

## **Analysis of Relevant Factors in the Construction of Social Alliances**

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**Abstract:** *This study aimed to analyze from a case study applied to the non-governmental organization Union of Sorocaba and Region (UniOng). The relevant factors for building strategic alliances between specific OTS, which in this work was denominated as Social Alliances. Therefore, the survey noted four variables relevant to the formation of UniOng, determined by motivating factors, selection process, governance structure and evolutionary dynamics. Presenting as main results, the direct influence of social ties in the different stages of formation of UniOng, this way, the role of the social relationships is potentially motivating the decision of its economic agents. Thus, reducing some transaction costs over the alliance and allowing it to evolve to strategic relationships, being the strategy observed not only in isolation and in purely economic objectives, but in a process, that also comprises the interactions between organizations and their environment.*

**Keywords:** *Strategy. Strategic Alliances. Third Sector organizations. Social alliances.*

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### **1. INTRODUCTION**

The formation of strategic alliances is a theme that gets major highlight in the academic world as well as in the organizational environment, to report the strengthening and the development of organizations from collective strategies, being these relations a key component in the strategic management of enterprises in different segments.

Concerning to the object of study of this research, the Organizations of the Third Sector (OTS), considering the view of the author that the strategic alliances almost essentially occur through inter-sectorial partnerships, or articulations between the third sector and the market. Mainly characterized by the actions of corporate social responsibility (CSR), or between the relationship of the third sector and the government, formed mainly by social organizations of public interest (OSCIP).

Defined then, as the main objective to characterize the process of formation of the strategic alliances composed exclusively of participating organizations of the third sector, taken as base the four phases of the alliance formation process determined by Gulati (1998), which are: motivating factors, selection criteria, governance structure and evolutionary dynamics.

### **2. STRATEGY AND STRATEGIC ALLIANCES**

For Gulati (1998), there are two main ways to classify strategic alliances taking as base its value chain: horizontal and vertical. Horizontal alliances are also known as co-optation alliances. It usually includes, in the same arrangement, organizations competing for the same market (channel), which aim at neutralizing potential competitors while bringing additional resources to the business and they are practiced on strategic issues, such as technological development agreements, export consortia and distribution of products.

Thus, the authors summarize that the vertical alliances have their importance to organizations because they cannot lead and dominate all stages of value of their organizational environment, not having the

ability to act as isolated and purely independent bodies. Hence the need to form alliances with other organizations at different stages to maintain the strategic performance.

However, alliances evolved into relationships beyond the horizontal and vertical partnerships, when forming the so-called lateral alliances that can involve in the same arrangement a wide range of players, as competitors, suppliers, governments and third sector organizations, as well as a larger amount of actors of the same segment linking strategically with each other.

In this scenario, the highlights are the alliance of networks and multilateral alliances, which, for Lazzarini (2008), are arrangements composed of constellations, that is, the alliance between several organizations that compete against each other for clients and members in the same sector or in similar sectors, distinguishing especially regarding implicit constellations (alliance networks) and explicit constellations (multilaterals).

Thus, Lazzarini (2008) comprehend that the alliance networks are informal groups based on a bilateral structure of agreement between organizations. In this type of structure, members maintain relatively more bilateral links with each other than with organizations outside of the constellation, hence the "implicit constellations" denomination.

Therefore, multilateral alliances are constellations that are explicit and formally organized. They consist when a group of organizations decides to formalize their mutual association of extensive agreements, rather than a collection of various alliances established among organizations (Lazzarini, 2008).

The multilateral alliances, in Lazzarini's point of view (2008), are more likely to be formed when the alliances have a high centralization of power, high diversity of resources and network structure characterized by a moderate density and, most often, these constellations are associated with some brand or committee specifically tasked with managing the interests of the group.

### **3. STRATEGIC ALLIANCES IN THE THIRD SECTOR - THE SO-CALLED "SOCIAL ALLIANCES"**

When considering the classification of the alliances based on the players involved and their different areas of activity. The strategic alliances can also be classified from the perspective of the Theory of Tri-sectoriality that Fischer and Casado (2003) define how organizations, belonging to the first sector, (when it comes to the government agencies linked to administrative structures of the Government). The second sector (which covers all types of organizations dedicated to the production of goods and services to the market), and the third sector (in which are allocated the civil society organizations that are characterized by public purpose with the use of private resources).

