firms, thereby promoting standard quality, used as the basis to attract new business and swiftly design products/services to meet the demand of the market, collectively.

The network manager's role is "the enforcement of the industry rules and management best practices", according to the network manager. He adds that such a supervisory role limits the delay in engagement with clients or meeting specific market requirements (especially the certification for the international market). In fact, the network manager echoes that the basic functions of the network strategic agility are to ensure high flexibility, systematic attitude and effective (two-way) communication. Through these efforts, the network could help address "stakeholders" concerns and resistance' and help to deploy, on a timely basis, engagement strategies in a seamless fashion. In that way, companies are being coached and motivated to adopt institutional requirements of the network, creating a unity of direction and action. For example, the network manager suggests that:

When product samples or pricelists are requested, if a company does not have a photograph of its product yet, we coach them to produce it, to promote it in a co-marketing catalogue. [For] a company that does not have a photo of its products, we assist that a photo taken in artisanal way that is presentable in a catalogue or on a promotional flyer.

Flexibility in day-to-day operations. The network contract characterises high flexibility, enabling the adaptive capabilities to search and seize opportunities more effectively (network leader). Flexibility in operations means that network leaders ensure that companies have sufficiently flexible roles and responsibilities so that network resources are efficiently and effectively used. Further, there is evidence of high flexibility of operations in the network, enabling firms to jointly address the challenges all firms face, providing a rapid response of the network to any change in the external environment. For instance, the network leader notes:

Our vision is based on a mentality of open and flexible organisation, so much so that the agreements are not stipulated as rigid but can be adjusted at any time, as the situation in the environment changes.

To achieve this, there is evidence that the network creates a concrete vision and direction that favour flexibility to reduce unnecessary bureaucracy, such as standardised forms of price list and co-marketing templates.

Managing change/adaptive capability. The idiosyncratic differences amongst entrepreneurs may cause resistance to change. Despite this, there is evidence of great willingness to change amongst entrepreneurs in the network as noted by the network manager:

There is a strong desire for change, of course, a positive change, among all network firms. These changes are the points of strength for the network, creating an atmosphere for continuous improvement.

Further, change is inevitable and the ability to adapt to change is fundamental to the change itself. The network leader stresses the "longstanding bureaucracy" associated with many Italian companies that form part of the network. Such resistance to change, or slower response to environmental changes, has several negative implications: to be a follower, rather than a market leader in terms of innovation and the poor attitude to customer requirements, particularly in the international market.

Transparency. Communication is an integral part of governing for inter-firm engagement, enabling interaction and promoting openness as was observed in the Italian network case.

There is a frequency of network–actor engagement through “frequent monthly newsletter and routine emails” concerning the network activities. Through this regular communication, companies have the opportunity to issue “feedback concerning network activities (such as fares, bidding requests, etc.) promoting an open-access network architecture” as mentioned by the network leader. This feedback loop between the network and firms is an example of open, participatory network architecture utilised by all stakeholders concerning the network activities and as part of their everyday decisions and activities (network manager). Under this community spirit, all entrepreneurs feel like an important part of the network collaborative content for engaging them, thereby fostering inclusiveness and transparency in information exchange:

The network operates based on an open system of communication, thus enabling high transparency. Each company brings its own interpretation to the network with the vision to address the collective challenges all firms in the network face. (network manager)

Further, the manager states that such frequency in communication allows 360° of transparency. A feedback system is an essential part of effective communication. The interactive face-to-face meeting of entrepreneurs allows each entrepreneur the obligation to contribute to the network project, making their opinions an essential part of the network decision-making.

The development of network relational dynamic capabilities

The relational dynamic capabilities of a business network concern its capacity to harness the distinct competencies or resources from the various inter-organisational relationships. This enables the network to quickly “sense and seize opportunities and reconfigure internal practices” to accommodate multi-actor interests and goals (Donada *et al.*, 2016, p. 107). Building on the relational dynamic capability’s studies, this research discusses the dimensions of network relational dynamic capabilities – *entrepreneurial learning (knowledge sharing), coordination and governance control and reconfiguration of complementary resources or capabilities* – as heralded by prior studies (e.g. Dyer and Singh, 1998; Weissenberger-Eibl and Schwenk, 2009; Donada *et al.*, 2016). These are briefly discussed below.

Learning. In the case of the current case study, the network relies on inter-organisational learning as a knowledge source, enabling the network to leverage resources and competencies beyond its boundaries (Soetanto, 2017). For example, these entrepreneurial learnings in the business network involve various entrepreneurs learning firms’ capacity, resource position and market experiences, thereby helping them to better create and deliver value. There is evidence that the Buongusto Italiano network institutes a collaborative culture that promotes all entrepreneurs to contribute to knowledge processes (knowledge creation and exchange) through regular dialogue and communication with entrepreneurs from network companies. Through these processes, the network optimises the learning through inter-firm engagement by “creating and/or modifying” the network’s knowledge base, thereby enhancing the network capability “to reduce uncertainty, minimise transaction cost and access new markets and resources” (network manager). Under such conditions, the network must develop its absorptive capacity to discern from the external knowledge as heralded by Cohen and Levinthal (1990), through an open dialogue and effective communication between various knowledge entrepreneurs, allowing the “use of shared language and symbols across firms” over time. Such open dialogue allows the network to control against entrepreneurs’ appropriation concerns as evidenced by the data. Further, there is evidence in the data that the network engages companies through socialisation and innovation events (expos, conferences, etc.), allowing the network leadership to capture diverse perspectives, experiences and expectations.

Coordination and governance control. Providing an atmosphere of collaborative culture is a crucial role of a business network contract. This environment provides entrepreneurs with an incentive to engage in dialogue, knowledge processes and resource sharing, without fear of misappropriation and dominance by bigger firms. In the case of the Buongusto Italiano network, there is evidence of the network instituting common enabling engagement events and resources that permit collaborative practices of firms. This enhances the network's relational capability derived from the relationship between the network and the companies (Das and He, 2006). To this end, the network *makes investments in relations-specific assets*, promoting network–firm relationships, better coordination and adjustment as advanced by Dyer and Singh (1998). These relations-specific assets include *site specificity*, *physical asset specificity* and *human asset specificity*, discussed by previous studies (e.g. Williamson, 1975). For *site specificity*, the network draws membership of companies from the regions in Italy. Through this practice, “the network contributes to the development of the country's agrifood sector, with shared common interests, market, and thus close proximity” (network manager).

This localisation helps the network easily connect with entrepreneurs from each network company, ensuring closer collaborative practices and reduced transportation and inter-firm coordination costs. The network addresses the *physical asset specificity* through investment in various assets, providing network companies easy access to the network facilities such as “marketing catalogues, stationary, the company's existing networks and relationships”, according to the data. Moreover, *human asset specificity* of the network characterises network leadership, which is composed of experienced managers in various fields of communication, transport and logistics and marketing. These competencies enable the network to engage critical stakeholders in the overall value capture and co-creation. For example, the network manager has acquired over a decade of experience working in supplier relationships, logistics and distribution. Thus, the manager has amassed skills relevant to organising and coordinating inter-organisational relationships within a business network context (network manager). These experiences constitute distinct competencies of the leadership in the network.

Reconfiguration of complementary resources or capabilities. The aggregation function of the business network requires the network to co-create and modify its business processes and/or resource base to advance its *adaptive capability* as suggested by Rossignoli and Ricciardi (2015). Such practices enable the network to change the current and adopt new organisational routines and paths, thereby allowing the network to create and capitalise on the market opportunities in a timely fashion. Moreover, the network engages in various (re) configurations, such as creating common work experiences, joint decision-making, resource combining, research and development and innovation. These outcomes are integrated into the vision and leadership of the network, supporting network performance and survival, especially in periods of uncertainty (Crick *et al.*, 2021).

Implications and limitations

The results of this study pose several implications for research, providing a foundation for further studies on organising entrepreneurial business networks and managing actors' relationships for improved collaborative performance (i.e. firms' relational dynamic capability and knowledge performance). Like many countries worldwide, the SME industry has grown steadily over the last decade. Specifically, the Italian context comprises almost 94% of SMEs.

Since the agri-food sector is most involved in aggregation processes in business networks, our study focussed precisely on this sector. Therefore, our findings have implications for many emerging economies with similar characteristics, especially for those economies in

which a “business network contract” is emerging. In practice, entrepreneurs in SME business networks can exploit the findings of this research to decide whether their company should join the business network and how to leverage the collaborative resources of the network in the most profitable way. Further, when addressing the challenges of the increased competition in the industry, or some crises, as we have seen in Italy over the past few years, it may be useful for entrepreneurs to consider the findings of this research to understand how business networks can be organised and how relationships are developed. As a result, the common good is realised more profitably.

The paper suggests to entrepreneurs and managers of SMEs the importance of business networks. The interviews show how belonging to a network makes the enterprise more resilient and better equipped to face external threats (e.g. the COVID-19 pandemic). Moreover, belonging to the network also allows an enterprise to take advantage of opportunities that individual companies could not grasp. The result is one of the first studies on how the relational capabilities of a business network are developed over time. In addition, it provides opportunities for further research into how membership in the network affects the performance (i.e. return on investment, sales, profitability, innovation capabilities and knowledge practices) of networks and SMEs.

Moreover, this paper will enable project managers to plan, organise and coordinate the collaborative inter-firm project, ensuring quality inter-firm engagement, thereby promoting the network relational performance.

The findings inform several future research agendas. For example, research on network relational dynamic capabilities across various business networks could offer more robust generalisable findings. However, the longitudinal case study approach adopted in this study has some limitations. When making inferences from the results of this study, care must be taken in terms of the limitations of a single case study and the qualitative research design. However, future studies can replicate this study, addressing a more representative sampling of network firms across different sectors, markets and businesses under different regulations. Further, unlike a single case approach, future studies may adopt a more structured sample of SMEs, preferably those in a similar value chain, industry and geographic location, because the network’s performance is highly influenced by the degree of location embeddedness (Du *et al.*, 2020; Sacchetti and Tortia, 2014), just as in the traditional industrial districts and knowledge practices in terms of routines (Weissenberger-Eibl and Schwenk, 2009). Moreover, quantitative studies could generate interesting results by evaluating how membership in a business network contract influences the performance of the network and the SME actors over time. The result would help firms understand how network relational capabilities can be leveraged for improved network and actors’ performance over time.

Conclusion

The objective of this study was to assess the antecedents enabling the organising for inter-firm engagement by a business network and the development of network relational dynamics capabilities. Using a case study of a local Italian agricultural SME business network, described as the Buongusto Italiano network, longitudinal data and empirical data were gleaned from the interviews (structured and in-depth discussion) with key members of the network leadership (i.e. the president, network manager and export manager). The results of this study provide an unusual empirical context for how business networks organise inter-organisational projects. Because the literature lacks empirical studies involving the role of business networks in organising inter-organisational engagements and the consequent development of the network relational capabilities, the RQs were built on two precise streams of literature: multi-stakeholder engagement and relational dynamic capabilities.

In response to the first RQ, the data show that successful organising of inter-firm engagement in business network contracts relies on 10 factors: friendship, institutional arrangements, participatory culture, homophily, flexibility, coordination and control, communication/information flows, trust building, transparency and managing change/adaptability. However, these factors are not iterative, but they are sufficient for the development of network relational capabilities. The effects of these factors enable the promotion of collaborative innovation, exchange of relevant knowledge, management best practice and the promotion of the country's agri-food sector.

For the second RQ, the findings support the concept that the success of organising inter-organisational projects is inextricably and positively related to the development of the network relational dynamic capabilities. First, the network *senses* market opportunities through various collaborative efforts of entrepreneurs, enabling the exchange of value-relevant information on a timely basis. The partnership of diverse entrepreneurs allows entrepreneurs to leverage the benefits of business development and diversification (Bagwell, 2008). In the case of the Buongusto Italiano network, information pertains to customer requests, local and international orders and key players in agricultural value chains. Further, it improves the entrepreneurs' ability to respond to market opportunities. Under these strong network ties, all firms are willing and committed to share and learn from one another (Bagwell, 2008). Martinez and Aldrich (2011) found that diverse ties increase self-efficacy and innovation capabilities of entrepreneurs in co-creation projects. Thus, the network manager's role is instrumental as "a balancer, figurehead and a trustee". Second, *seizing* market opportunities requires the network to capitalise more quickly on the present opportunities by relying on relevant information from entrepreneurs and promoting joint action. Promoting a participatory culture is indeed important for network performance and survival (Crick *et al.*, 2021).

Moreover, our data support the view that the *reconfiguration of complementary resources or capabilities* is fundamental to the Buongusto Italiano network performance. Studies suggest that such practices allow entrepreneurs to develop trust that enables co-creation processes (Das and He, 2006). This shows that the network integrates the diverse resource contributions of entrepreneurs in terms of annual contributions, expertise and technical know-how. However, Das and He (2006) argue that entrepreneurs must invest in strengthening interpersonal attraction and relational norms as sources of partner trustworthiness for co-creation.

These results contribute to the literature on the organising role of business network in an inter-organisational project (e.g. Jonas *et al.*, 2018; Brodie *et al.*, 2019) and the development of network relational dynamic capabilities (e.g. Czakon, 1999; Donada *et al.*, 2016). Thus, organising inter-firm projects could allow business networks to develop and harness network relational capabilities in terms of the creation of structural social capital through the establishment of new relationships (Gulati, 1998; Barnir and Smith, 2002; Ngugi *et al.*, 2010; Jonsson, 2015), promoting network-firm relationships, improving coordination quality (Ireland *et al.*, 2002) and creating market opportunities for increased alliance performance (Donada *et al.*, 2016; Dyer *et al.*, 2018). The importance of networking emerges from what is illustrated in this case study. First, it can be seen how the network fosters relationships to build alliances that can advocate innovation at the national level to protect common interests. Actors participating in the network seek to protect their interests and, through their interactions, increase their robustness in coping with crises, promoting their adaptability to market changes and the business environment. In Italy, interfirm networking is enabled and supported by regional institutions like the chamber of commerce or industrial association. In fact, as in the case of Buongusto Italiano, industry associations in the various territories or sections of trade could apply the managerial implications highlighted in this work to foster the spread of business networks not only in the agri-food sector, but also in numerous other industrial sectors with a strong presence of SME.

Notes

1. [https://www.ilbuongustoitaliano.it/#googtrans\(it|en\)](https://www.ilbuongustoitaliano.it/#googtrans(it|en)) (accessed 25 January 2021).
2. [https://www.ilbuongustoitaliano.it/#googtrans\(it|en\)](https://www.ilbuongustoitaliano.it/#googtrans(it|en)) (accessed, 26 January 2021).

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About the authors

Alessandro Zardini is associate professor of Organisation Science at the University of Verona (Italy), Department of Business Administration. He was visiting researcher in the University of Leeds (UK), and University of Lund (Sweden). His research and teaching interests cover the area of Organisation Studies and Entrepreneurship. Alessandro has published, amongst others, on *Journal of Innovation and Knowledge*, *Review of Managerial Science*, *Journal of Business Research*, *European Management Journal*, *Technological Forecasting and Social Change*, *Journal of Intellectual Capital*, etc. He is also an associate editor of the *Journal of Innovation and Knowledge*, *Technological Forecasting and Social Change (special issue)*, *International Entrepreneurship and Management Journal (special issue)*.

Lamin B. Ceesay is a PhD researcher and candidate at University of Verona. His research interest revolves around SMEs relationships, entrepreneurship, and innovation practices. Lamin graduated with an MSc in Marketing and International Management from University of Naples Parthenope with Cum laude. He is also graduate of MA in Integrated Marketing Communication from Vilnius University with distinction. Previously Lamin worked for a Multinational Commercial Bank in The Gambia as a senior officer responsible for the Bank's branding and communications. Lamin has also published a few research papers in the *Sage's Jindal Journal of Business Research*, and *European Journal of Business and Management Research*. He aspires to take up an academic career as a researcher and instructor at the Higher Education of Learning and Research in Africa and other parts of the World.

Cecilia Rossignoli is Full Professor of Organisation Science at the University of Verona (Italy), Department of Business Administration. Previously she served as Assistant Professor at the Catholic University of Milan. She was a co-founder and scientific director of Cetif, a research centre for information and financial technology at the Catholic University of Milan from 1990 to 2001. She is a member of the faculty of the Graduate School of Accounting and Management University of Udine and University of Verona. Her research and teaching interests cover the area of Organisation Studies and Information Systems. Cecilia Rossignoli has published, amongst others, on *Journal of Innovation and Knowledge*, *Review of Managerial Science*, *Journal of Business Research*, *European Management Journal*, *Industrial Marketing Management*, *Electronic Markets*, *Journal of Intellectual Capital*. She is a Member of AIS (Association for Information Systems) and member and co-founder of ItAIS (Italian Chapter of AIS). She served as President of itAIS from 2015 to 2019.

Raj Mahto is Full Professor of entrepreneurship and Creative Enterprise Endowed Professor in the Anderson School of Management at the University of New Mexico. His research has been published in top academic journals such as *Entrepreneurship Theory and Practice*, *Journal of Applied Psychology*, *Journal of Small Business Management*, and *Family Business Review*, etc. Raj serves on editorial review boards of *Family Business Review* and *International Entrepreneurship and Management Journal*. He is also an associate editor of the *Journal of Small Business Strategy*, *Technological Forecasting and Social Change*, *Journal of Small Business Management*. Raj Mahto is the corresponding author and can be contacted at: rmahto@unm.edu