



**AN EXAMINATION OF INTER-BUSINESS COOPERATION BY WINE  
AND TOURISM SMALL AND MEDIUM- SIZED BUSINESSES IN THE  
DOURO VALLEY OF PORTUGAL**

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## **ABSTRACT**

Businesses operate in an increasingly complex and competitive environment (Anderson and Atkins 2001; McGee and Sawyer 2003), which poses challenges and difficulties that no business can face alone (Beverland and Brotherton 2001). This is particularly true for micro, small and medium-sized enterprises (SMEs) (Fuller-Love and Thomas 2004), given their characteristics, especially at the current time when the western world is experiencing a severe economic and financial crisis. SMEs are characterised by having gaps in competences or resource portfolios (due to lack of substantial investments) (Dennis 2000), and by having small establishments, local ownership, lack of information and certain skills (Morrison 1998; European Commission 2003), lack of know-how (Schermerhorn 1980), and scarce resources (e.g. human, financial and material) (Morrison 1998; European Commission 2003). Thus, SMEs need to look for specific ways that can help them to bring in complementary strengths and thereby be more competitive. This is especially true for those SMEs located in peripheral and rural areas because they have to face additional constraints to their activity, such as location, limited size of the market and labour market conditions (e.g. Keeble and Tyler 1995; North and Smallbone 1996; Stathopoulou et al. 2004).

The establishment of cooperation relationships/initiatives comes at the forefront of the list of options that can be adopted by SMEs operating in specific contexts, namely operating in complementary industries (Wargenau and Che 2006; Roach 2010), as it is the case of wine and tourism industries, and operating in rural areas (Smallbone et al. 2002). Inter-business cooperation can be adopted by SMEs to overcome some of their location-related difficulties (Smallbone et al. 2002), to face the challenges posed by the business environment, to achieve their objectives (e.g. European Commission 2003; Miller et al. 2007), to attain a stronger position, and be able to compete more effectively, than they would do if in isolation (Fyall and Garrod 2005). The (potential) benefits that may result from cooperation to businesses are widely acknowledged and therefore, cooperation relationships/initiatives are seen as strategic necessity rather than a choice (Chen and Chen 2002; Beckett 2005), being a major feature of contemporary competitive environment and central to overall business strategies (Abdy and Barclay 2001).

However, and despite the above, cooperation between SMEs is more limited than what would be expected and suggested in the literature. Not only many SMEs have little knowledge about, and show a weak tendency towards cooperation as a means to overcome their natural weaknesses (e.g. European Commission 2003; Ussman and Franco 2000; Hoffman and Schlosser 2001, Correia et al. 2007), but they also struggle to reconcile the desire to follow their own interests with cooperation with other businesses (Fyall and Garrod 2005). Thus, it seems that the same characteristics that strengthen cooperation relationships/initiatives may simultaneously represent a hindrance to it. This seems to be particularly true in the case of Portugal (Ussman and Franco 2000; European Commission 2003).

Therefore, this research aims at contributing to a comprehensive understanding of what are the influences on decisions towards cooperation, and on operation and

outcomes of cooperation from the point of view of SMEs' owners/managers because of their strong involvement in the owning, managing and making decisions. Literature of generic cooperation, SMEs, and on the specific context of wine and tourism industries supported and informed this study. To accomplish the proposed goals and objectives a quantitative methodology grounded in the positivism paradigm was adopted. Data was collected in the Douro Valley in the north of Portugal from wine and tourism businesses through structured face-to-face interviews (through interview-based questionnaire) (200 questionnaires were obtained). The selection of tourism owners/managers was based on a stratified random selection. Wine respondents were selected through a systemic sampling method. Data collected has enabled the identification of the factors influencing the decision to whether, or not, cooperate, and also the influences on cooperation operation and outcomes.

At the theoretical level, this research has demonstrated the appropriateness of studying inter-business cooperation from an all-encompassing perspective. This study has also shown the appropriateness of blending different theories to study reasons for cooperation in the context of SMEs. It has also identified the influences perceived as the most important by owners/managers for cooperation to happen between businesses operating in the same (horizontal) and/or in a different industry (diagonal).

At the practical level, this study is contributing to applied knowledge in a specific region of Portugal by offering original data about inter-business cooperation in the Douro Valley in the context of wine and tourism industries, what has not been collected before. The results demonstrated that although cooperation is a practice that has been already adopted by owners/managers in the Douro Valley in that will be adopted in the future, this is not the case for a considerable number of the wine and tourism business. In the Douro Valley, inter-business cooperation is informal and is a relatively recent practice, involving a small number of partners. Perceptions and expectations of positive outcomes in terms of the achievement of businesses' objectives, prior knowledge, personal relationships, and trust are crucial for cooperation to occur in the Douro.

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## LIST OF ABBREVIATIONS

AICEP	Trade & Investment Agency of Portugal
EC	European Commission
GWCN	Great Wine Capitals Global Network
INE	Instituto nacional de Estatística (National Statistics Institute)
OPTOUR	Opportunities for and barriers to tourism-led integrated rural development in rural regions of selected Member States
SME	Small and Medium Enterprises
SMTE	Small and Medium Tourism Enterprises
WTTC	World Travel and Tourism Council
WTO	World Tourism Organisation

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## **CHAPTER 1 – INTRODUCTION**

### **1.1 INTRODUCTION**

This introductory chapter first provides the context and the rationale for this research. Secondly, the aim and objectives of the study are presented. Thirdly, an explanation of how this study is expected to contribute to knowledge is provided. There then follows a presentation of the research design and data collection procedures adopted. The chapter finishes by providing a summary of the structure of the thesis.

Businesses operate in an increasingly complex and competitive environment (Anderson and Atkins 2001; McGee and Sawyer 2003), which poses challenges and difficulties that no business can face alone (Beverland and Brotherton 2001). This is particularly true for micro, small and medium-sized businesses (SMEs) (Fuller-Love and Thomas 2004), especially at the current time when the western world is experiencing a severe economic and financial crisis.

SMEs have increasingly gained interest in the literature over the years, particularly due to their role in the economy and their specific characteristics that distinguish them from other businesses. SMEs make an important contribution to economic growth, employment and social development (Thomas 2000; European Commission 2003; Hanna and Walsh 2008). This is particularly true in rural areas that are less attractive for large businesses (Fuller-Love and Thomas 2004). However, and given their specific characteristics, they might experience additional difficulties when compared to large businesses. The characteristics that are widely highlighted in the literature are their small physical structures (Morrison 1998), their limited market knowledge and overseas contacts (Tang 2011) and limited resources (Dholakia and Kshetri 2004) with a particular emphasis being given to financial resources (Dennis 2000). These characteristics not only restrict their ability to compete (Dholakia and Kshetri 2004), but they also contribute to SME difficulties in achieving viability (Tang 2011) and survival (Fyall and Garrod

2005; Pansiri 2007). This is a major limitation for SMEs operating in industries, as is the case of the tourism industry, characterized by its interdependent, fragmented and multi-sectoral nature (Fyall and Garrod 2005). In such context, businesses do not have all the needed resources to provide tourists with all their diverse needs (Pesämaa et al. 2007).

Therefore, identifying and choosing ways that allow businesses not only to survive, but to remain competitive in the market is crucial (Weaver and Oppermann 2000; Soisalon-Soinen and Lindroth 2004; Fyall and Garrod 2005). One strategic option that businesses in general and SMEs in particular may adopt, is to actively engage in inter-business relationships, particularly cooperation-based relationships (Abdy and Barclay 2001; Marcela et al. 2002; European Commission 2003; Miller et al. 2007) as a vehicle to pursue their objectives, to increase their survival and competitiveness.

Cooperation has been a subject of interest in the literature since the 1960s (Long 1997), 1980s and 1990s (e.g. Jarillo 1988; Ohmae 1989; Wood and Gray 1991; Burgers et al. 1993; Ball and Payne 2003). In recent decades, this area of study has attracted substantial research (Kuada 2002, Lechner and Dowling 2003; Fyall and Garrod 2005; Tang 2011), crossing different disciplines and research domains (Huggins 2001), namely economic; organizational behaviour; strategic management (Smith et al. 1995; Das and Teng 2001); strategy (Christou and Nella 2012); innovation; entrepreneurship (Havnes and Senneseth 2001) and marketing (Abdy and Barclay 2001).

Apart from the academic interest, cooperation has also gained attention in the public (e.g. Huxham 1996, Bruneel et al. 2010) and private sectors (e.g. Burgers et al. 1993; Madhok 2000; Barnir and Smith 2002), which show the importance of cooperation in different contexts. In the public sector, interest has been particularly evident by government agencies (Lackey et al. 2002), for-profit and non-profit organisations (Butterfield et al. 2004), and policy makers, who have promoted and adopted cooperation as a tool to stimulate economic development, (Hanna and Walsh 2008). Attention has also been given to cooperation between public and

private organisations, shown by the number of studies in the particular context of regional industrial districts or clusters (e.g. Huybers and Bennet 2002, Michael 2003, Brenner 2005; Bell 2005; Novelli et al. 2006).

In the private sector, cooperation has been gaining particular interest in a wide range of industries, such as: the international airline industry (Bissessur and Alamdari 1998; Evans 2001); automobiles; computers; telecommunications; aerospace; robotics; pharmaceuticals; biotechnology industries (Cravens et al. 1993; Ohmae 1993; Gray 1989; Hamel et al. 1989; Madhok 2000). In addition, attention to inter-business cooperation has also been given in other industries, such as the wine industry (Benson-Rea 2005; Aylward et al. 2006, Karafolas 2007); service-based industries (Bruneel et al. 2010), including hospitality (Fyall and Spyriadis 2003) and tourism (Medina-Muñoz & Garcia-Falcon 2000; Wang and Xiang 2007; d'Angella and Go 2009). This growing interest is largely due to the acknowledged benefits that lead to the recognition that cooperation is more a strategic necessity rather than a choice (Chen and Chen 2002; Beckett 2005). Cooperation is seen as a means that businesses can adopt to save costs, to share risks, to pool know-how, to increase investments, to enhance product quality and variety, and to launch innovation faster (European Commission 2011). It has been demonstrated that through cooperation SMEs can bring in complementary strengths and thereby attain a stronger position and be more competitive than they would do if in isolation (e.g. Huxham 1996; Barringer and Harrison 2000; Beverland and Bretherton 2001, Chathoth and Olsen 2003, European Commission 2003, Fyall and Garrod 2005, Liao et al. 2008).

An overview of investigations of inter-business cooperation demonstrates that it is a widely studied research field in general and also in the context of SMEs. As a result of the literature review, different research areas could be identified. They were: cooperation as a process (e.g. Gray 1985), factors driving businesses to cooperation (e.g. Ahuja 2000), and factors preventing cooperation (e.g. Elmuti and Kathawala 2001). In addition, particular attention has been given to the study of partner selection criteria (e.g. Dong and Glaister 2006), the implementation process of cooperation (Inkpen 2000) and its results (e.g. Wang and Xiang 2007).

However, and despite the number of studies in this field of research in the particular context of SMES, the following gaps have been identified. First, and although the literature provides frameworks to analyse factors influencing cooperation behaviour (Hartl 2003; Street and Cameron 2007), no distinction has been done in terms of the degree of importance of these influencing factors on cooperation with businesses in the same and in a different industry. Second, some factors have been found to have an influence in other decisions in the context of SMEs (e.g. internet adoption) (e.g. Gibson and Cassar 2002; Dholakia and Kshetri 2004; Liberman-Yaconi et al. 2010), but they have not been expressively discussed in the cooperation context. Third, no study was also found to provide a framework to study cooperation in an all-encompassing perspective. Fourth, a lack of research examining these issues in the context of wine and tourism SMEs was also evident. Therefore, this research addresses these gaps in order to extend the existent knowledge in such an important field of research.

Next, in this introductory chapter, the practical context of this research is presented and the aim and objectives are identified. Finally, the structure of the thesis is summarized.

## **1.2 THE CONTEXT OF THE RESEARCH**

This research has focused on inter-business cooperation with a particular emphasis placed upon rural SMEs. Based on previous knowledge of the Douro Valley of Portugal, the region where the researcher has been raised, and also based on previous working experience in the tourism industry in the region, the researcher realised the potential that inter-business cooperation could have. It became clear that businesses could increase their sales and tourists could enhance their experience by having other activities to do while being in the region. However, the researcher also gained the perception that this potential was not being entirely explored by businesses - both wine and tourism - in the region, given to individualistic behaviours of some businesses. The perception of and interest in this topic influenced the researcher to search for further information about cooperation in the context of wine and tourism industries in general and in the

Douro in particular, when teaching tourism-related subjects (e.g. wine tourism). However, while several examples have been found in the literature, no such information was found with regard to the Douro Valley (apart from information related to Port and Douro Wine Route). In fact, the researcher's initial perception was confirmed as it has been recognized by Monitor Group (2003) that there are some potential synergies that seem to not have been fully explored in the region. These potential synergies consist of the cross selling of wine (Port) and tourism in those markets, such as Great Britain, where Portugal has an image as a wine producer (mainly associated to Port wine) (Monitor Group 2003). The natural synergy between the brand identity of a wine and how this flows into the identity of a tourism destination – the marketing of the wine is also marketing the place.

An overview of main characteristics of the Portuguese wine and tourism industries, and in particular of the Douro Valley, that together with the above, have ultimately set the basis of this study, is presented in the next section. A more detailed explanation of the rationale for this research in the context of wine and tourism industries of the Douro Valley of Portugal is provided in Section 1.2.3.

### **1.2.1 The Wine industry**

Currently the Portuguese wine industry has to face some challenges, which are in line with structural changes in the worldwide wine industry. These are, according to Bernetti et al. (2006), the result of globalisation and increasing international competition. Some of the main challenges are related to wine sales and changes in markets. Although sales of quality wines have risen considerably, in general, the wine sales in the European market have decreased. Changes in markets are the result of shifts in the profile of consumers and geographical changes in terms of consumption. While wine consumption has decreased in traditional markets (Europe and Mediterranean), it has increased in new markets, such as the USA, Japan and the UK, and China. The Chinese market, in particular, has gained the wine producers' attention. Once it was considered small but now it is seen as a potentially huge market (Bernetti et al. 2006).

Portugal is a country with different wine producing regions, but mostly known due to the Port wine. The market awareness of Port wine has provided an opportunity for Portugal to promote its other red and white wines, particularly from the Douro, which is the site of the Port grape vineyards (Hall and Mitchell 2000). The Douro region in the interior of Northern Portugal is the geographical context of this research. The Douro Valley encompasses the Douro demarcated region, where table wines and the Port wine are produced. This region is considered the oldest controlled winemaking region in the world, with an area of approximately 250.000 ha and with a vineyard area of 40.000 ha (Andresen et al. 2004). As a result of the unique character of its landscape, part of this region, Alto Douro Wine Region, accounts for about 10% of the total area and is, since 2001, a UNESCO World Heritage Site (Andresen et al. 2004). These characteristics are explained in further detail in Sub-section 1.2.3.1.

## **1.2.2 The tourism industry**

Tourism is characterised by having different players offering a variety of products/services (Fyall and Spyriadis 2003; Fyall and Garrod 2005; Buhalis and Peters 2006) and is one of the most important industries in the Portuguese economy, given its implications to the balance of payments, employment and investment, and economy. According to the WTTC (2011), the direct contribution of travel and tourism to GDP was expected to be €9.2bn (5.3% of total GDP) in 2011, rising by 2.6% pa to €11.8bn (5.9%) in 2021 (in constant 2011 prices). In terms of visitor exports, it was expected that travel and tourism visitors would generate €10.7bn (18.6% of total exports) in 2011, growing by 4.3% pa (in nominal terms) to €13.9bn (16.0%) in 2021.

Portugal has been associated for many years to sun and beaches in the southern part of the country known as the Algarve (Kastenholz et al. 1999), which has been causing an image problem more recently because Portugal still has a stereotypical sun and beach image that essentially promotes a limited image of being a ‘fun in the sun’ destination” (Yasin et al. 2003). This creates the need to diversify the tourism offer and enhance the image as a tourism destination. As a result, it is part

of a Portuguese Government strategy for tourism promoting and developing other regions in the country. One of the Portuguese tourism regions which has been recognized as having high potential for tourism development and tourism offer diversification is the Douro Valley.

### **1.2.3 Rationale for the study of cooperation in the wine and tourism industries in the Douro Valley**

This section explains the rationale for the study of cooperation in the context of wine and tourism industries in the Douro Valley.

The government has set the growth of tourism and wine industries in the Douro region both in terms of quantity and value making as driving forces of the socioeconomic development of the region. The objective is to increase its international visibility, and also domestic and international demand. To achieve these objectives, critical aspects have been identified. Ramos et al. (2000) have acknowledged that the tourism industry needs more focus on service quality and on a product with specific culture heritage to attract the desired target markets. In addition, and more recently, the National Strategic Plan for Tourism has identified the following aspects: the need to take advantage of the tourism potential of the UNESCO classification of the Alto Douro wine region, the need to diversify the region's tourism offer, the need to respond to the main demand motivations, and to improve the overall image of the region (Turismo de Portugal 2007).

Given the above and considering the recognised potential of inter-business cooperation for SMEs in general (as discussed in Section 1.2. of this chapter), it seems that inter-business cooperation should be adopted by wine and tourism businesses in the Douro Valley. Cooperation allows businesses to better face the existing international competition in wine industry (Bernetti et al. 2006). Cooperation has also been considered as a strategic option not only for businesses, but also for other players in the tourism industry (e.g. stakeholders, destinations,

and public administrations) to enhance the understanding and visibility of tourism being a wide and multi-sectoral phenomenon (European Commission 2003).

This idea in the Portuguese context is not new. In fact, this is in line with what Yasin et al. (2003) suggested for the Portuguese tourism industry in general, taken into consideration its characteristics (some of these characteristics have been described above). These authors have advocated that cooperation initiatives should be established in order to contribute not only to improve the short-run, but also long-run competitiveness of the industry.

Particularly regarding this research context (Douro Valley), it is argued in this respect that businesses operating in the wine and tourism industries should engage into cooperation initiatives, both with other businesses in the same industry and from other industries (wine/tourism). Although wine and tourism are two different industries, they demonstrate great potential for cooperation is due to their characteristics and more specifically to the complementarity of its products. This potential relationship between the tourism and wine industries has been widely examined in the literature (Telfer 2001, Wargenau and Che 2006, Brás et al. 2010; Mitchell and van der Linden 2010; Christou and Nella 2012). Despite the recognition in the literature, of the inter-dependence of wine and tourism industries is also one of the concerns of the current National Strategic Plan for Tourism (Turismo de Portugal, 2007), including the strategic plan for the Douro region (CCDRN 2008), what strengthens the relevance of this study for the Douro Valley.

Thus, through cooperation, sales of local products, with a particular emphasis given to wine and gastronomy, could be increased, the number of tourists could be increased, the image of the Douro could be improved in terms of its quality and differentiation as a wine tourism destination and the dependence on the European countries (e.g. UK, Germany) as the main markets could be reduced. Therefore, the Douro Valley could become more competitive in relation to the growing competition not only in terms of tourism, but also in terms of wine industry attracting and maintaining tourists and potential wine consumers to the country in general, and to the Douro Valley, in particular. Indeed, it has been recognized that inter-business cooperation is important to bring in complementary strengths and



thereby offer an attractive (World Tourism Organisation 2002) and quality-based product allowing businesses to compete effectively, including at a global level (Crouch and Ritchie 1999).

Given the above, it would be expected that cooperation would be a natural option to wine and tourism businesses. However, cooperation relationships and initiatives between businesses in general are not always a straightforward, or an easy, process. The decision about, and adoption of cooperative initiatives/arrangements, seems to be very context specific, dependent on a range of factors as illustrated by the literature review. In the particular case of Portuguese SMEs, cultural factors, for example have been identified as being a possible explanation for a low incidence of Portuguese businesses cooperating with other businesses (European Commission 2003). In addition, Ussman and Franco (2000) have identified the absence of knowledge about incentives offered to businesses involved in the cooperation process, the risk of becoming too dependent on the partners, a lack of trust in potential partners, and a refusal to share resources and/or knowledge with others as reasons for a low participation in cooperation initiatives. Moreover, and with a particular focus on Portuguese small tourism businesses, which is in accordance with the subject of this study, a research project, conducted in four different rural areas, has identified that almost half of business owners do not cooperate (OPTOUR 2003). The explanation for that was either because, they thought it was not necessary or did not have any partners to cooperate with sharing the same objectives and goals. Some of them, in spite of the existence of partners to cooperate, argued they did not know the other business owners and/or managers enough to establish inter-business relationships putting in evidence the role of prior knowledge, trust and confidence for cooperation to happen.

Thus, it seems evident that cooperation (including the decisions to whether cooperate or not) might be influenced by a different set of factors. Therefore, having a full understanding of what influences decisions and cooperation in contexts of increased levels of complexity and uncertainty of business environment, as it is the case of wine (Bernetti et al. 2006) and tourism (Fyall and Garrod 2005), is important because such decisions and behaviour have impacts on

businesses' performance, success, and survival (Spillan and Ziemnowicz 2003, Liberman-Yaconi et al. 2010). Hence, based on the above and in order to meet the aforementioned gaps in the literature, the overall aim and associated objectives of this research were identified. They are presented below.

### **1.3 AIM AND OBJECTIVES**

Given the underlying rationale, the overarching aim of this research is, therefore to examine inter-business cooperation by wine and tourism businesses in the Douro Valley of Portugal.

To meet this aim the following general objectives were set, to:

- Analyse the current situation in the Douro Valley in terms of typology, form and nature of cooperation;
- Analyse the potential future situation in terms of cooperation given the past/current experience and knowledge;
- Analyse the influences on the decision to cooperate or not;
- Analyse the influences on the operation (the nature of cooperation implemented) and outcomes;
- Analyse whether there are different sets of influences when considering and implementing cooperation with businesses from their own industry and businesses from a different industry;
- Develop a conceptual framework for researching factors influencing inter-business cooperation in the context of micro, small and medium-sized businesses in rural areas.

To achieve these objectives five research questions were developed, which essentially have been identified as the limitations of previous studies and cover the central aspects of this study. They are as follows:

Question 1: What are the (past and future) decisions and subsequent behaviours of owners/managers of tourism and wine businesses of the Douro Valley when cooperating with other businesses (same industry and in another industry)?

Question 2: What are the past/current and potentially future characteristics of cooperation in the Douro Valley in the context of wine and tourism industries?

Question 3: What are the factors that influence the decision of owners/managers of wine and tourism businesses with regard to cooperation (to cooperate and not to cooperate)?

Question 4: What are the factors that influence cooperation (establishment, operation and outcomes)?

Question 5: What are the perceived results of cooperation (when it occurs in same industry and in another industry) and how are they evaluated by owners/managers of wine and tourism SMEs?

These objectives and research questions have informed the literature review of this research and the comprehensive stage-based perspective adopted. First, generic cooperation related literature was reviewed. Second, a more focused review on SMEs was also conducted. The main purpose was to gain a broad understanding of the research field, to identify the main areas of research and to identify any differences between general and SME specific literature with regard to main areas of research discussed. As a result, and in spite of its importance and potential interest as a research topic, the cooperation process has been considered as beyond the focus of this research. This research does not study the process *per se*, because the aim is not to demonstrate and explain the process. Nevertheless, it informed the stage-based approach used in this study, and therefore, it is presented in Appendix

I as one of the main reviewed research areas identified in the generic cooperation literature. The literature review has enabled the identification of main areas of research that can be considered as cooperation stages. They are: the decision, the operation/implementation of cooperation; the outcomes of cooperation (and the consequently evaluation of cooperation results). Within each of these areas there are factors that will influence either the decision to cooperate or not, the nature of the cooperation implemented, and the perceived success or failure of the cooperation. It is these factors and the areas within which they are at work that are the foci of this research. This stage-based perspective was used also as guidance to structure the literature review chapters. Chapter 2 will focus the review on inter-business cooperation in the context of SMEs. In turn, Chapter 3 will focus on literature review on inter-business cooperation in the context of wine and tourism industries.

## **1.4 EXPECTED CONTRIBUTION TO KNOWLEDGE**

This study is expected to contribute both to knowledge and to practice. First it will provide for the first time a detailed analysis of the overall situation and characteristics of cooperation in the Douro Valley (in the past and in the future). Second, it will identify the factors that are likely to influence the decisions on, and cooperation between rural SMEs operating a specific industry context, wine and tourism. This research will also make a theoretical contribution to studies of cooperation. First, a contribution will be made through the identification of what influences the decision to whether, or not, cooperate with businesses in the same and in a different industry. Secondly, a contribution will be made by the identification of the factors that influence cooperation with other businesses, in the same and in a different industry, with an identification of the most important ones. These will be incorporated in a generic framework, which has not been done before and therefore their inclusion in this study will represent an advance in developing the theory of inter-business cooperation, with a particular incidence in the context of rural SMEs. Whilst this study is geographically and culturally bounded the quantitative approach adopted will permit cautious extrapolation to wine tourism cooperation in other contexts.

In the Portuguese context, the practical implications of this research are twofold in providing guidance to both businesses and the public sector on how best to think about and approach inter-business cooperation in the Douro Valley. The findings of this research can help the public sector and trade organisations (in the region) to identify what makes cooperation happen in the region, or not, and what could be done in order to promote further cooperation between wine and tourism businesses. The findings of this study can help to facilitate the formulation of appropriate and actionable incentives to cooperation and also to support strategies that assist the development of SMEs and their industries. The findings of this study will also be useful to tourism and wine SMEs who are not currently cooperating; knowing the characteristics and the results of cooperation might help other decision makers to understand the importance that cooperation can have for their businesses, and can also help them either to initiate cooperation, or to expand the current cooperative initiatives.

## **1.5 RESEARCH DESIGN AND DATA COLLECTION**

To give answer to the above described objectives and research questions, a quantitative approach was adopted. Data was gathered by means of a survey through the use of a face-to-face interview-based questionnaire.

### **1.5.1. Target population**

This research's target population was the owners/managers of tourism and wine businesses in the Douro Valley. Considering there are different categories or strata of businesses within the tourism industry, stratified random sampling was used to ensure that each significant dimension of the population was represented in the sample (Sekaran 2003; Bryman 2004; Sarantakos 2005). In the case of wine businesses, a random sampling method was used.

### **1.5.2. Data Analysis**

This research has adopted a quantitative analytical approach. Univariate analysis (mean, median and frequency) has been used to provide descriptive information. Additionally bivariate analysis has been used, mainly to test the null hypotheses that there were no differences between the independent variables: wine and tourism businesses and the different factors that were hypothesized as having an influence on cooperation decisions. For the inferential analyses of categorical data Chi-square tests were used, and for the ordinal data, Mann-Whitney and Kruskal-Wallis tests were used. Non-parametric tests were regarded as more appropriate than parametric versions (T-test and Anova), because they are less sensitive to the number of cases; much of the data was ordinal and because most of the data did not meet the normality of distribution requirement.

Multivariate analysis was also used, namely Hierarchical Cluster Analysis, to identify and classify groups of respondents with regard to their personality. As personality has been identified as one the factors likely to influence cooperation decisions and establishment, operation and outcomes, these groups were then used to test for differences (Kruskal-Wallis) in terms of their likelihood to whether cooperate, or not, in the future, with other businesses.

## **1.6 STRUCTURE OF THE THESIS**

This thesis is organised into 9 chapters including this one. Chapter 2, which follows this introduction, reviews the literature on inter-business cooperation in the context of SMES. This chapter presents the terms and concepts adopted in this research and reviews types and forms of cooperation. It also reviews the factors influencing cooperation decisions, the activities (operation) and results (outcomes) of cooperation.

Chapter 3, meanwhile, reviews the cooperation literature in the context of the wine and tourism industries and provides an overview of the Portuguese and wine and tourism industries.

Then, and based on the literature review and on the defined research questions, Chapter 4 outlines the quantitative methodology adopted. This chapter also provides and explains the research process that was followed including the presentation of the conceptual framework, research design and data collection method necessary to achieve the objectives of the study.

The findings are presented from Chapter 5 to Chapter 7. In Chapter 5, the overall situation and cooperation characteristics in the Douro Valley are presented, along with the past and future cooperation behaviour of owners/managers of wine and tourism businesses operating in the Douro Valley. Chapter 6 provides a comparative evaluation of the influences on and outcomes of cooperation. Chapter 7 provides an analysis of the likelihood to cooperate across the industry and business and decision maker-related characteristics.

Chapter 8 evaluates firstly the literature review conducted, the main contributions identified in the literature and the identified gaps. Secondly, methodological and analytical approaches and procedures adopted are also evaluated. Thirdly, discussion of the research findings is provided.

Finally, Chapter 9 presents the main conclusions and discusses the main implications of this research to knowledge in terms theory and practice. This chapter also provides an indication of future research.

Additionally to these, this thesis also includes references and appendices

## **CHAPTER 2 – INTER-BUSINESS COOPERATION IN THE CONTEXT OF SMALL AND MEDIUM-SIZED BUSINESSES**

### **2.1 INTRODUCTION**

This chapter provides an integrative review of the literature considered of relevance to this study, focusing particularly on cooperation on small and medium-sized businesses (SMEs). First, the concept of cooperation and the diversity of terms used in the literature when discussing inter-business relationships (cooperation) are reviewed. Secondly, the different types and forms of cooperation are presented. Thirdly, and because the focus of this research is on (tourism and wine) SMEs, the concept and important distinguishing characteristics of SMEs are identified. Fourthly, and the core issue of this chapter, key factors influencing cooperation and outcomes are discussed. Theories underpinning cooperation (mainly economic theories) aiming at explaining cooperative behaviours in general, and cooperative behaviours of SME's owners/managers in particular are reviewed. Finally, the chapter concludes by summarizing the main findings and highlighting the gaps that set out the theoretical context of this study.

### **2.2 CONCEPT AND DEFINITION OF INTER-BUSINESS COOPERATION**

One of the challenges of this study was the identification of the term that best translates inter-business relationships: the phenomenon being investigated. Ultimately the term cooperation has been chosen, but not without hesitation or debate. The terminology associated with what is being defined within this research as cooperation is much diversified, reflecting the multifaceted nature of inter-business relationships and the wide variety of situations in which these relationships take place as identified in the literature. Moreover, explanations about the adoption of a specific term against the others are often ambiguous, or simply



do not exist, making it more difficult to understand exactly what the term stands for in what situations.

Although a more detailed explanation of the different terms used is beyond the scope of this study, an explanation of why the term cooperation is adopted in this investigation is needed in order to avoid the potentially confusing and conflicting interpretations that could result from the use of different terminology as has already been recognised in the literature (Huxham 1996; Chen et al. 1998; Child and Faulkner 1998; Fyall and Garrod 2005).