Specifically in the alliances containing third sector organizations, what is observed in Marins' view (2009), it is that the alliances of cooperative nature are fundamental in the management of nonprofit organizations, as they allow for greater integration in the programs within a community, coordinate services with different audiences, favoring relations with government agencies and are important sources of financial funds.

Other benefits that strategic alliances and partnerships can establish for non-profit organizations, according to Tachizawa (2007), are the development of new projects and / or activities, opening fronts, empowerment of ongoing social projects, expansion of the range of knowledge, fundraising and reduce of operational costs.

Thus, the strategic alliances now have their concept adapted to the relationships formed within the third sector environment. For Fischer and Casado (2003), as well as in the business world, where companies have created a group among themselves to strengthen its production capacity and its market position, also the social development initiatives sought organizational forms that would increase the efficiency and that would ensure the effectiveness of their actions.

However, what we see is that the formation of the strategic alliances in the third sector area is in their predominance organized in the so-called inter-sectorial relations. In other words, the articulations between the third sector and the market, generally characterized by corporative social responsibility (CSR), or between the relationship of the third sector and the government, formed mainly by social organizations of public interest (OSCIPs).

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It is understood, therefore, the importance in this study to understand the inter-relationships of cooperative nature containing exclusively OTS with strategic constitutive elements, high degree of integration for the fulfillment of common goals and create value for the partner entities, specifically defined in this research as "social alliance".

Thus, based on the small number of strategic alliances performed only between OTS, the author believes that the main difficulties encountered by these organizations to interconnect with other entities in the same industry are due in particular to management issues, financial resources, human resources and external supporters.

The difficulties presented, however, should not be treated as an insurmountable barrier for the union of nonprofit organizations in inter-organizational arrangements. What the managers of these organizations should keep in mind is that the obstacles and risks are inherent to the relationship processes; it is not an exclusive problem of OTS.

It is observed, for example, in the Inter-sectorial Alliances other types of sharp barriers and difficulties resulting from conflicts of purpose, cultural differences, and differences in work logic and even in the speech of the participants. Whereas, in the social alliances these conflicts tend to occur less intensely, since these alliances are formed by organizations with similar social purposes, active in the same economic area.

As there is no specific study regarding the classifications of strategic alliances between OTS, we sought, by observation, to frame some possible modalities of this alliance format, without exhausting, though, other possibilities of social alliances classification. In Table 1, we present the formats, the characteristics and the examples:

**Table 1.** Classification of specific strategic alliances between OTS - social alliances

Format	Characteristics	Examples
Backer	Partnership of OTS for the purpose of anon-profit enterprise (backer) to finance other non-profit organization (funded). The resources can be from national or international origin, but with the use of these resources directly linked to the social mission of the beneficiary organization, not just a one-off job. Thus, the funding should have a strategic character to the partner organizations, contributing to its sustainability and sometimes directly influencing the management of the allied entities.	Handicap International and NGO Vida Brasil – Fortaleza, Ceará.
Researches and Studies	Non-profit joint ventures that aims to promote specific studies about the third sector and its relations with other sectors of the economy. It has an important social function, because they are organizations that seek to fill the research gap addressing the theme of the third sector and their relations.	Capoava Alliance, (Organização Ashoka, Fundação Avina, Instituto Ethos and Grupo de Institutos Fundações e Empresas – GIFE).
Project	When different non-profit organizations come together strategically to develop a joint project, given the proximity of interest and the compatibility of values. They are relationships that have the length accordingly the project purpose, so it is not necessarily long-term relationships. They are important arrangements for joint and coordinated action to achieve a common goal.	Alliance for Conservation of Protected Areas in the North Flume of Pará (NOGs: Terras Indígenas, Quilombolas e Unidade de Conservação do Pará).
Representative	It consists of an organization representing other organizations of common interest. It is established partnerships among organizations for the representativeness toward the government, social mobilization and political empowerment.	Brazilian Association of Non-Governmental Organizations (BANGO) and its associates.
Joint Ventures	When it starts from the articulation of at least two non-profit organizations a "third" formal organization. This third organization sets a high degree of integration among the participating organizations, constituted for strategic long-term relationships, involving a number from collective actions	UniOng – Sorocaba (SP).

Source: Ownelaboration

The social alliance format, currently, that is most practiced are the partnerships to finance social projects. As a matter of the fact, this alliance model was one of the precursors to the development of numerous NGOs in the country, mostly of foreign origin resources, designed by developed countries to promote social improvements in the countries which still under development.

