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# THE ADOPTION OF COOPERATIVE STRATEGIES BY MICRO AND SMALL CONSULTING FIRMS AS A MECHANISM OF COMPETITIVE ADVANTAGE

## *A ADOÇÃO DE ESTRATÉGIAS COOPERATIVAS POR MICRO E PEQUENAS EMPRESAS DE CONSULTORIA COMO FERRAMENTA DE VANTAGEM COMPETITIVA*

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## ABSTRACT

This paper aims to analyze the adoption of cooperative strategies by micro and small consulting firms as a competitive advantage tool.Although the literature usually relates the examples of cooperation strategies to cases of large companies, the practice has been usual among small organizations. Increased competition and the need to survive in a competitive environment have been identified as the main causes of cooperation between small companies, who see in cooperative strategies possibilities to add value to their services (BORTOLASO; VERSCHOORE; ANTUNES, 2012; DOZ; HAMEL 1998; CHILD; FAULKNER, TALLMAN, 2005). Through a qualitative, descriptive and interpretative study it aims to relate the motivation in adopting such cooperative strategies to various economic and management lenses that provide theoretical support to the subject. The results showed that cooperative strategies practiced by micro and small consulting firms have enabled competitive advantage over companies that do not adopt them, mitigating the competitive vulnerability and adding more value to their activities.

**KEYWORDS:** Cooperative Strategies; Competitive advantage; Micro and Small Business.

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# RESUMO

*O presente artigo tem por objetivo analisar a adoção de estratégias cooperativas por pequenas empresas de consultoria como ferramenta de vantagem competitiva. Apesar de comumente se relacionar os exemplos das estratégias de cooperação a casos de grandes empresas, a prática tem se mostrado usual entre as pequenas organizações. O aumento da concorrência e a necessidade de sobrevivência num cenário competitivo têm sido apontados como as principais causas da cooperação entre pequenas empresas, que veem nas estratégias cooperativas possibilidade de agregar maior valor aos seus serviços (BORTOLASO; VERSCHOORE; ANTUNES, 2012; DOZ; HAMEL, 1998; CHILD; FAULKNER; TALLMAN, 2005). Assim, por meio de uma pesquisa qualitativa, de natureza descritiva e interpretativa, buscou-se relacionar as motivações da adoção dessas estratégias às diversas lentes econômicas e da administração que fornecem suporte teórico ao assunto. Os resultados evidenciaram que as estratégias cooperativas adotadas pelas micro e pequenas empresas de consultoria viabilizam vantagem competitiva sobre empresas que não as adotam, possibilitando mitigar a vulnerabilidade competitiva.*



**PALAVRAS-CHAVE:** *Estratégias Cooperativas; Vantagem Competitiva; Micro e Pequenas Empresas.*


# 1 INTRODUCTION

The increasingly dynamic and competitive economic environment has required companies to leave the traditional view of competition among themselves and to look for opportunities for mutual cooperation with a focus on the benefits it can generate. In effect, “intense global competition is blurring the distinction between friends and foes” (LEWIS, 1992, p. 24) of a company, justifying the search for value resources with its competitors in exchange and sharing interactions for reciprocal benefits.

Self-sufficiency has become increasingly difficult in a complex external environment that requires new business resources and capabilities as an organizational strategy. Thus, since the 1980s, the strategy of alliances between companies has gone from an ancillary management tool to the central position of corporate strategy and competitive advantage, so that in addition to questioning the “why ally”, organizations they also began to worry about how to make the alliance work (BAMFORD; CASSERES; ROBINSON, 2003), revealing that the perception of the relevance of cooperative strategies has been increasingly based on management.

Lewis (1992) points out that the rationale that leads companies to adopt cooperative strategies is mutual need, because if it were not this, companies could act alone in achieving their objectives. One of the main objectives of companies is to gain competitive advantage, which has motivated companies to establish cooperative relationships with suppliers, customers, competitors and other institutions (BARLETT; GHOSHAL, 2000).

Through cooperation strategies such as strategic alliances, companies can scale up, consolidate their positions in the market, strengthen their businesses, form new businesses, access new markets, develop new products or services, or more complex products and services, access other’s technologies and skills more quickly, efficient learning, reduce risks, uncertainties and costs (PORTER; 1986; LEWIS; 1992, DOZ; HAMEL, 1998; MEANS; SCHNEIDER, 2001; CHILD; FAULKNER; TALLMAN, 2005). In the present study, gaining market power, strengthening the brand, accessing new skills and abilities with reduction of costs and risks were evidenced as the main reasons for the adoption of cooperative strategies among the companies surveyed.