The terms that have been widely used in the literature are: collaboration (Gray 1989; Huxham 1996); inter-organisational relationships (Cravens et al. 1996; Ring and Van De Ven 1994), cooperation (Chen et al. 1998; European Commission 2003), joint ventures (Huxham 1996; Barringer and Harrison 2000), partnerships (Huxham 1996; Brinkerhoff 2002), networks (Jarillo 1988; Curran et al. 1993; Barringer and Harrison 2000), alliances (Gulati 1998; Barringer and Harrison 2000), working together relationships (Bramwell and Lane 2000), external relationships (Street and Cameron 2007) and consortia (Barringer and Harrison 2000).

Although it has been recognised that sometimes these terms have been used interchangeably and/or inconsistently (e.g. Fyall and Garrod 2005; Huxham and Vangen 2005) when “describing what appears to be the same thing” (Kauser and Shaw 2004, p. 11), their specific use has often been context-specific. For example, the term ‘alliances’ has been more widely used in the airline industry (Evans 2001). The term ‘consortium’ has been more widely used in hospitality industry. The term ‘partnership’ has been more often used when public-private organisations are involved (Fyall and Garrod 2005). Ebers (1997), for example, refers to cooperation and joint ventures as specific forms of inter-organisational networking relationships. The terms such as strategic alliances and partnerships are sometimes used in the literature as generic terms for cooperation (Barringer and Harrison 2000; Elmuti and Kathawala 2001; Gilmore et al. 2001), although, in some cases, they have been considered as specific forms of cooperation (Boddy et al. 2000;

Chathoth and Olsen 2003). In addition, another term that has been used in the context of SMEs is ‘network’ (Havnes and Senneseth 2001; European Commission 2003; Mackinnon et al. 2004). However, sometimes the use of this term can also have different interpretations. In some cases, it is used to refer to formal network organisations as highlighted by Shaw (2004), and in other studies it is used to refer to personal relationships of owners (social networks) (Curran et al. 1993) and has also be considered to be synonymous with cooperation (Hall 2005).

Thus, and for the purposes of this study, a generic term that would encompass the main ideas covered by the other terms in the literature was needed. The term that seemed to fit this purpose was cooperation because it has been used in the literature as a generic term encompassing several ideas that are associated to the other terms aforementioned (Smith et al. 1995; Havnes and Senneseth 2001; European Commission 2003). Thus the term cooperation is used in this study to describe intentional and voluntary relationships/initiatives in which two or more independent businesses and/or individuals interact. Cooperation partners combine their efforts and resources on behalf of their businesses, and the initiatives are usually implemented in order to obtain mutual benefits (Smith et al. 1995; Cropper 1996; Evans 2001; Das and Teng 1999; Barnir and Smith 2002; Chathoth and Olsen 2003; European Commission 2003; Pansiri 2005).

The vast array of terms also reflects the diversity of research topics identified in the literature with regard to inter-business cooperation with particular emphasis being placed on the process, drivers to, and outcomes of cooperation. Although the importance and interest relative to the process are acknowledged, as a research topic it is beyond the scope of this study. Besides the process, four main areas of research have been identified: the decision to cooperate, the operation/implementation of cooperation, the outcomes of cooperation, and the evaluation of cooperative activities. Within each of these areas there are factors that will influence either the decision to cooperate or not, the nature of the cooperation implemented, and the success or failure of the cooperation. It is these factors and the areas within which they are at work that are the foci of this research. These areas and factors are reviewed within next sections.

## **2.3 TYPES AND FORMS OF COOPERATION**

Cooperation can be of different types and take different forms. These will depend on the business context and on the demands that are put upon a business at any given time (European Commission 2003).

In the literature, and similar to cooperation conceptualisation, there is also some overlap between the terms used when discussing types and forms of cooperation (Inkpen 2000; Long 2000; Elmuti and Kathawala 2001, Soosay et al. 2008). However, and although it seems that the terms ‘type and form’ are sometimes used interchangeably, several authors have contributed to their distinction by identifying specific criteria (e.g. Barringer and Harrison 2000; Ul-Haq and Morrison; Fyall and Garrod 2005). The typology and forms of cooperation are distinguished and discussed in the next two sub-sections.

### **2.3.1. Type of cooperation**

The typology of cooperation is generally associated to the direction of the relationship (Fyall and Garrod 2005; Pivcevic 2009). Cooperation can be vertical (Mitchel et al. 2010), horizontal (Oum et al. 2004; Koçak and Edwards 2005) or diagonal (Fyall and Garrod 2005; Novelli et al. 2006). Although this research focuses on horizontal and diagonal cooperation, an explanation of vertical is also provided below.

Vertical cooperation occurs between businesses that are not competing with each other (Xu et al. 2005; Nieto and Santamaria 2007) because they operate at different levels within the distribution channel (Cravens et al. 1993; Chetty and Wilsom 2003; Fyall and Garrod 2005; Soosay et al. 2008). This type of relationship provides, as an example, access to components and services that will be used to produce a final product (Marcela et al. 2002).

Horizontal cooperation, in turn, occurs between two or more unrelated businesses at the same level of the supply chain (Soosay et al. 2008) and with the same type and/or core business activity (Xu et al. 2005; Pivcevic 2009). This type of cooperation happens between businesses that compete with each other (Burgers et al. 1993; Cravens and Shipp 1993; Chetty and Wilson 2003; Commission communication of 14th January 2011 (2011/C 11/01). In Horizontal cooperation because produce and sell similar products or services (Ma 2008) to the same market segments in same geographic areas (Xu et al. 2005). This type of cooperation happens between businesses aiming to conduct business activity, such as product development, promotion or distribution (Perry 2004). In such cooperation, businesses combine complementary activities, skills or assets as a means to save costs, share risks, access to know-how, increase investments, enhance product quality and variety, and to innovate (European Commission 2011).

Diagonal cooperation occurs between businesses operating in different sectors or industries (Fyall and Garrod 2005). For this reason, cooperation at this level is also known as inter-sectoral cooperation (Gray 1989). Here, businesses are not seen as competitors because they aim to complement their business activity and products (Fyall and Garrod 2005) by producing complementary products or services and therefore cooperation provides added value to the product of each business (Weidenfield et al. 2011).

### **2.3.2. Forms of cooperation**

Inter-business relationships, in general and cooperation relationships in particular, can take different forms (Barringer and Harrison 2000; Long 2000), such as joint ventures that consist of the formation of a separate independent business by the venture partners (Barringer and Harrison 2000; Contractor and Lorange 2004; Soosay et al. 2008).

The different forms of cooperation have been distinguished and classified in the literature according to varied criteria, such as the degree to which the participants

are linked or coupled (Barringer and Harrison 2000), the equity or non-equity status (Chathoth and Olsen 2003; Murray and Kotabe 2005), the level of the formality of the agreements established between the participating businesses (Rosenfeld 1996, Long 2000, Ul-Haq and Morrison 2001; European Commission 2003), and the nature of the issues to be addressed at the different organizational levels (Long 2000). Given the scope of the different criteria of cooperation forms, it is beyond this research to explain in great detail all the criteria and the resulting classifications. The criteria chosen in this research is the level of the formality that can range from very informal forms of cooperation to relationships with very formal ways of cooperation. The criterion based on the formality level (formal and informal cooperation) has been chosen because it is the most common classification identified in the literature with regard to SMEs (European Commission 2003). These forms of cooperation are distinguished in further detail in the next paragraphs.

Informal, or non-formal, agreements involve adaptable arrangements. In these agreements, behavioural norms rather than contractual obligations define the contributions of the involved parties (Smith et al. 1995). Informal cooperation can arise spontaneously when parties perceive they will be in contact with each other for a long time, and they believe that cooperation will be reciprocally beneficial (Smith et al. 1995). Informal cooperation through voluntary contacts and interaction can involve different activities, such as information and knowledge sharing with the purpose of solving common problems or acquiring new skills (Huggins 2001).

Formal agreements, in turn, and although they are established between two or more independent businesses also for their mutual benefit (Ul-Haq and Morison 2001), are characterised by contractual obligations and formal structures of control (Smith et al. 1995), supported by a formal document and/or contract (Long 2000; Ul-Haq and Morison 2001). This form of cooperation involves exchange equity (Elmuti and Kathawala 2001) and consists of “efforts to bring together firms to co-produce, co-market, co-purchase, or cooperate in product or market development” (Huggins 2001, p. 444).

The formality of cooperation can differ depending on the sectors and/or industries the businesses are operating in. According to the European Commission (2003) informal cooperation is somewhat more common in the services sector, transport and communication, as well as the manufacturing sector, whereas high level of formal cooperation occurs in the construction sector.

In addition, formal and informal forms of cooperation can evolve over time. Cooperation can start in an informal way, with a limited number of partners, especially between very small businesses, because owners/managers are reluctant to enter into formal initiatives/arrangements. However, over time they might enter into more formal initiatives/arrangements when partners trust each other, and have experienced mutual advantages from the cooperation (European commission 2003). On the other hand, formal cooperation arrangements/initiatives can evolve over time into informal types in which rules and regulations are no longer needed (Smith et al. 1995).

## **2.4 DEFINITION AND CHARACTERISTICS OF SMES**

This section firstly considers and reviews the definition of SMEs. Secondly, the advantages of SMEs and the difficulties they face are discussed. Then, the section highlights why SMEs seem to not cooperate, as it would be expected. There then follows a review of the importance of the location and the role of owners/managers in the context of SMEs.

### **2.4.1 Definition**

It is difficult to define SMEs, not only because the definition may change with time but also because the definition varies from country to country and involve different size ranges (Atkins and Lowe 1997; Storey 2000). As an example, the term SMEs has been used not only for describing small and medium sized businesses, but also micro-sized businesses (Commission of the European Communities 2003; Fuller 2003). Nevertheless, a key issue in the definition of

SMEs is their size (Storey 2000). Business size can be measured according to different criteria or dimensions (Gibson and Cassar 2002), namely the number of employees, gross sales, estimated value of the business, and the number of national and total business locations (Romano et al. 2001). According Romano et al. (2001) the three most commonly used criteria are sales, the number of employees and net assets. Nonetheless, the literature provides several studies in which the number of employees is used as the only measure of size (Rice and Hamilton 1979; Goode and Stevens 2000; Gibson and Cassar 2002; Dholakia and Kshetri 2004; Fernández and Nieto 2005; Papadakis 2006; De Jong and Vermeulen 2006).

Size is also the measure used in this research to characterize SMEs and the definition adopted is the one recommended by the European Commission (Commission of the European Communities 2003), based on which businesses with less than 10 employees are classified as micro, those with more than 10 but less than 50 employees are considered as small businesses and those with more than 50 employees but less than 250 are categorized as medium businesses.

#### **2.4.2 The advantages and difficulties of SMEs**

SMEs make an important contribution to economic growth, employment and social development (Thomas 2000; Hanna and Walsh 2008), accounting for 99.8 % of the number of businesses in Europe (European Commission 2003) and employing a substantial part of the private workforce (Urbano and Yordanova 2008). These businesses have, in particular, an advantage when it comes to providing lower volumes of products or specialized products, as is evident in the tourism sector, where businesses have to respond to very specific requirements (Novelli et al. 2006). Also, SMEs are more flexible and can better respond to demand and technological changes than larger businesses (European Commission 2003).

However, and despite recognition of their importance (European Commission 2003; Hanna and Walsh 2008), SMEs have to struggle to develop their business activity and to become competitive, mainly due to their characteristics. For example, SMEs are characterised by having gaps in competences or resource

portfolios (due to lack of substantial investments) (Dennis 2000), weak infrastructures, small establishments, local ownership, lack of information and certain skills (Morrison 1998; European Commission 2003), and lack of know-how (Schermerhorn 1980). Moreover, another commonly recognized characteristic is that SMEs have scarce resources (e.g. human, financial and material) (Morrison 1998; European Commission 2003), and are, in some cases, dependent upon external sources for scientific and technological information (Morrison 1998). Besides, SMEs experience substantial difficulties with obtaining resources (e.g. financial), employee recruitment, accessing appropriate training courses (Dennis 2000), market knowledge, overseas contacts, business opportunities and, therefore, in achieving organizational viability for developing their business (Tang 2011). All these characteristics make SMEs especially vulnerable (Hanna and Walsh 2008), particularly when they have to struggle not only with their size, environmental characteristics (e.g. rapid economic, technological and social changes, globalization), but also with their location.

### **2.4.3 The location of the business**

One of the assumptions identified in the literature is that the process of business creation and management is influenced by the geography of the area in which it takes place (e.g. Burrows and Curran 1989; Keeble and Tyler 1995; Storey and Wynarczyk 1996; Ritsila 1999; Smallbone et al. 1999; Patterson and Anderson 2003). Location determines the access to the necessary resources, namely physical components, and access to markets (Katz and Gartner 1988; Stearns et al. 1995) and, traditionally, distinction is made in the literature between urban and rural settings (e.g. Curran and Storey 1993; Anderson 2000). In fact, and although businesses implemented in rural settings can have diverse opportunities (e.g. natural resources, landscape), they can also have to face different constraints to their activity (e.g. Keeble and Tyler 1995; North and Smallbone 1996; Stathopoulou et al. 2004).

When SMEs are located in rural areas the difficulties associated with their smallness are exacerbated. Competitiveness is particularly influenced by the



quality of the transport infrastructure, the availability of suitably skilled and professionally trained staff, and external trade factors (Patterson and Anderson 2003). To survive in remote rural areas, SMEs need to be adaptable, and this can result in them being more innovative in some respects than businesses elsewhere (Patterson and Anderson 2003; North and Smallbone 2004). That innovativeness can consist of the adoption of different means by which they can keep in business and be competitive. The establishment of cooperation relationships/initiatives comes at the forefront of the list of options that can be adopted by SMEs operating in rural areas to overcome some of their location-related difficulties and enhance their performance (Smallbone et al. 2002). Some researchers (e.g. Jack and Anderson 2002; Zontanos and Anderson 2004) have acknowledged though, that in rural areas, formal organisational networks are not so frequent and much harder to access. When located in isolated or remote areas SMEs will also be discouraged to cooperate because in such places there are fewer partners available with whom to cooperate (Schermerhorn 1980). In such conditions, as will reinforced in later sections, the owners/managers personal contacts and social networks play an important role in the provision of resources (Silva 2012) and in the introduction to new business opportunities (European Commission 2003), which are critical to the achievement of the objectives of SMEs.

#### **2.4.4. SMEs and inter-business cooperation**

The potential importance of inter-business cooperation to the survival and success of SMEs, particularly for those located in rural areas, has therefore been acknowledged. However, in spite of its acknowledged potential benefits, SMEs do not engage in inter-business cooperation as much as would be expected. Research has demonstrated that the level of cooperation between SMEs is more limited than suggested in the vast majority of the literature. Not only do many SMEs have little knowledge about, and show a weak tendency towards, cooperation as a means to overcome their natural weaknesses (e.g. European Commission 2003; Ussman and Franco 2000; Hoffman and Schlosser 2001, Correia et al. 2007), but also they have struggle to reconcile the desire to follow their own interests with cooperation with other businesses (Fyall and Garrod 2005). Thus, it seems that the same

characteristics that strengthen cooperation relationships/initiatives may simultaneously represent a hindrance to it.

It seems this tendency is particularly evident in the Portuguese context, where, according to the European Commission (2003), less than one in six SMEs engage in cooperation. In Portugal, within specific economic sectors, cooperation amongst SMEs is not considered as widespread. Cooperative agreements seem limited in scope, often restricted to subcontracting activities, and not addressing the key issues Portuguese businesses are facing (Ussman and Franco 2000). Given the above, one of the objectives of this study is to build upon the existing, although limited, knowledge about this matter and, consequently, to build upon established theories, which advocate and take for granted the willingness and advantages of SMEs to cooperate.

#### **2.4.5. The role of the owner/manager**

Within SMEs decisions are very often made by one single decision maker, normally the owner and/or manager of the business (Schmidli 2008; Sommer 2010) with a high degree of autonomy (Baillette 2001), who often tend to be generalists rather than specialists (Gilmore et al. 2001).

The literature clearly identifies the key role of SMEs' owners/managers in all decision-making levels (Rice and Hamilton 1979; Lloyd-Reason and Mughan 2002; Fillis et al. 2004), including the definition of the strategic orientation of their businesses (Becherer et al. 2005). Given the smallness of the businesses, owners/managers have to deal with almost every situation from day-to-day to long-term activities, that is, at strategic, tactical and operational decision making levels (Rice and Hamilton 1979; Kotey and Meredith 1997; Greenbank 1999; Fillis et al. 2004; Schmidli 2008; Liberman-Yaconi et al. 2010; Sommer 2010).

Based on their personal skills and experience (Baillette 2001), owners and/or managers have to deal personally with a wide range of issues and make decisions in several and different areas of specialisation (e.g. finance, marketing, and human

resources), generally without the support of specialists or the benefit of their specialized knowledge (Kotey and Meredith 1997; Pineda et al. 1998; Becherer et al. 2005; Liberman-Yaconi et al. 2010). Moreover, the involvement of owners and managers in decisions is also due to the fact that they take into account their personal priorities/objectives when responding to opportunities and circumstances (Gilmore et al. 2001). The level of involvement is also related to potential consequences of decisions not only to the business and its future, but also to the owner/managers' personal wealth for example (Baillette 2001).

Because of their strong involvement in the owning, managing and making decisions, owners/managers have also to deal with the limitations of their businesses, e.g. limited resources (Schmidli 2008, Liberman-Yaconi et al. 2010), the lack of necessary skills in some cases, experience, time and/or opportunity to analyze the relevant data to fully evaluate the alternatives (Rice and Hamilton 1979). It is also dependent on the owner/managers to find ways to overcome these limitations, to make the necessary decisions, and evaluate its consequences. As mentioned earlier, cooperation is often considered and implemented by owners and managers of SMEs as a means by which to overcome some of these difficulties. Owners and managers of SMEs bring to the business their personal networks of contacts and acquaintances, with whom they often end up establishing cooperating initiatives, based on personal trust and confidence. Owners/managers' personal social networks thus become a key component in the success of their business, giving access to relevant resources. This has been conceptualised as social capital (Burt 1997; Uzzi 1997; Nahapiet and Ghoshal 1998; Davidsson and Honig 2003; Anderson et al. 2005; Jack et al. 2008).

## **2.5 FACTORS INFLUENCING THE DECISION IN RELATION TO INTER-BUSINESS COOPERATION**

Decisions in relation to cooperation can be influenced by different factors. These factors have been referred to in the literature using different terms, namely external and internal drivers (Evans 2001), pre-conditions of and motivations for

cooperation (e.g.; Gray 1989; Wang and Xiang 2007), and even as antecedents of cooperation (Street and Cameron 2007). Within this research the terminology adopted is factors influencing decisions in relation to cooperation, and these were gathered into five broad groups: the context, business objectives, participant business characteristics, decision maker characteristics, and (potential partner) characteristics. The groups encompass factors that can influence positively and/or negatively the decision. Factors influencing positively are the factors influencing and/or driving the business to cooperation and they are seen as “the underlying motivating reasons”, for business to cooperate with others (Evans 2001). In turn, the factors influencing negatively the decision can be considered as barriers to cooperation (Rosenfeld 1996; European commission 2003). These positive and negative factors are summarized below.

### **2.5.1. The context**

In this research the context refers to the external business environment and the industry in which businesses operate. The way in which these factors are likely to influence decisions in relation to cooperation are explained next.

#### **2.5.1.1. External business environment characteristics**

External environmental characteristics refer to factors that characterize the external business environment outside the business or specific decision making unit (in which the businesses operate) (Duncan 1972; Lozada and Calantone 1996; Capon 2009). These external factors are classified as being at a macro environment level (Dholakia and Kshetri 2004).

The macro environment is constituted by key broad factors that impact businesses to a greater or lesser extent (Johnson et al. 2011) and can be defined and analysed using PEST analysis: that is by examining political, economic, socio-cultural, and technological factors (Fyall and Garrod 2005; Montana and Charnov 2008; Sawyer et al. 2008). These factors can occur at three levels, namely, local (intermediate

town, city or region in which the enterprise operates), national (home country in which the enterprise identifies), and global (outside the local and national levels), giving rise to LoNGPEST (Capon 2009). Political factors include legislation and industry regulations (Capon 2009; Johnson et al. 2011). Economic influences include, for example, the impact of banks, stock markets, and trading blocs, inflation, exchange rates, business cycles (Walters et al. 2005; Capon 2009; Johnson et al. 2011). Socio-cultural influences are about age, structure and behaviour of populations (Capon 2009; Tribe 2010; Johnson et al. 2011;). Technological factors refer to the impact of technology and include computer hardware, computer software, communications technology and electronic media (Walters et al. 2005; Capon 2009; Johnson et al. 2011).

The external business environment has an impact on the viability of businesses (Duncan 1972; Hambrick 1982; Boyd and Fulk 1996; Montana and Charnov 2008), management (Mullins 2010), and competitiveness (Ebrahimi 2000; Analoui and Karami 2002; Hough and White 2003). Businesses, regardless of the industry or the environment in which they work, are operating in an increasingly complex (Duncan 1972; Brouthers et al. 2000), competitive (Gray 1989, Wood and Gray 1991, Evans 2001, Fyall and Garrod 2005), dynamic, diverse, difficult, and constantly changing and uncertain environment (e.g. Porter 1998; Anderson and Atkins 2001; Beverland and Bretherton 2001; Song et al. 2002; McGee and Sawyer 2003; Capon 2009). Uncertainty, turbulence, and complexity are caused by economic, technological, environmental, and social and political/legal changes in the external business environment (Gray 1989; Ohmae 1989, Burgers et al. 1993, Ohmae 1993, Cravens et al. 1996, Huxham 1996, Doz and Hamel 1998, Tribe 2010). The external business environment, by creating opportunities and posing threats (Johnson et al. 2011), shapes the context within which decisions are made (Duncan 1972; Lozada and Calantone 1996; Gouldson 2008). In addition, it also influences what is decided, how a decision is made (Nutt 2011) and implemented by decision makers (Analoui and Karami 2002). Also, the way decision makers perceive their business environment affects the decisions they make in order to adapt to the environment (Smeltzer et al. 1988; Lozada and Calantone 1996; Jennings 1998; McGee and Sawyer 2003; Capon 2009) and how they decide to

react to changing and uncertain environmental conditions (Lozada and Cantalone 1996; Brouthers et al. 2000; Hough and White 2004; Johnson et al. 2011; Nutt 2011).

The external business environment does not influence decisions made by owners/managers of businesses in a similar way. This is because, first owners/managers may have their own distinctive view of the environment and, secondly, because each business has a unique environment (location, activities, products, services, and customers) (Capon 2008). In fact, and with regard to cooperation decisions, the external business environment can be either a driver and/or a hindrance.

In the context of SMEs, the external business environment is often considered as a driver because its factors/characteristics ‘push’ decision makers to cooperation in order to face challenges and explore opportunities to keep themselves in business (Parker 2000; Elmuti and Kathawala 2001; Evans 2001; Fyall and Garrod 2005; Pansiri 2005). New market opportunities may be found, for example, in the new attitudes of consumers as they are much more demanding than a few decades ago. Consumers currently ask for personalised products and services and change very frequently from one product to another (European Commission 2003). These opportunities are considered drivers to cooperation because businesses will be able to enhance adaptive capabilities to new market trends through cooperation with other businesses. Through cooperation, businesses will be able to increase awareness of the new trends and the ability to understand them and relate them to business opportunities (European Commission 2003).

Another external business factor that has an influence in the establishment of inter-business cooperation between SMEs is the increasing globalisation (European Commission 2003) and the (perceived) environmental uncertainty (Dickson and Weaver 1997; Hoffman and Schlosser 2001). The main sources of uncertainty are high technological demands to volatility and demands for internationalisation (Dickson and Weaver 1997; Weaver et al. 2000), turbulent markets, emerging technology, new partners and regulatory changes (European Commission 2003).

Uncertainty is seen as a driver to cooperation because it can be reduced through inter-business cooperation (European Commission 2003). As Dickson and Weaver (1997) suggested, a reduced level of perceived uncertainty would decrease the odds of cooperation between businesses.

Furthermore, another factor in the external environment that is considered as a driver towards SME cooperation is the institutional environment (Street and Cameron 2007). The institutional environment can influence cooperation because policies and financial support encouraging cooperation can be created by initiating and supporting specific programmes that aim to incentivise and increase cooperation (Davenport et al. 1999). These programs can provide this support through instruments that can often be used in combination: subsidies, reducing the cost incurred by the business in the process of achieving the objectives of the programmes, counselling, providing advice and competence transfer to the business, meeting place, providing a venue where SMEs can meet potential partners, and through provision of physical facilities for operational purposes (European Commission 2003). Also, the institutional environment can influence cooperation because it can encourage the development of trust between project members and cooperation partners. With such purposes, organisations can provide an environment that is conducive for the development of goodwill and trust and by facilitating the initial contacts between prospective partners. In turn, this might contribute to the incremental evolution of trust based on ongoing and repeated goodwill-based relationship between the same partners (Davenport et al. 1999) and on cooperation experience, especially when cooperation occurs in operational activities (European Commission 2003). However, it has been recognized that although trust is difficult to build if the contact is infrequent, at the same time, frequent contacts are not a sufficient condition to build trust either. There is also another important aspect apart from the frequency of contacts, which is the quality of the contacts (European Commission 2003).

Governmental organisations can also influence cooperation between SMEs in the way that they can impact the perceived institutional barriers (identified in the previous section) through laws and regulation or policy programmes that facilitate

and encourage SMEs to cooperate and mitigate perceived barriers (European Commission 2003). Nevertheless, a balance between encouraging SMEs to cooperate in order to increase their competitive strength and ensuring a free and open functioning of markets needs to be found by organisations and policy makers (European Commission 2003).

Further, and as referred to above, the external business environment can also be a hindrance to cooperation. For example, some characteristics of the market such as the (local) market size (Smallbone et al. 2002) can hinder cooperation. A possible explanation is that a relatively small local market can imply limited opportunities to trade and network with other local businesses (Smallbone et al. 2002).

In addition, legal boundaries and restrictions (e.g. rights and obligations of participants, taxation or legal regulation) (Schermerhorn 1980 Rosenfeld 1996; European commission 2003), and insufficient support from Governments or brokers (Rosenfeld 1996) are other examples of ways how the environment can constrain cooperating initiatives.

#### **2.5.1.2. Industry**

The industry is also considered as part of the external business environment (Sawyer et al. 2008) and is often referred to as the micro and/or competitive environment. It is defined as what immediately surrounds a business and influences its capability to gain an advantageous position against its competitors. It includes the customers/market, suppliers and all competitors (Evans et. al 2003; Montana and Charnov 2008; Capon 2009). Competition is particularly relevant at the horizontal level (within the same industry) because businesses compete for the same customers (Schermerhorn 1980, Rosenfeld 1996) and they fear losing competitive edge to competitors.

It is believed that the economic sector does have a great influence on organizational behaviour, and it is argued that research on SMEs must recognise sectoral variation (Burrows and Curran 1989; Morrison and Teixeira 2004;



Thomas et al. 2011). In fact, studies aiming at identifying SMEs' decisions (Romano et al. 2001), behaviours, performance, and success factors, have demonstrated that distinctions can be made between different types of industry, such as between manufacturing and services (e.g. Gartner 1985; Birley and Westhead 1994; Bruderl et al. 1992; Keeble and Tyler 1995; Chandler and Hanks 1998; Gadenne 1998; Wicklund and Shepherd 2005).

The industry type of a business has been found to influence decisions of owners and managers in specific contexts, with a particular emphasis placed on the decision to adopt World Wide Web technology (Goode and Stevens 2000; Dholakia and Kshetri 2004). With regard to cooperation, the influence of the industry type has been studied not only in cooperation decisions and behaviour in general (Sakakibara 2002), but also in the SMEs context in particular (Hartl 2003; European commission 2003). However, little evidence has been found in terms of the influence of the industry in cooperation decisions, especially when these decisions can be in relation to cooperation in the same industry (horizontal) and/or cooperation with businesses from another industry (diagonal).

Within the context of this research two types of industries and/or businesses were considered: tourism businesses and wine producers and bottlers. It is of common acceptance that tourism is part of the service-based sector (Debbage and Daniels 1998; Thomas 2000; Pender and Sharpley 2005), with a predominance of small and micro businesses, whereas wine producers are considered as manufacturing businesses (Orr 1999). The two industries have different scales, suggesting differences in organizational dynamics and performance. Services firms have fewer employees than manufacturing (Atkins and Lowe 1997), and often have no employees at all, with business owners being self-employed people (Burrows and Curran 1989). The two industries also demonstrate specificities with regard to organisation and management (Burrows and Curran 1989), particularly with regard to linkages with the organisational environment, namely networking (e.g. Bryson et al. 1993; Dean et al. 1997; Johannisson and Monsted 1997). Overall, manufacturing companies participate less in business networking and perceive fewer benefits than services (Dean et al. 1997). Service businesses seem to rely

more on interpersonal relationships (Gadenne 1998) and seem to take more advantages from networking initiatives for resource acquisition (e.g. Bryson et al. 1993; Johannisson and Monsted 1997). These differences make tourism and wine businesses distinct analytical categories within SMEs, and this study has focused on the tourism and wine SMEs of the Douro Valley, namely in the comparison of factors affecting decisions to, implementation, outcomes, and evaluation of cooperation. Further details of the specificities of the two types of industries will be presented in Chapter 3.

### **2.5.2. Business and individual-related objectives**

As mentioned earlier, it is recognised that businesses, and in particular SMEs, do not have all the necessary resources to fully achieve their objectives and to face the challenges posed by their business environment (e.g. Ohmae 1989; Huxham 1996; Harrison and Barringer 2000; Ajuha 2000; European Commission 2003). This fact implies some level of interdependency between businesses (Wood and Gray 1991; Selin and Chávez 1995; Stiles 2001). Businesses in general (Varadarajan and Cunningham 1995; Child and Faulkner 1998; Beverland and Brotherton 2001; Evans 2001), and SMEs in particular (Sommer and Haug 2000; European Commission 2003) are driven to engage in cooperation relationships/initiatives with others as a means by which they can gain access to partners' resources and to achieve their objectives.

The objectives that the owners/managers of SMEs establish for their businesses and that drive them into cooperation are specific to each business and to the context in which they operate (European Commission 2003). The motives may not only vary over time, but also according to the characteristics of businesses (e.g. size) and the industry type (European Commission 2003). For example, micro businesses cooperate more often for operational purposes and for short-term expected benefits, whereas small and medium ones cooperate for strategic reasons and for long-term benefits (European Commission 2003). As far as industry type is concerned, differences can also be observed with regard to the objectives driving SMEs to cooperation. According to the European Commission (2003) whereas for

the manufacturing industry additional production capacity was one of the most important reasons for the construction sector it was considered a supplementary reason to cooperate with other SMEs. In turn, SMEs in the services sector are more likely to cooperate to gain access to know-how and technology.

The business objectives considered as motivating reasons for cooperation have been classified into several groups based on common themes to facilitate an overview of the sizeable number of objectives presented in the literature (Varadarajan and Cunningham 1995; Huxham 1996; Barringer and Harrison 2000; Beverland and Brotherton 2001). However, the objectives are considered, to a large extent, to be inter-related and the distinction and its subsequent classification is a matter of perspective (European Commission 2003). For example, better knowledge gained by accessing partners' knowledge and skills can lead to inter-related results. Hence, different groups of objectives could be suggested, namely 'gaining new capacities and improving skills and core competences', 'efficient access to markets', 'enhancement of business' financial performance' an 'increased competitive advantage' (Das and Teng 1999; Elmuti and Kathawala 2001; Hoffman and Schlosser 2001; Wittmann et al. 2009).

Although no meaningful differences were identified with regard to the objectives underlying the cooperation in general and on SMEs in particular, given the focus of this study, only those discussed in the context of SMEs are presented in this review. Thus, and given the above, the objectives that drive SMEs to cooperation were gathered into two broad groups, considering whether they are input-related or expected outcomes-related. The input-related objectives are associated to the access of resources (e.g. information, technology, physical resources). In turn, the objectives related to the expected outcomes refer to risk and cost reduction, learning, and improved performance. Since businesses view cooperation as an instrument to achieve strategic goals, the objectives for cooperation are derived from the business strategy (Hoffman and Schlosser 2001).

### **2.5.2.1. Input-related objectives**

It has been already recognised that, through cooperation, SMEs aim to get access to diverse and supplementary resources from information (Rosenfeld 1996), ideas, opinions (Fuller-Love and Thomas 2004), to know-how (Sommer and Haug 2000) capital, labour, and technology (Hoffman and Schlosser 2001; European commission 2003). The importance of accessing these resources is revealed by what SMEs can do and achieve. Access to resources allows SMEs on one hand to secure their own resources and overcome their resource constraints, and on the other hand, allows them to have increased capacity to meet business objectives (Hanna and Walsh 2008).

### **2.5.2.2. Expected outcomes-related objectives**

With regard to expected outcome-related objectives, cost and risk reduction is one of the most frequently referred to in the literature. Businesses aim to reduce risks and costs (e.g. Hoffman and Schlosser 2001), namely transaction costs. These specific types of cost occur when establishing a transaction, namely costs of search for the product/service, to establish the transaction and the costs of the transaction itself, that is contract/agreement in this context, as well as the costs involved in monitoring and enforcing the contract (European Commission 2003). Additionally, SMEs also aim to reduce the costs of accessing labour (European commission 2003), obtaining capital at lower costs (Rosenfeld 1996) and the reduction of indirect costs related to risk (associated to trading with unknown partners and purchasing unknown products) (European Commission 2003).

In addition, SMEs also aim to learn with others through cooperation (Rosenfeld 1996; European commission 2003), which constitutes learning-related motives. By learning with others, SMEs can learn about new business opportunities (Brunetto and Farr-Wharton 2007), can improve their skills and/or capabilities (Hanna and Walsh 2008) and core competences (European Commission 2003), such as the ability to design and install equipment or to deliver a complete range of components in a way that suits the customer (Hanna and Walsh 2008). Also,

businesses are likely to cooperate to learn about and find new market opportunities, such as new trends in terms of consumers' attitudes and demand in global markets (European Commission 2003).

Performance-related objectives, in turn, refer to improving the current competitive position of an SME in the market and sustain the long-term development and growth of the business through better and more efficient access to resources and markets (European commission 2003) and improved capacity to face competition in the markets in which they operate (Koçak and Edwards 2005; Miller et al. 2007).

Performance related objectives refer to different levels of the businesses activity. First, they refer to what businesses aim for their production and offer. Businesses aim to increase their production capacity in order to broaden their supply of products, to extend their scope of products and to provide what the market demands at competitive prices (European commission 2003). Also, they aim to develop new products (Koçak and Edwards 2005), improve their product quality (Rosenfeld 1996) and/or to redefine their service offering (e.g. manufacturing capability as perceived by their customer) (Hanna and Walsh 2008), and to create value together with their partners (Sorama et al. 2004). In addition, SMEs aim to improve their performance in terms of marketing (Koçak and Edwards 2005) and market access. While some businesses look for cooperation to better face market challenges, others, in turn, look for cooperation aiming to secure long-term (niche) markets and to have efficient access to new and larger markets (Marcela et al. 2002; European commission 2003). In addition, businesses aim at improving their supply chain position (Hanna and Walsh 2008) and distribution performance (Sommer and Haug 2000).

### **2.5.2.3. Underpinning theories**

The identification of the different business objectives cannot be disassociated from the diversity of terms used in the literature when discussing inter-organisational relationships: which are matter of debate as highlighted in Section 2.2 in this

chapter. A consensus seems to exist though with regard to the theoretical perspectives that help to explain why businesses may choose to cooperate and the content of the identified objectives. The underpinning theories that have been used to explain why SMEs engage into cooperation initiatives are briefly reviewed in the following paragraphs.

Overall, a wide range of theories have been used to explain cooperation formation in general: Stakeholder Theory; Strategic Management Theory; Transaction Cost Economics; Strategic choice, Resource-Based View, Resource Dependence, Agency Theory, Market-Power Theory, Organisational Learning, Relation Exchange Theory, Institutional Theory (e.g. Child and Faulkner 1998; Barringer and Harrison 2000; Das and Teng 2000; Beverland and Brotherton 2001; Fyall and Garrod 2005). In the context of SMEs, although some the most prevailing theories are the same as referred to above namely: Transaction Cost Economics (Bougrain and Haudeville 2002) and Resource-based View (Hoffmann and Schlosser 2001; Dickison et al. 2006) and Organizational Learning (Sorama et al. 2004), other theories seem to be more specific to SMEs such as Theory of Social Networks (Barnir and Smith 2002; Chung et al. 2006), and Social Capital (Sorama et al. 2004).

Although these theories have different assumptions, they all contribute to the explanation of why businesses decide to engage in cooperation with other businesses. Some studies consider specific theoretical perspectives separately (e.g. Chung et al. 2000; Barnir and Smith 2002; Bignoux 2006), but others underline that each theoretical perspective is not enough to comprehend the complexities of the formation and performance of cooperation arrangements/activities (e.g. Barringer and Harrison 2000; Wang and Xiang 2007). Therefore, blending the different theories through an integrative approach is helpful to reinforce explanatory variables in each of them (Wittmann et al. 2009) and to a wider understanding of the subject (Burgers et al. 1993; Barringer and Harrison 2000; Beverland and Bretherton 2001; Robson et al. 2002). In other words, these theories put forward different objectives that can be achieved through cooperation. Table

2.1 presents the theories that have been used to underpin the study of business objectives driving SMEs to cooperation.

**Table 2.1: Business objectives influencing cooperation and underpinning theories**

<b>Objectives</b>	<b>Underpinning Theories</b>
Getting access to resources	Resource-Based View; Strategic Management Theory; Social Networks (Social Capital)
Reducing costs and risks	Strategic Management Theory; Transaction Cost Economics Theory; Social Networks (and Social Capital Theory)
Learning	Organisational Learning
Improving performances	Resource-Based View; Organisational Learning; Transaction Cost Economics; Resource Dependence; Institutional Theory; Strategic Management Theory; Relational (Social) Exchange Theory

Source: author

With regard to the Resource-based View, the focus is mainly on internal resources, rather than external (as Resource Dependence) and in the way in which businesses may improve performance and achieve and maintain a competitive advantage. According to this theory, competitive advantage can be achieved by having resources, skills or capabilities that are durable and not transferable and easily imitable (Faulkner and De Rond 2000) because they will allow businesses to increase their capacity to deliver efficiency and superior products (Barringer and Harrison 2000). This theory has been used in the study of cooperation formation, because it has been suggested that resources that can help businesses to achieve and maintain a competitive advantage can be obtained through inter-business cooperation (Dickson et al. 2006).

Transaction Costs Theory is based on two central behaviour assumptions. They are: bounded rationality and opportunism. The bounded rationality assumption refers to the fact that capacity for the human beings is constrained to make complex decisions (Rollinson and Broadfield 2002; Fyall and Garrod 2005). These constraints may be due to different factors such as time (Cohen et al. 1972), money (Tosi and Mero 2003), available information, individuals' capacity to process information (Aharoni et al. 2011, Rollinson and Broadfield 2002 ), memory and

judgment (Schmidli 2008). In turn, the opportunism assumption accepts that sometimes individuals act opportunistically, meaning that they take advantage of transaction situations. This theory is therefore important to the study of cooperation because it casts cooperation as a means of maximizing economic benefits (Dickson and Weaver 1997) and explains how an organisation should manage its activities, in order to minimize its production and transaction costs at a certain level of uncertainty/complexity (Barringer and Harrison 2000, Fyall and Garrod 2005), increase their efficiency and minimize opportunistic behaviours that are likely to exist in transaction situations. Transaction costs are defined by Child and Faulkner (1998; p. 20) as “those which are incurred in arranging, managing and monitoring transactions across markets, such as the costs of negotiation, drawing up contracts, managing the necessary logistics, and managing the accounts receivable”. Transaction costs are defined as

*“The costs involved in establishing a transaction: ex ante costs to search for the product/service, and to establish the transaction; the costs of the transaction itself (contract/agreement), as well as the costs involved in monitoring and enforcing the contract. Indirect costs related to risk (associated with trading with unknown partners and purchasing unknown products) and the costs made to minimise risk are also part of the transaction costs” (European Commission 2003, p. 17)”.*

These costs might be reduced through cooperation when the parties involved know and trust each other because it stimulates free flow of information that is conducive to creativity and innovations and also because less risk is involved in the cooperation relationship (European Commission 2003).

Organisational Learning has also been studied in the context of SMEs (Sorama et al. 2004) and it refers to the organisations’ capabilities in obtaining, spreading, and keeping new knowledge, in other words, in learning from partners, and improving their performance what may increase organisations’ competencies and their competitive advantage (Child and Faulkner 1998, Barringer and Harrison 2000).



Social Network Theory is helpful to the study of the resource-related reasons for cooperation because it recognises the importance of social interactions in decision making (Chung et al. 2006) and that resources can be obtained from the owners/managers' personal relationships (Anderson et al. 2005; Jack et al. 2008; Silva 2012), such as information, ideas (Wang and Fesenmaier 2007). Through social networks new business opportunities can be discovered (European Commission 2003), which can be strategic to the achievement of businesses' objectives (Miller et al. 2007). Social Network Theory is related to what is called Social Capital or Relational Capital. Through their social relationships (social networks) and prior relational activities (Chung et al. 2000), SMEs' owners/managers can get access to (tangible or intangible) resources (Gulati 1998; Nahapiet and Ghoshal 1998; Lin 2001; Sorama et al. 2004). Social capital has been used to explain that businesses will utilize their social capital when cooperating for specific reasons, such as to decrease the costs of searching for cooperation partners (Chung et al. 2000).

Although these have been the most popular theories in the context of SMEs, there are others that can equally be important to explain the formation of cooperation between SMEs. They are: Strategic-Management Theory, Resource Dependence Theory, Strategic Choice, and Institutional Theory.

Strategic-Management Theory emphasizes expansion and growth, and the search for competitive advantages through the available resources for entering into cooperation initiatives/relationships (Child and Faulkner 1998; Wang and Xiang 2007). This theory has also been used to inform other objectives that businesses can achieve through cooperation, namely to obtain access to needed assets or capabilities not currently possessed, to spread financial risks, to learn new skills, to maintain parity with competitors, to enter into new markets, and to face business environment turbulence and uncertainty (Child and Faulkner 1998; Wang and Xiang 2007).

Resource Dependence Theory is concerned with the needed resources. When businesses do not have the necessary resources and competences, they are likely to

establish cooperation initiatives/relationships with other businesses to obtain them (Child and Faulkner 1998; Fyall and Garrod 2005).

Strategic Choice might also be helpful to study cooperation in the context of SMEs because, and according to Barringer and Harrison (2000), Strategic choice is a very broad theoretical perspective that puts forward different reasons why businesses cooperate with other businesses. Indeed, businesses might cooperate to increase competitiveness, to increase market power, to face competition, maximize their ability to offer attractive products or services, to increase efficiency, or to reduce costs.

Institutional Theory notes that pressures may arise from institutional environments, such as the need to enhance a business reputation, image and increase visibility. Thus, this theory is important because it describes why firms behave the way they do, that is, why businesses participate in cooperation relationships. Businesses cooperate with other businesses to try to obtain legitimacy, which is important in the way it helps a business to gain access to critical resources and expertise as a means of enhancing a firm's reputation (Barringer and Harrison 2000). By participating in cooperation initiatives/relationships, businesses are motivated "to pursue activities that will increase their legitimacy and cause them to appear to be in agreement with the prevailing rules, requirements, and norms of their business environments" (Barringer and Harrison 2000, p. 380).

It seems that these particular theories (Strategic-Management Theory, Resource Dependence Theory, Strategic Choice, and Institutional Theory) while been widely studied in the generic cooperation literature, it appears they have been less studied in the context of SMEs. Although not specific to the context of SMEs, contributions identified in the literature with regard to the use of these theories in the understanding of cooperation have been incorporated in the building of the questionnaire.

#### **2.5.2.4. Individual-related objectives**

Moreover, and despite the wide number of studies addressing business objectives in cooperation literature, no evidence has been found with respect to personal motives and their influence on cooperation decisions. However, in other contexts, it has been found that the decisions of businesses owners and/or managers are influenced by motivations that are not related either with financial motives or with their business, but with personal goals and interests (Romano et al. 2001; Hemingway and MacLagan 2004; Schmidli 2008; Aharoni et al. 2011). For example, Greenbank (1999) has identified ‘earning a satisfactory life’ and job satisfaction as personal objectives when making pricing decisions, and therefore, factors influencing the pricing decisions of micro businesses. Additionally, Amit et al. (2000) have found the desire to attain personal wealth to be an influencing motive for the decision to found new ventures. Furthermore, Romano et al. (2001) has identified business owners’ values and reasons in financing decisions taken by family-owned businesses, such as creating a lifestyle business, to accumulate family wealth, to employ family members, and to provide family with business careers (Romano et al. 2001). Given the above, and considering that a motivation is “some driving force within individuals by which they attempt to achieve some goal in order to fulfil some need or expectation” (Mullins 2010, p. 253), personal objectives have been considered to be of relevance in the understanding of factors influencing cooperation in the context of wine and tourism SMEs in the Douro Valley. Therefore, personal objectives related aspects have been included in the questionnaire as potential factors influencing decisions towards cooperation.

#### **2.5.3. (Participant) Business characteristics**

Participant business characteristics refer to a set of many and different factors which can be resource-related (e.g. lack of time and staff) (Schermerhorn 1980; European Commission 2003; Edwards-Schachter et al. 2011), location related (Schermerhorn 1980; European Commission 2003), business identity/culture related (e.g. strong sense of individualism) (Gray 1989; Schermerhorn 1980; Abby and Barclay 2001; Elmuti and Kathawala 2001; European Commission 2003;

Edwards-Schachter et al. 2011), or size-related (Hartl 2003; Felzensztein and Gimmon 2008).

Particularly regarding size, past research has found that the size of a business has had an influence on the decisions and behaviours of businesses (Gibson and Cassar 2002; Becherer et al. 2005; Papadakis 2006; Nunnington and Haynes 2011), including decisions of owners/managers of SMEs (Fillis et al. 2004; Fernández and Nieto 2005).

Further, it seems that the business size can influence decisions in relation to, and engagement in cooperation relationships/initiatives. For example, it has been noted that, at the one hand, small businesses are more likely to establish cooperative arrangements than large businesses (Street and Cameron 2007) namely with regard to marketing (Felzensztein and Gimmon 2007). On the other hand, size might also influence the decision to not cooperate with other businesses. An explanation might be due to smallness. Business smallness is often associated with lack of the necessary resources (e.g. lack of time and limited staff) (European commission 2003; Fernández and Nieto 2005; Nunnington and Haynes 2011). Owners/managers may or may not be able to allocate their resources to make decisions and implement them, particularly when the decision has to do with acquisition (Goode and Stevens 2000; Dholakia and Kshetri 2004), or to the use of resources in innovation-related activities (Galende and de la Fuente 2003). In addition, owners/managers have to deal with most day-to-day activities (Schermerhorn 1980; Rosenfeld 1996), which makes it difficult to engage in, or even consider, participating in cooperative initiatives.

Further, a business characteristic that seems to be important as an influencing factor in businesses' decisions is the age of the business. The age of the business is the length of time (number of years) that a business has been in operation (i.e. legally registered) (Goode and Stevens 2000; Romano et al. 2001; Gibson and Cassar 2002). Business age has been commonly used to measure the experience of businesses (Galende and De la Fuente 2003), and its influence has been found in businesses' decisions, such as family business owners' with regard to financing

decisions (Romano et al. 2001) and businesses' decisions on World Wide Web adoption (Goode and Stevens 2000). However, no evidence has been found about this factor being studied with regard to cooperation in the context of SMEs. Therefore, business age is a factor also examined in the context of this study.

#### **2.5.4. Decision maker characteristics**

Decision maker characteristics refer to the personal characteristics of the individuals that are responsible for the management of SMEs that might have an influence on their decisions. These characteristics are discussed below.

##### **2.5.4.1. Personality traits**

Personality represents the overall profile or combination of characteristics that capture the unique nature of a person as that person reacts to, and interacts with, others. Personality combines a set of physical and mental characteristics that reflect the way a person looks, thinks, acts and feels (French et al. 2011), and also the way they view a problem, make decisions, and behave (Rollinson and Broadfield 2002). Personality characteristics and traits are relatively stable and enduring aspects of an individual. These characteristics “distinguish individuals from other people and at the same time form a basis for predictions concerning their future behavior” (Wright et al. 1970 cited Rollinson and Broadfield 2002, p. 69). Because individuals think, experience and interpret the environment differently (Rollinson and Broadfield 2002), differences can be found in behavioural intentions (Crant 1992; Wooten et al. 1999).

Even though there are some studies that found personality characteristics (specifically need of achievement, risk propensity and locus of control) had little influence in CEO's decision-making (Papadakis 2006), there appears to be a consensus in the literature regarding the personality characteristics that have an influence on the decisions and behaviour of business people of both large businesses and SMEs. The characteristics that have been identified are: risk-taking propensity (Wooten et al. 1999; Becherer and Maurer 1996; Crant and Batemamn

2000; Papadakis and Barwise 2002; Papadakis 2006), need for achievement (Becherer and Maurer 1996; Lee and Tsang 2001; Papadakis and Barwise 2002; Papadakis 2006), locus of control (an individual's perception of how much control s/he is able to exert over events) (Becherer and Maurer 1996; Crant and Batemamn 2000; Lee and Tsang 2001; Papadakis 2006) flexibility (Papadakis 2006), tolerance of ambiguity (Becherer and Maurer 1996; Wooten et al. 1999; Papadakis 2006), self-confidence (Crant and Bateman 2000; Lee and Tsang 2001), proactivity (Crant 1992; Becherer and Bauerer 1996), and self-reliance and extroversion (Lee and Tsang 2001).

Apart from the previous personality characteristics, there are, however, other characteristics that are explored more in the literature. For example, risk propensity and/or the willingness of decision-makers to take risks has been widely explored in studies about business people's decision-making (Romano et al. 2001; Weber et al. 2002; Fillis et al. 2004; Papadakis 2006; Schmidli 2008; Weber and William 2009; Bromiley and Rau 2010). Risk propensity describes an individual's attitude toward risk (Papadakis 2006), which is a crucial variable in the decision-making of business people (Brouthers et al. 2000; Rollinson and Broadfield 2002; Papadakis 2006; Schmidli 2008; Aharoni et al. 2011). The attitude towards risk by business people is influenced by uncertainty and influences the decision-making behaviour of decision-makers. Risk and uncertainty are inherent in all decision-making (Schmidli 2008) and are inherent in businesses activity (Chapman 2006). Individuals might have different attitudes towards risk (Papadakis 2006), they might be 'risk-takers' or 'risk averters' (Rollinson and Broadfield 2002). Individuals with a higher risk propensity feel more comfortable in certain situations (Papadakis 2006). According to Papadakis (2006), risk taking is a personality characteristic of those who favour innovative decision-making and change. As per Weber et al. (2002), it refers to the likelihood of engaging in perceived risky activities. Moreover, the study by Fillis et al. (2004) concluded that a risk-averse orientation of an owner or manager might mean that a dominant negative attitude is displayed towards e-business adoption. People tend to be relatively more risk averse when the decision is framed as a potential gain and the choice situation is personally relevant (Chapman 2006). Moreover, Schmidli

(2008) emphasised that risk applies to the contexts in which decision makers are able to assess the likelihood that events will occur, because risk may be quantified – as opposed to uncertainty that cannot be quantified.

The characteristics of owners/manager's, namely their preference for stability, were found as having a different impact on the cooperation behaviour depending on the context of cooperation (Hartl 2003). Whereas the number of domestic cooperation activities and cooperation with domestic partners decreases with the capabilities of the manager, the impact on foreign cooperation and cooperation with foreign partners is positive. Further, decision makers with a preference for stability tend significantly to refuse cooperation abroad or with foreign partners. When cooperation is with domestic partners, these factors do not seem to have any influence.

Despite its clear importance in making decisions, no noteworthy evidence has been found in the context of SMEs. Therefore, personality is a factor whose influence on the decision towards cooperation will be analysed.

#### **2.5.4.2. Past experience**

The past experience of owners and managers and its influence in their decisions has been highlighted by several authors and in many ways (e.g. Pineda et al. 1998, Brouthers et al. 2000, Bailleite 2001, Romano et al. 2001, Aharoni et al. 2011). First, it can influence by limiting the information selected and used in their businesses (Brouthers et al. 2000). Secondly, past experience is likely to influence the decisions of owners and managers because they can perceive the advantages and disadvantages of the object (Gibson and Cassar 2002) in a different way. Also, experience is important to decision makers, especially in situations when they have to deal with certain limitations, such as time and the useful information available (Baum and Wally 2003). Decision makers learn from experience and past decisions and use this knowledge to adjust to their environment (Ekanem and Smallbone 2007), to make decisions aiming their survival (Ekanem and Smallbone 2007) and competitive advantage (Ekanem and Smallbone 2007).

Past experience is one of the most indicated characteristics that are likely to have an influence in businesses' owners/managers behaviour with regard to cooperation, including SMEs (Sommer and Haug 2000, Weaver et al. 2000; Lohrke et al. 2006). For example, in a study about the role of the cooperative behaviour/attitudes of owner-manager, Sommer and Haug (2000) found that SMEs with past positive experiences tended to be more willing to engage in higher levels of cooperation (arrangements with higher levels of intensity). Other researchers have also supported this idea. For example, Sakakibara (2002) concluded that past experience in cooperation induces future cooperation. Lohrke et al. (2006), in turn, stated that SMEs' intention as to whether to cooperate or not should be predicated on their previous cooperation experience. SMEs lacking previous experience in cooperating with others will be less likely to seek future cooperation. In turn, those having previous cooperation experience, and being satisfied with this experience, will be more likely to cooperate with other businesses in the future because once they start cooperating their initial fears for cooperation diminish (European Commission 2003).

However, cooperation can also be seen as decreasingly attractive to those with previous cooperation experience, if SMEs' owners and managers are unsatisfied with previous cooperation performance. Thus, along with previous experience, cooperation performance satisfaction and/or dissatisfaction can affect the establishment of cooperation between SMEs (Lohrke et al. 2006).

#### **2.5.4.3. Unwillingness/reluctance in cooperating and risk perceptions**

Individual characteristics of businesses' owners/managers, particularly of SMEs, are also related to unwillingness/reluctance in cooperating with others and risk perceptions. Unwillingness to cooperate is mainly due to owners/managers wishing to remain independent and to reluctance to exchange ideas/ sensitive information openly (Schermerhorn 1980). In addition, unwillingness to cooperate might also be due the fact that decision makers do not have trust in their partners (Schermerhorn 1980; Rosenfeld 1996; Gray 1989; Elmuti and Kathawala 2001; European Commission 2003; Hansen and Nohria 2004). Also, they might not want to



cooperate either because they think it is not necessary or because they do not have any partners to work with (Correia et al. 2007).

The risk perceptions of owners/managers about the uncertainties of cooperation might influence the decision to not cooperate because they may inflict costs upon their decisions. Risk perceptions towards cooperation are widely discussed in the literature and therefore, it is evident that risk perceptions are considered one of the main reasons that might influence owners/managers to not cooperate. Examples of risks resulting from cooperation may be the dependence on the performance of other businesses to the success of cooperation activities, the contact with the market being controlled by another business, and access to resources being dependent on the partner (Gray 1989; European Commission 2003; Cetindamar et al. 2005). These risks are also connected with the fear of a loss of independence and the possibility of becoming too dependent on their partner (Hamel 1991; Lohrke et al. 2006). The risk perception can also be related to the fear of helping a rival (Gray 1989; European Commission 2003; Cetindamar et al. 2005), related to the possibility of unfavourable partner performance and therefore, to a variance in outcomes (Das and Teng 2001). Risks can also be related to the leakage of the organisation's skills, experience, and knowledge, that is the danger that the partners may acquire the competencies that the organisation brings to the product development and may gain access to the skills and knowledge that the organisation uses in other business areas (Parker 2000). In addition, the perceived risks might be due to the uncertainty of cooperation and its outcomes (Wincent 2005), the sizeable investments of multiple resources (time, money, materials) (Schermerhorn 1980; Rosenfeld 1996; Fuller-Love and Thomas 2004). However, principally, the risks associated to cooperation related to the possibility for the misuse of information (Fuller-Love and Thomas 2004), the risk of losing critical information during the cooperation arrangement/initiative (Hamel 1991; Lohrke et al. 2006).

Furthermore, a clear distinction between risks in cooperation has been suggested by Das and Teng (1996). The authors distinguish relational risk from performance risk. Relational risk relates to cooperation relationships among partners, and is particularly related to owners/managers concern that partners do not fully commit

themselves to joint efforts, do not work toward the mutual interests, do not cooperate as expected by their partners (Das and Teng 1996), and to possible opportunistic behaviour that could weaken cooperation (Das and Teng 1999; De Witt and Meyer 2004; Hanna and Walsh 2008), and the risk of free riding (Wincent 2005). Through opportunistic behaviour (Das and Teng 2001), cooperation partners aim to maximise their own benefits, while creating difficulties to the collective efforts (Das and Teng 1996). Opportunistic behaviour includes cheating, shirking, distorting information, misleading partners (Witt and Meyer 2004), providing substandard products/services, appropriating partners' critical resources and harbouring hidden agendas (Das and Teng 1998; Barringer and Harrison 2000; Elmuti and Kathawala 2001; Stiles 2001). According to De Witt and Meyer (2004), opportunistic behaviour can be limited by clearly defining objectives, authority, responsibilities, and expected results. Furthermore, and apart from opportunism, relational risk can be influenced by conflicts between individuals (business people). These conflicts can be the result of different cultures, personality, and attitudes (Elmuti and Kathawala 2001).

Performance risk, in turn, accounts for the possibility and the consequences that the objectives of cooperation are not successfully achieved despite the partner's full commitment and cooperation (Das and Teng 1996; Das and Teng 2001). According to Das and Teng (2001), although performance risk is perceived by the individual (individual related) it may arise from environmental factors, such as the volatility of the market, war, governmental policy changes, and economic recession from market factors (e.g. fierce competition and demand fluctuations), and internal factors (e.g. lack of competence in critical areas). In addition, other risks have been identified in the literature and can be related to performance risk. They are the risk that one partner benefits more than the other(s) (Takac and Singh 1992), the risk of damaging a firm's reputation (Barringer and Harrison 2000), the risk of creating a future local or even global competitor (Elmuti and Kathawala 2001), the risk of bad performance by partners who deliver unsatisfactory products and services, or fail to deliver to expectations (Takac and Singh 1992; Barringer and Harrison 2000; Elmuti and Kathawala 2001) and the risk of losing the businesses' strategic advantage (Pett and Dibrell 2001).

#### **2.5.4.4. Socio-demographics**

The socio-demographic characteristics of owners and managers, such as age, gender and education level, have also been shown to influence their decisions in different contexts (McKeiver and Gadenne 2000). Education level “reflects an individual’s cognitive ability and skills” (Wiersema and Bantel 1992, p. 7 cited Brouthers et al. 2000, p. 868) and has already been examined in strategic decision-making contexts (Brouthers et al. 2000; McKeiver and Gadenne 2000; Papadakis 2006).

Gender seems to influence risk-taking mostly by changing people’s perception of the riskiness and benefits of decision alternatives, rather than by affecting their willingness to take on more or less risk (Weber et al. 2002).

Education level has been found to be related to people’s efforts on information search and analysis. Highly educated owners and managers are likely to demand more detailed information, leading to more rational decisions (Papadakis 2006). Also, highly educated owners and managers are more open to change, they have a higher tolerance for ambiguity, have the ability to integrate complex stimuli in organizational contexts, and tend to assess a wider range of stimuli (Brouthers et al. 2000). However, it has been noted that found that executive education level had only a modest effect on decision-making by lowering the perception of risk and enhancing the project adoption (Papadakis 2006).

These factors seem to be important as potential influencing factors in SMEs decisions. However, no meaningful research has been found in the context of cooperation between SMEs. They will be therefore included in this research questionnaire and examined in terms of their likely influence on cooperation decisions.

### **2.5.5. Characteristics of partners**

Studies discussing cooperation partners as a topic of cooperation research have essentially focused on the criteria that are taken into account when selecting cooperation partners (Al-khalifa and Peterson 1999; Tatoglu and Glaister 2000; Dong and Glaister 2006). The generic criteria for partner selection presented in the literature is divided into two broad categories, namely task-related and partner-related. This classification was initially suggested by Geringer (1991) and later used by other authors (e.g. Al-khalifa and Peterson 1999; Dong and Glaister 2006).

Partner selection criteria has been recognised in the literature as a topic of major importance in the formation and operation of cooperation (Nielsen 2003), on the management of the cooperation (Nieto and Santamaria) and also the results and performance of the cooperation (Holtbrijgge 2004; Nielsen 2003; Dong and Glaister 2006). Different reasons are presented in the literature to explain this importance. First, choosing a suitable partner or partners to cooperate with (Nieto and Santamaria 2007) is important to reduce the risk of wrong partner choice (Kuada 2002). Secondly, by choosing a specific partner, business people/businesses are choosing the overall mix of available operating policies, procedures, skills, capabilities and resources (Geringer 1991; Dong and Glaister 2006). In other words, partner selection influences the skills and resources that will be available to those cooperating businesses. According to Nielsen (2003), partner selection is combined with the overall strategic objectives of businesses and therefore, when choosing partners, people also choose resources and skills. This, in turn, will influence the participating business' ability to achieve its strategic objectives (Dong and Glaister 2006), to obtain successful results from the cooperation (Gebrekidan and Awuah 2002; Nieto and Santamaria 2007), and/or to minimise the risk of cooperation failure (Pansiri 2008). Thus, partner selection is important to the performance of cooperation, but also for participating businesses, given the results of cooperation to the achievement of their objectives.