In this study, however, the focus will be given in the joint venture, that is, the creation of a third organization provided from the union of other nonprofit organizations. This research was motivated by being an alliance format little practiced among the OTS on the national scene, with the central aim of analyzing the relevant factors to the construction of this collective arrangement.

Overall, keeping the specific characteristics of building alliances among both companies in the second sector (intercompanies), the union of OTS with other spheres (inter-sectorial) and among OTS themselves (social alliance), what is seen is a high degree of complexity of these cooperative relationships, regardless of the participating enterprises. This is justified because of the difficulties of the process to establish strategic relationships itself, especially in competitive environments, unstable and with high interdependence with other external actors and their means.

#### **4. STRATEGIC ALLIANCES ESTABLISHMENT PROCESS**

Gulati (1998) summarizes in four main steps the process of establishing organizational cooperative arrangements, not necessarily present in a similar way: decision to form, selection process, decision on the structure and the evolutionary dynamics.

Other authors also call these reasons for the establishment of an organizational cooperative arrangement as "early stimulation". According to the perception of Child and Faulkner (1998), alliances are formed generally from an initial stimulus resulting from a changing environment.

So for Child and Faulkner (1998), the organization develop a sense of failure in relation to some external change, or if you want to reduce risk, or need to enter at a new market quickly, and, finally, it believes that the cost to it will be lower with an alliance, then the reason for the alliance is there.

However, Gulati (1998) points out another important aspect, in relation to the relevant factors for the 'start' of a strategic arrangement. That is to show the interference of social ties at the time of formulation and establishment of the cooperative arrangements, such as the frequent exchange of information among possible actors in a partnership, in order to establish insurable confidence levels for the beginning of an alliance.

Thus, following the perception of the author, the decision for the formation of alliances should also have a perspective directed to the variables of social behavior, using pre-existing social networks to seek information that will reduce transaction costs necessary for seeking a partner, while also reducing the risk of alliances with partners with opportunistic conduct. So variables that exist in a social network, such as status, loyalty, trust and reputation, can be decisive for the formation of a cooperative inter-organizational arrangement.

In this sense, the author ends up complementing the conventional theories that characterize the formation of strategic alliances, not just getting restricted to strategic alliances as the result of a static process, managed on the form of contracts and legal agreements, but also as consequence of ties immersed in social relations.

After the understanding of the motivating factors or the initial stimulus, the second stage of strategic alliances creation process is related to the partner selection criteria. In Baldi and Lopes (2005) vision, the existence of previous relationships also is important in the partner selection process; it presents itself as a reducer in the level of uncertainty and anxiety about the partner's behavior and also influences the stability of the cooperative venture and reduce transaction costs between the partners.

Fischer (2002) stresses the need to identify whether the missions of the organizations have points in common, if the alliance is important for both, if the needs and capabilities of the partners are amenable to integration and if they have congruent organizational values.

The third step in the process of forming strategic alliances, according to Gulati (1998), resides in the decision about the governance structure that will be adopted to orchestrate the collaborative arrangement constituted. In his opinion, the theories commonly used in the composition of the alliance networks are based on the market governance structure, hierarchical structure and hybrid structures, but the author, from a perspective of social interactions, also proposes a governance structure guided by trust.

Concerning to the usual model of governance, it is inserted on the concepts of Transaction Cost Economics (TCE); that Williamson (1985) defines as a structure that considers the transaction phenomena and possible alternatives for inter-organizational relationships that an organization can establish. In other words, they are the costs needed to negotiate, monitor and control the exchanges between organizations, individuals and economic agents, subdivided in market levels, hierarchy and a hybrid format, according to Williamson (1985).

In the point of view of Powell (1990), the market structures are based on momentary relationship and low commitment, and an external mediator usually sanctions their conflicts. As for the hierarchical relationships, they are established by the routines, and models of management and supervision solve the conflicts, as there is always a player in a higher level to address them. Finally, the author calls a third format as the "web of relationships" - hybrid format, which are based on cooperative relationships and complementarity of resources between the organizations involved, with its own rules of reciprocity to solve their conflicts.

Following the perception of Williamson (1985), the governance structures can be chosen according to the characteristics of the organizational environment and their relationships. It includes behavioral presuppositions in order to minimize the transaction costs. It is noteworthy that it is possible the occurrence of various governance structures within the same sector.

In this regard, Gulati (1998) proposes that the governance of strategic alliances is not only linked to legal mechanisms. Which has an emphasis on minimally detailed contracts and with the objective of trying to manage the behavior of their partners, but also pondering about the behavior of social factors, having the trust as the result of a pre-established social relationship between the future partners.

The fourth step that characterizes the process of formation of the cooperative arrangements, in Gulati's (1998) point of view; it concerns to the evolutionary dynamics of this arrangement. Taking into account that the format of an alliance can be influenced by exogenous factors related to its own surroundings where organizations are inserted, also by the endogenous factors relating to the social interactions among partners throughout the development of the alliance.

Thus, the evolutionary dynamics of an alliance, when considered the exogenous factors, tries to check aspects such as the dependency on external resources, the nature of competition and critical events in the sector. The endogenous variables consider the evolution of the arrangements by the social immersions, noting the continuity or rupture with the alliance partners.

According to Fischer (2002), as alliances evolve positively among the organizations that compose a network, they end up generating greater compatibility, more elaborated goals and improved skills. It is exactly for this evolutionary process that Gulati (1998) shows that the alliances are not socially static structures, but products of the evolution of the social immersions established throughout the process of formation of these cooperative arrangements. The author goes further by emphasizing that the previously established social bonds significantly influence the evolutionary dynamics of the strategic partnerships.

## 5. METHODOLOGY

This study was divided into two stages of research. The first moment is an exploratory research in the case study illustrated by the NGO; the second moment refers to a bibliographic research regarding the strategic alliances in the social field and lastly, a descriptive research in order to present the main features of the construction of strategic alliances constituted by the NGO and its members.

The first stage was important in this research, because it was through the initial observations made in the case study that was conducted the appropriate bibliographic references. Therefore, only from this exploratory made with the directors of the NGO that was possible to identify the form of inter-organizational relationship established between the participating organizations.

The second stage contemplated a descriptive research in order to analyze the factors that got relevant the process of formation of the strategic alliance constituted by the NGO and its members, by seeking to raise questions about the motivating factors, partnership selection criteria, structure of governance and the evolutionary dynamics of this arrangement. The researcher sought to observe, analyze and report the facts as accurately as possible.

This second stage was characterized as an applied research on a case study, since it refers only to the study of a single subject, in this case the NGO. The survey was arranged by depth interviews with a semi-structured questionnaire with open and closed questions. The subjects of these interviews were the associated co-founders of the NGO, and the instrument was applied individually with the presence of the researcher in all interviews. The interview script was structured in two stages, the first one a collection of information about the interviewed entity and the second referring to the gathering of specific information about the strategic alliances.

The application of this questionnaire was to the universe of 17 organizations co-founders of the NGO, only management-level employees. From the universe of 17 entities, it was possible to interview and evaluate 13 co-founding organizations, and in addition to these evaluations, there are the questionnaires that were also applied to the current president, vice president and manager of the NGO.

Another important aspect in the collection of data on this second stage refers to the analysis of documents and materials arranged by the NGO, which presented relevant data of its constitution.

## **6. ANALYSIS OF RESULTS**

This topic presents an analysis of the results, at first taking into account the results of the exploratory survey containing a brief history of the NGO. In a second moment, the analysis took place regarding the characterization of the process of formation of the strategic alliance developed around the NGOs.

### **6.1. The NGO: Brief History**

The NGO under study is a non-governmental organization, established in the city of Sorocaba / SP, which gathers exclusively third sector organizations in their inter-organizational arrangement. The organizations members of the NGO shall have as performance focus the care of individuals in social vulnerability.

In summary, the NGO is an organization, which emerged from a proposal articulated by SESI and the SEBRAE, through its central business project, and the Department of Citizenship of Sorocaba by proposing to some nonprofit organizations of Sorocaba and region a model of collaborative relationship between them.

This resulted in the union of 17 non-profit organizations, which eventually enabled the formation of the NGO. They now manage and administer the NGO according to the main needs and demands arising from the social activities of its affiliates. They are now part of a network of partnerships that has as a mission to unite these social organizations and strengthen them through the integral and sustainable development.

Among the main objectives outlined by the NGOs, we highlight the political empowerment, increased visibility of their projects on a regional level, managerial training, continuous learning and financial efficiencies. It can be checked through the objectives proposed by the NGO that its purpose goes beyond being just an isolated project, of tactical/operational level and short-term goals.

### **6.2. Descriptive Research Results**

This stage consisted in analyzing the results reached at the descriptive research. It had as analysis unit the NGO and its associated co-founders, with a focus on characterizing the process of formation of the strategic alliance established around the NGO was taken as a base the four phases of the process of the formation of the alliances determined by Gulati (1998), which are: motivating factors, selection criteria, governance structure and evolutionary dynamics.

#### *6.2.1. Motivating Factors for the Formation of the NGO*

To determine the main motivating factors in the formation of the strategic alliance around the NGO, it was taken as base the vision of the co-founder organizations. According to the initial development of a priority list with variables to be classified according to their importance scale. Such as: Previous experiences in other strategic alliances, Common Interest, Adequacy of a positioning / strategic behavior, Specific Active Sharing, Support from outside organizations, Previous relationships with current partners of the NGO, Economic motivations, Trust in the bodies involved, Motivations for increase of knowledge and training in management. Legal support, from a legal structure and detailed contract, Support / Financial incentive to start the development of this alliance, Risk Sharing, Reaction to a market movement (sector). For relevant reasons considered by the organizations

surveyed for the decision to enter in the inter-organizational arrangement made by the NGO, it was observed that only one variable was rated unanimously as a factor of great importance to enter into the alliance: trust in the organizations involved.

For Gulati (1998), trust is the prior assumption that another economic agent will not act opportunistically and, thus, occurs easily among actors with pre-established social ties, which facilitates the realization of partnerships and eventually reduces transaction costs. Following this regard, it was found that 92% of the respondent entities have had, prior to NGOs; some kind of relationship with the current members of this partnership, and, in most cases, the relationship was given by informal means in individual projects and without continuity. Thus, it was noted that the confidence classified unanimously as a factor of great importance in the formation of the NGO might have happened from these earlier social ties, or, in the perception of Gulati (1998), pre-existing social ties.

This observation goes against the considerations of Granovetter (1973), which considers that, even though those formulated partnerships on legal structures, as in the case of NGOs, elaborated by minimally detailed contracts, yet they are not sufficient to prevent the rise of opportunistic behaviors, conflicts and changes in current expectations, significantly affecting both the transaction costs as in partners monitoring.

In this way, Gulati (1998) sought to highlight the existence of social ties can both expand and restrict the partnership-building possibilities by an organization. In the case of the establishment of the NGO, social bonds represented by the confidence level just influenced positively, as they have identified and approached potential partners in this arrangement.

In short, it is understood that the decision to form a strategic alliance around the NGO was motivated primarily by the existence of a pre-established trust among the organizations involved, so that resembles the Gulati's (1998) assumption by demonstrate that these relations are heavily influenced by social ties.

In the present study, it was observed that aspects related to financial issues were considered in a lesser degree of importance, being the factors linked to social aspects and the strategic behavior considered more crucial for entry into the alliance searched. Furthermore, another point understood as fundamental, was the support of external actors who acted, at the same time, as enhancers and articulators for the establishment of the NGO.

### *6.2.2. Selection Criteria*

Initially, it was found concerning to the selection criteria is that the first organizations were invited by the Department of Citizenship of Sorocaba to participate in preliminary talks on an inter-organizational arrangement model proposed by SESI and SEBRAE, even before the legal constitution of the NGO.

Invitations to participate in this early partnership were directed only to organizations that had their registration with the Department of Citizenship of Sorocaba, in order that these organizations would participate in SEBRAE courses and events and thereby would increase their knowledge and the initial interest to form a collaborative relationship between them.

In the point of view of one of the directors surveyed, SEBRAE and the Department of Citizenship of Sorocaba played an important role both in training and in the initial choice of the organizations that would participate in the NGO, two steps that have taken place nearly together.

It was observed according to reports that the organizations required a period of adjustment when they formed an informal group among them, not only to seek for knowledge about the inter-organizational arrangements, but fundamentally to get to know each other, interact and to constitute bonds of trust, and just after that decide for the implementation of the NGOs.

It was verified, therefore, that even before the foundation of the NGO it was established an informal group among the organizations. These groups were formed by non-structured relationships and a low degree of interdependence, with the motivation of creating social bonds resulting from frequent exchange of information among these organizations in order to establish insurable trust levels for the beginning of the alliance in question, which follows the concepts of Gulati (1998).

Doz and Hamel (2000), Lorange and Ross (2000) and Tristan et al. (2010), praise the importance of pre-selecting partners that will make an alliance. As it constitutes one of the most critical phases of the process, suggesting that the selection of future partners has to be done strategically by taking into account the dependency among the inserted organizations, their complementarity competencies, mutual and beneficial exchange of knowledge and technologies.

In the specific case of NGOs, the decision of choosing the partners due to this complement of resource or for an exchange of specific knowledge, quoted by the authors above as strategic factors in the formation of alliances, were not elements considered in the decision making process of selecting a partner, according to 80% of the people interviewed.

Therefore, it is understood that the NGO in its selection process did not seek to choose their partners based on the demand by members that they could exchange competence and thus add on abilities. This is an aspect that could be better worked, because, according to Tristan et al. (2010) the exchange of competence and specific abilities are relevant factors to fill the capability gaps, which improves the performance of the alliances and facilitates the achievement of common objectives.

The NGO tried to strengthen the participation of the organizations from a logic of social performance developed by its members. They would not allow, for example, the admission of non-profit organizations that did not work with social projects directed towards the care of individuals in social vulnerability, such as NGOs that have as activity the protection of the environment or professional organizations, trade associations and cooperatives.

Another point determined by the NGO to maintain a standard in the selection process refers to the structural aspects for future admission of members. Thus, the NGO defined as mandatory that the following structural aspects are part of the constitution of the organizations: they must be of a private nature. Officially registered as legal entities, organizations which objective is not to distribute profits to its founders. They should have the title of the City Public Service and be registered at the Department of Citizenship of Sorocaba or the City Council corresponding to their predominant operating area.

It was observed thus that the NGO has limited the presence of organizations that wanted to join the alliance by taking into account the compatibility of values, missions and goals of the future partners with the precepts of the NGO, starting from an analysis of the criteria of the social and structural operations of these future partners.

Thus, the NGO followed the Fischer presuppositions (2002) for the selection of its partners. They identified the missions and objectives of the candidates, if they were compatible and capable of integration with the alliance. They also verified if the alliance was as important to the associated as it was for the NGOs and, finally, they found out if the organizations had congruent organizational values, being the differences in acceptable limits for the conception of this alliance.

### *6.2.3. Governance Structure*

The third stage, perhaps, was one of the most complex stages of the process of formation of the NGOs, for three reasons:

- Deciding the Executive Board of the NGO, because it has some autonomy from the support of SESI, SEBRAE and the Department of Citizenship of Sorocaba,
- Partial lack of knowledge of the chosen governance structure,
- Generating a motivation and better participation of members.

Therefore, their own co-founding organizations took the initiative to establish that these entities would form a governance structure starting from a relation of strategic alliance with the NGO as their representative to manage and coordinate this tangle of relationships, but all the associated should stay with its own autonomous management, either in managerial and financial aspects.

The NGO, in this way tried to keep the administrative autonomy of all its participants, when working only as an articulator of this cooperative arrangement, which is close to the view of Hitt et al. (2002). He says that the alliances are comprised by the connectivity among organizations that share common interests, while maintaining the autonomy of all of its members.



It was also important in the governance structure of the NGO the pre-establishment that the alliance would not be mainly focused on the donation of financial and material resources to collaborating entities, avoiding a possible divergence of interests and conflicts, since most of associates compete for the same resources. In return, this fact has also made it impossible for the NGO to implant projects to develop the main critical points of the non-profit organizations, which is generating financial resources to promote the sustainability of these entities.

Regarding the coordination mechanism between the NGO and its associates it was established that the routine relationship would be coordinated by an administrator who would be responsible for the integration with the different units within this arrangement and the search for new strategic partners. As for the executive board, they would centralize mainly in fulfilling the mission proposed by the alliance, in the prospecting of financial resources for their self-support and in assessing the dynamics of evolution and the norms of reciprocity among alliance members.

In this sense, the NGO organized a series of programs to implement the professional development of its associates. This situation was unlikely to be achieved only with the individual action of a partner due to the limited rationality of the players in question, and by the lack of structural and financial resources provided, in a general context, to the third sector organizations.

Therefore, in a first moment, it is understood that the governance structure established by the NGO was placed on the concepts of the Transaction Costs Economics. Starting from a governance mechanism based on the relationship network and upon the perspective of the cooperative interorganizational relationships in the search for solutions and joint actions, reducing uncertainties due to the limited rationality of its participants and its own rules of reciprocity to solve their conflicts according to the concepts of Powell (1990).

Thus, 100% of the surveyed entities reported that trust, reciprocity and loyalty are key factors in the NGOs operating structure, with these variables pointed out as crucial to maximize the efficiency and the effectiveness of the management performed by the NGO. In return, only 66% of the organizations surveyed attributed such importance to the social contracts and legal agreements.

In this respect, Baldi and Lopes (2005) consider that trust plays a key role in the governance structure in cooperative arrangements, through the creation of a sense of reciprocal obligation amongst the partners. Which in turn, generates as a result a behavior of loyalty between the parties, and then the governance structure of the strategic alliances is not only determined by the legal, economic and influenced by exogenous factors.

For Gulati (1998), when one has the trust and the presence of pre-established social bonds in a governance structure, one gains in speed in the decision-making process. Since it reduces transaction costs as they reduce considerably the need of monitoring their partner's behavior, unlike the relationships based only on legal contracts that do not effectively protect against the presence of opportunistic behavior and uncertainty about the loyalty of a partner over the course of an alliance.

Following this concept of Gulati (1998), it was observed in the structure of the alliance in question, the presence of trust essentially in the established relationship between the executive board and its associates. Many of the decisions on the tactical and operational level occur in a centralized way by the Executive Board, without the need of routinely consulting its associates. While decisions at the strategic level are usually taken from informal meetings between the Board and its associates, and only in some cases the decision-making is by voting criteria.

Therefore, even involuntarily, the NGO managed to align the aspect of trust with an alternative governance structure, which allowed generating a reduction in the transaction costs to the associated organizations. As it significantly reduced the need for more formal and costly coordination mechanisms and substantially reduced the need for monitoring the behavior of their partners and the need to stifle their relationship through legal contracts or other legal mechanisms.

### *6.2.4. Evolutionary Dynamics*

As seen in this study, the co-founders of the NGO organizations needed a period of "acclimatization". It was this period that the study analyzed as a key step for the organizations to create social bonds and to develop technical skills on inter-organizational models of cooperation, so they would get enough confidence and knowledge to implement the formation of a strategic alliance.

Therefore, it is understood that this period of "acclimatization" is as an initial stage of the alliance, because the organizations were grouped into a tangle of bilateral relationships. That are not explicit and with a low degree of interdependence; so, this phase could be classified only as a weak arrangement bond, which Granovetter (1973) understands by someone with whom the person is familiar, but that circulates in different environments, with social bonds of trust and reciprocity that still under maturation.

However, with the increasing level of interest, knowledge and, above all, trust among the organizations that participated in this early stage, together with the support of external articulators, the alliance has evolved into the legal constitution of a new social entrepreneurship. They have come to assist and provide services to member organizations in integrated manner, interdependent and with multilateral relationships.

When assessing this first evolution of the relationship performed by the NGO with its partners, it can be observed that the relationships have progressed from an informal relationship and not explicit to a formally constituted relationship and of long-term. Taking on a strategic character for its associates as it cooperated directly for the fulfillment of their social missions, as well as potentiating gains in financial, administrative and institutional aspects.

At this stage, therefore, the alliance has taken the relationship characteristics of the concepts that Granovetter (1973) classified as a strong bond, i.e. a situation in which a partner organization is connected to several other organizations with whom their enterprise also relates. For this classification, we can also understand that it is a situation which the players maintain very close ties. These ties are direct, with certain continuity and they have a greater difficulty for a reversion, according to the concepts of Child and Faulkner (1998).

Thus, it was noticed that over the time, the alliance formed by the NGO gained outlines of an alliance with multilateral relationship characteristics. That is, a constellation formed by various social organizations related to each other, but competing against them for resources and other members in the same sector or similar sectors, ganging up on explicit arrangements and formally organized in order to achieve common objectives as presented in the view of Lazzarini (2008).

Therefore, it is understood that the strategic alliance formed by the NGO evolves substantially, due to the level of interaction of the relationships between their own associates and as well of the coordinating mechanisms of the NGO. This demonstrates what Gulati (1998) explains in his research, that the alliances are not socially static structures, but product of the evolution of the social immersions established along the formation of this cooperative arrangement process.

## **7. FINAL CONSIDERATIONS**

By this research, we observed the possibility of the union of non-profit organizations in the same collaborative arrangement, called social alliance, when taking advantage of the congruence of values and objectives. As well as certain similarity in the working logic and the social actions of these organizations in the formation of the strategic alliances, recognizing as a limiting condition for this partnership format the low professionalization in the management of these organizations, which are still very engaged in an administration guided by philanthropy and volunteerism.

In this sense, the research initially noticed the presence of a collaborative arrangement formed exclusively by members of the third sector, when exploring the alliance conceived by the NGO, as the academic searches did not indicate any substantial results for this collective strategy model. However, the practice was present when demonstrating the construction of the strategic alliance developed by NGOs, result of the union of different non-profit organizations focused on tending individuals with social vulnerability, which led to the study of this topic.

Given this scenario, the research defined as its central objective to characterize the process of the formation of strategic alliances involving the co-founders of the NGOs and thereby presented the main results in the formation stages, when starting the analysis by the motivating factors, selection criteria, governance structure and finally by the evolutionary dynamics of the alliance in question.

Regarding the motivating factors, the research showed as the main element for the organizations to decide for the formation of the alliance analyzed, the fact of the existence of a pre-established trust among the participating organizations, the result of previous social interactions developed by these organizations, reaching superior percentages in matters related to the financial motivation. Another

point that should also be mentioned as a decisive factor for admission of the organizations in the alliance was the presence of external supporters who worked simultaneously as facilitators and enhancers for the formation of this cooperative arrangement among nonprofit organizations.

As for the selection process, what we noticed by the data analysis is that the NGO necessarily has defined two criteria for choosing their partners, determined by aspects of social and structural performance of organizations. Therefore, it was not emphasized in their selection process the complementarity of skills and the sharing of assets among the selected organizations, as well, it was not guided, in the selection decision, according to the criteria related to the tasks but rather by the criteria related to the partners in order to connect social ventures capable of integration.

As for the analysis of the governance model used by the NGO, it was understood that the organization defined its structure based on the relationship network. However unwittingly, it was also used aspects of trust, loyalty and reciprocity in its coordination mechanism with its associates enabling less formal structures in detriment of more formal and costly mechanisms. This illustrates the presuppositions of Gulati (1998) regarding the influence of social bonds as an alternative governance structure, which allows a reduction in the transaction costs in the cooperative inter-organizational arrangement.

The survey also sought to highlight over the last few years, the evolutionary dynamics of the NGO and obtained as main results the fact that the alliance has evolved from a tangle of bilateral relationships and not explicit into a formally organized constellation arrangement with interdependent relationships and multilateral. With the main objectives the professional training, political empowerment and the increase in visibility, however, not having as main focus the implementation of projects to directly generate income to its members.

As verified, it is clear that the alliance that was surveyed has some aspects that can be better worked out. Like the selection of partners following the need for complementary assets, increased participation of associates in the management of the NGOs, the formation of new leaders to enable the NGOs, besides the lack of policies for the increment of financial resources to their partners. However, it is understood that the alliance in question played a significant role in the initiative to unite, explicitly, the nonprofit organizations in cooperative arrangements, functioning as another important strategic resource for the management of the OTS.

In general, regarding to the characterization of the process of forming the strategic alliance in question, the survey found that the social ties have played outstanding influences in different stages of formation of this alliance. Therefore, the role of the social relationship is potentially influencing the decision of their economic agents, thus reducing some of the transaction costs along the alliance and enabling the evolution towards strategic relationships with more elaborated goals.

Another aspect present in this research that has come to add up to the academic and organizational field was to observe a greater relevance of the social bonds represented mainly by the trust and the pre-existing social relations in the motivation of the co-founding organizations for the design of the arrangement around the Uniong. Taking on more significant results than even the financial motivations usually considered as a fundamental element in the construction of strategic alliances especially when regarding to the studies among enterprises of the second sector.

We also understand that this research was important for organizations in the third sector, when it proposed a structure of relationships that allowed a synergy of values, interests and objectives more accentuated when compared with relationships involving different economic sectors. The so-called inter-sectorial alliances. Therefore, the arrangement of the social alliances became another important strategic resource for the non-profit enterprises to develop. Taking, then, advantage of this congruence of objectives and the union of the third sector organizations to achieve different objectives, such as the ones proposed within the alliance Uniong, to generate greater political and institutional strengthening, sharing experiences and lessons learned and the qualification in the management of these organizations.

Concerning the limitations of this study, we highlight mainly the low amount of academic researches addressing the formation of strategic alliances between non-profit organizations, which motivated this study to synthesize the concept of the cooperative inter-organizational arrangements among the OTS under the name of social alliance. Regarding the aspirations for future studies, we suggest to analyze the performance of the co-founder organizations of the NGO, evaluating the performance before and after the admission of these organizations in the alliance developed around the NGOs.

Thus, it is expected that this research has contributed to the academic community and the participating organizations of the third sector, when expanding the theme "strategic alliance" to areas beyond the business environment or inter-sectorial relationships, seeking thereby, to highlight the possibility of cooperative arrangements among the third sector organizations, referred to in this study as "social alliances".

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