Although it is common for literature to relate the examples of cooperative strategies to large business cases, the practice may also be common among small organizations, drawing attention to the study. Specifically with a cut in the sector of business consulting services, object of study of this article, it was verified that the small firms of this sector have used cooperative strategies to add value to the way of offering its services to the clients, as a tool of competitive advantage, as will be seen below.

In fact, there has been a growing movement in the emergence of new consulting firms in the country (IBGE, 2012), justifying the relevance of the present research. As will be seen below, in the service sector, the number of micro and small enterprises (SMEs) has been increasing in the last decade (SEBRAE; DIEESE, 2011/2012; 2015) and, within this sector, management consulting entrepreneurial activity was ranked among the ten highest growth entrepreneurial activities in Brazil (IBGE, 2012).

As it was evidenced in the interviews, it seems common that these new micro and small consulting companies are made up of partners who bring in their professional history experiences in big consulting firms, offices or multinationals. The motivations reported by its founders vary from the search for greater autonomy and control over personal quality of life, to the boldness to undertake to compete with the "big ones", thus referred to the great consulting companies already well known in the market.

Due to the fact that they are new and / or have smaller structures, a large part of these small consultancies seek to form partnerships with similar companies and companies, often competing in certain competences, in order to supply the missing capacities and thus maintain become competitive. Thus, the increase in competition and the need to survive in competitive markets has been pointed out as the cause of cooperative strategies among small firms (CROPPER et al., 2008; BORTOLASO; VERSCHOORE; ANTUNES, 2012), along with the reduction of transaction costs , improvement of the strategic position and, also, access to the opportunity of organizational learning (KOGUT, 1988).

Considering that organizations seek in their capacities and resources the basis for competitive advantage (KRETZER; MENEZES, 2006), the internal shortage of capacities and resources is pointed precisely as one of the main motivators of cooperative strategies, as a means of acquiring or complementing skills or competences that do not have or are insufficient to meet certain demands or opportunities (CHILD; FAULKNER; TALLMAN, 2005).

In view of this phenomenon, we sought to investigate: does the cooperative strategy adopted by micro and small consulting firms constitute a competitive advantage factor? Thus, the main objective of this article is to find out if the cooperative strategy employed by micro and small consulting firms constitutes a competitive advantage tool. The specific objectives are: (1) to verify what type of cooperative strategy is employed by micro and small consultancy firms; (2) to evaluate how this strategy has been adopted; and (3) to evaluate the motivations that lead companies to practice cooperation, linking them to the various economic and management theories that serve as lenses for the subject.

The article is divided into six parts. After this introduction, in the second part a theoretical revision is made regarding the cooperative strategies, relating them to the competitive advantage. The third part specifies the scope of research and, in the fourth part, the methodological procedures. Afterwards, the analysis and discussion of the results are made and, in the final considerations, the objectives, the contributions of the work, their limitations and the possibilities for future research are highlighted.

# 2 THEORETICAL REFERENCE

## 2.1. Cooperative Strategies between Companies

Cooperative strategies can be understood as the attempt of organizations to seek to achieve their objectives by cooperating with other organizations instead of competing with them, focusing on the benefits that can be obtained from cooperation (CHILD; FAULKNER; TALLMAN, 2005). Thus, the perception that performance through mutual aid is higher than that of isolated intervention has encouraged the adoption of interorganizational cooperation actions (AXELROD, 1990). For small businesses, cooperative actions focused on the union or complementation of resources and capabilities have helped in their competitive strength in the market.

The idea of cooperation as strategy gained prominence in the 1980s, with the works of Astley and Fombrun (1983) and Astley (1984). In these articles, dealing with the "Collective Strategy", the authors argued that, in addition to the simple strategies of internally producing or making-or-buy, there would be a third category of strategy based on collective actions, that is, (ASTLEY; FOMBRUM, 1983). This is an example of a process that can be applied to the organization of the organization. Since then, the subject of cooperation, previously neglected, has come to be addressed by scholars of strategy. It has come to be argued that interdependence leads organizations to adopt cooperative initiatives for survival, just as animals form flocks to protect themselves and survive in nature (ASTLEY; FOMBRUM, 1983; BRESSER, 1988; OLIVER, 1988).

Various economic theories (such as market power theory, transaction cost theory, resource-based theory), administrative (such as strategic management theory), and organizational (social theory theory, organizational theory) can support and justify strategies cooperatives. By the theory of market power, according to which the firms' competitive success is tied to the strength of the market position (Porter, 1980), cooperative strategies can represent a quick and less costly means of gaining power, alongside competition actions. This theory also assumes that the external environment in which the firm is embedded determines the most appropriate cooperative alliances. The concept of the value chain introduced by Porter (1985) and the identification of different competitive strategies within the theory of market power has been valuable in indicating under what circumstances an alliance might be necessary. Transaction cost theory sees cooperative strategies as a cost-cutting method. From this perspective, organizations seek to minimize transaction costs - thus understood as costs incurred in the arrangement, administration and monitoring of transactions, such as negotiation costs, contract drafting, logistics management and receivables monitoring (CHILD; FAULKNER; TALLMAN, 2005).