However, and given the purposes of this study, rather than analysing the partner selection criteria, the emphasis is on the characteristics that potential cooperation

partners should have for engaging into cooperation relationships/initiatives. A potential partner is a vague term, because it can refer not only to the business, but also to the individual, that is the person in the other business. Indeed, and considering the specific context of SMEs and the role of owners/managers (as indicated previously), they are not only important in the decisions of participant businesses, but also in the potential partner. In some cases, the ability of someone to trust in a business manager depends heavily on their positive reputation as individuals. Therefore individual-related traits and characteristics are strongly associated with, and will greatly influence the image as potential partners in inter-business cooperating initiatives.

Thus, and with regard to the individual, some characteristics have been indicated in the literature. For example Das and Teng (1998) have identified the willingness to pursue mutually compatible interests through cooperation, the honesty, commitment, fair play, and complying with agreements, rather than acting opportunistically. Other characteristics are related to the perceptions of how a partner will best fit with the participant business. They are: partner's compatibility (e.g. strategies, cultural fit; agreement of fundamental values and convictions; among operating procedures of the partners), strategic fit (shared understanding of other's strategic reasons for cooperating and the consequent strategic rationale of cooperation itself) (Gray 1985; 1989; Medcof 1997; Hoffman and Schlosser 2001; Evans 2001; Holtbrijgge 2004; Pansiri 2005; Pansiri 2008). In addition, other characteristics have been identified. They are: reputation of the partner, favourable past association between the partners, relatedness of partner's business, size of partner's business, partner's enthusiasm of the other business' products, prior trade relationships with the partner, and market commonality (number of different markets that the firm and the competitors are jointly involved with) (Al-khalifa and Peterson 1999, Tatoglu and Glaister 2000; Dong and Glaister 2006). Further, trust and confidence (e.g. partners' capability of carrying their role in cooperation) (Das and Teng 1988; Medcof 1997; Pett and Dibrell 2001), and commitment (Al-khalifa and Peterson 1999, Evans 2001, Pansiri 2005; Pansiri 2008) have been identified as being critical for cooperation to take place.

In addition, and with regard to the business, it seems that the partner's geographical location (Evans 2001; Pansiri 2008) and the possession of strategic resources and skills by the other business is an important characteristic for cooperation to occur. The reason for such importance is because partner's resources might help participating businesses to achieve their objectives (as indicated previously) (Hoffman and Schlossen 2001; Kuada 2002). The resources of the other partner include staff, equipment, facilities, raw materials or natural resources (Ahuja 2000; Kuada 2002; Das and Teng 2003; Dong and Glaister 2006), and partner's contacts in the market/ links with major buyers/suppliers (Tatoglu and Glaister 2000). Other characteristics are: capability and competences (Evans 2001; Pansiri 2005; Pansiri 2008) such as technical competence (Al-khalifa and Peterson 1999), technology applications and ability to negotiate, for example with governments and to raise funds (Tatoglu and Glaister 2000). In addition: knowledge about products, local and international markets, international experience, previous cooperation experience) (Al-khalifa and Peterson 1999; Tatoglu and Glaister 2000; Dong and Glaister 2006) partners' marketing and distribution channel, partner's foreign market power and contacts in the market (e.g. with major buyers/suppliers) (Tatoglu and Glaister 2000; Kuada 2002; Dong and Glaister 2006), and partner's market position (Das and Teng 2003).

Considerable attention in the literature, including in the literature on SMEs, has been given to trust and confidence. Trust, despite its diverse interpretation in the literature (Das and Teng 1998), is related to concepts such as honest dealing, veracity, openness, acceptance, support and dialogue (Kuada 2002). It is seen as an expression of confidence between parties, namely in the others' goodwill and reliability in a risky exchange situation (Das and Teng 2008). Although confidence and trust are related concepts, they can be clearly distinguished (Das and Teng 1998). Confidence is about the expectations people have about the other's behaviour, such as the cooperation partner's behaviour. In other words, it refers to certainty about behaviours, or cooperative behaviours, in the context of cooperation (Das and Teng 1998). According to Das and Teng (1998), this concept of confidence highlights the uncertainty aspect of cooperation, namely the uncertainty of a partner's behaviour. It also suggests the need for reducing the level

of uncertainty by increasing the predictability of the partner's cooperative behaviour.

In addition, when partners trust each other, it is expected that they will not be harmed or be put at risk by each other's actions (Kuada 2002). In other words, trust is related with one's beliefs and expectations about a desirable action performed by the other person, goodwill, reliability and positive expectations about another's motives and actions (Das and Teng 1998; Felzensztein and Gimmon 2008). Trust is seen as important not only to increase confidence in partner cooperation (Das and Teng 1998), to the minimisation of opportunistic behaviour from cooperation partners (European Commission 2003), contributing to the expectations of fairness and reciprocity (Miller et al. 2007). Trust is not only important to maintain cooperation between participating businesses (Pansiri 2008), but also to lower the cost of coordinating activities. It will influence potential increasing benefits of cooperation (Hoffman and Schlossen 2001), namely the increase of the level of knowledge transfer and potential for learning (Nielsen 2005), and the achievement of better competitive advantage for businesses (Felzensztein and Gimmon 2008).

Despite the recognition of the importance of trust in the context of cooperation in general, and the recognition of the role of trust as a significant factor moderating the way SME owners and managers cooperate and perceive the potential benefits of cooperation (sharing relevant knowledge), it is still a less researched area in the context of SMEs (Hoffman and Schlosser 2001; Brunetto and Farr-Wharton 2007). Therefore, this research will attempt to understand trust as a factor affecting decision towards cooperation between tourism and wine businesses.

## **2.6 ACTIVITIES OF COOPERATION**

The scope of activities that can be implemented through cooperation is broad and they are dependent on the demands that are put upon a business at any given time (European Commission 2003). These activities also seem to vary depending on

whether SMEs cooperate with businesses within their own industry (horizontal) or SMEs from other industries (diagonal) (European commission 2003).

The activities through which cooperation can occur include sharing of resources, knowledge, facilities and connections (Marcela et al. 2002) and goods (e.g. physical resources, market information, capital, know-how) (Dennis 2000; Barnir and Smith 2002). Also, they can be related to coping with Governmental regulations (Schermerhorn 1980), or participation and/or development of joint activities in specific areas of their business operation. When participating and/or developing joint activities businesses can, for example, participate in personnel/managerial training (Barnir and Smith 2002) and in technology development and licensing innovation and R&D (Elmuti and Kathawala 2001; Samaddar and Kadiyala 2006). Moreover, businesses can cooperate in other areas, such as purchasing (Koçak and Edwards 2005), production, commercialisation (European Commission 2003; Samaddar and Kadiyala 2006), selling and distribution (domestically and/or internationally) (Chetty and Holm 2000; Amal and Filho 2010; Marcela et al. 2011). In addition, businesses can cooperate in marketing through, for example, the development of new products/services, advertising and promotional activities, data sharing, loyalty schemes, and hosting joint events (Bucklin et al. 1993; Abdy and Barclay 2001; Barnir and Smith 2002; Elmuti and Kathawala 2001; Correia et al. 2007).

## **2.7 THE OUTCOMES OF COOPERATION**

The measurement of the outcomes of cooperation between SMEs is complex and difficult (European Commission 2003) not only because they can be perceived as positive and/or negative, but also because it is difficult to assess how much the cooperation contributes to the competitive advantage of a business (European Commission 2003). First of all, competitive advantages can be measured based on different indicators. These can be, for example, turnover or profit, cost efficiency, quality of service, the variety of products offered, the budget spent on R&D, competence of personnel, quality of equipment (European Commission 2003).



Secondly, competitive advantages depend on several other factors apart from cooperation. Many of these factors are external to the firm such as access to finance or the strength of the competitors. Thirdly, competitive advantages have a long-term dimension. Costs for maintenance, re-construction of facilities, product development and market development will often reduce short-term profits in exchange for higher (and more sustainable) profits in the long run (European Commission 2003).

However, and regardless of all the difficulties in measuring the actual contribution of cooperation to SMEs, the general perception in the literature is that SMEs can benefit from cooperating with each other (e.g. Human and Provan 1997; European Commission 2003; Hartl 2003; Fuller-Love and Thomas 2004; Shaw 2006; Miller et al. 2007). These (potential) benefits will be analysed in the next sub-section.

Although there are more studies that tend to focus on the determinants of cooperation success, rather than the reasons for why they fail (Elmuti and Kathawala 2001), there is also the recognition that cooperation is not always successful (Fyall and Garrod 2005; Taylor 2005). The positive and negative outcomes will be reviewed below.

### **2.7.1. The (expected) benefits/advantages**

Cooperation is widely recognised to be beneficial for businesses, particularly to SMEs (e.g. Human and Provan 1997; European Commission 2003; Fuller-Love and Thomas 2004; Shaw 2006; Miller et al. 2007). The list of (potential) benefits resulting from cooperation between SMES is vast, and it does not differ from benefits of cooperation in general.

Although cooperation is seen as immensely beneficial to businesses, it does not mean that businesses should not consider competition between them any longer (Hamel et al. 1989; Faulkner and Bowman 1995). Instead, what is argued is that business people/businesses need to strike a balance between competition and cooperation (Das and Teng 1998). In other words, they need to know when to

cooperate and when to compete, while still pursuing their objectives (Madhok 2000; De Witt and Meyer 2004) and maintaining their independence and autonomy (Watkins and Bell 2002). For example, businesses can cooperate to create joint value and/new products, but they can also remain competitors when it comes to selling and dividing the benefits (Lado et al. 1997; De Witt and Meyer 2004). This situation, when they cooperate and compete, is called cooperative competition (Weidenfeld et al. 2011) and/or coopetition (Bengtsson and Kock 2000). In fact, it is argued that “coopetition can be regarded as an efficient way of handling both cooperation and competition between businesses” (Wang and Krakover 2008, p. 138).

Benefits from cooperation between SMEs are closely related to the match between resources, skills and competence of the business on the one hand, and the requirements of its business environment on the other (European Commission 2003). Specifically, it has been recognised that through cooperation, businesses can enhance their ability to achieve positive results/outcomes (benefits) that would otherwise be impossible for them to achieve, if they were working on their own (e.g. Huxham 1996; Butterfield et al. 2004). Thus, because these benefits are related to what owners and managers might hope to achieve when they move into cooperation (their initial objectives and/or motives), they are examined in this section as another factor influencing decisions on cooperation. In other words, the hoped and/or expected benefits that might result from cooperation can influence owners and/or managers to decide to cooperate with other businesses.

Cooperation benefits have been widely researched in the literature (e.g. Ahuja 2000; Barringer and Harrison 2000; Daugherty et al. 2006; Liao et al. 2008). As a consequence, these benefits are known to be many and varied. The benefits that can be considered as tangible and intangible benefits (Simon 1997) can be organised into four groups. These groups are very similar to the ones identified as motives, that is what drove businesses initially to cooperation. The groups are: increased resources access, costs and risks reduction, increased capacities and skills (learning) and improved performance.

The increased access to resources, such as technology; personnel; new equipment or production processes has been one the most indicated benefits in the SMES literature (Human and Provan 1997; Chetty and Holm 2000; Barnir and Smith 2002; European Commission 2003; Fuller-Love and Thomas 2004; Mackinnon et al. 2004; Shaw 2006; Miller et al. 2007). A resource that has received a great deal of attention is information (e.g. about the market; new ideas for products or processes; expertise; product-specific knowledge) (Human and Provan 1997; Dennis 2000; Marcela et al. 2002; European Commission 2003; Fuller-Love and Thomas 2004). The recognition of this benefit is not disassociated from the increased capacity to overcome SME's constraints (in terms of resources constraints, size, isolation) (Havnes and Senneseth 2001; European Commission 2003; Hartl 2003; Mackinnon et al. 2004; Wincent 2005; Hanna and Walsh 2008; Tang 2011).

In relation to costs and risks reduction, it has been also widely recognised that SMEs are able to reduce risk and uncertainty (European Commission 2003) and to reduce/share costs, such as services costs; transactions costs, transport, production, marketing, technology development, and management costs (European Commission 2003; Fuller-Love and Thomas 2004).

Further, it has been recognized that SMEs learn form cooperation, contributing to the enhancement of their capacities and skills (e.g. management) (Rosenfeld 1996; Human and Provan 1997; Hanna and Walsh 2008). Also, SMEs learn and enhance their knowledge e.g. about new business opportunities, market and marketing opportunities, from experiences in training, skills, expertise, know-how; ways of running the business (Human and Provan 1997; Chetty and Holm 2000; Huggins 2001; European Commission 2003; Brunetto and Farr-Wharton 2007). Also they learn how to take advantage of new business opportunities (e.g. for better targeted customized products) (European Commission 2003).

Finally, SMEs can also benefit from cooperation in terms of their performance enhancement. This can be seen not only because SMEs' survival (Fuller-Love and Thomas 2004), but also due to their growth and development of businesses (e.g. in

the geographic extension of markets, due to sharing information about new opportunities) (Havnes and Senneseth 2001; Marcela et al. 2002; European Commission 2003). In addition, they can get better/easier access to new contacts or suppliers (Human and Provan 1997), and efficient access to new markets (e.g. domestic and international) (Rosenfeld 1996; Human and Provan 1997; Marcela et al. 2002; European Commission 2003, Ussman and Franco 2000; Barnir and Smith 2002; Hanna and Walsh 2008; Tang 2011).

In addition, they benefit from cooperation because they are able to create new customer relationships (Marcela et al. 2002), and have the possibility of selling or trading with partners' customers and also with partners (Human and Provan 1997; European Commission 2003). Businesses also gain increased flexibility (through the rapid development of new products and services and through the rapid production of existing services suitable to a particular situation) (European Commission 2003). In addition, they obtain an improved business' product image (Dennis 2000), increased power (through coordinated purchases and a larger presence with the customers through cooperative advertising and common signage) (Brown and Butler 1995), organisational credibility (through association) (Human and Provan 1997), and the capacity to influence favourable legislation (Miller et al. 2007). Another benefit that has been widely acknowledged is the improved competitiveness/ strengthened competitive position as a result of exchanging information about customers and local market knowledge (Chetty and Holm 2000; Dennis 2000, Ussman and Franco 2000; Marcela et al. 2002; European Commission 2003). Due to the stronger competitive position, SMEs have an improved capacity to face competition, by accessing larger markets and finance and decreased costs, access to knowledge and know-how on production, technology and markets) (Dennis 2000; Barnir and Smith 2002; Marcela et al. 2002; European Commission 2003; Koçak and Edwards 2005)

Overall, SMEs obtain, through cooperation, improved operational performance (Schermerhorn 1980; Rosenfeld 1996; Human and Provan 1997; Dennis 2000; Ussman and Franco 2000; Havnes ad Senneseth 2001; Marcela et al. 2002; European Commission 2003; Fuller-Love and Thomas 2004; Miller et al. 2007)

and also an improved financial performance (e.g., sales, increased revenue profitability, ROI) (Schermerhorn 1980; Rosenfeld 1996; Human and Provan 1997; European Commission 2003). SMEs that cooperate will have better access to resources and higher flexibility. Therefore the competitive advantages of SMEs that cooperate will be higher than of SMEs that do not cooperate (European Commission 2003).

### **2.7.2. Factors influencing cooperation success**

The success of cooperation is a very subjective concept. It can have different meanings to different businesses at different times (Bissessur and Alamdari 1998). As referred to previously, the success of cooperation can be evaluated through different criteria, such as the achievement of strategic objectives by participating businesses (e.g. survival, increased sales (Cravens et al. 1993; Bissessur and Alamdari 1998; Huggins 2000). However, it has recently been recognised in the literature that certain factors can be determinants of good performance in cooperation (Huxham and Vangen 2005), in other words, the success of cooperation (Hoffman and Schlossen 2001; Taylor 2005). In fact, the identification of factors that underlie the success of alliances has become a popular research direction in recent decades (Kauser and Shaw 2004). These reasons and/or factors are related to ‘conditions’ that existed when cooperation initiatives were considered as successful and that have been considered as potential determinants of successful cooperation.

Even though less explored in the literature of cooperation between SMEs, the importance of specific factors is also recognised, as is the case of partner selection and trust to the success of cooperation and in the attainment of (potential) benefits. The importance of partner selection is seen as particularly relevant, and the choice of skilled partners with similar goals and equivalent level of commitment and willing to cooperate as a determinant of success (Hanna and Walsh 2008).

Regarding trust, it has been recognised that there is less research examining the importance of trust in the decision-making of SMEs, particularly in their decisions to participate in cooperation activities (Brunetto and Farr-Wharton 2007).

Nevertheless, different views can be found in the literature with regard to the role of trust in cooperation between SMEs. For example, Brunetto and Farr-Wharton (2007) have found that trust is a significant factor moderating the way SME owners/managers perceive the potential benefits of cooperation and the way they interact at network meetings and cooperate, namely by sharing relevant knowledge. In turn, Hoffman and Schlosser (2001) have recognised its importance, but they found that good personal relations and trust between the partners are only a prerequisite, not a determinant of successful cooperation.

In addition, Hoffman and Schlosser (2001) have identified other important factors to the success of cooperation. According to the authors, the most significant factors were: “Precise definition of rights and duties”, “Contributing specific strengths and looking for complementary resources”, “Establishing required resources”, “Deriving alliance objectives from business strategy” and “Speedy implementation and fast results”.

### **2.7.3. Disadvantages**

Despite all the potential benefits, negative results have also been associated to cooperation (Das and Teng 2001), which are considered as disadvantages of cooperation. The disadvantages are related to the risks in relation to cooperation that have been identified in Section 2.5.4.3 of this chapter.

The study of disadvantages is important because they could affect an SME’s long-term performance (Lohrke et al. 2006) and also because perceived drawbacks can be considered as potential barriers to cooperation or discouraging factors. It will make decision makers less likely to cooperate with others, unless they have a clear incentive to do so (Burgers et al. 1993). In addition, the perceived drawbacks can

also influence the extent of cooperation between businesses, particularly in the context of SMEs, when they do cooperate (European Commission 2003).

Although some of the drawbacks of cooperation put forward by SMEs cooperation related literature is also common to cooperation in general, less successful examples of cooperation between SMEs have been documented in the literature (European commission 2003).

The disadvantages or drawbacks of cooperation can be grouped as loss-related and costs-related. Loss-related drawbacks are related to the loss of and strategic information (Takac and Singh 1992; Lohrke et al. 2006; Doz and Hamel 1989; Barringer and Harrison 2000), loss of core capabilities and competences (Stiles 2001), loss of organisational flexibility (Barringer and Harrison 2000), of decision autonomy, and of independence of businesses (Wood and Gray; 1991, Burgers et al. 1993; Barringer and Harrison 2000; Stiles 2001), and loss of direct control in the development and production process (Parker 2000).

Cost-related drawbacks, in turn, emphasise the increase in specific costs. These costs can be related to transaction costs, to costs that result from the increase in time spent, given the time needed to focus on new inter-organisational relationships (Gray and Wood 1991, Edwards-Schachter et al. 2011), and also to costs that can result from the technical and management complexities of cooperation (Gray 1989; Burgers et al. 1993; Barringer nd Harrison 2000, Boddy et al. 2000).

#### **2.7.4. Factors influencing lack of successful cooperation**

Influential factors on unsuccessful cooperation are mainly related to the establishment and management of cooperation. These factors are: the different objectives of cooperation partners, personal agendas and individual egos (Huxham 1996; Huxham and Vangen 2005), lack of clear goals and objectives, wrong reasons for cooperation (Elmuti and Kathawala 2001; Huxham and Vangen 2001), lack of coordination between management teams (Takac and Singh 1992; Elmuti

and Kathawala 2001, the time to manage the logistics (Huxham 1996, Huxham and Vangen 2001; Pansiri 2008), tactical errors made by management (Elmuti and Kathawala 2001), tension between autonomy and accountability and the lack of authority structure (Huxham 1996; Huxham and Vangen 2005), and inherent tension between cooperation and competition (Felzensztein and Gimmon 2007).

Future research should focus on the factors that influence the success and failure of cooperation (Chathoth and Olsen 2003). Indeed, it has been recognized that failure, as well as successful cooperation, is important in providing sources of learning about when cooperation can successfully be used and how it can be most constructively accomplished (Gray 1989). According to Doz and Hamel (1998), an understanding and anticipation of these factors is important in order to enable participant businesses/business people to be pro-active in relation to them.

Thus, and although it has been also approached in the context of SMEs, there is a need for better understanding of the factors that either promote or hinder cooperation relationships/initiatives among SMEs in the same and different sectors. Therefore, this will also be studied in the context of this research.

## **2.8 CONCLUSION**

This chapter reviews the literature with regard inter-business cooperation mainly in the context of SMEs. Inter-business cooperation is a widely researched area of investigation with a large terminology being used in the literature. Cooperation has been chosen as the generic term to use in this study as it encompasses common themes contained by the other several terms and subsequent definitions widely used in the literature. This decision is expected to avoid further confusion, given the existence and usage of different terms in different contexts.

Different types and forms have been identified with the purpose to contextualize the main focus of this research with respect to the typology and forms. A synthesis of aspects related to types and forms has been presented. Reasons explaining why



this research focuses on horizontal and diagonal types of cooperation and on formal/informal forms of cooperation have been given.

Within this research, a particular emphasis has been placed upon the factors likely to influence the decision with regard to cooperation, namely to whether, or not, to cooperate with other businesses. These factors were then gathered into the five groups. They are: context (external business environment and industry), business and individual-related objectives, and characteristics of (participant) businesses, decision maker, and (potential) partners. These factors were reviewed with evidence being provided whether this influence is positive and/or negative in relation to cooperation decisions. Different theories underpinning business-related objectives have been identified in the literature. In addition, and once this review had the generic literature on cooperation as the underpinning basis, some theories have been identified and described as being important in the understanding of business-related objectives influencing SMEs owners/managers decisions to cooperate.

The activities through which cooperation can occur, the positive and negative outcomes of cooperation and the factors influencing these outcomes were also reviewed.

It can be concluded that despite the vast number of studies in this field of research in the particular context of SMES, gaps have been identified in the literature. First, no study has been found to provide a comprehensive framework of the potential influencing factors, distinguished in terms of their importance, not only on the decision to cooperate, but also, on not to cooperate with other businesses in the same industry and/or of another industry. Secondly, some factors have been found to have an influence in other decisions in the context of SMEs, but they not have been expressively discussed in the cooperation context. Thus, and given the above, it is the aim of this research to build upon the aforementioned gaps by providing a conceptual framework that blends a set of factors that are likely to influence decisions towards cooperation, that is, to cooperate and to not cooperate with other businesses (at an horizontal and diagonal levels) and cooperation implementation,

operation and outcomes. The conceptual framework provided based on the literature review, together with methodological approach, research process, data collection and analytical methods used in this study are outlined in Chapter 4 (Methodology).

Because this research addresses inter-business cooperation in the context of wine and tourism SMEs, related literature is provided in the next chapter (Chapter 3). Also, a description of the main characteristics and challenges of the Portuguese wine and tourism industries and also of the Douro Valley (the geographical context of this research) will be delivered.

## **CHAPTER 3 – INTER-BUSINESS COOPERATION IN THE CONTEXT OF WINE AND TOURISM INDUSTRIES**

### **3.1 INTRODUCTION**

The previous chapter has reviewed inter-business cooperation in the context of SMEs. As this research focuses on actual and potential cooperation in the wine and tourism industries (of the Douro region of Portugal), this chapter reviews the cooperation literature with regard to the wine and tourism industries. First, this chapter describes the overall characteristics of the wine and tourism industries. Second, a review of the main theoretical contributions of cooperation literature with regard to these contexts is provided. Third, the potential of the interaction between the two industries is discussed and the literature on cooperation in the context of these two industries is reviewed. The chapter then describes the main characteristics of the Portuguese wine and tourism industries, along with the description of the Douro Valley. Finally, the main findings of the chapter are provided.

### **3.2 INTER-BUSINESS COOPERATION IN THE CONTEXT OF THE TOURISM INDUSTRY**

Tourism is a growing economic activity in European Union countries and its key role for countries and for regional development has been widely recognized in the literature. As an industry, Tourism has been acknowledged as exhibiting specific characteristics, some of which are recognized as more likely to encourage inter-business cooperation. These characteristics, considered as motivators to cooperation, and cooperating behaviours are described next. As this section is looking at cooperation between tourism businesses the focus is therefore, on horizontal cooperation.

### **3.2.1. Characteristics of the tourism industry**

Tourism is one of the most important industries in the world's economy given its contribution to employment growth, as well as its social and environmental implications. The EU tourism industry generates more than 5% of the GDP, with about 1.8 million businesses employing around 5.2% of the total labour force (approximately 9.7 million jobs). When related sectors are taken into account, the estimated contribution of tourism to GDP creation is much higher: tourism indirectly generates more than 10% of the European Union's GDP and provides about 12% of the labour force (European Commission 2012).

Although the potential of some emerging markets as growing destinations has been recognised, European countries continue to receive the largest number of international tourists. In 2011, according to the UNWTO (2012), Europe accounted for over 504 million, of all international tourist arrivals worldwide and was the fastest-growing region, both in relative terms (+6% tied with Asia and the Pacific) and absolute terms (29 million more visitors). Results were boosted by arrivals to Central, Eastern, Southern and Mediterranean Europe. In terms of earnings, Europe holds the largest share of international tourism receipts (45%), which reached US\$ 463 billion (€ 333 bn) in 2011.

In parallel to its importance the tourism industry is characterised by a highly competitive marketplace (Fyall and Spyriadis 2003; Buhalis and Peters 2006) and by being greatly influenced by external forces and turbulence (Fyall and Garrod 2005), changes and volatility (Saxena 2005), which contributes to the difficulty of businesses surviving in competitive isolation (Fyall and Garrod 2005; Pansiri 2007). Moreover, the tourism (and hospitality) industry is also characterised by its interdependent, fragmented and multi-sectoral nature (Fyall and Garrod 2005), by the complexity of the tourist final product/service (Soisalon-Soinen and Lindroth 2004), and by the existence of multiple players (Pesämma et al. 2007; Lemmetyinen 2009; March and Wilkinson 2009). These players include interest groups (e.g. public sectors agencies, community groups in destinations) (Long 1997), organisations involved in promoting the tourism product/service and

destinations (Palmer and Bejou 1995) and product/service providers, mostly SMEs, such as accommodation, catering, transportation, attractions (Buhalis 1996; Pesämma et al. 2007), travel agencies, tour operators (European Commission 2001). These different players have difficulties of providing tourists with all their diverse needs (Pesämma et al. 2007) and, therefore, they are interdependent on each other. Indeed, the overall visitor experience is influenced by, and dependent on, the complementary activities of different players combined and created to offer different products/services to the market (Telfer 2000; European Commission 2001; Buhalis and Peters 2006; Novelli et al. 2006; Scott et al. 2008; March and Wilkinson 2009).

These specific characteristics and the potential benefits that may result from cooperation have been considered to provide encouragement to cooperation (Fyall and Garrod 2005), as is explained in further detail below.

### **3.2.2. Cooperation in the context of the tourism industry**

Literature on cooperation in the tourism industry has been increasing over the years (Selin 1999; Medina-Munoz & Garcia-Falcon 2000; Plummer et al. 2006, Weidenfeld et al. 2011). An overview of the literature reveals an heterogeneity of contexts studied, ranging from marketing (Palmer and Bejou 1995; Morrison 1998; Oakley and Fyall 2000; Scott et al. 2008, Wang and Krakover 2008), to tourism planning (Jamal and Getz 1995; Selin and Chavez 1995; Ladkin and Bertramini 2002), and to tourism development (Aas et al. 2005), with an emphasis on environmental nature-based tourism destinations (Huybers and Bennet 2002) and rural tourism destinations (Roberts and Simpson 1999; Tinsley and Lynch 200).

This growing interest in the literature is certainly the result of a great deal of attention being given to cooperation by the private (e.g. Chathoh and Olsen 2003), and by the public sector (tourism policy making) (Parker 1999; Vernon et al. 2005). With regard to the private sector, cooperation has been implemented and examined in diverse tourism businesses, showing that the phenomenon of cooperation crosses the different areas within tourism industry. Indeed,

cooperation has been studied in the context of accommodation (Morrison 1998; Fyall and Spyriadis 2003), restaurants (Preble et al. 2000; Chathoh and Olsen 2003), the cruise sector (Lemmetyinen 2009), airlines (Evans 2001; Oum et al. 2004), tour operators and travel agencies (Medina-Muñoz and García-Falcón 2000; Huang 2006), and visitor attraction sector (Fyall et al. 2001; Weidenfeld et al. 2011).

Within the considerable number of studies, the main areas of study can be identified. Some of these main areas of study are not dissimilar to those that have been identified in the context of SMEs and that have been examined in the previous chapter (Chapter 2). These areas of research are mainly related to the reasons for cooperation, expected benefits, and barriers to cooperation.

With regard to the reasons for cooperation, tourism businesses cooperate to achieve their business-related objectives (e.g. Fyall and Spyriadis 2003; Chen and Tseng 2005; Pansiri 2009). Some of these objectives are common to what has been explained in Section 2.5.2 in Chapter 2). Similar to SMEs, tourism businesses also cooperate to improve market access, to reduce competition and to reduce/share costs (costs of research and development, costs of production, distribution and marketing) (Weidenfeld et al. 2011). However, some other objectives that are specific to the context of tourism industry, given its specificities, were identified in the literature. One of the objectives that is mostly frequently referred to is the aim of offering complementary products, given the recognition of the increased value of joint production and consumption of tourism services and products (Weidenfeld et al. 2011).

In addition, and apart from business-related reasons, there are other objectives/reasons related to the region where businesses operate. Examples of these objectives are: to attract more visitors to a region, to react to an economic crisis in economically weak rural areas, to contribute to added value to the region, to preserve cultural heritage/landscape, to increase appreciation for specific aspects (cultural heritage) among inhabitants and visitors (Meyer-Chech 2005), to promote

the use of local products in the tourism industry (Telfer 2000) and to increase the destination's competitiveness (Buhalis 1996).

Further, another research area that has been widely approached in the literature focuses attention on the benefits that might result from cooperation (Morrison 1998; Crouch and Ritchie 1999; Telfer 2000; Augustyn and Knowles 2000; Fyall et al. 2001). For example, and in the particular context of accommodation, it has been found that cooperation is beneficial for businesses, and in particular for SMEs, to face their limitations and difficulties, particularly those for businesses located in peripheral destinations (Morrison 1998) and those operating independently and working in isolation (Fyall and Garrod 2005). It has been recognised that by cooperating, tourism businesses can collectively achieve more than the sum of each individuals' own efforts (Palmer and Bejou 1995, Saxena 2005). Indeed, and given the considerable number of benefits and importance to cooperation, it has been recognised that cooperation in the context of tourism (and hospitality) businesses is necessary and inevitable (Kompulla 1999). Its importance to tourism development (Augustyn and Knowles 2000; Saxena 2005), and to the success of businesses (Chathoh and Olsen 2003) has been recognised, even being considered as crucial to the future of the industry (Fyall and Garrod 2005).

Although the benefits that can result from cooperation for tourism businesses could be gathered into the same groups as were presented in Section 2.7.1 in Chapter 2 (identifying increased resources access and costs and risks reduction), it seems that in the tourism industry context, a special emphasis is placed on the increased and/or enhancement of business performance.

Increased and/or enhanced business performance is the result of the access to extra/supplementary resources that are shared by their cooperation partners (WTO 2002) and from the reduced investment exposure and risk (Fyall and Garrod 2005) and cost reduction in a relatively cost-efficient manner (WTO 2002). Moreover, it is also the result of the increased capacity of businesses to deal with the competitive and complex environment in which they operate (Fyall and Garrod 2005), to deal with their limitations (e.g. limited resources) (Pansiri 2007) and

explore innovative opportunities to operate locally and in a globalised business environment (Novelli et al. 2006), and still achieve their objectives (Fyall and Garrod 2005).

Through cooperation, tourism businesses can improve their facilities and enhance their products/services (Bastakis et al. 2004) in order to respond to tourists' needs (Fyall and Garrod 2005) and to add perceived value to their products and services (Mitchell van der Linden 2010). In addition, businesses can also improve their marketing activities (Meyer-Chech 2005), widen market access and therefore, increase their income through greater customers/visitors numbers (Fyall and Garrod 2005). Also, through cooperation tourism businesses can increase their income (Hall et al. 1997), enhance their image (Fyall and Garrod 2005), and increase their capacity to compete more effectively, than they would do if in isolation (Fyall and Garrod 2005). In addition, cooperation can contribute to enhance businesses' capacity of attracting, transporting, hosting, and managing tourists in a destination (Palmer and Bejou 1995) and to a coherent experience for visitors/customers (e.g. accommodation and restaurant services around different kinds of tourist attractions) (Lemmetyinen 2009).

Furthermore, the region is also an important and a specific aspect in the tourism literature with regard to the expected benefits that can result from cooperation. It has been recognised that inter-business cooperation can contribute to increased visibility and popularity of the region (Wargenau and Che 2006), to an improved image of the region (Meyer-Chech 2005), to a global attractive product (Soisalon-Soninem and Lindroth 2004), and to the enhancement of the profile of visitors (Fyall et al. 2001). In addition, there are other benefits that result from region-related cooperation, for example, self-confidence of the inhabitants of the region, successful regional development (Meyer-Chech 2005), prestige and a regional identity (Meyer-Chech 2005).

Another area that has been studied in the literature and that has specificities considering the tourism industry context refers to the barriers to cooperation. These can be gathered into two groups. One of these groups encompasses barriers related



to the participants in cooperation. They include the different levels of commitment between partners (Fyall and Spyriadis 2003), the non-existent/diffuse perceptions of cooperation benefits (Meyer-Chech 2005), the heterogeneous interests being sometimes more focused on personal interests rather than a common goal (Meyer-Chech 2005), and the reluctance to cooperate with other businesses either in the same geographical area, or in the same industry (Fyall et al. 2001, p. 212). In addition, fierce competition between businesses in the same industry, and personal conflicts (e.g. envy) can prevent tourism businesses from cooperation (Meyer-Chech 2005).

The other group is related to the establishment, implementation and management of cooperation. In this case, the identified barriers are related to the large number of partners (in a theme trail, for example) (Meyer-Chech 2005), to the involvement of the existence of multiple public agencies with tourism-related functions in the decision-making (Ladkin and Bertramini 2002), and to the costs associated with supporting and coordinating cooperation (Fyall and Garrod 2005). In addition, other barriers identified by Ladkin and Bertramini (2002) are related to poorly managed or defined decisions that send out contradictory messages to the private sector, short-term objectives due to political constraints and frequent changes of public officials, and slow decision-making and implementation of decisions, the absence of a long-term strategy towards joint decision-making, and a lack of an organisation to lead and articulate cooperative planning efforts.

Furthermore, cooperation in the context of tourism industry has also been studied in connection with other industries that are considered to be related and complementary to the tourism industry (Wargenau and Che 2006). When cooperation is studied in the context of related and complementary industries, wine, food, and agriculture are the most frequently studied ones (Hall et al. 1997; Telfer 2000; Telfer 2001; Hall 2004; Wargenau and Che 2006; Taylor et al. 2007; Brás et al. 2010). Nevertheless, an industry that gets attention from many researchers is the wine industry (Brown and Butler 1995; Hall et al. 1997; Hall 2004; Bretherton and Chaston 2005; Wargenau and Che 2006; Roach 2010). Given the context of this research, cooperation occurring simultaneously in the context of

wine and tourism industries is considered as diagonal cooperation and will be further examined in Section 3.4.

However, and despite the existing studies and the increasing interest on cooperation, the study of cooperation in the context of tourism industry “remains in its infancy” (Fyall and Garrod 2005, p. 5). The literature review conducted and provided so far supports this argument as some gaps were identified particularly in relation to horizontal cooperation. First, and apart from business objectives and the identified barriers, no further evidence was found in relation to other factors influencing decisions on cooperation and the extent by which they influence decisions. Second, and although the benefits of cooperation are widely discussed, it does not seem to be the case of the disadvantages and of what may have caused the lack of success of cooperation initiatives. Therefore, this study will attempt to extend the knowledge by examining these themes.

### **3.3 INTER-BUSINESS COOPERATION IN THE CONTEXT THE WINE INDUSTRY**

The wine industry is also considered as an industry of major importance to the worldwide economy, and in particular to the European economy. Therefore, this section firstly describes the main characteristics of the industry and secondly reviews the main contributions with regard to cooperation in this specific context. Similar to the previous section, the focus is on horizontal cooperation (see Section 2.3.2 in Chapter 2 for further explanation). Diagonal cooperation will be, in turn, reviewed in Section 3.4.

#### **3.3.1. Characteristics of wine industry**

While being one of the world’s oldest commodities, wine has only been referred to as ‘industry’ over the past 20 years (Aylward et al. 2006). Europe is the biggest producer and exporter of wines “with over €15 billion of exports, wine represents 3.5% of global business in agricultural products. In terms of volume (excluding intra-EU commerce), global exports are roughly +/- 33 million hl, over 10% of

worldwide production” (European Commission 2006, p. 4). In fact, wine is one of the main agricultural products in both the EU 15 and the EU 25, even “contributing 3 times as much as sugar beet, two and a half times more than olive oil and only slightly less than wheat!” (European Commission 2006, p.1). However, it is acknowledged that the wine industry is undergoing fundamental structural changes in terms of demand and supply as a result of globalisation and increasing international competition (Bernetti et al. 2006). Indeed, the wine industry in Europe has been facing the challenge of the ‘New World’ (South Africa, Australia, Chile, USA and Argentina) the countries of which have been impressively increasing their exports and market share (European Commission 2006).

### **3.3.2. Cooperation in the context of wine industry**

In this section, inter-business cooperation is considered to be horizontal (Mitchell and van der Linden 2010), as it is at the same level of production (European Commission 2011). While horizontal cooperation can be informal by including friendly help and assistance, socially-based wine tastings and sharing of technical and market information and the results of R&D (Benson-Rea 2005), an emphasis has been given to formal forms of cooperation in critical resource areas (production, sales and marketing) (Benson-Rea 2005).

Cooperation in the context of wine industry can also occur as wine clusters, which have attracted great attention from academics, such as the Californian, Niagara, Chilean wine clusters (Aylward et al. 2006), and Waipara, in South Island of New Zealand (Dana and Wisntone 2008). Clusters, that are associated to geographic proximity, are described by Porter et al. (2004, p. 44) as “networks of companies, suppliers, service firms, academic institutions and organisations in related industries that, together, bring new products or services to market”.

Wine clusters, more specifically, have been considered as formal form of cooperation. For example,

*“the Waipara wine cluster is composed of forty-seven members. The two types of core members are growers (twenty-four) and producers (twenty-three)...The cluster is governed by a board with twelve members, including a chairman and vice chair- man. The board is voted on by cluster members and has decision-making power through monthly meetings”* (Dana and Winstone 2008, p. 2184)

Similar to cooperation in the context of the tourism industry (Section 3.2.), specific reasons can also be found for cooperation in the wine industry. Given the aim of this research, the reasons/objectives for cooperation in wine industry are viewed in a broad perspective, meaning that reasons are examined as a whole, and not specifically referring to clusters. Thus, wine businesses cooperate in the wine industry in order to export and to expand markets (internationalisation) (Aylward et al. (2006), to achieve production control of supply and quality (Benson-Rea 2005), and also to promote wine businesses (Karafolas 2007). Furthermore, Roach (2010) found that businesses within the wine industry have engaged in horizontal cooperation in order to support the local industry, recognizing the potential benefits for individual producers and also for the region (Tasmania) as a whole. Moreover, Dana and Winstone (2008) found in their study, that cooperation between wine businesses in the Waipara Cluster in New Zealand was not because of the desire to internationalise, as was the case in other cases such as the formation of a cluster in South Australia where Aylward & Glynn (2006) noted that the cluster was primarily formed to compete against wine businesses in the ‘Old World’. Instead, and as per Dana and Winstone (2008), the wine businesses cooperated (by forming the cluster) to develop a regional identity for the district. Indeed, the businesses aimed to form a community spirit and to develop a ‘Waipara’ identity distinct from the Christchurch cluster and communicate this identity to the Christchurch market (which represents the largest and closest market to the Waipara region), as well as at the domestic and international level. Another reason found in the same study (Dana and Winstone 2008) was that

businesses cooperated and/or formed a cluster to fulfil an educational function, by sharing viticulture experience, for example.

Furthermore, specific benefits that result from cooperation for wine businesses have been identified in the literature, and they result from the activities through which wine businesses cooperate. Cooperation between wine businesses can occur in production by sharing equipment with wineries situated closed by and by purchasing material together to reduce costs (Wargenau and Che 2006). Regarding the benefits, cost reduction/sharing have been particularly emphasized and can occur because wine businesses/partners can share equipment, participate in regional wine festivals, provide a more consistent supply of grapes, and support during crises such as poor weather or disease (Dana and Winstone 2008). Other benefits that can result from cooperation in the context of wine and tourism industries are the enhancement of relations among members, the increase in tourist visits, and publicity for the regions and cultural events (Karafolas 2007).

Despite the existing studies on cooperation in the context of wine industry (Brown and Butler 1995; Benson-Rea 2005), there has been a limited amount of research in the specific context of wine industry that has examined cooperation between competitors in the same industry at the same level (horizontal cooperation), and the contribution of cooperation to the marketing strategies of small to medium sized businesses (SMEs) (Roach 2010). Therefore, and even though cooperation within the wine industry has been receiving increasing attention from academics and government, more studies are needed to study cooperation at an horizontal level within wine industry (Roach 2010), particularly given the capital needed for each of the steps that characterise the industry and the wine production, such as specialised expertise and/or equipment, which is beyond the means of most businesses (Harfield 1999).

Similar to the previous section, the literature review conducted with regard to cooperation in the context of wine industry, allowed the identification of less studied areas of research. First, and apart from business objectives, no studies were found examining the influence of other factors on the decision on whether to

cooperate or not with other businesses. Second, a lack of studies was found with regard to the benefits and disadvantages of cooperation, as well as the factors that may have caused the success and the lack of success of cooperation initiatives. Therefore, this study will examine these issues.

### **3.4 THE INTERACTION BETWEEN WINE AND TOURISM INDUSTRIES**

Wine and tourism are two different industries, but they are also potentially complementary industries, which is due to their characteristics and more specifically to their products. The potential relationship between the tourism and wine industries has been examined in the literature given the characteristics of both industries and also given the potential benefits that may result from the interaction of pairing tourism and wine together (Telfer 2001, Wargenau and Che 2006, Brás et al. 2010; Mitchell and van der Linden 2010; Christou and Nella 2012).

This section firstly reviews the benefits of the interaction between wine and tourism industries and then provides a review of the literature concern cooperation in the context of diagonal cooperation, that is, between wine and tourism businesses.

#### **3.4.1. The benefits of interaction of wine and tourism industries**

In wine producing countries and regions wine production is seen as a component of growing importance for the diversification of the rural areas and the development of rural tourism. Wine production contributes to the promotion of agriculture, and more specifically of viticulture. In addition, wine production also contributes to maintain people in rural areas, to the preservation of traditions and landscapes, and to the promotion of local products and the region where it is produced, contributing this way to rural diversification (Hall 2004). In addition, esteem and the pride of the people for their region and culture can be strengthened. The preservation and production of these agricultural products can contribute to

the promotion of tourism because they provide a potential attraction for people who might visit the region. The vineyards, for example, give visitors places of interest to visit during their stay. Indeed, wine can help to attract both tourists that seek relaxation and others who are interested in learning about new things (Dodd 1995), and in participating in suitable activities that may include visits to wineries, participation in wine festivals and wine tasting (Hall et al. 2000).

Tourism, in turn can then contribute both to the revitalization and promotion of traditional activities, as well contributing to the differentiation of the regions, particularly through the integration of local products (e.g. wine, gastronomy) (Hall et al. 2000; O'Neill et al. 2002; Skinner 2000; Telfer 2001). Tourism can also provide an opportunity for producers to test for new products, to facilitate producer-consumer interaction and education about wines (Dodd 1995), wine industry and the wine producing region (Hall 2004). In addition, tourism can help wine businesses grow in terms of direct promotion of their wines, in terms of giving the opportunity for tourists to try their wines, and increase wine sales at the cellar door (Dodd 1995) and developing mailing-lists of customers that can then be used for other marketing initiatives and to maintain customer relationships (Hall 2004).

The potential of the interaction between wine and tourism industries has been increasingly recognised in the literature. It has been acknowledged that the owners and managers of participant businesses can share ideas (Mitchell van der Linden 2010), knowledge and experiences on best practices, work on solutions to similar problems they face and find partners with high expertise on wine, marketing, and tourism and hospitality issues (Christou and Nella 2012). Additionally, by cooperating, they can design better services and provide satisfactory tourism experiences or even improve their services (Christou and Nella 2012), strengthen relationships between participating businesses and help increase tourism (wine roads) (Karafolas 2007), and develop higher value wine tourism products and jointly promote them (Mitchell and van der Linden 2010). By doing so, a number of economic objectives can be achieved (Mitchell and van der Linden 2010).

In short, cooperation in the context of wine and tourism industries can bring benefits to participating businesses (Augustyn and Knowles 2000; Wagnau and Che 2006), to the regions in terms of their promotion and their local culture (Karafolas 2007), and also to the demand side with regard to tourists, and in particular wine tourists and wine-interested consumers. Tourists can benefit from well-organized tourism experiences that can include from assistance in evaluating information for particular wine varieties, wine brands and wine tourism destinations (Christou and Nella 2012).

### **3.4.2. Cooperation in the context of wine tourism**

This section will focus on the areas and activities in which cooperation occurs in the context of wine tourism.

Wine and tourism businesses cooperate through informal marketing activities, namely through referring customers to other businesses (to other wineries) (Telfer 2001; Wagnau and Che 2006; Wang and Krakover 2008). This informal cooperation through referrals and also through exchanging information are based on their relationships at a personal level because business people work with each other based on who they know (Wang and Krakover 2008).

Moreover, businesses can cooperate in product/services creation through product development programs (Mitchell van der Linden 2010) and through the creation of packages (Wagnau and Che 2006). Also, they can cooperate in marketing and promotion (Augustyn and Knowles 2000), through joint participation in trade shows (Mitchell van der Linden 2010), joint advertising, brochures (e.g. wine trail brochure) (Mitchell van der Linden 2010), maps, and word of mouth (handing out flyers of other businesses), special events (wine dinners, wine festivals).

Despite this variety of areas and activities through which businesses can cooperate, there is a common and most prominent way that has been widely studied in the literature in both industries and that is cooperation through wine routes (Hall et al. 1997; Telfer 2001; Wagnau and Che 2006; Karafolas 2007). Cooperation



through routes highlights the importance of formal and informal agreements between several businesses, such as wineries, tour operators and businesses in the food industry (Telfer 2001).

In tourism, routes are a market-driven approach for tourism destination development (Rogerson 2007). The purpose is to link a series of tourism suppliers and attractions and to promote local tourism by encouraging visitors to travel from one location to another (Rogerson 2007). Indeed, routes have been established over the past years to improve the number of visitors to a specific region (Meyer-Chech 2005). Routes, including trails (Meyer-Chech 2005), can be created and promoted through the use of themes and stories that are marketed under a common theme and they should help to create an umbrella identity for the whole region and facilitate a concerted market performance (Meyer-Chech 2005). In fact, routes can also be used to do region promotion (Brás et al. 2010), joint promotion (Meyer-Chech 2005), joint marketing and events (Telfer 2001) by participant organisations. For example, routes can be promoted through the following themes: folklore, working lives, food and drink routes, religious routes (Rogerson 2007), including rural tourism routes (Briedenhann and Wickens 2004), and route-based cultural tourism (Rogerson 2007), and wine routes (Bruwer 2003; Hashimoto and Telfer 2003; Correia et al. 2004; Rogerson 2007).

In fact, wine routes have been one the most prominent examples of cooperation between governments, private businesses/companies and associations (Brás et al. 2010). According to Brás et al. (2010, p.1), a wine route is “a network of agents in a wine region, whose purpose is to promote regional development by employing strategies that lead to the development of an inclusive regional network which encompasses public and private agents from both sectors of activity (wine and tourism)”. Wine routes have been recognised as important examples of cooperation because they attract a larger number of people and raise awareness of a region as a wine destination and because they can facilitate learning about wines in a region for example, providing opportunities of on-site wine education (Wagernau and Che 2006). In addition, wine routes enable visitors to meet the wine producers as

well as participate in a variety of activities that are held in businesses, such as wine tasting (Correia et al. 2004).

Furthermore, while there are many benefits of cooperation between tourism and wine, there are also many challenges that participants have to deal with. For example, not all participants may be equal partners (e.g. resources available) and different groups can have different positions within collaborative arrangements (Hall 1999). These differences can lead to differing levels of power (Hall 1999) and these can lead to different agendas presenting difficulties for cooperation (Plummer et al. 2006). Furthermore, other factors that are considered as barriers to creating effective links between wine and tourism businesses have been identified in the literature. One of these barriers is the fact that tourism is often perceived as secondary activity in the wine and food industries and in some cases, serving customers and cellar-door sales are seen as difficulties because they can take time away from other viticulture activities, particularly during harvest (Hall 2004). In addition, sometimes there is a dominant product focus of wine producers, and a general lack of experience and understanding within the food and wine industries of tourism, and a subsequent lack of entrepreneurial skills and abilities with respect to marketing and product development (Hall 2004). In addition, there is also poor perception of wine producers/concerning tourism development benefits for the wine industry, lack of experience concerning the association of tourism development and wine production facilities, physical barriers and distance to vineyards and wineries (Hall et al. 2000).

Furthermore, cooperation in the context of wine tourism can also occur at a wider level, including simultaneously several wine tourism destinations and stakeholders. The Great Wine Capitals Global Network (GWCGN) is an example of such wider cooperation that primarily aims at improving the wine experience for visitors and helping the cities themselves to make the most of their culture, heritage and geographical locations (Christou and Nella 2012). This is an interesting example of cooperation, as it involves different regions and therefore, it is an example of inter-region cooperation. It is also interesting, considering its wide objectives. GWCGN is a network that was created in 1999 and is owned by nine major global cities that

are internationally known as wine producing regions. They are: Bilbao-Rioja in Spain, Bordeaux in France, Cape Town in South Africa, Christchurch-South Island in New Zealand, Firenze in Italy, Mainz-Rheinhessen in Germany, Mendoza in Argentina, Porto in Portugal and San Francisco-Nappa Valley in the USA (Christou and Nella 2012). Porto is part of this network as it is related to the Douro region, where the wine is produced. The Douro wine region is the region where the survey in this research was undertaken, being the geographical context of this research (Chapter 1, p.8). The fact that this network encompasses nine wine tourism destinations around the world gives it a unique characteristic, which is being in a network that includes the so called ‘Old’ and ‘New’ worlds of wine (Christou and Nella 2012). Further, this example of inter-organisational cooperation shows that the impacts of this type of cooperation initiatives can occur at different levels. For example, and according to GWCN and based on their market survey of 2010-2011, the development of wine tourism in and across the global regions has been one of the most visible benefits of this network. Also, specific initiatives have been developed in order to promote and develop wine tourism, namely the ‘Best of Wine Tourism Awards program’ that was established in 2003.

However, and despite the existing studies and the recognised importance of cooperation in the context of wine tourism, there is still great potential for further research on cooperation within the context of these two industries (simultaneously) (Christou and Nella 2012). This research aims to answer to this by examining cooperation decisions and establishment, operation and outcomes in the context of wine and tourism businesses, focusing on horizontal (same industry) and on diagonal cooperation.

### **3.5 THE PORTUGUESE TOURISM AND WINE INDUSTRIES**

This section describes the characteristics of the Portuguese tourism and wine industries, the industry context of this research.

### **3.5.1. The tourism industry**

Tourism is considered to be one of the most important sectors of the Portuguese economy due to its role in the balance of payments, employment and investment, in particular for its capacity for wealth-generation and job-creation (Turismo de Portugal 2007). According to the WTTC (2011), the direct contribution of travel and tourism to GDP was expected to be €9.2bn (5.3% of total GDP) in 2011, rising by 2.6% pa to €11.8bn (5.9%) in 2021 (in constant 2011 prices). In terms of visitor exports, it was expected that travel and tourism visitors would generate €10.7bn (18.6% of total exports) in 2011, growing by 4.3% pa (in nominal terms) to €13.9bn (16.0%) in 2021. Nonetheless, through the years, the Portuguese tourism industry has faced challenges and problems (Yasin et al. 2003, Ramos et al. 2000; Costa 2004) which are important in the context of this research because they provide the basis for the argument that cooperation is a way to face to some of these challenges.

First, Portugal is one of the world's top 20 destinations, but has progressively lost market share in world tourism, and has been overtaken by destinations such as Turkey, Hungary, Thailand and Malaysia (Turismo de Portugal 2007).

Secondly, and apart from accessibility and the friendliness of its people, the popularity of Portugal as a tourism destination has been for many years based on its affordability. However, Portugal has received significant amounts of money from European Commission after the integration of Portugal European Community in 1986 with the purpose of strengthening the Portuguese economy. Although it was expected to influence positively the development of the Portuguese tourism industry given the received EU structural funds and implemented programs (Cardoso and Ferreira 2000), these investments led to higher prices (closer to the European average), and as a consequence Portugal has almost lost its major competitive affordability advantage (Yasin et al. 2003). In addition, it has also been recognised that Portugal would partly loose their competitiveness when adopting the Euro because businesses would not be able to use the value of the

currency and inherent lower prices to compete with other businesses in other countries where the prices would become similar (Cardoso 2007).

Thirdly, Portugal has become well known for its sun and beaches in the southern part of the country known as the Algarve (Kastenholz et al 1999). This has been considered as causing an image problem because Portugal still has a stereotypical sun and beach image that essentially promotes a limited image of being a ‘fun in the sun’ destination” (Yasin et al. 2003) particularly for some important markets for Portugal (e.g. UK, Germany). This increasing attention on the sun and beach as one of the main products of Portugal seems to have contributed to the fact that for several years other tourism products (e.g. cultural, rural products) and regions, also appealing to growing segments of the global tourism market, have received little attention from the government and private from investors (Yasin et al. 2003).

Fourthly, and because of the fact that Portuguese tourism promotion efforts have been inconsistent in terms of their scope and target (Yasin et al. 2003), and because of the stereotypical sun and beach image that is largely responsible for Portugal’s tourism image abroad, Portugal has to increasingly face great competition from similar types of destinations (Spanish, Greek, Turkish, and North-African Coasts). However, after a boom of mass tourism and poorly planned development in the Algarve specifically, differentiation seems to be difficult and competition is primarily based on price (Kastenholz et al. 1999). Indeed, and because Portugal is a relatively inexpensive destination (Kastenholz et al. 1999; Yasin et al. 2003) this suggests that Portugal is attracting the lower-end of the global tourism market (Yasin et al. 2003).

Finally, Portugal has lost market share at the international level and is currently highly dependent on four outbound markets (United Kingdom, Spain, Germany and France) that represent 60% of international guests and 67% of revenues. In addition, Portugal is also dependent on the performance of three regions (Algarve, Lisboa and Madeira), and is still affected by a high degree of seasonality and constraints in terms of air connections. Three regions (Algarve, Lisboa and Madeira) are responsible for more than 85% of international tourists’ overnights in

hotels and similar establishments, and the summer period represents 46% of all businesses (Turismo de Portugal 2007).

It has been recognised by Turismo de Portugal (2007), despite the aforementioned challenges that the Portuguese tourism industry faces, that Portugal has opportunities in the tourism global market. However, it has also been acknowledged that a well-designed strategy, which integrates activities, products, image and infrastructure investments, is required. This strategy would enable the country to be more competitive and customer-oriented market, by responding to increasingly sophisticated demand and to a growing number of competing destinations (Yasin et al. 2003).

In regard to accommodation the Douro is characterised as having a small number of hotels when compared to Portugal and to the North (Table 3.1). However, it assumes a distinct reality in terms of the rural tourism accommodation.

**Table 3.1: Offer indicators of the Douro as a tourism region**

<b>Offer Indicators 2010 (Hotel activity indicators)</b>	<b>Portugal</b>	<b>North</b>	<b>Douro</b>
	Total (Numbers)	Total (Numbers)	Total (Numbers)
Hotels establishments (hotels, guest houses, inns, lodging houses)	2.011	441	34
Hotels establishments (hotels only)	771	163	12
<b>Establishments in rural Tourism</b>	1188	493	Not available
Lodging capacity	13 232	5 724	Not available
Nights in rural tourism	782 000	Not available	Not available

Source: INE (Portugal in Figures – 2010) and INE Statistical Yearbook of 2010

Although there are no specific statistics available referring to rural tourism in the Douro a study promoted by Turismo de Portugal (2012) indicated that there were in 2008 in Portugal 1 047 rural tourism accommodation units, with the north region having a greater percentage of the total offer. With regard to demand, according to

the main indicators regarding the hotel activity indicators as presented in Table 3.2, the five main markets of the Douro region are Portugal, Spain, United Kingdom, France and USA. In 2010, the Douro region received 13.567 tourists.

**Table 3.2: Demand indicators of the Douro as a tourism region**

<b>Indicators 2010 (Hotel activity indicators)</b>	<b>Portugal</b>	<b>North</b>	<b>Douro</b>
	Total (Numbers)	Total (Numbers)	Total (Numbers)
Guests in hotel establishments (hotels and guest houses)	13 537 040	2 545 911	136 567
Guests in hotel establishments (hotels only)	9 178 195	1 805 218	92 343
Average stay of foreign guests on the establishment	3.5	2.1	1.7
Average stay in hotel establishments	2.8	1.7	1.6
Nights in hotel establishments (hotels, guest houses, inns, lodging houses)	37 391 291	4 437 756	223.416
Proportion of foreign guests	50.5	36.7	22.4
Proportion of nights between July to September	39.0	34.6	37.9
<b>Nights spent in hotel establishments according to country of usual residence</b>			
Portugal	13 783 084	2 511 052	171 380
Germany	3 277 782	139 611	5 010
Spain	3 277 782	566 311	8 728
France	1 619 416	233 348	6 801
Italy	869 313	121 675	1 206
Netherlands	1 843 369	76 634	2 016
United Kingdom	5 494 953	123 680	7 155
USA	576 819	54 975	3 252

Source: adapted from Source: INE (Portugal in Figures – 2010) and INE Statistical Yearbook of 2010

### 3.5.2. The wine industry

Wine is a product with a high volume of production and international trade and it represents a market in which Portugal plays an important role. The production of

wine in Portugal ranks the country in 5th place among the European wine-producing countries and 12th at the world level (OIV 2012), covering a total area of approximately 258 000 acres (AICEP 2012). In terms of world wine trade, Portugal was anticipated to rank in 10<sup>th</sup> position in 2011 (OIV 2012). According to AICEP (2012), in 2011, Portuguese wines in international markets accounted for a turnover of 650 million euros with Port wine playing an important role by accounting for 301 million euro. Wine indeed assumes an important role in the Portuguese economy as the industry accounts for 50% of total agricultural turnover, with approximately 13 thousand companies and employing 28% of the agricultural workforce (AICEP 2012).

However, and although these aspects can reinforce the country's confidence in the wine industry and its future, it has also been recognised that the Portuguese wine industry has to face some challenges, in line with structural changes in worldwide wine industry that are, according to Bernetti et al. (2006) the result of globalisation and increasing international competition. In the EU, for example, wine sales have declined sharply during the last decade, while high quality wine sales have risen by more than 20 per cent, particularly in France, Italy, Germany and the UK (Bernetti et al. 2006). On average, "preferences have shifted from basic towards higher quality wines, a factor that, in the context of a general decline in the quantity of wine sold, indicates a clear "lower quantity but better quality" market trend. In addition, the average consumer is becoming younger and the percentage of female customers is increasing (Bernetti et al. 2006, p. 307). In addition, there have been geographical changes in terms of consumption, because demand is falling in the traditional markets of Mediterranean Europe and increasing in markets such as the USA, Japan and the UK, and China (currently small but potentially huge market) (Bernetti et al. 2006).

Thus, and in the context of the Portuguese wine industry, one of these challenges is related to the international recognition of Portuguese wines. Although Portugal has a high level of reputation in terms of wine and wine brands, it is essentially due to Port Wine (Monitor Group 2003) and to 'Madeira Wine' (Nóvoa 2010). However, and despite this recognition and also despite the investments in vine restructuring



and modern technology over the last years (by some wine producers to improve the overall quality of Portuguese table wines and reflect the diversity of its regions and grape varieties), Portuguese table wines with worldwide recognition are scarce (Nóvoa 2010). Also, there is a lack of clear and positive association in the minds of consumers in relation to the wines of Portugal that may encourage the search for a bottle of Portuguese origin as an alternative to options from the ‘New World’ and also from a major competitor in the ‘Old World’ as it is the case of Spain (Monitor Group 2003). In addition, the existence of a wide variety of grapes, which can be seen as an opportunity, can also be a challenge because it causes confusion in terms of consumers’ perceptions (Monitor Group 2003). Hence, promotion and marketing can be considered an issue that constitutes great challenges to the wine industry in Portugal (Monitor Group 2003; Nóvoa 2010).

In addition, exports have not been increasing significantly and the exported wines are sold at a “low premium price” when compared even with the imported wines in the crucial markets for Portugal such as EUA, Brazil, GB, Germany, France, Canada (Monitor Group 2003). As a result, it has been recognised that revenues have not also increased expressively.

Furthermore, the industry is comprised of many organisations, including small, medium, and large private companies as well as cooperatives. The wine produced by cooperatives is the product of the small landowner-farmers, who deliver their grapes to the cooperative for processing, distribution, and sale. Cooperatives that are seen to produce lower- and middle- quality range wine in the country. They account for at least 30% of production and sales. The high-quality range is associated and controlled by private businesses, which usually have the means to produce their wine themselves. However, there are some cases where some private businesses buy the grapes of small independent farmers on the market and process them into wine, then bottle and sell the production (Barros e Santos 2007). This is also the case of Port wine sector as it is characterized by a specific production process, a landed aristocracy, small properties, a necessity for manual work, and strong regulatory institutions. The production process is essentially based on

traditional techniques and, nowadays, this situation continues for most of the producers, specifically the small ones (Jacquinet and Fellow 2003).

Further, and although there is a predominance of small-sized businesses that are too small to compete successfully domestically and in foreign markets (Monitor Group 2003) (approximately half of the estates are smallholdings are less than 2 hectares), the Portuguese wine market is highly competitive (Barros e Santos 2007). This means that there are many businesses and many brands competing in the market.

Moreover, and although there have been some important investments by private larger businesses in up-to-date production techniques and technology, bringing about substantial improvement in the quality of the wines (Barros e Santos 2007), the Portuguese wine industry also faces a lack of investment and a well designed strategy shared by all the industry, especially related to the main exporting markets. There seems to be no consensus among wine businesses with regard to what the key markets that Portuguese wines should try to win. Indeed, Portugal is one of the most fragmented wine exporters, with 50% of its sales spread across six markets with much different characteristics (Monitor Group 2003).

With regard to the wine, although Port is shipped to more than 100 countries, its sales are highly concentrated in just a few markets. The top five (France, Portugal, Holland, UK and Belgium) account for a greater percentage of total sales. According to Brito (2006), each market has its own characteristics, and it is interesting to note that those three countries are representative of distinct patterns of consumer behaviour.

In addition, over the past few decades there has been an increasing number of wine producers in the Douro region and apart from Port wine, the Douro Demarcated Region also produces other wines (table wines), for example, those under the classification ‘Appellation of Origin’. This wine is essentially sold to Portugal, Canada, Brazil, Angola and Germany). Despite the fact that only a limited quantity of Port is produced there (approximately 10 per cent) (Brito 2006), in terms of

litres produced (140.323 – unit 550 litres pipes), Port wine still assumes an important role in the region. In fact, Port wine companies have been making large investments in research, mechanization, product development, quality control, new wine growing methods, tests of maturation, hygiene and research development, particularly regarding the vinification process” (Lages 2000; p. 28).

### **3.6 THE CONTEXT OF THE STUDY**

The Douro Valley, a rural and wine producing region located in the North of Portugal, is mainly known as the place of origin of the Port wine and as the first demarcated and regulated wine producing region in the world (1756) (Andresen et al., 2004). Its history is also significantly associated with the presence of British citizens for over 300 years, first developing activities related to wine trading and shipping, and then many ended up establishing themselves as wine producers that are still operating in the region (Hall and Mitchell, 2000).

The Douro region comprises an area of approximately 250.000 ha, of which about 40.000 ha are dedicated to vineyards (Andresen et al., 2004). The region is nowadays responsible for the highest wine production and business volume of wine in Portugal as a result of producing Port wine which is distributed to 106 international markets and accounts for about 1/3 of the total of Portuguese wine exports (Fazenda et al. 2010).

The Douro Valley is intrinsically associated to the Douro river which “is one of the major rivers of the Iberian Peninsula (about of 900 km of length) flowing from its source in the province of Soria, across northern-central Spain and Portugal, to its outlet at Porto” (Fazenda et al. 2010, p. 432). The natural and patrimonial resources of the region make it unique and with an enormous potential for tourism development (Fazenda et al. 2010). Acknowledging its unique characteristics, part of this region was classified by UNESCO as a World Heritage Site, namely the “Prehistoric Rock-Art Sites in the Côa Valley” (classified in 1998)” and the Alto Douro Wine Region (classified in 2001) (Fazenda et al., 2010; Turismo do Douro, 2012). When compared with other mountain wine-making regions in the World,

“Alto Douro is the most extensive, the most historical, and the one with the longest continuity and the greatest biological variety in terms of the wines that have been perfected there” (CCDRN, 2006 cited Fazenda et al. 2010, p. 432).

Given its characteristics, the tourism offer of the Douro Valley has been mainly associated with landscapes (the terraced vineyard), gastronomy, wine (the relevance of Port wine) and wine-growing estates, manor houses and villages, natural/archaeological heritage, and cruises on the Douro River. In addition, the wine theme has also been used in the promotion and hosting of events and festivals which have contributed to the raising of market awareness about Port wine, both red and white, as well as other regional wines (Hall and Mitchell, 2000). These wines also produced in the region are gaining international recognition due to the awards received such as Decanter World Wine Awards (Wines of Portugal, 2012).

The Douro Valley has been identified as a “new high quality destination” in the National Strategic Plan for Tourism (2007) and its importance and expectations of growth have also been recognised by private organisations as shown by the increased level of investment in hotel and river cruises. For example, there are several cruise companies providing tourism excursions along the Douro River (from Porto to points in the Upper Douro Valley) that are themselves attracting many visitors. It has been noted that year by year the number of passengers has been growing and that in 2008 approximately 180.000 passengers were registered (Fazenda et al. 2010). In addition, the significant number of private developments that are presently under construction (hotels, resorts and rural accommodations of superior quality) (Fazenda et al. 2010) also demonstrate the recognition of investor interest in the Douro Valley. The target markets of the Douro region include the domestic market and some main European outbound markets such as the UK, France, Germany (Turismo de Portugal 2007).

Nevertheless, and despite these characteristics and consequential potentialities, the Douro Valley has been affected over the years by a gradual process of depopulation and aging population, and when compared to regional and national data, educational levels are very low. These contribute to the socio-economic

problems of the area and to the Douro Valley being one of the poorest regions in Portugal (Fazenda et al. 2010). In addition, accessibility within and to the region need improvement, and the difficulty of retaining visitors/tourists in the region is reflected in the low average length of stay and in the gross bed occupation rates. Although it may seem identified that the accommodation capacity is insufficient and that the region's tourism development has suffered, and is still suffering, from the lack of coordination and articulation between the various agents in the tourism industry and between these and other public organizations (Fazenda et al. 2010).

### **3.7 CONCLUSION**

This chapter has reviewed the literature with regard to horizontal and diagonal cooperation from the perspective of the wine and tourism industries. The tourism industry is characterized by a competitive and complex environment and by being a fragmented and multi-sectoral industry with a recognized level of interdependency between businesses. These characteristics seem to encourage inter-business cooperation, both horizontal and diagonal, because businesses do not have all the necessary resources to achieve alone their objectives, to answer to the demand needs and to provide tourists an enriched experience. By cooperating businesses can not only achieve their objectives and obtain benefits for themselves, but they also contribute to benefits to the region where they are operating. Therefore, it has been recognized that by cooperating tourism businesses can collectively achieve more than the sum of each individual's own efforts. This is also the case of wine businesses. In fact, wine businesses have also to deal with pressures as a result of a fierce competition and the need to sell their products. Thus, cooperation can also be a means by which they achieve these objectives.

Both, wine and tourism businesses can either cooperate horizontally, or diagonally. The diagonal cooperation has been widely studied, especially in the context of wine tourism. Cooperation in the context of wine tourism has been more visible in the form of wine routes.

However, and despite the existing studies and the recognised importance of cooperation in the context of wine and tourism industry separately and in wine tourism, there is still great potential for extending knowledge in this field of research, particularly in the following areas: the factors influencing decisions with regard to horizontal and diagonal cooperation, the perceived results and the influences on the results.

Within this chapter a brief overview of the characteristics of these two industries in general and in the particular context of the Portuguese and the Douro Valley has also been provided. Also, and in order to contribute to explain the setting of the research, a description of the Douro Valley has been delivered.

Chapter 4 describes the methodology adopted within this research, focusing on the conceptual framework, the methodological approach, research process, data collection and analytical methods used in this study.

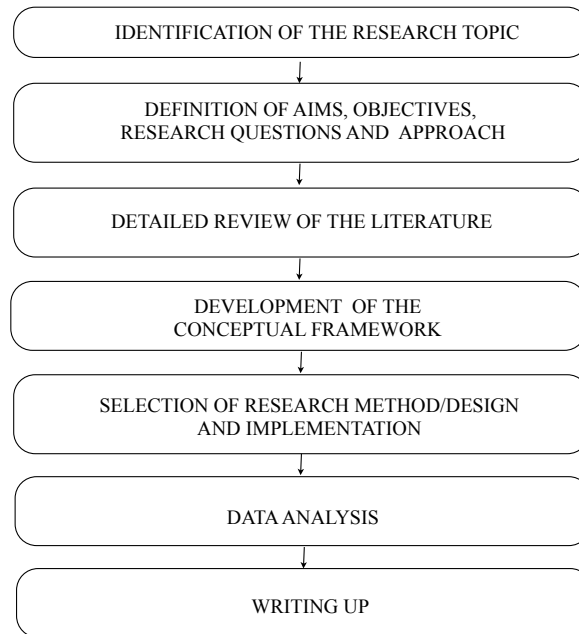
## CHAPTER 4 – METHODOLOGY

### 4.1 INTRODUCTION

This chapter provides a description of the overall research process, methodology, methods adopted in this research and evaluates its adequacy, along with analytical procedures used to the attainment of the aim and objectives of this study. The chapter starts by presenting the research process followed in the research. Then, the chapter presents the initial conceptual framework, derived from the literature review. There then follows a description of the research questions, the aim, and the objectives. Next, the research approach is presented. The following section provides an explanation of the questionnaire design, taking into consideration issues related to the validity and reliability. Next, the process of data collection (including sampling issues) and data analysis (procedures and techniques), are described. There then follows an evaluation of the methodology, methods and procedures. This evaluation is done based on reliability and validity criteria and therefore a brief description of these criteria is also provided. Finally, the analytical procedures are evaluated.

### 4.2 THE RESEARCH PROCESS

The nature and components of the research process are thoroughly discussed in the literature (Pizam 1994; Oppenheim 1999; Jennings 2001; Punch 2005; Saunders et al. 2007). Although there is no consensus with regard to the number of stages that the process should follow, there is commonality between the different models. This commonality is that research is a multi-stage (Saunders et al. 2007) and sequential process (Pizam 1994). The stages that constitute the research process followed in this study were drawn from the literature (Pizam 1994; Jennings 2001; Bryman 2004; Yates 2004; Neuman 2006; Saunders et al. 2007; Blaikie 2010) and are presented in Figure 3.1.

**Figure 4.1: The research process**

Source: Author

Research is often represented as moving sequentially through each of the process stages. However, this is unlikely to happen in reality because each state is revisited more than once (including research questions and objectives) in order to reflect on what has been done and sometimes, to refine the ideas (Saunders et al. 2007). Thus, and although the above research process stages are presented, it is the result of the need felt by the researcher to continuously reflect and revise the ideas and subsequent stages.

An initial literature review was conducted in generic and SMEs' inter-business cooperation. The aim of this review was to identify the areas of research and to inform the aim, the objectives and approach of this study. Once these had been defined, a more detailed review was conducted to support the approach adopted. The literature review allowed the identification of the research gaps that will be identified in the next section, as well as the overall aim and associated objectives in order to meet the aforementioned gaps in the literature. The other steps and/or stages identified in the process that were followed in this study are covered in further sections of this chapter.



### 4.3 AIM, OBJECTIVES AND RESEARCH QUESTIONS

The aim, objectives, and research questions were informed by the literature review and by applied context of this research (wine and tourism industries in the Douro Valley). The literature review informed the main hypothesis underlying this research and the major shortcomings of past research in the field of cooperation. The main assumption in the literature is that cooperation is likely to be influenced by a different set of factors. However, and although some have been identified in SMEs cooperation-related literature (Hartl 2003; Street and Cameron 2007), no study has been found to provide a comprehensive framework to study the influences on cooperation between SMEs operating in rural areas, distinguished in terms of their importance. Also, the literature review has revealed that little attention has been dedicated to some factors in relation to which evidence has been found in terms of its influence on decisions (e.g. pricing decisions and internet adoption) made in the context of SMEs, such as business age (Gibson and Cassar 2002), and personal goals of decision makers (Greenbank (1999). Moreover, the literature review has also shown a lack of research examining the aforesaid topic in the context of wine and tourism SMEs. Therefore, and based on the literature review, the main hypothesis underlying this research is that there are a set of factors influencing the decision to cooperate or not, the nature of the cooperation implemented, and the perceived (and evaluated) outcomes cooperation.

Regarding the applied context of the research, firstly, no study was found that provides information regarding decisions and behaviours of owners/managers of wine and tourism businesses, and the reasons for their decisions. Secondly, no study was also found that provides the past/current and also the potentially future characteristics of cooperation (between wine and tourism SMEs) in the Douro Valley. Hence, and based on the aforementioned context of research (theoretical and applied) the aim of this study was to examine inter-business cooperation by wine and tourism businesses in the Douro Valley of Portugal.

To meet this aim the following general objectives were set, to:

- Analyse the current situation in the Douro Valley in terms of typology, form and nature of cooperation;
- Analyse the potential future situation in terms of cooperation given the past/current experience and knowledge;
- Analyse the influences on the decision to cooperate or not;
- Analyse the influences on the operation (the nature of cooperation implemented) and outcomes;
- Analyse whether there are different sets of influences when considering and implementing cooperation with businesses from their own industry and businesses from a different industry;
- Develop a conceptual framework for researching factors influencing inter-business cooperation in the context of micro, small and medium-sized businesses in rural areas.

To achieve these objectives five research questions were developed. They are as follows:

Question 1: What are the (past and future) decisions and subsequent behaviours of owners/managers of tourism and wine businesses of the Douro Valley with regard to cooperation with other businesses (same industry and in another industry)?

Question 2: What are the past/current and potentially future characteristics of cooperation in the Douro Valley in the context of wine and tourism industries?

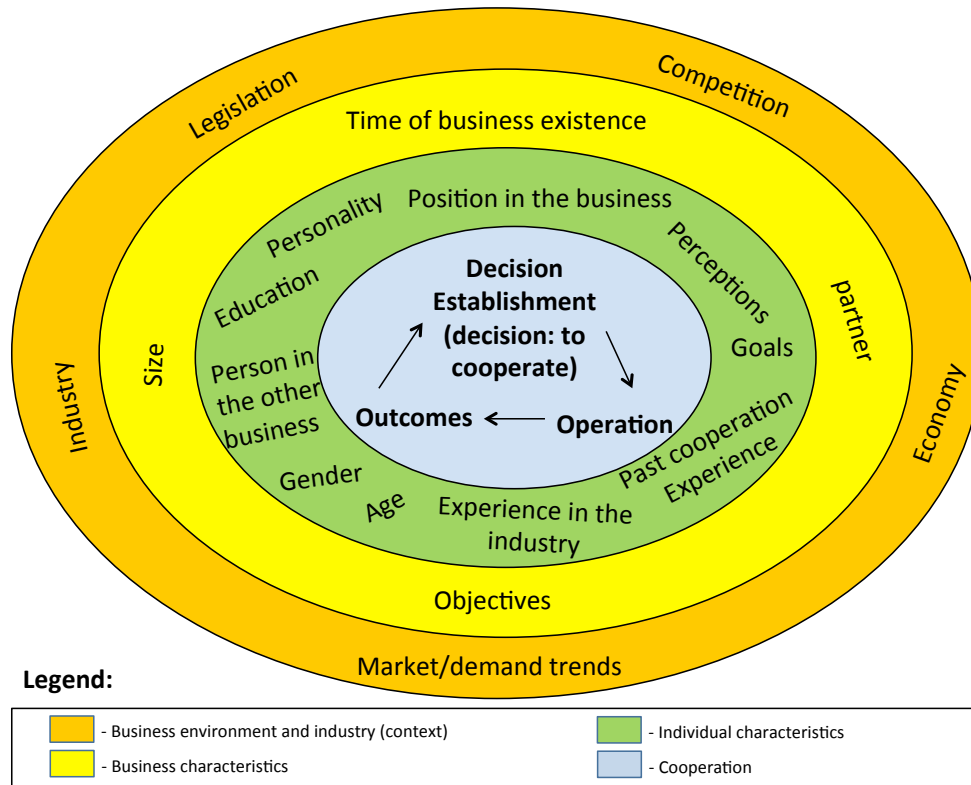
Question 3: What are the factors that influence the decision of owners/managers of wine and tourism businesses with regard to cooperation (to cooperate and not to cooperate)?

Question 4: What are the factors that influence cooperation (establishment, operation and outcomes)?

Question 5: What are the perceived results of cooperation (when it occurs in same industry and in another industry) and how are they evaluated by owners/managers of wine and tourism SMEs?

#### **4.4 CONCEPTUAL FRAMEWORK**

The literature review has led to the identification of a conceptual framework that sets out the focus of this study, presented in Figure 4.2. This framework results from the main areas of research identified in the literature and that were reviewed in the literature review chapters (Chapter 2 and Chapter 3). It reflects the way this research is being approached. Cooperation is influenced by a set of factors and is being examined through a sage-based approach. The stages are: decision (that can be either to cooperate, or not to cooperate) and establishment, when the decision is indeed to cooperate, operation (when cooperation is implemented) and (perceived) outcomes. The factors can be gathered into the following groups: context (external business environment and industry), business characteristics (of the participant business and potential business partners), and individual characteristics (of the participant decision makers and the person of the other business – potential partner). In addition, it is acknowledged that cooperation experience and perceived outcomes of cooperation (positive or negative) are very likely to influence future decisions on cooperation, as well future cooperation activities and perceived outcomes).

**Figure 4.2: Conceptual framework**

Source: author

Although these factors have been reviewed and explained in the literature review (Chapter 2), a brief explanation will be provided in the following paragraphs with regard to the reasons for their inclusion in the conceptual framework.

The context refers to the external business environment and the industry in which businesses operate. The characteristics of the external environment refer to those factors that cannot be controlled by the business. These factors can be political, economic, socio-cultural, and technological factors (Fyall and Garrod 2005; Montana and Charnov 2008; Sawyer et al. 2008). These factors create uncertainty, turbulence and complexity (Tribe 2010) and therefore they can either ‘push’ owners/managers to cooperation to face these challenges, or hinder them from cooperating with others because of the existing competition and/or existing restrictions (Rosenfeld 1996; European commission 2003). As the external business environment does not influence decisions made by owners/managers of businesses in a similar way given its specificities (different views of the

environment, location, products) (Capon 2008), it is crucial to understand if the external business environment does have an influence on decisions regarding horizontal and diagonal cooperation in specific industries, as in the case of wine and tourism industries.

Another factor within the context is the industry of which the business is a part. It has been found in the literature that the type of industry influences the decision to cooperate, but no evidence was found with regard to decision not to cooperate, especially when these decisions can be in relation to cooperation in the same industry and/or cooperation with businesses from another industry. Two types of industry were considered in this study, manufacturing and services: specifically wine and tourism (as explained in previous chapters).

The business related objectives have been widely discussed in the literature, as demonstrated in Chapter 2, as influencing factors to cooperation. An important assumption in the literature is that different theories contribute to the identification of the SMEs objectives that can be achieved through cooperation, namely Transaction Cost Economics (Bougrain and Haudeville 2002) and Resource-based View (Hoffmann and Schlosser 2001; Dickison 2006), Theory Social Networks (Barnir and Smith 2002; Chung et al. 2006), Social Capital (Sorama et al. 2004) and Organizational Learning (Sorama et al. 2004). However, and although Strategic-Management Theory, Resource Dependence Theory, Strategic Choice, and Institutional Theory have been adopted to study cooperation in general, it seems they are less studied with regard to SMEs business-related objectives. Thus, the assumptions of these theories are also encompassed within the conceptual framework because they have been adopted in this study to inform SMEs' objectives when owners/managers decide to cooperate in the same and in a different industry.

Participant business characteristics refer to a set of factors that can affect the decision positively and negatively. They refer to the business size and age. However, no meaningful evidence has been found about this factor being studied

with regard to cooperation in the context of SMEs. Therefore, these factors will also be examined in the context of this study.

Decision maker characteristics can either influence positively or negatively and they refer to their personality traits, past experience, unwillingness to cooperate and socio-demographics. Despite their clear importance in making decisions, no noteworthy evidence has been found in the context of cooperation between SMEs. They will be therefore included in this research questionnaire and examined in terms of their likely influence on cooperation decisions.

Finally, the factors regarding the characteristics of potential partners seem to not have been discussed in the literature as potential influencing factors, but rather as criteria to select partners once the decision has been made (Al-khalifa and Peterson 1999; Tatoglu and Glaister 2000; Dong and Glaister 2006). Therefore, this study will examine the characteristics that potential cooperation partners should have for engaging into cooperation relationships/initiatives as influencing factors on cooperation.

## **4.5 THE RESEARCH APPROACH**

Considering what has been referred in the literature about possible research approaches (Jennings 2001; Neuman 2006), a quantitative approach based on the positivist paradigm was adopted because this research focuses on cooperation, more specifically the influences on cooperation, which can be considered as an objective reality that can be studied/tested through a scientific method and with objectivity and value-free interpretations by the researcher. In such type of approach data is collected by using structured techniques and analysed by using quantitative methods of data analysis (Sarantakos 2005). The quantitative collected data is numerical and the information about the world (or phenomenon) is represented in the form of numbers (Punch 2005).

In addition, this approach was also adopted in this research given its purposes. It aims to identify and understand cooperation with an emphasis placed upon factors

that might encourage and/or discourage cooperation, and that also might influence operation and outcomes of cooperation.

Furthermore, and based on a quantitative positivistic approach, generalizations “can be made to develop theories to explain behaviour or relationships in the natural and social world, that is to explain ‘reality’ (Jennings 2001, p. 35). In the case of this research, the possibility of generalization will allow to develop a framework that identifies the influences on the decisions on cooperation, operation, and outcomes. These influencing factors will be identified and characterized. The generalization of the results of this study will allow the understanding of the aforementioned aspects, not only within the context of wine and tourism businesses, but also in the context of SMEs in general and in mainly rural areas in particular. It is also the purpose of the researcher to make the results of this study available to trade and governmental organisations in order to help them to identify ways of encouraging and /or developing cooperation among wine and tourism businesses, particularly in the Douro Valley.

## **4.6 THE RESEARCH DESIGN**

A research design provides the framework for the collection and analysis of data (Bryman 2004). The choice of research design was guided by the research aim and objectives and by the quantitative positivistic and deductive approach adopted. A survey was adopted in this research for several reasons. First, it is recognized in the literature that it is the usual means of collecting data (opinions, attitudes, perceptions, characteristics, and behaviour) (Neuman 2006) to be analysed quantitatively, using descriptive and inferential statistics (Finn et al. 2000; Jennings 2001; Saunders et al. 2007). Second, a survey was used because it would allow gathering data from a specified population, by selecting and studying samples, at a single point in time (Bryman 2004). Third, a survey was also used because it would allow the collection of large amount of data in a highly economic way (Saunders et al. 2007), avoiding the difficulties and costs associated to the study of an entire population, even if that was possible (Pizam 1994).

In order to collect the necessary information, structured face-to-face interviews (through interview-based questionnaire) were conducted for four reasons (Finn et al. 2000; Saunders et al. 2007). First, the adoption of face-to-face interviews was aimed at encouraging participation and thereby avoiding low response rates that might arise given the long set of questions required. It has been recognised that longer questionnaires are best presented as a structured interviews. Secondly, it aimed to ensure that the questions were not answered by a person other than the one that researcher wished to answer the questions (confidence that the owner/manager would be the respondent). Thirdly, the face-to-face interview aimed to make it easier to ensure that the respondents answered the correct questions when there are filter questions. Finally to provide clarification if the respondents' had any queries about the questions asked.

## **4.7 THE QUESTIONNAIRE**

This section explains the structure, content, translating process of the questionnaire.

### **4.7.1. The questionnaire structure and content**

The questionnaire was built on theoretical grounds (literature review) and through discussion with supervisory team and other experienced academics. A copy of the questionnaire is in the Appendix III. A list of matching the questions and the literature review is presented in the Appendix II.

In designing the structure of the questionnaire, different aspects were taken into account, as these can have an important impact on the nature and quality of responses (Mccoll et al. 2001). These were the length of the questionnaire, the level of measurement, the type of questions (Fowler 2002), where to put personal details questions (Clark et al. 1998), question wording (Bryman 2004), framing, sequencing (e.g. choice and order of response categories), the appearance (layout) of the questionnaire and consistency in the presentation of visual information (Oppeinheim 1999).



The questionnaire consisted of six parts, and detailed explanation of its structure and content is presented below.

At the beginning of the questionnaire, a general introduction explaining the meaning of cooperation for the purpose of the research was provided. Additionally, in order to make clear what type of businesses this research was approaching, an explanation was also provided.

Part I focused on information/details about the businesses, specifically their main characteristics. With regard to their businesses, respondents were asked about the legal status, age (years of existence), main markets, source of turnover, and number of full time employees. The number of full time employees was asked in order to classify the business by size. Business size can be measured using other criteria, such as gross sales and estimated value of the business (Romano et al. 2002; Wincent 2005) however this research is in accordance with other studies that have used the number of employees as the measure of the business size (Rice and Hamilton 1979; Goode and Stevens 2000; Gibson and Cassar 2002).

Parts II and III aimed to provide data about the respondents' behaviour in relation to cooperation. Given that the research aimed to make a comparison between the two groups of respondents by industry, owners/managers of tourism and wine businesses, the same questions had to be asked to each. Part II encompassed questions regarding cooperation with businesses in the tourism industry. In turn, Part III contained questions relating to cooperation with businesses in the wine industry. This provided data about cooperation in the same industry and also cooperation with other businesses operating in the other industry: either the wine or tourism industry.

The set of questions in these two parts of the questionnaire covered behaviours in relation to cooperation in the past (three years prior to the interview), the present (at the time of the interview), and the future. Past and present behaviors were established by asking respondents about their experience of having participated in successful and/or unsuccessful cooperation initiatives/arrangements. Future

behaviors were established by asking respondents if they were likely to engage in cooperative arrangements in the short-term future. Questions such as: what, why, with whom and how were asked to get more detailed data about the respondents behavior, their perceptions of the potential results (advantages and disadvantages) and the reasons that might have influenced them to behave in a particular way (cooperating or not cooperating).

Questions about behaviours were mainly open-ended questions. This format was considered to be the most appropriate way of asking for this information as it gave the respondents the opportunity to answer using their own words (Oppenheim 1992; Bryman 2004) and to describe more closely their views (Fowler 2002), their perceptions and experiences regarding cooperation with other businesses.

Part IV aimed at establishing the perceptions (“the individual respondent’s personal view of the world and definition of reality” as defined by Capon 2010, p. 178) of the respondents about the advantages and disadvantages that could result from cooperation. Questions in this part were asked to all respondents, that is, those who had already cooperated in the past, or not, and those who intended to cooperate in the future, or not.

In this section, perceptions regarding the advantages and disadvantages were established through closed questions, namely questions focusing on rank-order and questions using five-point Likert type scale items. The aim of the rank-order questions was to establish not only the importance of each item (answer choice) to the business, but also to compare multiple items against one another. It allowed not only data on the degree of importance, but also the extent to which they were important when related to each other. Thus, the respondents were invited to rank the advantages, from 1 to 4, in terms of importance to their businesses. The advantage that was perceived as being the most important to the business should be ranked as first and there onwards, until the one that was considered the least important. The respondents were also invited to rank the disadvantages, from 1 to 4, where 1 was the most disadvantageous and 4 the least disadvantageous to their businesses.

There then followed a set of specific statements (five) regarding each previously identified advantage and disadvantage. The respondents were asked to indicate the extent to which they agreed with each statement based on 5 point Likert type scale. The possible answers ranged from 1-strongly agree to 5-strongly disagree. The five point scales contained a neutral response (3=neither agree or disagree) which was considered appropriate because respondents may, legitimately, not know or not have any experience with regard to the research topic (Fowler 2002). Therefore, the neutral position enabled respondents to provide valid answers in spite of their lack of experience or opinion. Such 5-point scales were used therefore because they were considered to be appropriate because they had been used frequently in the past and were considered reliable (e.g. Oppenheim 1992). In developing ranking questions and scale measures (Likert type scales) the literature was screened to identify previously used items (in terms of advantages and disadvantages) in other studies of cooperation. These items were then adapted to this study and gathered into different groups. As referred to previously, a matching list of the questions with the literature review is presented in the Appendix II. Drawing from this literature review, the statements used in this part of the questionnaire were grouped according to a classification suggested by Eason (1988) and also to the ‘logic’ recognised in the literature (Chapter 2) that there may be some tangible advantages/disadvantages as well as intangible ones. Thus, with regard to the advantages, considered to be the positive (potential) outcomes that can result from cooperation, the respondents were asked about whether they agreed with five statements for each of five different potential advantages of cooperation: financial issues, productivity, quality and business performance. In the particular case of productivity, it was operationalized through scale items that referred “to the extent to which a firm produces outputs by using given inputs” (Farrel 1957 cited Oum et al. 2004, p. 845). Given this definition, a productivity gain can be achieved by reducing inputs, increasing outputs, or both (Oum et al. 2004, p. 845). In this study, the emphasis in terms of productivity was the use of more or less inputs (resources) to produce outputs, that is products/services or the offer of businesses.

Furthermore, disadvantages, also considered as the drawbacks of cooperation, were related to (potential) downsides of cooperation and/or to risks that were associated

with cooperation (Wood and Gray 1991; Burgers et al. 1993; Das and Teng 1998; Barnir and Smith 2002). The disadvantages were considered in this research as they can reduce long-term performance of the businesses, particularly SMEs (Lohrke et al. 2006), and will make them hesitant to cooperate with others, unless they have a clear incentive to do so (Burgers et al. 1993). Disadvantages were categorised into four groups, namely ‘Worsen financial position’, ‘Loss of business operation control’, ‘Adverse relationships with other businesses’, and ‘Poor business performance’. These classifications also followed the ‘logic’ used in the classification of advantages that is ranging from more tangible to intangible ones.

Part V contained questions about the influences on their decision if they would be likely to cooperate with other businesses in the future. This part aimed to measure respondents’ perceptions and attitudes with regard to five groups of factors. They were: ‘The objectives for my business’, ‘My knowledge of the other business’, ‘My personal aims for my lifestyle’, ‘My perception of the person I am dealing with in the other business, and ‘My perception of the institutional environment’. These factors and their dimensions were also drawn from the literature. Similar to the previous part of the questionnaire, perceptions were firstly measured through closed questions, namely rank-order to establish not only the importance of each item to the respondent, but also to compare multiple items against one another. It allowed not only measurement of the degree of importance, but also the extent to which they were important when related to each other in the context of the decision to cooperate. Secondly, perceptions and attitudes were measured through five-point Likert type scale items. This type of scale has been included to measure attitudes and perceptions, as suggested in the literature (Clark et al. 1998; Bryman 2004). For each group of influences, ten statements were included to measure attitudes and perceptions. Respondents were asked the extent to which they ‘Strongly Agreed’ or ‘Strongly Disagreed’ with each statement.

In addition, this part also contained a question, with ten statements, that referred to the respondents’ personality. Personality was also measured using agree/disagree five-point Likert type scale (Bateman and Crant 1993; Becherer and Maurer 1996). Personality was included separately because it has also been identified in the

literature as a factor likely to have an influence on the decisions of owners and managers, in general. Thus, the aim in this research was to assess whether the decision to whether cooperate, or not, and cooperation seemed to be related to the personality of owners/managers of wine and tourism businesses. In order to provide the answer to this objective, respondents' answers were then grouped through a hierarchical cluster analysis.

Finally, Part VI comprised personal factual questions about the respondents (Bryman 2004) to establish the number of years they had worked in the business, their current position in the business, age, gender, occupation and educational background.

#### **4.7.2. Translating and piloting the questionnaire**

The questionnaire was first developed in English. The English version was then checked with the supervisory team both with regard to concepts (based on the literature review) and wording, and an agreed version was then translated into Portuguese. The questionnaire was first developed in English. The English version was then checked with the supervisory team both with regard to concepts (based on the literature review) and wording, and an agreed version was then translated into Portuguese. The translation of the questionnaire is a process that requires special attention by researchers in order to avoid the possible danger of lost meanings and incorrect interpretations (Efendioglu and Yip 2004). Once the questionnaire was translated by the researcher, and in order to ensure accuracy, it was checked by two bilingual academics, with national and international research experience, who had experience using cross-cultural questionnaire surveys. No particular difficulties, such as lack of semantic and conceptual equivalence across languages (Behling and Law 2000) were identified in the translation task and the reviewers suggested only very minor recommendations, which were incorporated in the translated questionnaire. As an example, the words used in Question 43 ('the least disadvantageous' cooperation) had to be adapted and the Portuguese words 'menos desfavorável' to make more sense in Portuguese and retain the same meaning as in English. Then, a back translation was done by the research in order

to compare/contrast the back translated questionnaire with the previous English version (Harkness 2003) and to assure the correctness of the translation.

After the process was completed, a pilot test was conducted to guarantee translation precision and accuracy (Lohrke et al. 2006), as well as the reliability of the questionnaire, its length and its readability. The piloting of the questionnaire enabled the checking of whether the respondents were answering the questions correctly, and also the identification of aspects that needed to be improved. On the basis of the observations of the pilot respondents and their comments, some items were refined (e.g. questions order and structure) to ensure that the survey instrument was in an understandable and logical format. For example, in the previous version of the questionnaire there were two open-ended questions asking which external factors and internal factors would be more important to the respondents if they were to cooperate with wine and/or tourism businesses in the future. Although some respondents were able to identify the factors, some respondents did not and others considered the question confusing. Therefore, although the words ‘external’ and ‘internal factors were there, these questions were changed to closed-ended questions (Q. 19, 20 and Q.34 and 35). In addition, a question was removed, as it was understood by the researcher that it was not clear to respondents and its removal would not prevent in any way to meet the objectives of the study. The question referred to how had owners/managers heard about the idea that they could cooperate with other businesses (in the region).

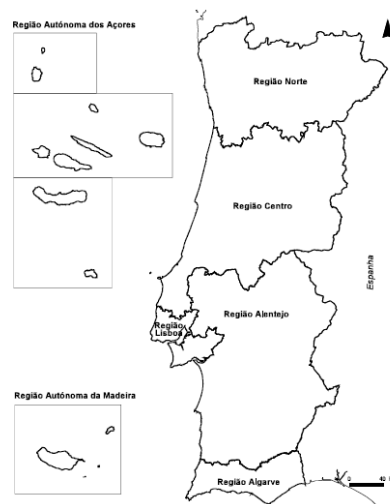
The pilot survey was conducted during July of 2009. The businesses that participated in the pilot were identified from information gathered from national and regional tourism and wine organisations. The businesses were selected regardless their previous experience in cooperation. Owners/managers of these businesses were contacted by telephone to inform them about the study, and request an interview. A brief summary of the research project was emailed to them in advance. The interviews, lasting an average of 1 hour and 30 minutes were conducted following the ‘draft’ of the structured questionnaire. The pilot was conducted in a different region than the Douro region (the geographical area of this research), namely Minho (also in the North of Portugal). This region was chosen

because of its similarities with the Douro region: it is a tourism and wine-producing region. Being a different region was important to avoid reducing the potential number of businesses available for inclusion in the final sample in the Douro Valley.

## 4.8 DATA COLLECTION

This section sets out details of the region where the interviews were conducted, the Douro Valley in the North of Portugal (Figure 4.3), the characteristics of the sample, and sampling procedures.

**Figure 4.3: Portugal**



Source: [www.ine.pt](http://www.ine.pt) [accessed 29.7.12]

The Douro Valley is situated in the eastern north of Portugal (Figure 4.4).

**Figure 4.4: Douro Valley in the context of Portugal**



Source: adapted from [www.descubraportugal.com.pt](http://www.descubraportugal.com.pt) [accessed 29.7.12]

This region has different classifications. First, it can be classified according to a classification used for statistical purposes, namely ‘Nomenclature of Territorial Units’ (NUT) (Decreto -lei n.º 68/2008 de 14 de Abril). Second, this region can be classified as a tourism destination, according to the regional tourism organisation (Turismo do Douro 2012). Third, there is a wine classification, namely the wine demarcated region (Decreto-Lei nº 173/2009 de 3 de Agosto). Finally, and as explained in Chapter 1 (Introduction), part of this region can be classified based on the classification of UNESCO as a heritage site (Alto Douro Vinhateiro) (Turismo do Douro 2012). These different classifications are important because they encompass differences in the number of parishes. For the purposes of this research, those parishes that are common to wine and tourism classifications were included making a total of 19 parishes. A more detailed information about wine and tourism industries have been given in Chapter 1 (Introduction) and Chapter 3 (Inter-business cooperation in the context of wine and tourism industries).

#### **4.8.1. Population and sampling frame**

The population in this research context refers to tourism/hospitality and wine businesses in the nineteen parishes that comprise the geographical area in this research (as explained in Chapter 1). As described in the introductory chapter, the wine and tourism industries are considered as potentially complementary as the creation of wine tourism related offers can potentially contribute to the development and promotion of regions. However, and although it seems evident that wine and tourism businesses in the Douro Valley should engage into cooperation initiatives (given its potential positive outcomes), there is no evidence of such option being put into practice, and this may be hindering businesses development and success.

The tourism/hospitality industry businesses taken into consideration in the current study were: accommodation (hotels and rural tourism establishments), restaurants and leisure businesses. Those businesses that might be considered as being intermediaries (travel agencies and tour operators) were not taken into account in this study. The identification of these categories was facilitated by the fact that



there were lists of the number of businesses provided by both industries organisations. A list of the different categories of businesses was obtained in early September of 2009 from the national tourism governmental organisation, Turismo de Portugal, and also the Regional Tourism Authorities and Municipalities, as indicated in Table 4.1.

**Table 4.1: How information of tourism businesses was obtained**

<b>Categories of Tourism businesses</b>	<b>How lists of businesses were obtained</b>
Accommodation	List provided by the Regional Tourism Organisation (Turismo do Douro)
Rural establishments      tourism	List provided by the Regional Tourism Organisation (Turismo do Douro)
Restaurants	List provided by the Regional Tourism Organisation – Turismo do Douro, but it did not include all the municipalities. Thus, For the missing municipalities in the list, municipalities' sites were checked. Tourism section and links to restaurants were chosen to identify the restaurants recommended to visitors. Chinese and Pizza Restaurants were not included because they were not considered as regional traditional gastronomy restaurants.
Leisure Businesses	List provided by the National Tourism Organization (Turismo de Portugal). In this case, only those businesses established in one of the 19 municipalities of comprising the selected region were considered in this study. The reason for this choice has to do with the main aim of this study.

Source: Author

With regard to wine businesses, two categories of business can be found in the Douro, namely wine producers, and wine producers and bottlers. The latter were selected to be part of the current study. These businesses produce wine from fresh grapes grown entirely on his/her vineyard or from partially fermented grape must, assuming sole responsibility of the bottled wine.

With regard to wine businesses in the Douro Valley and for the purposes of this research, wine producers and bottlers were chosen to be part of this study. These wine businesses were classified by the researcher as 'Quintas' and they refer to those businesses that produce, bottle and sell their products in the market. This name was adopted in this study mainly for two reasons. First, it was the name

mostly used by the respondents when referring to wine producers and bottlers. Second, this name was also used in order to not contribute to any confusion when it comes to the legal classifications of wine businesses used in Portugal. The population of wine businesses considered in this study is comprised by 259 businesses in total.

In relation to wine businesses, the information about the categories and the number of businesses was provided by Institute of Vine and Wine (IVV). This institute is responsible for coordinating and monitoring the institutional organization of the wine sector, auditing the system of quality certification, monitoring European Union policy, and preparing rules for its implementation, and participating in the coordination of the promotion of wine in overseas markets (IVV 2012). Additionally, a list of businesses that produced table and Port wine in the region was provided by the inter-professional public institute, IVDP, the Port and Douro Wines Institute.

#### **4.8.2. Sampling**

Sampling is the process of selecting a proportion or a subset of the population (Pizam 1994; Bryman 2004). A sample is always viewed as an approximation of the population, rather than a whole in itself (Pizam 1994).

The purpose of studying and understanding the sample and its characteristics was to generalize its characteristics and to draw conclusions that would generalize to the population of interest (Finn et al. 2000, Sekaran 2003). Thus, choosing an appropriate sample through a sampling method, and minimizing errors (Pizam 1994) was of paramount importance in this research.

Considering that there are different categories, or strata, within tourism businesses in this research (accommodation, rural accommodation, restaurants and leisure businesses), the population of this type of businesses was sampled through stratified random sampling. In relation to wine businesses, as all the businesses in

the sample operate in much the same way, there was therefore no need to separate them out into strata.

With regard to tourism businesses, the strata used for sampling were the different categories of tourism businesses. Stratified random sampling involves a process of stratification of businesses into exclusive categories, followed by random selection of subjects from each population (Pizam 1994; Sekaran 2003; Bryman 2004; Sarantakos 2005). Stratified sampling was adopted in this research because, as stated by Finn et al. (2000) and Bryman (2004), information regarding the businesses based on the selected criteria was available. In addition, stratified random sampling was adopted to ensure that the sample drawn from the population under a study was as representative as possible in terms of characteristics of that population that were important to the study (Clark et al. 1998). With stratified sampling, the resulting sample is distributed in the same way as the population in terms of the stratifying criteria (Bryman 2004). Also, each important stratum of the population is better represented (O’Leary 2004), and more valuable and discriminated information is obtained with respect to each stratum (Sekaran 2003). Stratified sampling is used when a stratum of interest is a small percentage of the population and random processes could miss it by chance. By using stratified sample, no stratum is left aside (Neuman 2006). Also, using a stratified sample “makes more likely that cases are evenly selected from all the strata, thus reducing the possibility that the sample is disproportionately concentrated on one part of the population” (Malleta 2006, p. 3). In general, “stratified sampling produces samples that are more representative of the population than simple random sampling if the stratum information is accurate” (Neuman 2006, p. 231).

Within each stratum of tourism businesses a systemic random process was adopted to guarantee that every unit in the sampling frame for that strata has an equal, calculable and non-zero probability of being included in the sample (Oppenheim 1992; Finn et al. 2000; Sekaran 2003; Bryman 2004, Sarantakos 2005, Saunders et al. 2007). With regard to wine businesses, a systemic sampling method was used with regard to the businesses in the sample.

For wine and tourism businesses to be selected from the sampling frame the same sampling method was used, namely sampling intervals (Neuman 2006). To calculate the sampling interval, the next procedures were followed. First, each business was given a number. Secondly, and having determined the sample size (that will be presented in the next section), the total number of businesses in the sampling frame (for each category in the case of tourism businesses) was divided by the sample size, to give the interval progression  $n$ . Finally, every  $n^{\text{th}}$  business in the obtained list of businesses (explained in the previous section) after the randomly chose starting point was then chosen. If the selected respondent was not available for inclusion in the study, the next one in line was selected. The sample size of tourism and wine businesses is presented and explained next.

### **4.8.3. Sample size**

The sample size is an important element in any survey research (Adams et al. 2007) and in this case it was defined taking into account the desired accuracy and purposes of the survey, the nature of the population to be studied, the intended analysis, and the balancing of cost and time considerations (Clark et al. 1998). The adequacy in relation to statistical analysis required was also considered, in order to produce results that are statistically robust and representative of the whole population (Adams et al. 2007).

The number of the respondents to be included in a study is one of the critical questions in any study in social research. The sample size can be estimated based on statistical estimations or non-statistical estimations (Sarantakos 1998, Neuman 2006). While statistical estimations relate to degree of confidence (or number of errors) that is acceptable and to the degree of variation in the population (Neuman 2006, p. 241), non-statistical estimations refer to the number of subgroups that the researcher wishes to compare that determines the acceptable number of questionnaires to collect. This number is influenced by the nature of the population to be sample and the type of analysis used in the study (Sarantakos 1998).

In this research, non-statistical estimations were used to calculate the sample size considering the following key aspects: the nature of the population (Sarantakos 1998), the characteristics of business people in the region, the difficulties of collecting data in the region (also emphasized by Carvalho 2009), time restraints, the data to be collected and the advice given by some authors of a minimum number of respondents for statistical analysis. Thus, and given the above, the choice of the target sample size was based on the following considerations. First, a minimum of 30 has been identified by Stuley (2003 cited Saunders et al. 2007) as a minimum number for statistical analyses. Second, Neuman (2006) has suggested a sampling proportion of about 30% for small populations (under 1000). Third, Oppenheim (1992) indicated a number between fifty and a hundred as a rough guide to the minimum of cases required to allow statistical analysis. Hence, and given the objective was to compare tourism and wine businesses (independent variable), it was considered that 100 tourism and hospitality businesses and 100 wine businesses, giving a total of 200 businesses, was a sufficiently large sample to do the relevant statistical analysis. Being a sample of 100 of tourism businesses, it represents 51% of the population. In the case of wine businesses, 100 businesses represent 39% of the population. These numbers are in accordance to what has been suggested by Neuman (2006).

Furthermore, and given the different existing categories of tourism businesses, as referred to previously in this section, stratified random sampling was the sampling method used (with respect to tourism businesses) to ensure that all strata were included in the sample. The final expected sample size was calculated taking into consideration the distribution in the population (%) of each tourism business stratum, as presented in Table 4.2 for tourism businesses.

**Table 4.2: Final expected sample**

<b>Categories of Tourism businesses</b>	<b>Population</b>	<b>% Distribution of each category in population</b>	<b>Expected sample according the % distribution of each category in population*</b>
Accommodation	17	8.6	9
Rural accommodation	79	40.1	40
Restaurants	87	44.2	44
Leisure businesses	14	7.1	7
Total	197	100	100
* % Distribution in population X 100 (sample total)			

Source: Author

As referred to previously, there were no separate categories with regard to wine businesses. Thus, there was no need to calculate the expected sample according the % of distribution of each category in population.

However, and after roughly one year of data collection and given the unwillingness of some respondents to participate in the study (particularly in the case of restaurants), and in order to achieve a total of 100 tourism/hospitality businesses, some changes in the expected sample had to be taken into consideration. Overall, the response rate was high: 86.9%. Given that data was collected according the different tourism businesses categories, the response rates were as follows: accommodation: 86.6%; rural accommodation: 94%; restaurants: 77%; leisure businesses: 85.7%. The final sample is presented in Table 4.3.

**Table 4.3: Final sample of tourism/hospitality businesses**

<b>Tourism businesses (categories)</b>	<b>Expected sample</b>	<b>Final sample</b>
Accommodation	9	13
Rural accommodation	40	47
Restaurants	44	34
Leisure businesses	7	6
Total	100	100

Source: Author

In total, 100 wine businesses were interviewed. Despite some difficulties and time spent in collecting data and administering the questionnaire (Section 4.8.5) the response rate of owners/managers of wine businesses is considered by the

researcher as being high as more businesses accepted to participate in the study than the ones who did not. The response rate was 76.9%.

A sample can be disproportionate in relation to the population and its representation, meaning that some groups are over or under-represented. In other words, proportions in the overall sample may not coincide with proportions in the population. If such a situation happens, the question of the degree to which the sample is representative of the population is raised. Therefore, and in order to determine if the proportion of cases in the sample would differ from the distribution in the population (to determine if they were statistically significantly different) (Pallant, 2007), a Chi-Square Test for Goodness-of-fit was conducted. The test was conducted for categorical data, namely the different categories within the type of businesses. In the case of wine businesses, the Chi-Square Test for Goodness-of-fit was not conducted because only one category (wine producers and bottlers) was chosen to be part of this research.

In the undertaken test, the “Observed N” is the sample while the “Expected N” is what should have been done to reflect the population distribution in terms of strata proportion. The results are presented in Table 4.4

**Table 4.4: Goodness-of-fit (Chi-square test) for proportion of strata of tourism businesses categories**

<b>Tourism businesses</b>			
	Observed	Expected	Residual
Accommodation	13	8.3	4.7
Rural accommodation	47	42.4	4.6
Restaurants	34	42.5	-8.5
Leisure businesses	6	6.8	-0.8
Total	100	100	
<b>Chi-square results</b>	<b>df.=3</b>	<b>X<sup>2</sup> = 5.005</b>	<b>p=0.171</b>

Source: Author

The test results indicated that there were no significant differences in the proportion of the categories of tourism businesses identified in the current sample, as compared with proportion in the population ( $\chi^2=5.005$ ;  $n=100$ ;  $df=3$ ;  $p=0.171$ ). These results mean that the way tourism businesses are distributed in the sample (in terms of their categories) is suitable for the proposed analyses.

With regard the wine businesses, the sample constituted by 100 businesses will allow the researcher to do the proposed inferential statistics.

#### **4.8.4. Selection of businesses and respondents**

As explained in Section 4.8.2, businesses were selected from the sampling frame using systematic random sampling. After the selection of the business, respondents were defined. In this research, the person required to complete the questionnaire was based on the assumption that decisions (in general) are likely to be centred on the owner (particularly in the case of SMEs) or on the manager (e.g. Lohrke et al. 2006; Pansiri 2007). Thus the respondents chosen to participate in this research were owner/managers, as they were likely to be the key decision makers in relation to whether or not to cooperate with other businesses in the future and about the nature of cooperation. Questions were addressed to all the respondents, regardless their past participation in cooperation.

#### **4.8.5. Administration of the questionnaire**

Given the fact that the researcher was not living in the research area and also considering geographical area characteristics (e.g. 200 Kms and difficult roads), and to do the most of the journeys during this process and to increase the response rate, telephone calls were made beforehand to each selected business. The telephone calls had the following purposes. First, to explain the purpose of this study. Secondly, to identify the owner/manger of the business. Thirdly, to evaluate the (potential) availability of the owner/manager to participate in the study. Furthermore, and after the telephone call, an email with an explanation of the purposes the study and confirmation of the request to participate in the study, and a statement thanking the individual for agreeing to participate, was sent to the owner/manager. Each email was individually addressed and included a section assuring respondents of confidentiality. Moreover, and when necessary, several contacts (by email and telephone calls) were made in order to follow up the initial contact.



However, and despite the steps undertaken, the difficulties of collecting data in the region were a major constraint of the data collection process in this research. These difficulties were felt because, first, some people were never available when phone calls were made. Secondly, other respondents did not reply to messages left with other people, despite the several attempts made. Finally, there were some potential respondents that having confirmed their availability to answer the questions when visited (according to defined dates), never showed up.

However, and whenever respondents confirmed their participation in the study, the interview was scheduled according to their availability. As indicated in Section 3.7, data was collected through interview-based questionnaires. Interviews ranged from one hour to two hours in length. Each interview was conducted in situ in the respondents' offices where the selected businesses were located.

The implementation of the questionnaire was undertaken between November 2009 and beginning March 2011. The extended period was caused by the availability issues of the businesses people (and the inherent need to re-schedule the appointments to conduct the interview).

## **4.9 DATA ANALYSIS**

This research adopted quantitative analysis to generate descriptive and inferential findings. This was considered to be the most appropriate way to meet the research objective mainly because it allows not only a “systematic description, factually and accurately, of facts and characteristics of a given population or area of interest” (Pizam 1994), but also to identify and evaluate ‘what causes the behaviour’ (of cooperation) (Finn et al. 2000). Thus, and in accordance, an analytical design was used in this research to identify and analyse the decisions, perceptions, and behaviour of respondents in relation to cooperation in the past and in the future, and the and influences on cooperation operation and outcomes.

Data collected through structured questionnaire was analyzed using SPSS. The next sections will explain the preparation of data for descriptive and inferential analysis, through univariate, bivariate, and multivariate techniques.

#### **4.9.1. Preparing the data for analysis**

Variable and value labels were defined in order to set up the SPSS database, which also included the definition of missing values. In a quantitative approach, preparing the data for analysis includes data cleaning. Hence, the data analysis of this study was also preceded by a cleaning task to identify any errors so that the data could be cleaned and then analysed.

In addition, in this study, preparing the data for analysis also involved dealing with open-ended questions. As explained in Section 3.8, the questionnaire included both open and pre-coded questions. The analysis of open-ended questions was done through data reduction, data display and conclusion drawing/verifying (Miles and Huberman 1994). Data reduction is a continuous process throughout the analysis and refers to the process of selecting, simplifying or transforming the answers (Miles and Huberman 1994). It involves the careful study of the content of the answers and then fitting the answers into a pattern of categories developed after the responses have been studied (Sarantakos 2005). To achieve this, lists of answers were produced in order to observe patterns of response. Although most of the open questions clearly indicated that the respondents should give only one (the main one) motive/reason, some respondents gave two or more reasons. In such circumstances, although all the answers were written by the researcher, only the first reason given was considered for the purposes of the analysis. Then, a two stage coding process was applied. The first stage focused on grouping the answers within a common theme. At this stage an effort was made to reduce significantly the number of categories while maintaining the meaning of the answer. The second stage involved grouping these themes into a few categories so that the information was reduced to a level at which quantitative analysis could be applied. A very important component in quantitative analysis is to guarantee that the data is not stripped from their context (Punch 2005). Using the two stage process allows the

few final categories to be linked to the themes that originated them, maintaining to a certain degree the context of the answers.

In turn, closed-ended questions required diversified data analysis procedures, namely descriptive statistics and inferential statistics. Both, descriptive and inferential analyses are explained below.

#### **4.9.2. Descriptive and Inferential analysis**

Descriptive statistical analysis was used to summarize the data (Barnes and Lewin 2005). For categorical variables (nominal data) the response percentage were produced. For ordinal variables, descriptive statistics and analysis of central tendency measures (mean, median, standard deviation) were produced.

Inferential analysis was conducted with different independent variables, depending on the purpose of the analysis. First, when the purpose is to explore the existence of differences between the respondents' answers regarding their behaviour, their perceptions with regard to advantages, disadvantages and the influences on the decisions in relation to cooperation (close-ended questions) (Chapter 5 and 6) the independent variable to test the null hypotheses is tourism and wine respondents. Secondly, when the purpose is to determine the differences in terms of the likelihood to whether cooperate or not in the future (Chapter 7), the null hypotheses were tested with the independent variables being the factors that have been identified in the literature. These factors are for example, business size age, respondents' personality.

The choice of tests to be used was based on the following requirements (Barnes and Lewin 2005):

- The type of data to be analysed, that is at the nominal (categorical), ordinal, or interval level;
- Number of groups of respondents;
- Independent observations.

Additionally, decisions on the tests to be used also implied a choice between parametric and non-parametric tests. For the purpose of this research, non-parametric tests were chosen. Although these tests are less sensitive, they imply fewer assumptions about the population from which the sample was drawn (Pallant 2010), namely when normal distribution requirements are not met (Barnes and Lewin 2005), which is the case of the present study. Thus, the statistical tests used in this research were: Chi-Square Test for Independence, Mann-Whitney U Test and Kruskal-Wallis test.

The Chi-Square Test for Independence was used for nominal data to verify the existence of statistically significant differences between the two groups of the independent variable (wine and tourism respondents). This test has the following assumptions. First, each case or person must only contribute to one cell in the contingency table. Second, no cell has an expected value of zero. Third, the assumptions of a Chi-Square Test for Independence is that for a 2x2 table no cell should have expected counts below 5, while in larger contingency tables it is accepted that up to 20% of cells could have expected frequencies below 5, but all expected counts should be greater than 1 (Pestana e Gageiro 2000; Barnes and Lewin 2005; Field 2009). When these assumptions were not met, then the Chi-Square test was considered invalid.

Data was analysed making estimations within a 95% confidence level. Thus, when the probability value of 0.05 or less was recorded for hypothesis tests, the null hypotheses were rejected (Pallant 2010). When presenting the results of the Chi-Square Test for Independence, the actual result, the degrees of freedom, the probability value (indicates that the result is a real or a chance result) and the effect size (when significant differences were found and the null hypothesis rejected), namely phi value (2x2 tables) or Cramer's V (larger contingency tables), were presented and analysed. To evaluate the significance of results, the level of 0.05 ( $p < 0.05$  – 'p' stands for probability value) was used throughout this study (based on common convention in the literature) (Barnes and Lewin 2005). As recommended by Pallant (2010) for 2x2 tables the size of the effect is decided according the following criteria: small= $\geq 0.10$ , medium= $\geq 0.30$ , large= $\geq 0.50$ . For

larger tables, different criteria are recommended, depending on the number of categories in rows and columns (two, three or four categories). Thus, depending on the number of categories, the suitable criterion is chosen and effect size value always indicated when appropriate.

When testing hypotheses that relied on ordinal data, the Mann–Whitney test (2 groups) and Kruskal-Wallis (three or more groups) tests were applied. Also, descriptive statistics (frequency, mean and median values) were presented. Similar to the Chi-Square Test, when the probability value is  $<0.05$  or less, and the null hypothesis was rejected, the effect size of the significant differences were presented. For Mann-Whitney tests the effect size ( $r$ ) is calculated based on the following formula (Pallant 2007; Field 2011):  $r = z / \text{square root of } N$  where  $N$ =total number of cases. Effect size results are reported according to Cohen's (1988 cited Pallant 2010; Field 2009) criteria of 0.1=small effect; 0.3=medium effect, 0.5=large effect.

In order to interpret the results of the analysis of the Likert type scale data, when the mean was being used in a descriptive way, a zoned scale of averages (Vaughan 2007) was used to evaluate whether the likely decision was to cooperate or to not cooperate with businesses (wine/tourism).

### **4.9.3. Multivariate analysis**

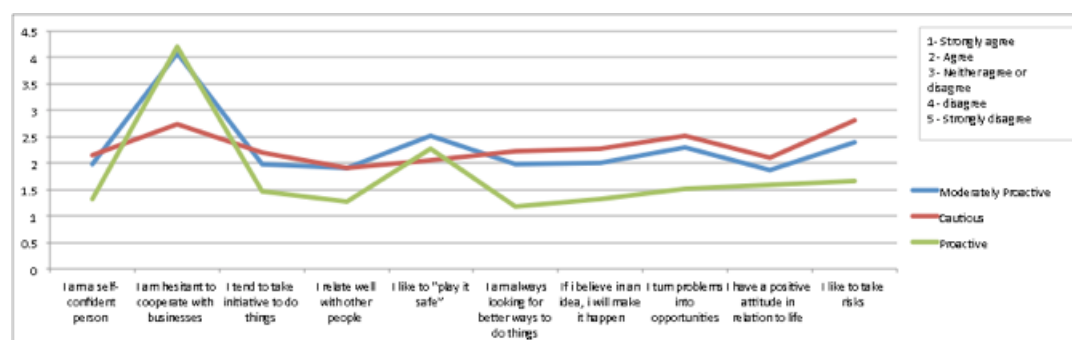
In order to group respondents into categories (Pestana and Gageiro 2000), with respect to personality traits, a Hierarchical Cluster Analysis was applied using the statistical program SPSS (version 18). Cluster Analysis is not an inferential test and it does not aim to estimate population parameters (O'Donoghue 2012). It is an exploratory data analysis tool concerned with 'discovering groups in data' (Everitt et al. 2011) and with the organization of the observed data (e.g. people) into meaningful groups, or clusters (Timm 2002).

In this research, a Hierarchical (agglomerative) Cluster Analysis was run because it is used to find relatively homogeneous clusters of cases based on measured

characteristics, allowing their classification without prior knowledge about which elements belong to which clusters (O'Donoghue 2012). This technique “generates a sequence of cluster solutions beginning with clusters containing single object and combines objects until all objects form a single cluster” (Timm 2002, p. 522-23). In addition, a Hierarchical (agglomerative) Cluster Analysis is a technique that allows the researchers to choose how many clusters should be recognized (based on the inherent structure of the cluster hierarchy and the purposes of the research) (O'Donoghue 2012).

The Hierarchical Cluster Analysis in this research was run on 200 cases, each responding to a set of 10 statements on personality traits (Likert type scale) on their level of agreement to each statement. The level of agreement ranged from 1- Strongly agree and 5- Strongly disagree. A Hierarchical Cluster Analysis was run based on Ward's method. Although distance can be measured differently (O'Donoghue 2012; Vincze and Mezei 2011), in this research, the ‘Squared Euclidean Distance’ index was used, assuming that the variables considered are independent. This Cluster Analysis created a tree diagram or dendrogram (Timm 2002) and three clusters were identified: proactive, moderately proactive and cautious. The variables used for the typology were selected based on the literature review and the relevance for this research. The three identified groups and their mean scores (ranging from 1-Strongly agree and 5- Strongly disagree) are presented in Figure 4.6.

**Figure 4.5: Groups of respondents based on the personality variable (Hierarchical Cluster Analysis)**



Source: author

A cluster analysis allows subsequent analysis on the clusters as groups (O'Donoghue 2012). Thus, in this research, the results of Cluster Analysis were used with a twofold purpose. First, to analyse if wine and tourism owners/managers differed in relation to their personality. Second, it was used to test whether the personality of respondents (across the different groups based on the different personality traits) was related to the decision to whether cooperate or not with other businesses (wine/tourism).

## **4.10 EVALUATION OF THE METHODOLOGY ADOPTED**

This section evaluates the methodology, the methods and procedures adopted in terms of their adequacy to meet the aim and objectives of the current research. First, the section evaluates the positivist perspective and the adoption of a quantitative research approach. Second, an evaluation of the questionnaire is provided. Third, data collection process, the sample size and sampling procedures are evaluated. This evaluation is done based on the assumption that reliability and validity criteria are met, about which a brief explanation is provided.

### **4.10.1. Reliability and validity**

Reliability is about consistency of the results obtained from a measuring instrument (Finn et al. 2000) and whether they can be interpreted consistently across different situations (Field 2009). Consistency, in turn, can be assessed in terms of internal consistency, that is the “extent to which the items are consistent with each other, or all working in the same direction” (Punch 2005; p. 95). In other words, it is concerned with the question whether the measures that are devised for the concepts to be measured are consistent (Bryman 2004). Validity, in turn, is whether a measuring instrument measures what it is supposed to measure (Finn et al. 2000; Punch 2005). Content validity was measured through content (Punch 2005) and external validity (Finn et al. 2000; Bryman 2004). Whereas content validity focuses on whether the full content of a conceptual definition is represented in the measure (Punch 2005) and the extent a specific set of items reflects a content domain (DeVellis 2003) external validity refers to the extent to

which the results can be generalised beyond the specific research context (Finn et al. 2000, Bryman 2004).

#### **4.10.2. The research approach adopted**

This study could have adopted a quantitative, qualitative or mixed methods approach. A quantitative approach would provide objective descriptive estimates of the extent of cooperative behaviour in the past, present and future, of the influences on cooperation behaviour, and of the nature and outcomes of decisions on cooperation. A quantitative approach would also provide for inferential statistical analyses of whether there was an association/difference, or not, between wine and tourism respondents and the influences on cooperative behaviour and the behaviour itself. Importantly a quantitative approach also allows for statistical testing to provide information on the extent to which the results recorded are reliable and therefore were not by chance.

A qualitative approach would have enabled an in depth understanding of the influences on cooperative behaviour as it focuses on the meaning of words, rather than quantification (Bryman 2004), and on the texture, feeling and issues of richness of raw data (Neuman, 2006). However, a qualitative approach, while it could have provided more depth in terms of understanding motivations and attitudes, would not have provided any quantification of the extent of cooperative behaviour nor any objective measurement of the relative importance of the influences on cooperative behaviour.

A mixed method approach, that combined quantitative and qualitative research, would provide the outcomes in terms of findings of both the quantitative and qualitative approaches. However, it would have considerably increased the workload and therefore, considering that a quantitative approach on its own would provide valid and new answers that substantially increased comprehensive understanding of cooperation in the Douro Valley, undertaking a mixed methods approach was not considered as being required to meet the aim and objectives of this study.



Thus, given the aims and objectives of the study, a quantitative approach was adopted. It provided an efficient and effective way of meeting the aim and objectives of the study as they required an objective quantification of the nature and extent of cooperation between the tourism and wine industries in the Douro Valley and of the relative importance of the motivations/attitudes behind that cooperation. In addition, there was also a requirement to establish whether there were differences between the tourism and wine industry decision makers in terms of their attitudes towards cooperation and whether any results indicating the presence, or not, of such differences were reliable. Thus, overall adopting a positivist quantitative approach was selected because it would meet the aim and objectives of the research while also providing an objective evidence-based set of new findings for academics, the industry and policymakers.

In further research though, that builds on the foundations of this study, qualitative or mixed-methods strategies are likely to be considered.

A detailed explanation of what has been done as been given in above and its evaluation in terms of adequacy to meet the objectives of the study and the validity and reliability criteria will be evaluated in the next sections.

This research used a survey as the research design based on a structured questionnaire and data was collected through face-to-face interviews, which enhanced the response rate. Given the length of the questionnaire, the presence of the interviewer also contributed to improve the level of validity of data by explaining what was required when necessary (Saunders et al., 2007). In addition, this approach allowed the collection of information in great detail from a large number of units (owner/managers of wine and tourism businesses in the Douro Valley), allowing statistical comparison of the data. Consequently, the general research hypothesis of this research was tested and explanations provided. In common to Lackey's et al. (2002) research design, the survey was designed to be anonymous to help ensure that respondents did not have to worry about their answers affecting relationships, not only with other businesses, but also with public and sectorial organisations in the region.

### 4.10.3. The questionnaire

The questionnaire was piloted. The piloting of the questionnaire had an impact on the research because it enabled to check whether the expected pattern of answering was being provided, if questions were clear to respondents and which aspects needed to be improved or readjusted. A clear questionnaire allowed a smooth flow during the interviews. This was critical considering the questionnaire length (fourteen pages), the time needed to answer all the questions and the fact that the respondents were Portuguese owners/managers of SMEs that sometimes show reluctance to participate in this kind of study, which has also been referred in Sub-section 4.8.3.

The questionnaire used in this research included not only closed-ended questions, but also a series of open-ended questions. These two types of questions were used with two main purposes. First, to test the general underlying hypothesis that cooperation is influenced by a set of factors (context, business and individual-related objectives, and characteristics of participant businesses, of decision maker and of partners). The information was drawn from the literature and informed the closed-ended questions. Second, and with regard to open-ended questions, they were also used in this study to ensure that respondents had the opportunity express their opinions (Fuller-Love and Thomas 2004), providing a greater understanding of the perceptions of owners/managers in relation to the subjects aimed to be studied, namely, their past decisions behavior, the influences on their decisions and the perceived outcomes of cooperation, when the decision was to cooperate. Moreover, this type of question also allowed the understanding of their intentions on whether to cooperate, or not, in the future, and the characteristics of potential cooperation in the future. The themes identified when coding open-ended questions were based on the literature review, namely in the terms and sentences that were previously identified in the literature. Therefore, it has been demonstrated that the anticipated factors influencing their decisions and outcomes are consistent with the close-ended questions, demonstrating the content validity of this study.

In addition and also with the concern to guarantee the reliability and validity issues, questions and their content were submitted to academics (supervisors) who have already conducted research in several areas, including cooperation. In addition, and given that all the measures used were drawn from publications in English (no versions in Portuguese were used as the available ones were also based on English publications), an accurate translation into Portuguese was considered of most importance. Thus, after the translation of questions (of the questionnaire) by the researcher, Portuguese questions were later checked by bilingual academics with national and international experience in several areas of investigation, including cooperation. A pilot study was undertaken to ensure translation precision and accuracy. This pilot study was conducted using face-to-face interaction and this allowed the assessment of the length of the questionnaire, and its readability, as well as the clarification of questions and highlighted issues with the wording of questions.

#### **4.10.4. Sampling procedures and data collection**

Sampling and data collection is of major importance in guaranteeing the quality of the research, allowing for replication and generalizability of the results. Details of the sampling procedures and data collection have already been described in Chapter 4 (Section 4.8). Some of the implications of the methods selected are explained next.

The sample of this study includes two types of businesses, wine and tourism, as indicated in Chapter 4 (Section 4.8.1). For the purposes of this research, a category of wine businesses was selected to be part of the sampling frame of wine businesses. This category was wine producers and bottlers and it was chosen because apart from being producers, they have sole responsibility of the bottled wine and they sell it on the market. In turn, in the case of tourism businesses, four types of tourism businesses were selected from the sampling frame to be part of this study, namely accommodation (hotels and rural tourism establishments), restaurants and leisure businesses. The target population did not include those tourism-related businesses for which their business activity is based on

intermediation. Given the existence of different categories, in the case of tourism a stratified sample, selected on a random basis was adopted, which provides good conditions for generalizability of the results (Sekaran 2003, Neuman 2006). As referred to above, external validity refers to the extent to which the results can be generalised beyond the specific research context (Finn et al. 2000, Bryman 2004). Thus, a random sampling procedure was used to guarantee representativeness and generalizability of the results to the population from which the sample was drawn (Sekaran 2003; Bryman 2004; Neuman 2006). The procedures used are described in more detail in the Methodology chapter (Chapter 4, Section 4.8.2).

The respondents were interviewed without the researcher knowing their participation in past cooperation initiatives. Although it might be considered a limitation because one of the objectives of the study was to understand their past experience to characterise the overall situation in the Douro Valley and to test whether their consideration in terms of being a successful or unsuccessful cooperation would have, or not, an influence in the decision and on cooperation, it is not considered as such by the researcher. The reason is because one of the objectives was to understand if cooperation occurs in the Douro or not, obtaining data about the non-occurrence of cooperation in the Douro Valley would still be in accordance with the research's objectives. Also, by interviewing all the selected respondents, it allowed the examination of the perceptions not only of those who had cooperated already, but also of those who had not and the understanding of the reasons for such behavior. By doing this, another objective of the research was met: the identification of the factors that influence the decision to not cooperate. In addition, by interviewing all the respondents, even those respondents who had not cooperated in the past, it was possible to establish the intention to cooperate in the future and the potential characteristics of cooperation (in the future). Moreover, as the sample of this study is a representative sample of tourism and wine businesses operating in the Douro Valley in terms of their typology/categories, enhanced the ability to infer to the population of wine and tourism businesses in the region. Further, obtaining information from all the respondents facilitates the generalization of the findings to other businesses operation in similar contexts, specifically in wine and tourism industries operating in rural areas.

The final sample was of 200 businesses. Being a sample of 100 of tourism businesses, it represents 51% of the population. In the case of wine businesses, 100 businesses represent 39% of the population. Although it can be argued that 200 businesses is a small sample, it allowed the collection of a sufficient amount of comparable data from each respondent and was a sufficiently large sample to do the relevant statistical analysis to meet the aim and objectives of this research. It is also in accordance to what has been suggested by Neuman (2006) that for small populations (under 1000) a sampling proportion of about 30% is acceptable.

The data collection process was rather difficult and time consuming because of the reluctance/unwillingness of the owners/managers to participate in the study. However it can be assured that only the decision makers were interviewed. Thus, and given that owners/managers were considered to be the right respondents for this research, several contacts were made with most of the sampled businesses to guarantee that only owners/managers were the respondents. Being able to interview the decision makers of the wine and tourism industries, that is, owners/managers, guarantees that the findings do reflect the perceptions of those who are/will be responsible for making cooperation decisions, which ensures that the data reflects the views and experiences of the target population, contributing to this research's reliability and validity. Nevertheless, in this study only the perspective of the interviewee is being taken into account. In this study, respondents were only asked to indicate their business partner. Thus, for future research, and being able to identify the partners also involved in the examined cooperation, their perspective should also be considered and examined.

#### **4.11 EVALUATION OF THE ANALYTICAL PROCEDURES**

This section evaluates the analytical procedures adopted in terms of their adequacy to the attainment of the aim and objectives of this study. A quantitative analysis has been adopted to generate information and to uncover potential differences between the independent variables. Univariate, bivariate and multivariate analyses were adopted and are explained below.

#### 4.11.1. Univariate and Bivariate Analysis

Univariate analysis (mean, median and frequency) was used to obtain descriptive information. Additionally bivariate analysis has been used, mainly to test the null hypothesis that there were no differences between the groups composing the independent variables. In this study, independent variables varied according to the objectives of the analysis, as explained in further detail in Chapter 4 (Methodology). When data was categorical, Chi-square for Independence was used. Nevertheless, when the minimum expected count requirement (e.g. expected frequency in each cell should be of 5 or more in a 2 by 2 table) was not sufficient the test results are not presented (Chapter 5, Section 5.4.2, Table 5.33). Although the respondents' answers could have been grouped into fewer groups of answers to allow for the running the test, it could also contribute to potential loss of some of the specific information.

With ordinal data, the Mann-Whitney or Kruskal-Wallis tests were used. Given the characteristics of the data (lack of normality of distribution) and also the characteristics of non-parametric tests (have fewer assumptions) (Pallant 2007; Field 2009), nonparametric tests were considered to be more appropriate in this research.

The criterion of 95% confidence, or a 0.05 probability was used in this research for rejecting the null hypotheses as has been accepted in research method literature as useful level for confidence (e.g. Pallant 2007; Field 2009). Thus, only when the level of confidence was 95% the hypothesis was not rejected (Field 2009). If a significance value of, for example, 0.01 was chosen, it would have reduced the probability of making a Type II error (when the null hypothesis is not rejected when, in fact, should have been). However, a lower significance value (0.05 as adopted in this research) provides a stronger indication for rejecting the null hypothesis and therefore reduced the probability of making a Type I error (null hypothesis is rejected when, in fact, it should have not have been rejected). In other words, by adopting a low significance value, the probability of making Type II

error was reduced. Subsequently, 0.05 was considered the appropriate significance level to adopt in this research.

However, and in the particular case of Kruskal-Wallis and when significant differences were found, Mann-Whitney U tests were performed to identify in which groups the differences were. In this case, and as indicated by Pallant (2010), a Bonferonni adjustment was applied. Thus, instead of considering  $p=0.05$  as the significance level, a significance alpha of 0.017 ( $0.05/3$ ), was used. The number 3 is the number of the Mann-Whitney U tests that would be done for the purposes of each analysis. In this study, in all the situations where Bonferonni adjustment was applied, 0.017 was always used as the criteria for determining if there were or not significant differences.

#### **4.11.2. Multivariate analysis**

Multivariate analysis, more specifically Hierarchical (agglomerative) Cluster Analysis was used in this study with regard to the personality variable. This technique allowed the identification and classification of three types of respondent (based on their personality traits). As a result of the analysis, it was possible to determine if the decision to cooperate in the future was related, or not, to the personality of the respondents.

Although the researcher had initially pondered doing a Principal Component Analysis to identify patterns of data and to reduce the number of dimensions without losing too much information, it was considered unnecessary given the deductive approach and that the content of the questions was informed by previous research identified in the literature review.

#### **4.12 CONCLUSION**

This chapter has presented the conceptual framework, the research aim, the objectives, the research questions and the underlying research hypothesis. It has also set out the research methodology and methods adopted in this study. Particular

attention was given to the research process, specifically questionnaire design, sampling procedures, and data analysis, namely the selection of the statistical procedures adopted. An evaluation of the methodology, methods and procedures considering its adequacy in the attainment of the aim and objectives was also provided.

This research has adopted a positivist stance, thus a quantitative analytical approach was adopted, with data being collected through a survey, based on an interview-based questionnaire filling. The research was conducted in the Douro Valley in the North of Portugal. In total, 200 (100 of tourism and 100 of wine respondents) questionnaires were obtained. Data was analysed with SPSS based on descriptive and inferential statistics. Different types of independent variables were taken into consideration, depending on the objectives of the analysis. This chapter has also provided an evaluation of methodology, methods, and analytical procedures that were adopted in this study in terms of their adequacy in the attainment of the aim and objectives of the study.

The next chapter presents behaviour-related findings of this study, focusing on the cooperation behaviour and experience of wine and tourism respondents in the past and the intention to whether cooperate, or not, in the future with other wine and tourism businesses in the future. Based on these findings, an emphasis will be given in the next chapter to cooperation (the characteristics and nature of cooperation) in the Douro Valley (in the context of wine and tourism industries).



## **CHAPTER 5 – INTER-BUSINESS COOPERATION IN THE DOURO VALLEY**

### **5.1 INTRODUCTION**

This chapter begins by providing profiles of the tourism and wine respondents and the characteristics of businesses that were part of the study. Secondly, the chapter examines the decisions and the subsequent behaviour of owners/managers of wine and tourism businesses in relation to past cooperation. The chapter then analyses the characteristics of any resulting cooperation before examining the perceived outcomes of cooperation. Then, an evaluation of the perceived outcomes by the respondents is provided. The chapter then moves to providing the results regarding respondents' participation in any unsuccessful cooperation. Next, the chapter presents and analyses potential cooperation decisions in the future, together with some of the elements that characterise the nature of the potential cooperation, if it will potentially occur in the future. The chapter finishes by highlighting the main findings that characterise the overall situation of cooperation in the past and in the future in the Douro Valley.

The past refers to the three years prior to the interview taking place. Three years period was chosen because those businesses that have cooperated would have the time to realize of cooperation results. Also, because all the respondents would still be able to recall their decisions and behaviour. The future, in turn, refers to the intention/likelihood in relation to cooperating in the next three years after the interview took place. The results are examined in terms of the decisions on whether to cooperate, or not, with other wine and tourism businesses. As indicated in Chapter 2 (literature review), cooperation occurring in the same industry or at the same level of production is known as horizontal cooperation. In turn, when cooperation occurs between businesses operating in different sectors or industries, it is known as inter-sectoral or diagonal cooperation.

## **5.2 CHARACTERISTICS OF THE BUSINESSES AND THE PROFILE OF THE RESPONDENTS**

This section provides a description of the characteristics of the businesses and the profile of the respondents. The characteristics of the business refer to ownership, to their main markets, to the source of turnover, to the business age (number of years the wine and tourism businesses had been in existence), and to the size. The characteristics of the respondents, in turn, refer to age, gender, educational background, position in the enterprise, experience in working in the position they currently held, experience in the business, and previous experience in the industry.

Knowing these characteristics is important in for three reasons. First, it is important to have a better understanding of the business and individual contexts in which decisions in relation to cooperation are made. Second, and although the respondents and the respective businesses that participated in this study are of two distinct industries, it is relevant to determine if there are statistically significant differences.

### **5.2.1. The Businesses**

The most frequent type of ownership in the sample of businesses was a partnership (Table 5.1). The business being a partnership was more likely to be the case for wine businesses than for tourism businesses as determined by the Chi-Square Test for Independence which returned a statistically significant value of  $p=0.000$ , with Cramer's V indicating a small effect size (0.287). Given the significance level of less than 0.05, the null hypothesis that there were no significant differences between the answers of respondents, was rejected. In turn, the alternative hypothesis (that there were significant differences) was accepted.

In turn, and although there were more independent businesses in total, overall in terms of ownership (87% in total), tourism businesses were more likely to be independently owned than wine businesses. This difference was significant

( $p=0.012$ ) with a small effect size ( $\Phi=0.178$ ). Therefore the null hypothesis (that there were no significant differences between the answers of respondents) was rejected. In turn, the alternative hypothesis (that there were significant differences) was accepted.

**Table 5.1: Ownership of wine and tourism businesses**

	Tourism		Wine		Total	
Ownership	n	%	n	%	n	%
Individual	41	41	24	24	65	32.5
Partnership	51	51	47	47	98	49.0
Other	8	8	29	29	37	18.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 16.528$ d.f. = 2 p = 0.000 Cramer's V = 0.287						
Independent/Part of a group	n	%	n	%	n	%
Independently owned	93	93	81	81	174	87.0
Part of a group	7	7	19	19	26	13.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 5.349$ d.f. = 1 p = 0.012 $\Phi = 0.178$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

In addition, and as shown in Table 5.2, the Portuguese market was the main market (73% in total) for both wine and tourism businesses. Nevertheless, significant differences were found ( $p=0.002$ ) with a small effect size (Cramer's V = 0.250), because tourism businesses were more likely to sell their products/services to the Portuguese market, than wine businesses. In the case of wine businesses, only a few indicated other markets ( $n=17$ ). In this case, the other main markets were USA, Brazil, Canada and Angola. In the case of the tourism businesses, only 3 indicated another market (USA) where they sell their products/services. In these cases, given that the significance level was less than 0.05, the null hypothesis (that there were no significant differences between the answers of respondents), was rejected. The alternative hypothesis (that there were significant differences) was therefore accepted.

Statistically significant differences ( $p=0.000$ ) with a large effect size ( $\Phi=0.813$ ) were found between wine and tourism businesses with regard to how they sell their

products. Tourism businesses were more likely to sell directly to the end customer (86%), whereas wine businesses were more likely to sell essentially through intermediaries (95%), as indicated in Table 5.2. These intermediaries were wine distributors, importers/exporters, wholesalers and wine retailers. The null hypothesis that there were no significant differences between the answers of respondents was rejected. In turn, the alternative hypothesis regarding the existence of significant differences was accepted.

**Table 5.2: Markets/sources of turnover of wine and tourism businesses**

	Tourism		Wine		Total	
	n	%	n	%	n	%
<b>Main markets (by turnover value)</b>						
Portugal	82	82	64	64	146	73
European Union	15	15	19	19	34	17
Other	3	3	17	17	20	10
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b>	$\chi^2 = 12.490$ d.f. = 2 p = 0.002 Cramer's V = 0.250					
<b>Source of turnover</b>	n	%	n	%	n	%
End customer	86	86	5	5	91	45.5
Intermediary	14	14	95	95	109	54.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b>	$\chi^2 = 129.045$ d.f. = 1 p = 0.000 Phi = 0.813					

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

As indicated in Table 5.3, the businesses in the sample had been set up in the region for 18 years on average (overall mean value calculated based on the original interval type scale) (Table 5.3). Transforming the business age into a categorical variable with 3 groups, gives results that demonstrate that in total, 75.5% of the businesses had been operating for less than 19 years. However, the Chi-Square Test for Independence used to compare the number of years that the wine and tourism businesses had been in existence (to test the null hypothesis that there were no significant differences) returned a statistically significant value of  $p=0.000$ , with Cramer's V indicating a medium effect size (0.373). The difference is that tourism businesses (28%) were likely to have been set up more recently than wine businesses. For tourism businesses the mean age was 10 years (rounded up to a whole year) and for wine businesses, the mean age was 27 (rounded up to a whole

year). Given that the significance level ( $p$ ) is less than 0.05, the null hypothesis was rejected and the alternative (that there were significant differences) was accepted.

**Table 5.3: Number of years the wine and tourism businesses had been in existence**

	Tourism		Wine		Total	
Business age	n	%	n	%	n	%
<5 years	28	28.0	9	9.0	37	18.5
5-19 years	62	62.0	52	52.0	114	57.0
>20 years	10	10.0	39	39.0	49	24.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b>	$\chi^2 = 27.797$ d.f. = 2 $p = 0.000$ Cramer's V = 0.373					
<b>Mean</b>	<b>9.994 (8.971)</b>		<b>26.990 (33.42)</b>		<b>18.492(25.85)</b>	

The businesses were essentially micro businesses, as in total, 72% of the businesses had fewer than 10 employees, followed by small businesses (20.5% had more than 10 and less than 50 employees). On average, the businesses had 15 all year full time employees (overall mean value calculated using the original interval type scale). As indicated in the literature the definition of SMEs adopted in this research was the definition based on the recommendation of European Commission based on the number of (full time) employees. Micro businesses have <10, Small businesses have < 50 and Medium businesses have <250, as presented in Table 5.4.

**Table 5.4: Size of wine and tourism businesses**

Size (all year full time employees)	n	%	n	%	n	%
<10 (micro)	81	81	63	63	144	72
10-49 (small)	15	15	26	26	41	20.5
50-249 (medium)	4	4	11	11	15	7.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b>	$\chi^2 = 8.468$ d.f. = 2 $p = 0.014$ Cramer's V = 0.206					
<b>Mean</b>	<b>7.99 (13.408)</b>		<b>21.9 (44.235)</b>		<b>14.95 (33.34)</b>	

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Statistically significant differences were found ( $p=0.000$ ), with a small effect size (Cramer's V = 0.206) because tourism businesses were more likely than wine

businesses to have less than 10 employees (micro). In turn, there were more wine businesses that would be classified as being small (10-40 employees) and medium (50-249 employees). Accordingly, and as significance level ( $p$ ) is less than 0.05, the null hypothesis (that there no differences between wine and tourism businesses) was rejected and the alternative (that there were significant differences) was accepted.

### **5.2.2. The respondents**

The profiles of the respondents in terms of their position in the business and their experience in this position are presented in Table 5.5.

The results revealed that 59.5% of the respondents were owners and 40.5% managers. Significant differences ( $p= 0.010$ ) with a small effect size ( $\Phi= 0.194$ ) were found when conducting the Chi-Square Test for Independence in relation to the position of the tourism and wine respondents. Thus, the null hypothesis (that there were no differences between the answers of respondents) was rejected and the alternative hypothesis (that there were significant differences) was accepted. The difference is that the respondents from tourism businesses were more likely to have been the owner than the respondents from the wine businesses.

Most of respondents had become either the owner or the manager in the last 20 years prior to the interview. On average, and based on the overall mean value (calculated based on the original interval types scale), the respondents of the wine and tourism businesses had been working in the position of owner/manager for 8 years. In order to determine if there were differences between the answers of respondents, the null hypothesis (there were no significant differences) was tested by performing a Chi-Square Test for Independence. The results indicated that wine and tourism respondents differed significantly ( $p=0.028$ ) with a small effect size (Cramer's  $V= 0.189$ ) in terms of their experience in working as owners and/or as managers. This difference is that tourism respondents had less years of experience (44%) as owners and/or as managers than wine respondents (26%). Thus, the null hypothesis (that there were no significant differences between wine and tourism

respondents regarding their experience in the position) was rejected. In turn, the null hypothesis (that there were significant differences) was accepted.

**Table 5.5: Position in the business of respondents of wine and tourism businesses**

<b>Position in the business</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>
Owner	69	69	50	50	119	59.5
Manager	31	31	50	50	81	40.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 6.723$ d.f. = 1 p = 0.010 Phi = 0.194						
<b>Experience in working in this position</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>
< 5 years	44	44.0	26	26.0	70	35.0
5 – 19 years	49	49.0	64	64.0	113	56.5
> 20 years	7	7.0	10	10.0	17	8.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 7.149$ d.f. = 2 p = 0.028 Cramer's V = 0.189						
<b>Mean</b>	<b>7.06 (6.065)</b>		<b>9.48 (8.6754)</b>		<b>8.27 (7.564)</b>	

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

With regard to their age, the owners/managers of the tourism and wine businesses were likely to be relatively young (Table 5.6): 68% were less than 50 years old and the mean age for tourism business respondents was 45 and for wine business respondents 44. The overall mean age for the respondents of wine and tourism businesses was 48. In order to test the null hypothesis that there were no significant differences), a Chi-Square Test for Independence was conducted. No statistically significant difference was found between the respondents from the two industries in terms of age of respondents. Thus, the null hypothesis was not rejected.

Overall the owners/managers of wine and tourism businesses were more likely to be males (75% in total), than females (Table 5.6) and there was no statistically significant difference in their gender by industry (the significance level (p) is more than 0.05).

As is also shown in Table 5.6, the owners/managers of wine and tourism businesses were more likely to have been educated at higher education level (65.5% in total). Nevertheless, there were more respondents from wine businesses

having achieved a higher-level education (84%) than tourism respondents. These differences were statistically significant ( $p=0.000$ ) with a medium effect size (Cramer's  $V= 0.389$ ). Therefore, the null hypothesis (there were no differences) was rejected and the alternative hypothesis (there were significant differences) was accepted.

**Table 5.6: Age, gender and educational background of respondents of wine and tourism businesses**

	Tourism		Wine		Total	
Age	n	%	n	%	n	%
<= 30 years	13	13	12	12	25	12.5
31-49 years	52	52	59	59	111	55.5
+50 years	35	35	29	29	64	32.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 1.044$ d.f. = 2 $p = 0.593$						
<b>Mean (standard deviation)</b>	<b>44.9 (13.596)</b>		<b>43.66 (12.51)</b>		<b>44.28 (13.05)</b>	
Gender	n	%	n	%	n	%
Male	71	71	79	79	150	75
Female	29	29	21	21	50	25
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 1.307$ d.f. = 1 $p = 0.253$						
Educational background	n	%	n	%	n	%
Pre-Higher education	53	53.0	16	16.0	69	34.5
Higher education	47	47.0	84	84.0	131	65.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 28.676$ d.f. = 1 $p = 0.000$ Cramer's $V = 0.389$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

On average (overall mean value), the wine and tourism respondents had been working in the business for 9 years (rounded up to a whole year) by the time that the interview took place) (that might not have been necessarily the same time as they were owning/ working as managers). Transforming the number of years that respondents had been working in the business and in the industry into categorical variables, into 3 types, show that a high proportion of the owners/managers of wine and tourism businesses were likely to have been working in the business and in their respective industries for less than 20 years in total. However, the results of a Chi-Square Test for Independence conducted to test the null hypothesis (that



there was no significant difference between wine and tourism respondents) indicate while no significant differences were found between wine and tourism respondents with regard to their experience (years working in the business) in the business ( $p=0.045$ ), significant differences were found ( $p=0.015$ ) with a small effect size (Cramer's  $V=0.205$ ) between the distribution of the respondents with regard to their experience in the industry. The owners/managers of wine and tourism businesses were likely to have differences in their years of experience in their industries, as shown in Table 5.7. The null hypothesis was rejected and the alternative hypothesis (there were differences) was accepted.

**Table 5.7: How long respondents of wine and tourism businesses have been working in their businesses and industries**

	Tourism		Wine		Total	
<b>Experience in the business (how long have been working in the business)</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>
< 5 years	43	43.0	27	27.0	70	35.0
5 - 19 years	49	49.0	59	59.0	108	54.0
> 20 years	8	8.0	14	14.0	22	11.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2=8.219$ d.f. = 2 $p=0.045$						
<b>Mean (standard deviation)</b>	<b>7.42 (6.33)</b>		<b>10.31 (9.266)</b>		<b>8.867 (8.045)</b>	
<b>Experience in the industry (how long have been working in the industry)</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>
< 5 years	22	22	11	11.0	33	16.5
5 -19 years	61	61.0	57	57.0	118	59.0
> 20 years	17	17.0	32	32.0	49	24.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2=9.394$ d.f. = 3 $p=0.015$ Cramer's $V=0.205$						
<b>Mean (standard deviation)</b>	<b>11.34 (9.319)</b>		<b>16.74 (12.818)</b>		<b>14.04 (11.50)</b>	

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Summing up, overall, wine and tourism businesses are mainly independently owned and legally established as partnerships. They are essentially micro (and small) and are in operation for less than 20 years. Although they sell their products to international markets, their main market is national. Given their specificities of the industries, when it comes to selling their products, the intermediaries assume an important role essentially for wine businesses. In turn, respondents were, overall, mainly owners working in their businesses and in their respective

industries for less than 20 years. They are essentially relatively young males (< 50 years old) with higher education.

This data is important for two main reasons. First, and considering the key role of owners/managers in making decisions, it will help to understand the characteristics of the decision makers and the business context in which cooperation decisions were made in the past. Second, as referred above, these factors will be examined in terms of their (potential influence) in the likelihood to whether cooperate, or not, in the future.

### **5.3 DECISIONS AND BEHAVIOUR IN THE PAST**

Wine and tourism respondents were asked if they had considered cooperating with wine and tourism businesses in the past (the three years prior to when the interview took place) and if they had actually cooperated with other businesses from their own industry (for example a wine business with another wine business) or from the other industry (e.g. a wine business with a tourism business). The results are presented firstly in respect of horizontal cooperation (cooperation in the same industry), and secondly, in respect of diagonal cooperation (cooperation with a businesses from the other industry).

#### **5.3.1 Consideration, decisions and behaviour relating to horizontal cooperation**

The results in Table 5.8 show that the idea of cooperating horizontally had been considered in the past by the majority of the owners/managers of wine and tourism businesses in the Douro Valley (88.5%). However, statistically more wine respondents had considered horizontal cooperation than tourism respondents as shown by the statistical significance value ( $p=0.027$ ). Thus, the null hypothesis (that there were no significant differences) was rejected and the alternative hypothesis (there were differences) was accepted.

**Table 5.8: Considered cooperation with businesses horizontally**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	83	83	94	94	177	88.5
No	17	17	6	6	23	11.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 4.913$ d.f. = 1 p = 0.027 Phi=-0.172						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The respondents were then asked if they had indeed cooperated previously. As shown in Table 5.9, three quarters of the wine and tourism respondents had already cooperated horizontally in the past. There were no statistically significant differences between tourism and wine businesses in terms of their horizontal cooperation activities in the past. