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ORGANIZATIONAL AND INTERORGANIZATIONAL RELATIONSHIPS IN THE *JUSTA TRAMA* AGROECOLOGICAL COTTON PRODUCTION CHAIN-NETWORK

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Abstract:

In the formation of chain-networks, the forms of organizational and interorganizational relationships consider that all the organizations constituting a network, even the interorganizational networks, areformed of people and resourcesthat are engaged in achieving certain goals. This studyhas sought to show how the actors of the Justa Trama agroecological cotton productionchain-network, establish intra and interorganizational relationships. Using qualitative methodology and an exploratory descriptive approach, theanalyzes led to an understanding and interpretation of the phenomena, using a theoretical matrix to evaluate forms of organizational and interorganizational relationships, without discarding, auxiliary contributions in developing the conceptual map, with other theories and approaches inherent to the subject. The results reveal the relationships within the Justa Trama Chain-Network, highlighting the stakeholders, stakewatchers and stakekeepers, and permit one to consider that this chain-Network, which acts insix widely dispersed Brazilian States which naturally causes difficulties in relation to transportation, logistics and arranging meetings between the members of the cooperatives. Moreover, this type of organizational arrangement can only be maintained if interorganizational relationships are valued. Thus, the union of collective entrepreneurs allows those involved to take risks that they would not take individually.

KEYWORDS:

Organizational And Inter-Organizational Relationships; Chain-network; Justa Trama

INTRODUCTION

Organizational and inter-organizational relationships, especially those related to the chain-network production, have only recently become the focus of academic study. The Theory of Organizations has been widely applied in research into structures and behavior in attempts to show how relationships are established between people and also in relation to governance, strategic alliances, partnerships, clusters, consortia, joint ventures and networks, considering that these types of partnerships are deemed interorganizational relationships.

Studies focused on interorganizational relationships are necessary because organizations need to interact with their external environment, since they seek resources to develop their activities and achieve their goals. However, when the organizational arrangement is a chain-network the forms of organizational and inter-organizational relationships are different. In principle, they seem to favor the achievement of individual and collective goalsbased on a complex array of connections, within which organizations establish interrelationships in different ways, in different contexts and considering the different cultures of the stakeholders.

This research can be seen as being of particular importance because it is based on the formation of

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a chain-network and sets out to understand the organizational and inter-organizational relationshipsinvolved by highlighting the insights of those involved regarding the reasons for maintaining such relationships as well as the consequences of doing so, given that all organizations, even interorganizational networks, are made up of people and resources which are dedicated to achieving certain goals. Beyond this central concern, the study also shows how the actors within the *Justa Trama agroecological* cotton production chain-network have established their interorganizational relationships, in order to answer the main question guiding this research: What forms of organizational and interorganizational relationships exist in the *Justa Trama* agroecological cotton production chain-network?

The Agroecological Cotton Solidarity Chain is a network of solidarity economy enterprises that participate in all the stages within the textile and apparel production chain, from planting cotton to the manufactureand marketing of finished articles. Solidarity production chains (SPCs) are networks formed by Solidarity Economy Enterprises - SEEs, acting together within a chain, whose activities comprise the main production links. Thus, the commercial relations established by each SEE can be aligned with the internal logic based on cooperation, since the other links in the chain also operate under the same principles. This article aims to reveal how the actors involved in the *Justa Trama*Agroecological Cotton Production Chain-Network establish intra and interorganizational relationships

The gaps in the literature on the subject and the contribution it provides towards a better understanding of the subject justify this research. It is part of the project funded by CAPES—(the Brazilian Federal Agency for the Support and Evaluation of Graduate Education), in response to the call for research made by PROCAD—(Teacher Training Program), entitled "Sustainable Cooperation Network in the Agroecological Cotton Production Chain: connecting the local to the global," which involves three universities, one in southern Brazil, the Federal University of Rio Grande do Sul (UFRGS), the general coordinator of the project, one in the Northeast, the University of Fortaleza (UNIFOR) and another in the North, the Federal University Foundation of Rondônia—(UNIR).

2. Theoretical References

The theoretical framework is organized into the following sub-items sustainability, sustainability in agro-systems, cooperation networks in the sustainability of small organizations and the effectiveness of interorganizational networks, which make up the central references for the research, it can be seen that these provide the understanding and interpretation of the phenomena studied.

2.1. Theoretical Focus on Sustainability

Debates on environmental issues have given rise to studies and research that have altered the values held by society, involving governments, industries and populations and based on new and existing knowledge. These have led many to reflect on humanity's consumption habits, the use of resources with little given in return, causing shortages of natural resources, changing climate conditions, raising the production and distribution costs of food and essential supplies. On the concept of sustainable development, Veiga (2008) considers it controversial when people in a community desire their own economic development immediately, while an entire nation clamors for social, educational, structural development, which is more related to income distribution, increased opportunities and quality of life for all.

Similarly, Veiga (2007) points out that sustainability is difficult to measure, due to the number of variables that interfere in and hinder forecasting. The author explains that although there are many methods of assessing sustainability, there is still a great need for a set of indicators that effectively measure the result of human intervention on the environment.

Moreover, Ruscheinsky (2003) mentions that sustainability is a relatively old term that is derived from the technical knowledgeof agriculture in the nineteenth century and attributes the first use of the term by modern ecologists in the 1980s to I. Sacks.

According to Altieri (1989, 1991), the definitions of sustainability include at least three principles: 1) maintaining the productive capacity of the agroecosystem; 2) preserving the diversity of flora and fauna; and 3) the ability of the agroecosystem to maintain itself. This author believes that the capacity of the agroecosystem to maintain production levels over time is a feature of sustainability. The author also argues that the concepts of sustainability require there should be continuous monitoring to ensure the prevention of environmental degradation and that agricultural production depends on the use of resources, while environmental protection requires an acceptable degree of conservation. Altieri (1994) also highlights the problems of the transition period prior to achieving sustainability, during which the expected return on investments in agroecological technology may not be immediately reached.

In order to assess the agroecologicalcondition of agricultural ecosystems, Meyer *et al.* (1992) identified three parameters that can be used to quantify environmental change. They are: sustainability,

understood as the ability to maintain a level of crop productivityover time, without jeopardizing the structural and functional components of the agricultural ecosystems; contamination of natural resources, such as altered air, water and/or soil quality, which may be caused by the use of inputs in agricultural ecosystems; and the quality of the agricultural landscape, and the various ways in which the patterns of agricultural land use may alter the landscape and influence ecological processes.

On the other hand, Depointi and Almeida (2002) suggest that the concept of sustainability in the context of rural development encompasses following attributes: adaptability, diversity, fairness, resilience, maintenance or durability and the interaction between those attributes. Regarding diversity, Nolasco (1995) understands it as the complexity of the network of relationships, which depends on the stability of the system, while for Kageyama (1987) the limits of resilience are different. Therefore, sustainability is understood as the maintenance of a system over time, while its durability depends on the greater adaptability, diversity, resilience, fairness of the system and the interaction between the economic, environmental, social and cultural dimensions.

Gonçalves and Engelmann (2009) see agroecology as a field of knowledge capable of providing the theoretical, methodological and scientific bases for the expansion of sustainable agriculture. They add that this form of agriculture is founded upon productive processes generated by the integration of scientific and local knowledge, taking into account the ecological bases governing the reproductive processes of the different elements within the ecosystem.

On the other hand, regarding the context of agroecological systems, Begnis, Pedrozo and Estivalete (2006) and Begnis (2007) consider that in agribusiness, interorganizational relationships become effective with the perception of value formation. For these authors, the process of forming relational value is based on six elements: trust, cooperation, compensation, communication, sharing and commitment.

Referring to the formation of organizational arrangements, Vineyards and Becker (2006) considerit necessary to know the various forms and organizational models, such as: networks, joint ventures, strategic alliances, mergers, consortiums, cooperative ventures, institutional arrangements and long-term contracts, which can be differentiated based on the degree of interdependence of partners according to Rossetti (2001) and Lorange, Roos (1996); the coordination mechanisms employed for Grandori (1997), as well as the relationship with other governance and market structures for Powell (1987, 1990) and Williamson (1985, 1992).

In the view of Lane and Beamish (1990), regarding the formation and management arrangements, in cooperative arrangements, the strategic and economic benefits are the first consideration, but for Ebers (1997), Gulati (1998), Ring and Van de Vem (1994) socio-cultural factors play a significant role in the performanceof such arrangements; while for Granovetter (1985), Polanyi (1944) and Uzzi (1997) the economic and technological factors, immersed in social relations are the defining features in such arrangements. When considering the formative stages of cooperative organizational arrangements, Gulati (1998) believes t can e said that social ties exert great influence, however, the variation will depend on the type of arrangement.

Considering these positions, it is seen that one of the alternatives sought by organizations is to associate with two or more entities, so forming arrangements and characterizing the inter-organizational alliances, enabling the use of common resources to jointly pursue a new activity, which, as Rossetti (2001) proposes, fosters the union of entrepreneurs within a collective.

Castells (1999) defines a network as a set of interconnected nodes, where the intensity and frequency of relationships determine the quality of the goals achieved. By contrast, Balestro (2002) claims that the permanence of members in a network is based on shared objectives, trust and transparency in relationships, resulting in a system of mutual values. Thus, given the contributions presented above, networks can be described as a complex set of interrelationships that enhance the skills of the units involved focused on common and complementary goals, which are essential elements for strengthening and uniting collective enterprises (VINHASAND BECKER, 2006).

2.2 Concepts and Typologies of Networks

Authors such as Martes andBulgacov (2006), Balestrin andVargas (2004), Oliver and Ebers (1998), have contributed towards the knowledge about networks. This discussion arose in the United States and the UK in the 1970s and 1980s, with studies that focused on networks. However, in Brazil interest arose as from the 1990s. Among the main topics addressed in these studies, considering the arguments put forward by Martes & Bulgacov (2006, p. 13), of particular importance are: the development of flow and knowledge; cooperation; trust; regional development considering networks of small and medium-sized companies; competitiveness based on the interrelations of large corporations, particularly strategic alliances; benefits from the exchange of information; company internationalization, and, corporate

governance.

In this sense, Castell (1999) considers networks to be way of enhancing the interaction between people and organizations reducing space and time in the interrelations among the actors. For Balestrin and Vargas (2004) there are numerous factors involved in the development of a network, consequently there are seldom two identically structured networks.

The competitive success of regions and nations is due to the organizational and productive organization of enterprises in the form of networks, particularlythe cooperation between companies that has had an increasing impact on the economy, especially when it comes to local development and obtaining systemic competitive advantages (FRANÇA FILHO and LAVILLE, 2004).

For Mance (2000), when such enterprises are organized in a solidarity network, they begin to meet the immediate demands of the population for work, improvement in consumption, and education, among others, and to implement a new way of producing, consuming and living, with solidarity as a way of life. They promote the integration of various social actors and meet their immediate demands.

It seems that the inclusion of suchenterprises in networks occurs not only through the pursuit of economic viability, since Sousa Santos and Rodrigues (2002) argue that the success of alternative forms of production depends on their integration withincollaborative and mutual support networks. Given this counter-hegemonic character and the fact that in many situations experiments with alternative forms of production are undertaken by marginalized sectors of society, initiatives are often fragile and precarious.

One can see, then, from the point of view of these authors, association in networks goes beyond economic factors and favors the ideological aspects proposed in Solidarity Economy Enterprises and helps maintain and affirm its counter-hegemonic character, and does not simply work as a mere instruments to increase productive efficiency. The common interests of the agents within the solidarity network that can leverage the collective efforts are identified, so as to enhance their capacity to operate within the capitalist market economy (METELLO, 2007).

Thus, Mance (2000) lists four important criteria for participating in solidarity networks: (1) there should be no kind of labor exploitation, political oppression or cultural domination; (2) that the ecological balance of the ecosystems should be preserved, thus implying the transition of enterprises that are not yet ecologically sustainable; (3) sharing of the surplus for expansion of the network itself; and (4) the self-determination of the aims and self-management of the resources in a spirit of cooperation and collaboration.

Furthermore, one of the main objectives of the solidarity network is the generation of income for the unemployed and marginalized. This occurs by seeking to improve the standard of consumption, as well as to protect the environment with the aim of building a new society without the exploitation of people or destruction of nature, which integrates groups of consumers, producers and service providers in the same network-organization (MANCE, 2000). In order for this to happen, Humphrey and Shmitz (2002, p. 2) point out that governance is necessary, since it is important for the "generation, transfer and diffusion of knowledge critical to innovation, which enables companies to improve their performance."

For the purposes of the present study, the definition of network governance provided by Eurada (1996, p.1) has been adopted, which is the "ability of all the regional stakeholders to agree on a single vision of development in which their skills and territorial space are substantially sharedfor the investments, financial support and human resources to jointly accomplish their goals."

By this definition, governance involves issues ranging from power, such as decision-making to control mechanisms within the organizational environment. There are basic principles of governance, as noted by Álvares, Giacometti, Gusso (2008), where transparency, fairnessand accountability are central pillars. In the debate on networks, the concept of governance should be valued because it has the capacity to structure the competitive strategy and how this is reflected in local economic development (SUGDEN & WILSON, 2002). Governance is also seen as "a means of generating order, thus mitigating conflicts and obtaining mutual gains" (WILLIAMSON, p.5, 1996). Suzigan, Garcia and Furtado (2004) consider that governance also involves controlling the command or coordination capacity that certain actors have on the productive, commercial, and technological interrelationships that influence local development.

Thus, the solidarity governance appears to be a means of innovating and diversifying the form of government, and the adoption of a participatory management model. It values the participation of the citizen as a social and cultural identity, in a practice where they become responsible for collectively caring for the public space, community, neighborhood and/or municipality. The strategic objectives of solidarity governance, assuggested by Lastres and Cassiolatto (2005), consist of three functions: a) political participation; b) decentralized administrative structure; and c) respect for the operational principles of networks, so that the governance in solidarity networks includes the voluntarily participation of all, allowing the values to be shared.

2.3 Community Enterprises and Stakeholders

Community enterprises are defined as an expression of the solidarity economy that can take the form of a cooperative, self-managed enterprise, network and other forms of association to produce and/or purchase products or services. Such enterprises, in the view of Rodrigues and Malo (2006), practice collective entrepreneurship, which they define as a set of actors that participate in the strategic guidance, formationprocesses, development and management of a collective property.

Collective entrepreneurship is an instrument that enables organizations to achieve goals through cooperative actions, since it promotes knowledge sharing and also enhances the use of assets (SCHIMIDT and DREHER, 2008). By contrast, Levesque (2004) says that the collective entrepreneur cannot be formally distinguished from the conventional capitalist entrepreneur. However, there are substantial differences, considering the nature of the risks and the resources and means they haveavailable, having an enterprise motivated to continue in harmony and unity with itsmembers, which are characteristics of solidarity economy enterprises.

França Filho and Laville (2004, p.167)list five traits of Solidarity Economy initiatives, considering: (a) the nature and origin of the resources mobilized and form of sustainability; (b) managerial autonomy and the nature of inter-institutional relations that are established; (c) the decision-making process and the required values; (d) the pattern of social relations in the working group; and (e) the nature of the social bond they attempt to build its purpose. Regarding criteria, França Filho and Laville (2004), suggest there are five:1) plurality of economic principles - the articulation of different funding sources through sales or the provision of services, government - forms of subsidies and grants, reciprocal practices volunteer work, donations and various forms of exchange; 2) institutional autonomy - independence from other institutions, so avoiding forms of external control; 3) democratization of decision-making - the existence of mechanisms for collective decision-making or based on the ideal of democratic participation;4) community-public sociability - a singular mode of sociability that mixes professional practices with community patterns; and 5) multidimensional purpose – the economic dimension integrates with the social, cultural, ecological and/or political dimensions in order to act within a public space.

In relation to the network of community enterprises, Paes-de-Souza (2010) reports that the central idea is to demonstrate, through the notion of solidarity networks, how various social actors utilize available resources, whether endogenous or exogenous, in the adoption of new factors of quality and solidarity or family production techniques, whenseeking the union of the enterprises.

The themes of community enterprise networks rest on the principles of Solidarity Economy. The current literature on Solidarity Economy agrees in affirming the alternative character of the new experiences of popular self-management and economic cooperation: given the break have introduced in the capitalist relations of production, they represent the emergence of a new mode of organization of work and economic activities in general, promoting the union of collective enterprises (PAES-DE-SOUZA, 2010).

Furthermore, it is argued that a Network of Community Enterprises favors decentralization and sharing of decision-making between the managers of cooperatives and associations, when everyone would benefit from the synergy generated by the inter-organizational productive and commercial ties, such as the possibility of obtaining support from private and public stakeholders.

The discussion regarding the role stakeholders has become an important issue in business ethics and strategic management practice (WAXENBERGER and SPENCE, 2003, p. 242). There is an apparent growing inter-relationship between the concepts of Stakeholder Theory, Corporate Responsibility and Business Ethics (VALOR, 2005, p 193; GARRIGA and MELE, 2004, p. 61). Stakeholder management is gradually being adopted as one of the main factors in business ethics, according to Carroll & Buchholtz, (2006) and Crane & Matten, (2004).

Stakeholder Theory involves the study of groups of customers, suppliers, employees, government and the community (FREEMAN, 1984). However, Freeman (2003), in a review of his/her proposed model, suggests there are five internal stakeholders, consisting of lenders, customers, suppliers, collaborators and communities. This model does not include competitors, however the author has introduced at least six new stakeholders in the external environment of the network, which are: governments, environmentalists, NGOs, critics and the media among others that bind to the inner core.

Fassin (2009) believes that although Stakeholder Theory is presented in a confusing way, with some ambiguities, it is important for organizations. According to the author, the confusion arises due to the ambiguity between who affects the organization and who can be affected by it. He emphasizes the existence of a dispute between the legal approach which aims to strengthen the contractual rights and the managerial approach, which is more pragmatic, as it highlights the relational aspects between the stakeholders and the organization. In attempting to reduce the confusion regarding Stakeholder Theory, Fassin (2009) considers three central aspects and categorizes them as stakeholders, stakewatchers and stakekeepers.

For him, stakeholders are those parties with a real interest and share in the organization and have a

legitimate claim, power, and reciprocal influence. They are the classic groups that have concrete interests in the enterprise; stakewatchers are groups that protect the stakeholders who have real interests in the enterprise, and have considerable power over the enterprise, although the enterprise has little influence over them because they are independent of the enterprise; stakekeepers are the independent regulators who have no direct stake in theenterprise, but have influence and control, since they impose rules and restrictions on the enterprise, which, in turn, has little reciprocal impact on the regulators.

Thus, Fassin (2009) summarizes the role of each player, considering that: (i) the stakeholders command the players' positions; (ii) the stakewatchers watch the games; and (iii) the stakekeepers preserve game. This proposition is shown below in illustration 01.

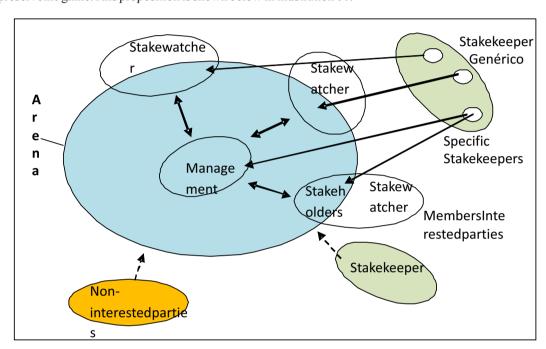


Illustration 01 - The triangular relationship between the stakewatchers, stakeholders and stakekeepers. Source: From Fassin (2009).

It can be seen that there is a triangular relationship between the three stakes and, for each type of enterprise there may or not be specific groups of stakewatchers who apply pressure. However for every group of stakewatchers there is at least one corresponding stakekeeper, as there are also generic stakekeepers that impact on many stakeholders.

Using this far more detailed and refined model, referred to by Fassin (2009) as the "stake model" it is far simpler to analyze each organization, sector or stake because different degrees of variations may arise. The process can be seen to be dynamic, considering the large variation of pressures that enterprises experience over time. Thus, the status of a stakeholder may be that of stakewatcher depending, for example, its action. The media can be helpful or aggressive, in positions ranging from stakewatcher to stakekeeper. Yet, the government provides infrastructure, collects taxes, promulgates laws and imposes regulations, so it can be present seen as stakewatcher and stakekeeper, as a result of its multiple functions.

For Fassin (2009), given a theoretical model, such as that suggested by him, there is a need to identify and select the different stakeholder groups, the different levels of environment and ambivalent groups and regulators. He believes that when studying stakeholders, it is first necessary to identify them and suggests this can be doneby making a three-way distinction of the nature of the stakeholders, i.e. the Legitimacy of the Claim, Power Dominance/Influence and Responsibility.

At this stage, the legitimate stakeholders can be separated using an arrangement designed to more clearly visualize the complex network of circumstances surrounding the organization. Following this phase, the limits should and the three levels of the organization be differentiated (funding source, the industry structure and the social and political arena). The stakeholders represent the organization within the core, the adjacent segments represent the stakewatchers and lies outside the stakekeepers, in what might be called the political-social arena. Thus it can be said that the organization-enterprise is located at the microeconomic level while the community and world are at the macroeconomic level. The model also

includes the public sector, the general public and society, which function largely as stakekeepers.

Continuing the analysis, it should be made clear that there is ambivalence among pressure groups and regulators. Thus, within the limits of the organization, the power and influence of the organization dominate the stakeholders, while the stakewatchers are outside the organization and influence in their relationship with the organization. Therefore, the organization is affected by the stakewatchers and the stakekeepers. The organization has a moral obligation towards the stakeholders, but not towards the stakewatchers, which hold power over theorganization and can exert beneficial or detrimental influences on it. Therefore, stakewatchers need to be seenusing a strategic perspective.

2.4 Cooperation Networks and Interorganizational Networks

Unity in the search for balance between personal and collective interests symbolizes cooperation as a system where individuals, enterprises and institutions cooperate, which according to Buys de Barros (1955) is not a recent phenomenon. However, authors such as Lewis (1992); Del Castilo (1992) and Fukuyama (1995) believe that cooperative instruments have only come to be seen as a strategy for the growth for small and medium organizations in recent decades. Grandori and Soda (1995) and Gulati (1998) believe that by recognizing this type of arrangement, these studies have contributed to the development of the literature based on the competitiveness of interorganizational networks, which has favoredtheir growth and greater integration into the market.

From another perspective, Santos (1998) argues that it is precisely the small size of the enterprise which offers a number of advantages, namely: flexibility in the face of environmental changes, innovation as a practice and speed in decision making. On the other hand, Silva *et al.* (2005) argue that the ability to generate jobs and flexibility in terms of location, provide for the development of some sectors that, though rarely contemplated in public policy, lead to regional sustainable socioeconomic advance. Regarding this, Amato Neto (2005) believes there are appropriate spaces for small enterprises to work, where large companies are not attracted to compete.

The study of the relationships between organizations is of growing interest among theorists. Oliver (1990) states that while most research in this area has focused on the determinants of interorganizational relationships, the understanding of the phenomenon has deepened and the unit of analysis has gradually shifted from the defined organization setto the network. Similarly, Powell (1990) points out that part of this interest is generated by the recognition among scholars that enterprises, like organizations general, are from the nonprofit and public sectors. They are interested in the various forms of cooperative alliances, in order to strengthen competitiveness and efficiency, which seems to be impossible with more traditional mechanisms of market or hierarchical governance.

The theory of organization, as well as the work carried out on networks, has been guided by two theoretical perspectives: a) resource dependence and related exchange perspectives; and b) transaction cost economics. Although a large part of what has been written about networks is theoretical, with debates about the advantages of networks and the issues of measurement and analysis, a considerable number of theoretically-based investigations has emerged based(JARILLO, 1988; WILLIAMSON, 1991; PROVAN, 1993). Each perspective offers complementary and contrasting views on the form of the network. However, each view focuses on the organizational antecedents and outcomes of network participation, with little attention being given to the arrangement as a whole, except in terms of its governance and structure.

Provan and Milward (1995) consider this view understandable, since organizations make up a network, and they do not want to lose the benefit of participating in the network. In both theoretical perspectives: transaction cost theory and resource dependence, motivation justifies membership, interorganizational cooperation activities and services at the organizational level, due to reasons of efficiency related to the reduction of transaction costs (WILLIAMSON, 1985). Regarding this, Uzzi (1996) finds that individual organizations make strategic choices to form or be part of a cooperative network with other organizations, if they perceive that the benefits of such an agreement, especially in the ability to survive, are strengthened and are greater than the costs maintaining relationships.

From the perspective of the maintenance of relationships, one can seek support from Eisenberger et al. (1986) in attemptingenvisage the factors that favor the continuance of the relationship. In their research on perceived organizational support, these authors concluded that the worker's interactions (the term being understood as referring to anyone working as an employee or independent contractor, participating or otherwise in the network) with the organization are characterized by exchange relations marked by expectations of reciprocity. Considering that reciprocity is a social norm, although it does not occur in all cases of social interactions.

Reciprocity in this context is defined as a pattern of exchange between two mutually dependent social units. The functionalist approach of the sociologist Gouldner (1960) suggests that a social unit becomes more willing to assist another unit when the latter displays the capacity to repay the favor. Given

this understanding, the theory will greatly contribute to the study of organizational and inter-organizational relationships.

Thus, organizational rewards and favorable working conditions such as pay, promotion, job enrichment, and influence on organizational policies contribute more if workers believe that these result from the organization of voluntary actions, as opposed to external constraints (EISENBERGER et al., 1986).

2.5 Interorganizational Relationships and Network Formation

According to Aldrich (1979), studies into interorganizational relationships can be justified by the need that organizations have to interact with the environment to obtain the resources and conditions necessary to practice their activities. However, with regard to networks, which represent an effective organizational means of integrating objectives individually and collectively, Castells (1999) considers that requires a complex arrangement of connections, but although organizations find themselves in distinct contexts, diverse cultures they still manage to establish interrelationships in various ways.

Regarding the reasons for forming and maintaining relationships, Oliver and Ebers (1998) consider it important to analyze their consequences. This is because organizations are created with specific goals and need to monitor their results, similarly to interorganizational networks (WEGNER & DAHMER, 2004).

In the current literature, interorganizational relationships are understood to be born out of the search by organizations for greater efficiency, the form of the negotiation being a determinant factor, which is aimed at increasing the advantages in obtaining resources for their activities, as corroborated by Franco (2007), Hall (2004) and Oliver (1990). In this sense, Whetten and Leung (1979) suggest that organizations understand the instrumental value of interorganizational relationships.

Other authors such as Aldrich (1979), Oliver (1990); Papadopoulos, Cimon, & Hébert (2008) argue that power is another motivating factor for interorganizational relationships, considering that a given relationship may have great potential influence over the other organizations in a network.

Interorganizational relationships may also be established due to environmental uncertainties, because in some situations organizations utilize such relationships to respond to demands from the environment. Brass et al. (2004), Galaskiewicz (1985); Whetten & Leung (1979) claim that uncertainty in the environment also occurs due to the lack of resources and suitable conditions to develop activities, which is crucial in leading organizations to establish relationships in order to achieve stability.

Asthe environment is the source of contingencies, in order to understand the motivating factors behind, and even the results obtained from, relationships, it is necessary to consider the facilities and difficulties that may occur in interorganizational relationships. As Candido & Abreu (2004) and Oliver (1990) point out, these factors arise from environmental and organizational aspects, which may facilitate or undermine the formation of a relationship.

Thus, the establishment of trust in the relationships between partnerships seems to be the essential factorthat allows cooperation to occur, as stated by Scholosser & Hoffmann (2001) and Mellat-Parast & Digman (2008).

Furthermore, in relation to the position of Hoffmann and Schlosser (2001), trust is a process that is built, starting at the formation of the network, it is dependent on how the commitment to the organization, investments and the share of tangible and intangible assets are established and demonstrated (DYER, 1996). Trust is nothing more than a product of social relations thatgains dimension exponential in the formation of collaborative networks, since they have the role of bringing the agents together, enabling the networks to be greater than economic dealings (VERSCHOORE and BALESTRIN, 2008).

Isabella (2002) mentions commitment as another factor necessary for the formation and maintenance of interorganizational relations. This author states that when a partner is committed it puts it energy into the relationship in the attempt to achieve the success. It is known that if a component does make a commitment, it may adopt anopportunistic attitude, as Medcof (1997) suggested, which may negatively influence the relationship and harm the business performance (HAKANSSON & FORD, 2002). Trust is thought to be built over time, since the essential conditions, such as honesty, willingness and consideration, are perceived only after the relationship has been established fora certain length of time (JARILLO & STEVENSON, 1991; PARK & JUNGSON, 2001; LAJARA, LILLO, & SEMPERE, 2002).

Organizations that maintain interorganizational relationships can achieve more significant results in relation to those that adopt other practices, claim Mellat-Parast & Digman (2008). However, according Fryxel, Dooley & Vryza (2002), evaluating these results is not easy because the organizations individually, or the network, may be affected by relationships that influence the results (HALL, 2004).

Consequently, Geringer & Hebert (1989) recommend that the results of relationships should be evaluated by taking into consideration the scope of the objectives planned by the organizations and also by

the network. However, it should be emphasized that as the participants remain autonomous organizations, including financially, there is no accounts monitoring for the network, only for the individual organizations. Dahmer & Wegner (2004) suggest that the evaluation of the results of relationships should provide qualitative variables, such as group cohesion, analytical capacity, planning capacity and cooperative effort. In this context, Pereira (2005) proposes that the results of relationships should be evaluated in terms of the organizations' satisfaction with the relationships.

${\bf 2.6 The\ Interorganizational Relationships\ Framework}$

Below is a description of the analytical framework for interorganizational relationships, which has been designed based onthe theoretical matrices found in the literature review. The framework is composed of two independent variables and one dependent variable. Represented by the motivational environment, the motivators, symbolized by the expectations of thestakeholders, stakewatchers and stakekeepers, regarding the relationship represents the first independent variable, the second is represented by the facilitating and inhibiting factors, which influence the formation and maintenance of the interorganizational network and the inter-relationships therein, taking into account the characteristics of the network (CASTRO, BULGACOV, HOFFMANN, 2011). The dependent variable is represented by the results of the relationships. Once analyzed, the interorganizational relationships reflect the current state of the network, as from the presentation of the results obtained, as can be seen in illustration 02.

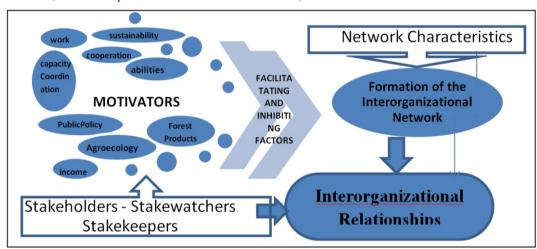


Illustration 02 - Framework for Interorganizational Relationships Source: Prepared by the authors.

The analytical framework was designed based on the theoretical references of the research that permitted the description of the motivators and the facilitating and inhibitive factors affecting the formation of the network, considering the characteristics of the actors, stakeholders, and stakewatchers stakekeepers, which favored the alignment of the interorganizational relationships of the *Justa Trama* Chain-Network, as can be seen in the presentation and discussion of the results.

3.METHODOLOGICAL PROCEDURES

The study sought to obtain information on the forms of organizational and inter-organizational relationships within the *Justa Trama* Network that contribute to the maintenance of the Agroecological Cotton Production Chain-Network in Brazil,in order to propose a theoretical-practical framework on the subject. In this sense the goals were to get to know the organizations that comprise the *Justa Trama* Network and identify how the organizations in the agroecological cotton chain-network establish interorganizational relationships by obtaining the perceptions of managers, producers and collaborators within the chain-network regarding the main reasons for maintaining relationships in the chain-network and the nature of the relationship between the stakeholders.

However, to understand the make-up of the Chain-Network and its relationship with the social movements and grassroots forces, it was necessary to focus on understanding the intricacies of the political situation of the Solidarity Economy in Brazil and the allocation of resources that the social programs designate to the enterprises within the *Justa Trama* Chain-Network. That information was collected from secondary sources in a survey of the literature and journalsas well as during interviews and informal

conversations with various social groups.

The research aimed to gather information to provide the theoretical analysis aimed at evaluating the forms of interorganizational relationships in Chain-Network, on the understanding that it will facilitate advances in furtherscholarlyinvestigationsinto chain-networks involving similar economic and social structures being carried out in various regions of the country.

This is a qualitative studyinvolving an exploratory-descriptive approach, which used the field diary and the semi-structured interview as tools to assess the forms of organizational and interorganizational relationships.

Illustration 03 shows the logic of the Chain-Network with *Justa Trama* Cooperativeas the central figure. Within this organization is the management of the Network, which promotes the movement, planning and organization from the design of the piecesand the procurement of the raw materials, to the final products of the manufacturing process and the marketing. The designof *Justa Trama* Chain-Network shows the flow of production that involves enterprises made up of; cotton farmers, producers' associations, gatherers of forest products and organizations that support those enterprises.

Riva's (2011) illustration has been updated by showing the new organizations and producers fromother regions thathave joined those that were already part Chain-Network in the period until 2010 and moreover, the Public Center for Solidarity Economy that functions as a large marketing center for the movements products.

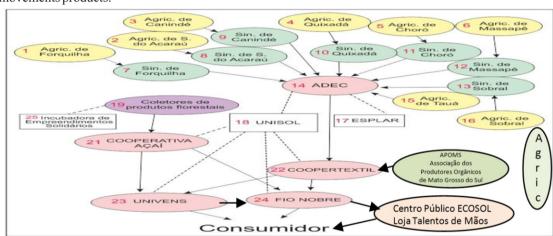


Illustration 03 - Constitution of the $Justa\ Trama$ Chain-Network Productive Arrangement - Updated Source: Based on Riva (2011).

The visits to the enterprises began in 2009, with the implementation of the project funded by CAPES—(the Brazilian Federal Agency for the Support and Evaluation of Graduate Education), in response to the call for research madeby PROCAD—(Training Program for Teachers), entitled "Sustainable Cooperation Network in the Agroecological Cotton Production Chain: connecting the local tothe global", of4 years duration, with the purpose of obtaining preliminary data for preparing the proposal, following which permission was given to continue the research in 2010 and 2011. Thelength of time required to conduct the research can be explained by the wide geographical dispersion of the member enterprises in relation to the location of the headquarters of the *Justa Trama*Network, as shown on the map below.

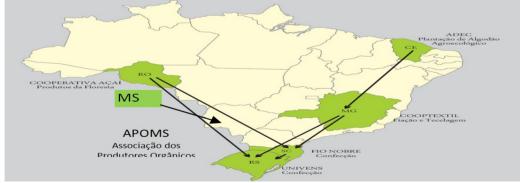


Illustration 04 - Updated Map showing the location of Enterprises belonging to *Justa Trama*Network, Source: Based on Riva (2011).

The research involved visiting 6 States, 8 municipalities and 14enterprises, during which 56 interviews were conducted, with some representatives being interviewed more than once and up to three times in order to comply with the methodological procedures and also confirm or revise the records made during previous visits.

The productive structure of the Justa Trama Chain-Network ismade up of thegatherers of forest products belonging to the Cooperativa Açai, the farmers belonging to ADEC and the Association of Organic Producers of Mato Grosso do Sul - APOMS, who are responsible for producing the raw materials for the Justa Trama Chain-Network. Note that in this segment and the processing segment, the Cooperativa Açaiis supported by the Solidarity Enterprises Incubator, an organization within the Center for Interdisciplinary Studies into Sustainable Development of the Amazon at the Federal University of Rondonia - CEDSA/UNIR, whichhas received financial support from the Institute for Agro-environmental Studies and Research and Sustainable Organizations- IEPAGRO, since May 2010. Similarly, ADEC receives support from ESPLAR (Center for Research and Consultancy), which provides technical assistance to farmers growing agroecological cotton in the State of Ceará. Furthermore, in the processing segment, COOPERTEXTIL receives the bales of agroecological cotton from ADEC and APOMS to produce the thread and weave the cloth that is the material used in the next stage involving the design and manufacture of the pieces and the later distribution and sale of the finished articles. This activity is divided among the cooperatives AÇAÍ, UNIVENS, and FIO NOBLEwho count on the ECOSOL Public Center in Itajai - SC, Loja Talentos de Mãos(store) which displays the products from the Justa Trama Chain-Network.

RESULTS AND DISCUSSION

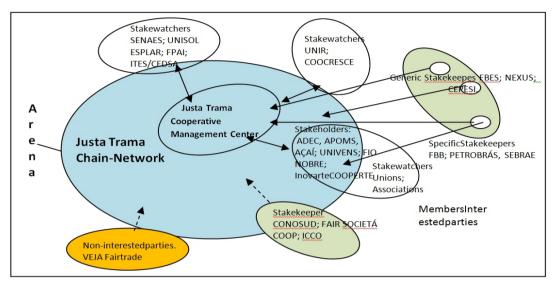
The process of forming the *Justa Trama* Chain-Network is intertwined with the struggles of its founders, who were active in the Brazilian Solidarity Economy movement, which provided opportunities for solidarity economy enterprises existing in the country and those affiliated to the movement to meet. At these meetings, leaders had the opportunity to talk about their experiences, skills, areas of activity and the joint struggle to break barriers in search of work and incomeso as to reduce the class of excluded workers in Brazil.

Thus, the network began to form in 2004, when the cooperatives that were part of the Center for Cooperative and Solidarity Enterprises - UNISOL, were given the task of producing 60,000 bags for the 2005 World Social Forum, a gathering of social movements held in the city of Porto Alegre, Rio Grande do Sul, Brazil. Once a solidarity-based production chain of conventional cotton had been identified, manufacturing the bags required the collaboration of cooperatives in various states. In this first phase, the network consisted of CONES that produced yarn and Cooperativa de Produção Têxtil de Pará de Minas -COOPERTÊXTIL (Textile Production Cooperative of Pará de Minas) from Minas Gerais that was responsible for producing the fabric. These two developments are no longer part of the network. It was the job of Cooperativa de Costureiras Unidos Venceremos - UNIVENS (United Seamstresses Cooperative Venceremos), from the State of Rio Grande do Sul, and the Cooperativa Fio Nobre dos Tecelões (Noble thread Weavers' Cooperative), from the Municipality of Itajai, State of Santa Catarina, to manufacture the bags. The Associação de Desenvolvimento Educacional e Cultural de Tauá-ADEC (Tauá Educational and Cultural Development Association), a producer of agroecological cotton in the State of Ceará, joined the group and, with funding from SENAES - National Secretary of Solidarity Economy in the Ministry of Labor and Employment the activities began to be organized. From there, the Justa Trama Agroecological Cotton Chain-Networkwas launched in October 2005, during a national event called Criança Esperança (Hope Child) in the State of Rio de Janeiro. Since then, the Chain-Network has gained new customers, created new ties and gained spacein the national and international markets.

The agroecological cotton chain-network was started in Ceará, northeastern Brazil, among small farmers from Tauá and nearby municipalities. Using agro-ecological technology, cotton is intercropped with other crops such as beans, sesame, coriander, sorghum and plants such as neem (used as a natural defense, it prevents pest infestations in crops). The cotton produced is supplied to the *Justa Trama* Chain-Network and also to the fair trade company Veja, which produces ecological shoes mainly for the European market. The raw cotton is ginned (de-seeded), at the ADEC in Tauá, in the state of Ceará, which is the first link in the Chain-Network, enabling all the other segments to be integrated with the philosophy of agroecology.

Illustration 5 shows how these relationships are established between the stakeholders, and Stakewatchers Stakekeepers in the *Justa Trama*Chain-Network.

 $The {\it Justa Trama} \ Chain-Network: Stakeholders, Stakewatchers and Stakekeepers.$



Illustrations 5 - Interorganizational Relationships between Stakeholders, Stakewatchers Stakekeepers of the *Justa Trama* Chain-Network and the *Justa Trama* Cooperative Management Centre. Source: Based on Fassin (2009).

In the illustration 6, one can see the dynamics of the agroecological cotton chain-network, represented by the stakes, with *Justa Trama* as the central organization, the associated organizations as stakeholders, demonstrating the linkage of the supply chain, the development agencies and political representations as the stakekeepers and the technical support institutions as the stakewatchers.

While production of the cotton used by the Network began in the State of Ceará, recently it has expanded to other locations to meet demand. The cotton is now being farmed at a new settlement called *Fazenda Itamarati* (Itamarati Farm), in the municipality of Ponta Porã in the State of Mato Grosso do Sul, on the border with Paraguay. The cotton produced on this settlement is transported to ADEC in Tauá, in the State of Ceará, where it undergoes ginning (separation of the fibers from the seed).

The resulting agroecological cotton lint is then transported to the state of Minas Gerais, southeastern Brazil, to *COOPERTEXTIL*, amill that practices Solidarity Economy, where it is spun and woven. The fabrics and yarns are then sent to the cooperatives: *FIO NOBRE* and *UNIVENS* and in the South of Brazil.

FIO NOBRE, located in the city of Itajai, State of Santa Catarina, uses the agroecological cotton fabric and yarn to manufactureknitted and crocheted items. UNIVENS, located in Porto Alegre, State of Rio Grande do Sul, also produces garments from the agroecological cotton.

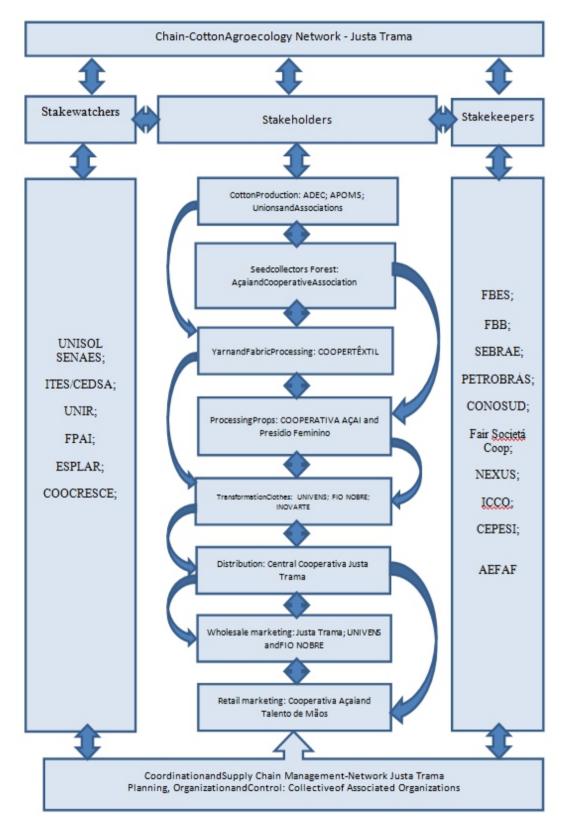


Illustration 6 – Dynamic of the *Justa Trama* Chain-Network Source: Prepared by the authors.

13

The *Cooperativa Açai*, which is based in the Municipality of Porto Velho, in Rondonia State is responsible for producing the trims made fromNon-timber forest products – NTFPs, such as seeds, vines and coconuts that are used to compose and complement the finished items. These include buttons, necklaces, bracelets and earrings made from these products collected in the Amazon rainforest.

The enterprises that make up the *Justa Trama* Network are affiliated to UNISOL – Center for Cooperative Solidarity Enterprises –which facilitated and supports the union of these enterprises and gave rise to *-Justa Trama* Chain-Network.

The organizations identified as stakekeepers were the Brazilian Solidarity Economy Forum - FBES, the Bank of Brazil Foundation - FBB; the Micro and Small-BusinessSupport Service - SEBRAE; PETROBRAS, the Association for International Cooperation North-South - CONOSUD; the Social Cooperative - Fair Societá Coop; the Italian General Confederation of Labor – NEXUS; ICCO, the Center for Public Solidarity Economy of Itajai – CEPESI; Frontier Family Farming School and Association - AEFAF. These institutions maintain interorganizational relationships with the Justa TramaCooperative Management Centerandenterprises associated to the Chain-Network, through their citizenship and social responsibility programs, with financial support for implementation of selected projects by call for bids, political relationship, ideological support, joint construction of collective business relationships, exchange of experiences and marketing coloredagroecological production.

5. FINAL REMARKS

Solidarity Economy strongly influenced the beginning and performance of *Justa Trama* Chain-Network. UNISOL is understood to be the main stakewatcherbecause it is present in all inter-organizational stakeholder relationships. The perception of permanence and trust among the enterprises is one of the most important elements for maintaining the Network alliance. Evidence of that trust can be seen in the dialogue between the enterprisesduring their day-to-day contacts, general assemblies and annual planning and accountability meetings. The enterprises cooperate with each other and provide support when one or another member enterprises experiencing difficulty. This is based on the understanding that if the main activity of one of the enterprises is unstructured, it will reflects throughout the Chain-Network. Therefore, mutual aid is more than a matter of solidarity; it is also a global necessity of Justa Trama. From this evidence it can be inferred that the interorganizational relationships constitute determinant factors for the maintenance and growth of the Chain-Network.

This suggests that this Chain-Network, which extends through six widely dispersed Brazilian States - Ceará, Minas Gerais, Santa Catarina, Rio Grande do Sul, Mato Grosso do Sul and Rondonia - with considerable territorial areas, which naturally causesdifficulties in relation to transport, logistics and physical encounters between cooperatives, can only be maintained if the interorganizational relationships are valued.

Thus, the union of collective entrepreneurs allows those involved to take risks they would not take individually. The union of the enterprises within Justa Tramameans they can undertake entrepreneurial activities which perhaps the individual enterprises would not otherwise undertake, whether for financial or productive reasons, or even due to the practice of qualified decision making.

It is important to highlight other operational difficulties experienced within the *Justa Trama* Chain-Network, such as the organization of activities, the marketing and sale of products; tax and financial incentives for production and sales; and lack of administrative skills within the enterprises, among others. These issues can be explained due to the short length of time the Network has been in existence, the lack of opportunity for some solidarity enterprises to become established administratively, and perhaps the lack of public policies aimed at solidarity economy enterprises, that provide assistance to the administrative activities of the enterprises, a key point in their remaining in the market.

The findings of this research relate to the proposition that further studies should be undertaken in order to understand the motivations for entrepreneurs to participate in the *Justa Trama* Chain-Network, beyond the immediate aspect of generating income. Knowing the personal perceptions of those involved who seek the continuation and sustainability of the Chain-Network, notably the stakewatchers SENAES and UNISOL, but also the stakekeepers Bank of Brazil Foundation, PETROBRAS, SEBRAE, Universities and organizations providing advice and assistance to the Chain-Network as well as other institutions that contribute to the success of the network, taking into account the awareness of sustainable consumption and the customers' positive attitude toward socio-environmental products, generated using ecologically friendly/correct and social technologies.

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