Basically, the central question revolves around the more efficient and less costly choice between conducting transactions in the market or conducting them internally (governance structures) (WILLIAMSON, 1975). Such a decision is determined according to the degree of specificity of the asset, uncertainty and frequency of transactions (WILLIAMSON, 1979), which may favor opportunistic action by agents and impact transaction costs. And, in this context, the analysis of transaction costs has been used to deal with cooperative strategies, such as ways to enter foreign markets, selection and structuring of alliance models, formation of new ventures. Thus, this theory highlights the motivations of the partners to formulate cooperative actions based on efficiency and cost minimization (CHILD; FAULKNER; TALLMAN, 2005).

Resource-based theory suggests that alliances are established in order to access specialized resources and strategic assets from others. The basic premise of this theory is that assets and skills common to many firms or easily acquired in the marketplace are incapable of generating competitive advantage, and they must be valuable, rare, non-imitable and irreplaceable. Therefore, cooperative strategies represent sources of access or acquisition of strategic assets and complementary resources that enable the exploration of new opportunities, gaining skills more quickly, entering new markets through reduction of uncertainties, among other advantages that favor competitiveness (HAMEL, 1998).

From the perspective of strategic management theory, the focus is on partners to adjust their respective strategies so that cooperation between them contributes positively to the objectives of each. Faulkner (1995) points out the main internal reasons for firms to form the Game Theory assumes that social situations involving two or more members are like games, in which the interests of the parties are interconnected and interdependent. Although it is assumed that players have individual interests, this theory does not necessarily result in competitive behavior. The parties may decide to cooperate by looking at the benefits of cooperation, which, collectively, may be greater than those arising from competition. Competitive behavior could initially bring about a greater individual gain for one party, but precisely because of the players' interest in being connected and interdependent, such an attitude would affect collective outcomes, trigger reactions from other players, not the best choice under perspective, which may even undermine individual interests. Thus, according to game theory, what drives companies to adopt cooperative strategies are the benefits of collective gain, on the understanding that acting selfishly tends to be self-destructive (CHILD; FAULKNER; TALLMAN, 2005).

Taking into consideration that the economic actions of the agents are influenced by the social relations of which they are part, is the theory of social networks. According to Granovetter (2007) and Polanyi (2012), economic actions can not be dissociated from social actions, which implies that the formation and coordination of alliances are related to social ties - networks. Relationships that emerge from alliances can serve as a basis for forming other new cooperative strategies. Existing social networks and links can influence the choice of partners for new alliances. Gulati (1998) points out that partnerships based on strong social ties reduce the sense of risk and enable more flexible practices between the parties, due to the relationship of trust between the parties. Child, Faulkner and Tallman (2005) mention that preexisting links allow for lower costs with coordination structure, making cooperative strategies within the social network more attractive.

**Table 1 - The various lenses on cooperative strategies**

| Theory | Visão sobre as estratégias cooperativas |
|---|---|
| Theory of market power | The competitive success of firms is tied to the strength of market position. Cooperative strategies may represent a quick and less costly means of gaining this power. |
| Theory of transaction costs | Cooperative strategies represent sources of access or acquisition of strategic assets and complementary resources that enable the competitive advantage. |
| Resource-Based Theory | Cooperative strategies are a means of pursuing the goals of the partners through the positive contribution of each party through strategic adjustments and cultural adjustments. |
| Strategic Management Theory | What drives corporations to adopt cooperative strategies are the benefits of collective gain, on the understanding that acting selfishly tends to be self-destructive. |
| Theory of games | What drives corporations to adopt cooperative strategies are the benefits of collective gain, on the understanding that acting selfishly tends to be self-destructive. |
| Theory of social networks | The formation and coordination of cooperation strategies are related to social ties, that is to networks. Existing social networks and links influence the choice of partners for the alliances, as well as enable more flexible practices between the parties, due to the relationship of trust. |
| Theory of organization | It discusses the appropriate way of organizing and structuring cooperative strategies, focusing on issues of control, autonomy and learning. |

**Source: Prepared by the authors, based on Child; Faulkner; Tallman (2005).**

Finally, from the organizational perspective, organizational theory focuses on the ways in which cooperation strategies can be properly organized. The variety of types of alliances is pointed out as the cause of the difficulty of analyzing them. There are cooperative forms in which one party has dominion over the other, in a more hierarchical format, while there are others where such preponderance is not evident. So, basically this theory focuses the discussion on the following issues: (i) the importance of structure and process in the management of alliances; (ii) the network or quasi-network character of the alliances; (iii) control, autonomy and learning (CHILD; FAULKNER; TALLMAN, 2005).

The theories discussed above are some of the lenses through which cooperative strategies between companies can be contemplated. The key points of view for each theory are summarized in Table 1. Overall, the underlying assumption of cooperation as a strategy is that multiple heads and several complementary skill sets acting together are better than acting alone (DOZ; HAMEL, 1998), or by assigning a better position reducing costs; either as a strategic means of achieving objectives or to obtain competitive advantage, the latter being the focus of the present work, as discussed in the next section.

### 2.2. Competitive advantage

It is common the presence of the subject competitive advantage in studies in the field of strategy. In spite of its frequent approach, almost always combining the notion to the prominence and superior performance of a company over its competitors, there is a certain difficulty in its conceptualization and measurement. A number of non-unanimous and imprecise concepts make up the current literature and the idea of competitive advantage is used in a self-explanatory way, so common and natural that it became its use (TEECE; PISANO; SHUEN, 1997).

The reason for the difficulty of a uniform definition of competitive advantage is attributed to the operational design of the construct and to the lack of clarity and differentiation between competitive advantage and performance, since the logic of the relation of cause and effect between them in the empirical sphere still seems to be obscure (BRITO; BRITO, 2012). These same authors also mention that most of the studies are limited to modeling performance metrics that are not necessarily related to competitive advantage, and that in theory concepts and interpretations are also different, according to authors and areas of knowledge.

Ansoff (1965, p. 93) defined competitive advantage as a “strong competitive position” obtained by identifying specific properties and individual combinations of products and markets. Already Porter (1985), in his work *Competitive Advantage*, related the concept to the notion of cost leadership and differentiation. That is, competitive advantage would be the value of the product created by the company, which exceeds the cost of its creation and which buyers are willing to pay. This value comes from offering lower prices than competitors for equivalent benefits or providing unique benefits, different from those offered by their competitors and justifying a higher price (PORTER, 1985).

Barney (1991) treats sustainable competitive advantage as being related to the company’s strategy for value creation that is not being implemented simultaneously by its current or potential competitors and they are unable to replicate the benefits of such a strategy , the company has the ability to maintain the value creation strategy. The same author, along with Peteraf (2003), defined that a company has competitive advantage if it is able to create more economic value than its competitors, being understood as economic value the difference between the benefits perceived by the buyers and the economic cost for the company.

In general, the notion of value creation superior to competitors seems to be elemental to the concept of competitive advantage. Thus, it can be understood that a company has a competitive advantage when it performs above the market average, earning profits that are also above average.

In an attempt to find the causes that give rise to competitive advantage, the perspective of the external environment (OI) dominated the competitive forces addressed by Porter (1980), according to whom the economic performance of an organization depends on the profitability of the sector and the positioning of the organization in that sector. Five basic competitive forces acting on the sector are: (a) rivalry between companies; (b) threat of new entrants; (c) threat of substitute products or services; (d) bargaining power of buyers; and (e) bargaining power of suppliers. Thus, the internal characteristics of firms are not highlighted, but rather the structure of the sector in which they are inserted.

In the 1990s, recognizing the insufficiency of OI's external perspective, there was a shift of vision within organizations, seeking the causes of competitive advantage in the internal causes of firms, such as their resources and capabilities (BARNEY, 1995; FOSS, 1997; TEECE; PISANO; SHUEN, 1997) and in the way they are planned and used. It is the resource-based view (RBV), which fits the theoretical basis of Penrose (1959, p. 42) according to whom "we cannot adequately explain the behavior of the firm or predict the probability of success by examining, merely, the nature of environmental conditions, "and it is necessary to observe the internal configurations of organizations. According to Penrose (1959), firms are a set of productive resources and the strategic decisions of firms are not determined by the markets, but by the internal and planned organization of their resources, which are the only source of returns for the economic activities of firm. Thus, the resource-based perspective studies the internal resources to seek the conditions in which they generate competitive advantage for firms (BARNEY, 1991, 1995; PETERAF, 1993), and are thought to be valuable, rare, non-imitable and irreplaceable.

From this viewpoint of the RBV, it is assumed that companies within the same industry can be heterogeneous according to the strategic resources they have. It is assumed that the different resource endowments of firms, whether built by internal accumulation or acquired in the market, explain the different performances between them (FOSS, 1997). The performance of the resources used in the production and commercialization of products varies from firm to firm, proving to be efficient and effective. Efficiency refers to the ability of resources to produce more efficiently, and effectiveness, to the ability of resources to satisfy buyers (PETERAF, 1993).

Nelson (1991) points out that firms also differ in terms of organizational capacity, that is, in the forms of internal organization to perform specific activities. In other words, it refers to the essential capabilities by which a company performs certain activities (NELSON, 1991), highlighting it from others.

In this context, Kretzer and Menezes (2006, p. 71) state:

> In the analysis of competitive advantage, the strategic literature focuses on sources that generate above-normal returns, that is, return (income) in excess of the opportunity costs of the owner of a resource. In this perspective, a firm selects its strategy of continuous search for return based on the capabilities of its resources. The competitive advantage here is based on the firm's strategic ability to focus on human effort coordination and the ability to effectively assess the firm's strengths and weaknesses (strategies to exploit existing firm-specific assets).

Indeed, if organizations seek the basis of competitive advantage in their resources and capabilities, cooperative strategies among firms can represent an important tool for generating competitive advantage as it enables the complementation of missing and deficient resources and capacities. Child, Faulkner and Tallman (2005) point out that one of the main motivations of cooperative strategies is precisely the resource dependence, that is, explain that the formation of alliances aims to gain the necessary capacities or resources to respond to challenges or meet new opportunities. The authors further clarify that such a need may vary in nature, but is usually associated with feelings that certain resources, skills or competencies are inadequate or unbalanced (insufficient) to meet certain demands.

In this sense, Lewis (1992, p. 32) asserts, in a rather didactic way:

> Alliances can strengthen products or services in a variety of ways. To discover opportunities, start by asking which combinations of resources-your and third-party resources-could better serve your customers' needs. This perspective puts you way ahead of competitors who still think in terms of what they can do on their own. In general, the possibilities include winning by getting in on the right moment, creating new or better forms of performance, reducing costs and risks, providing more value to customers, creating a stronger product line, offering greater compatibility with other products companies and curing an expanded product image.

Indeed, when it is said that a cooperation strategy, such as alliances, allows the company to position itself ahead of competitors, it refers to the generation of competitive advantage. And under the prism of the RBV, this is possible through the combination of complementary resources between the parties.

Doz and Hamel (1998), in discussing the ways in which alliances can create value for partners, highlights the co-specialization mechanism, which consists precisely in the combination of differentiated resources and competencies that each party possesses. The authors mention the importance of co-specialization in a business scenario in which demands become more complex and companies focus on few core competencies, requiring the complementarity of skills. With this strategy, it is possible for companies to create new products or services and / or to offer more complex products or services, remedying the competitive vulnerability due to the deficiency of certain skills. In other words, in a nutshell, the cooperative strategy of complementing resources generates value to partners and, consequently, assures them a competitive advantage.

# 3 SCOPE OF STUDY

The scope of the present study consists of the business consulting services sector, made up of micro and small companies. It is recognized the importance of small enterprises in economic development mainly because of their ability to produce relevant parts of goods and services and promote economic well-being (LONGENECKER; MOORE; PETTY, 1997).

According to the Yearbook of Work in Micro and Small Enterprises - 2011/2012 prepared by SEBRAE - Brazilian Service of Support to Micro and Small Companies in partnership with DIEESE - Department of Statistics and Socioeconomic Studies (2012), the size of the establishment is defined by the number of people employed and depends on the sector of economic activity.

In the service sector, as in the case, the Yearbook considered as microenterprises establishments with up to nine persons employed and, as small enterprises, with ten to 49 persons employed.

The importance of the chosen sector of analysis is justified by the fact that the services sector has been the second most expressive in the number of micro and small enterprises (SMEs) and its market share has increased by 29.9% of total SMEs in 2000, to 37.3% in 2013 (SEBRAE; DIEESE, 2011/2012, 2015). Such growth is associated with the accelerated rate of creation of new companies in these sectors, with annual growth rates of 4.7% per year.

The literature also highlights the importance of micro and small enterprises from an economic and social perspective (HILL, 2001). However, without prejudice to the size criterion used in this paper according to the guidelines adopted by SEBRAE, it should be noted that there is a certain difficulty in the world literature in defining small businesses.

Hill (2001) mentions that the concept goes beyond the simple definition by size, as it is customary. In a more comprehensive attempt and mentioning the criteria used, the Report of the Bolton Committee (1971) - European Commission and Department of Trade and Industry - points out three characteristics that would describe small enterprises, taking into account the impacts on management and decision making : (i) small enterprises hold a relatively small share of the market in which they operate; (ii) small businesses are managed by owners on a personalized basis and through a formal management structure; and (iii) small companies are independent, that is, they are not part of larger companies.

In any case, it has been recognized the importance that smaller companies play in the economy. And studies point to the advantages of having a smaller structure, especially regarding the competitive advantage for MSEs, in spite of their negative aspects, such as resource limitations, information, capital and specialized professionals, lack of planning, informal control among others (FULLER, 1994; GILMER et al., 2001). McCartney-Quinn and Carson (2003) mention, for example, that small firms can be more competitive because of their greater proximity to the market, flexibility, ability to operate at lower margins and faster decision making, factors which entail greater bureaucracy in large companies.

Within this growing and relevant sector of services in the economy, there are micro and small business consulting companies, which, formed in large majority by professionals from large companies in search of entrepreneurship and autonomy, form a relevant active mass in the consulting market. In a survey of the statistics on entrepreneurship carried out by the Brazilian Institute of Geography and Statistics (IBGE) (2012), business management consulting was ranked among the ten highest growth entrepreneurial activities in the country, with a percentage change in average net revenue in 2012, higher than two hundred per cent over existing consulting firms, as well as an average percentage change in productivity over twenty per cent for the same year.

In fact, the movement that has been observed is the adoption of cooperative strategies by the small companies in order to supply the missing internal capacities, in search of advantageous strategic position and survival in a highly competitive market (CROPPER et al., 2008; BORTOLASO, 1988).

In the specific case of consulting firms, two consulting firms mutually add capabilities and offer more varied services to their clients, without losing the independence between them, aiming to add value to their services, expand their portfolio, strengthen their image in the market, reduce costs and risk and competition, in a strategy that Doz and Hamel (1998) treat as co-specialization. The company offers the services of the partner in its own name, taking all risks before the client, despite the partnership relationship often occur in informality after only on the basis of mutual trust. The client views only a single consulting company and concentrates the entire relationship.

Therefore, considering the phenomenon to merit study, in the light of the theoretical references already mentioned, it is proposed to carry out the present research in the scope of micro and small business consulting companies headquartered in the capital of the State of São Paulo, with up to five years of with a maximum of 49 employees - as SEBRAE qualifies - and who routinely use strategies of cooperation among themselves as a way of complementing resources and skills for the development of services in the consulting market.

# 4 METHODOLOGICAL PROCEDURES

Easterby-Smity, Thorpe and Lowe (1999) argue that the choice of the research problem demonstrates the researcher's worldview and acts as a guide to the research procedure that is most appropriate to this view. Thus, the research procedure must adequately address the problem in question and its purposes.

Based on this understanding, the qualitative research was proposed for the present study, since it aimed to understand the problem raised from the subjectivity of the participants (MARTINS;

THEÓPHILO, 2007), through a fundamentally interpretative investigation. The intention of the work was to understand the nature of social reality from the perspectives of the subjects involved in the research.

A descriptive study was carried out to describe the mechanisms and relationships existing in micro and small consultancies, using a set of classifications (NEUMAN, 1997). In fact, this study deals with qualitative data obtained through in-depth interviews based on a script of previously determined questions. In this case, according to Tesch (1990) the idea of analyzing the information obtained is to extract meaning and content from them. The questions asked were based on the theoretical framework of the work in such a way as to generate potential answers to its objectives. For the development of the analysis, Flores (1994) proposed the grouping of the data characterized by a categorization process in order to give rise to relevant factors and dimensions to understand the meaning of the same. The dimensions are exposed and discussed in the next chapter of the study. Complementing the research procedure, an initial test was carried out with a company pertinent to the conditions of the sample. The instrument of data collection was a semi structured questionnaire. Although the interview questions had been previously elaborated, the respondents freely presented their points of view, allowing other adjacent issues to arise during the interviews.

The choice of the participants of the research was intentional and not random, based on approximately homogeneous profiles, regarding size, time of action, age of members, clientele, among other factors. The interviews were conducted with the partners of four micro and small consultancies, all located in the capital of the State of São Paulo, with up to five years in the market and composed of a maximum of 49 people each. The identity of the companies and partners was kept anonymous, for ethical reasons, being in this study companies A, B, C and D and its partners SA, SB, SC and SD, respectively.

The responses were recorded and transcribed, with previous consent of the interviewees (FRANÇA; VASCONCELLOS, 2009) and analyzed on a case-by-case basis. The results were compared with the theoretical references already mentioned. Afterwards, the representative answers of each interviewed company were cross-checked and analyzed together, in order to identify the necessary standards for the investigation of the research problem of this work. The data were collected and analyzed until their point of saturation, when it was realized that there would be no greater contributions to the theoretical support proposed here due to some redundancy and repetitiveness of the presented answers (DENZIN; LINCOLN, 1994).

# 5 ANALYSIS AND DISCUSSION OF RESULTS

The characteristics of each company interviewed are summarized in Table 2. All of them practice cooperative strategies with partner companies to aggregate missing skills and offer more complete services to their clients. The partner of company A mentioned as motivation of the cooperation strategies the need to expand the portfolio of services and the strengthening of the company's brand. Because the partner companies are, in certain competencies, competitors, said that such cooperative strategies reduce the possibility of both companies competing for the same client, which finds theoretical support in the lens of game theory. In this sense, with the use of such strategies the partner SA said to glimpse that:

> [...] We specialize in HR consulting, but clients often need legal or accounting advice, which we do not have. With these partnerships we can compete with the most complete consultancies, which offer several services at the same time. For our client, we are one. They see my partner's consultants as consultants to [COMPANY A]. This adds more value to our services because we can offer something more complete and strengthen as a brand for these customers. [...].

Such motivations are also aligned with the fundamentals of strategic management theory (FAULKNER, 1995; CHILD; FAULKNER; TALLMAN, 2005), resource-based theory (DOZ; HAMEL, 1998) and the theory of market power (Porter, 1980, 1985). As a disadvantage of the practice, the SA partner mentioned the dependency of its company to the partner company, precisely because it does not have the competence that it has, which makes the relationship vulnerable.

The motivations mentioned by company partner SB were also very similar to those of company A: strengthening the image to the client, being able to complement its portfolio, being firm with the client offering broader services and easily accessing missing capabilities (FAULKNER, 1995).

[...] Companies in our area are rarely looking for a single service. When clients want legal advisory services, they also want litigation. And litigation does not do. But instead of simply denying this customer service, we partner with other offices to offer litigation on [COMPANY B's] behalf to the client. [...] If I do not do this it is difficult to have any advantage over more complete offices, because I will lose even the clients of the advisory to them. If I do not have that area, I'll get it out, but for the sake of cost, it's not worth having a litigation of my own right now.

The partner SB pointed out as a disadvantage the risk taking on his own behalf towards the client, which ranges from the need to supervise the partner's work until eventually compensate the client's damages. He said that the damages may not only be financial but also moral, that is, that your company has the image damaged by the act of the partner.

**Table 2 - Characteristics of the companies interviewed**

| Empresas | Características |
|---|---|
| A | *Company A has been in business consulting for three years and has five people employed. Its main consulting service is in people management. It adopts cooperative strategies with companies offering consulting services in the accounting, financial and legal areas.* |
| **B** | *Company B has been in business consulting for three years and has three people employed. Its main consulting service is in the legal area. It does not act with judicial litigation. It adopts cooperative strategies with offices that offer litigation services and companies that provide aggregate services, such as paralegal and accounting.* |
| C | *Company C has been in business consulting for three years and has 35 people employed. Its main services are financial, tax and accounting consulting. Uses cooperative strategies with companies that offer legal advice and in the area of people management.* |
| D | *Company D has been in business consulting for a year and has seven people employed. Its main services are consulting and financial and accounting audit. It adopts cooperative strategies with companies that offer audits in related areas, such as tax, labor, systems.* |

The partners of companies C and D, in addition to the same reasons mentioned by SA and SB, added as justification the need to centralize the services with the client, often by preference of the client. They reported that "customers themselves often prefer [COMPANY C] to concentrate all services in terms of control, supervision and billing, to facilitate relationship management" (Partner SC, COMPANY C). Basically it is about offering general management to the customer by offering a value-added service. As disadvantages, the SC partner pointed out the risks of concentrated liability in his company, as well as cost increases for the client, since such contracting of strategic partners - often referred to as "quarantine" - would be more costly for the client than if it contracted directly from the partner company, due to the supervisory costs and tax charges. The SD member also considered this disadvantage, adding to it another, which he referred to as "ethical risk", which would be "the risk of the partner engaging in unethical conduct and coming to harass the client" (SD Partners, COMPANY D), in direct competition. He even commented that he had experienced such an experience with one of his partners.

The partners of all companies mentioned trust as the main enabling element of cooperative strategies, both personal trust and technical trust, ie the technical capacity to perform a particular service. The partner SA mentioned that the partners' choice follows the criterion of pre-existing professional coexistence, that is, that they prefer to opt for companies whose professionals have already worked before, so that the ethical side and the technical capacity are well known. This is supported by Granovetter's (2007) and Polanyi (2012) lens of social network theory, where the strength of preexisting social ties reduces the sense of risk and favors cooperation.

Still in terms of trust, the companies interviewed do not, as a rule, adopt written contracts to formalize the cooperative relationship, precisely because they base the relationship fundamentally on mutual trust. The SA partner mentioned that non-formalization and the bond of trust allow for greater flexibility in the management of the relationship, ie, on a case-by-case basis, the parties may adjust conditions for cooperation, according to convenience and necessity, which is consistent with the understanding that partnerships based on strong social ties allow more flexible practices between the parties and reduces costs with coordination (GULATI, 1998; CHILD; FAULKNER; TALLMAN, 2005). In this sense, in the words of the SA partner:

> It's no good for us to sign a lot of paper, the important thing is to trust in the partner, because it will act in the name of your company. That's why we prefer to work with whom we know well, both technically and personally. And he must also have an affinity with him to work together [...]. We are hitting the details according to demand, according to what the client needs, at the most formalizing by email. But it's more so that we do not forget what we have combined than to have some kind of guarantee, because trust has to exist before reaching that point. Then we will get right and get along, by phone, by email, at meetings ... [...]

From the perspective of organizational theory, the partners interviewed, while mentioning concern about coordination and supervision of partner company services, did not issue detailed information on the management of such cooperations. This is attributed to the fact that the companies are relatively new and have so far not experienced negative experiences with their partners, so that they felt the need to somehow organize the management and coordination of the partnerships in a more complex way.

On the side of trust, the SD partner mentioned the price factor as being important for the partner's choice, so as not to burden the client too much, since the "wedge" would increase the final price of services due to supervision costs and taxes. This denotes a concern to mitigate, in some way, the cost increase pointed out as a disadvantage of cooperative strategies by the SC partner previously.

All partners mentioned that, despite the risks involved and known, cooperations have worked, with very few exceptions, and do not feel the need to internalize the skills sought in the partners in the short term. Some evaluate this possibility in the medium and long term if the demands increase and justify the costs, since the constitution of an internal structure for certain services would require high investments. This information revealed that the reduction of administrative costs is also a factor of cooperative strategies, which is aligned with the fundamentals of transaction costs theory, that is, cooperation as a more efficient and less costly structure for carrying out the transaction. Table 3 presents a summary of the reasons and elements presented by the interviewees regarding the cooperative strategies they adopt, and the identification of economic theory or management that corresponds to such motivations.

**Table 3 – Motivations and elements of cooperative strategies and respective theoretical lenses**

| Reasons and elements | Theoretical lens |
|---|---|
| Expansion of service portfolio; adding value to services | Resource-based theory; strategic management theory |
| Strengthening the company's image; gain power in the market | Theory of market power |
| Easy access to missing capabilities | Strategic management theory; resource-based theory |
| No competition with the same customer; joint gain | Theory of games |
| Reliable social bonds | Theory of social networks |
| More efficient and less costly way to transaction | Theory of transaction costs |

In fact, all partners interviewed stated that the combination of complementary resources and capabilities through the cooperation strategies (DOZ; HAMEL, 1998) makes it possible to remedy competitive vulnerability and position their companies ahead of their competitors who do not adopt such strategies, since (AXELROD, 1990), providing higher value to their customers through more comprehensive services (LEWIS, 1992), which revealed that such firms employ cooperation as a means of gaining and maintaining competitive advantage in their consulting market.

# 6 FINAL CONSIDERATIONS

This article aims to analyze the adoption of cooperative strategies by micro and small consulting firms as a tool of competitive advantage, relating their motivations to the various economic and management lenses that provide theoretical support in matters of strategic cooperation, such as theory of market power, transaction cost theory, resource-based theory, strategic management theory, game theory, social network theory, and organization theory.

Considering that, in this subject, the literature usually relates the examples to the cases of large companies, it was sought to contribute academically bringing to the discussion the adoption of such strategies by micro and small companies of the service sector, whose market share has had considerable growth in the last (SEBRAE; DIEESE, 2011/2012, 2015), with a specific cut in those that carry out business consulting activities, justifying their relevance as one of the ten most successful entrepreneurial activities in Brazil (IBGE, 2008).

The answers obtained from the companies interviewed showed that the cooperative strategy adopted by micro and small consulting firms is a tool of competitive advantage over companies that do not adopt it. The strategy of complementing skills and competences allows them to offer more complex services, mitigating competitive vulnerability and adding greater value to their activities.

Elements such as technical, ethical and personal trust have proved to be fundamental to the practice of such interorganizational cooperation strategies. Moreover, the motivations that lead to the practice of cooperative strategies such as those mentioned are foundational in the various theoretical lenses of economics and administration. In short, all partners treated such strategies as a competitive advantage factor in their market, enabling greater performance and competitiveness through the aggregation of value to their services (AXELROD, 1990; LEWIS, 1992; DOZ; HAMEL, 1998).

Due to the fact that this article limits itself to companies in the State of São Paulo with a recent period of time, for future research it is suggested to extend the study to companies with a longer time in the market, to identify other forms of cooperative strategies, to carry out studies on models of management of cooperation strategies, as well as to analyze comparatively the companies with the same characteristics discussed in this paper that adopt cooperation as strategy and those that do not use it.

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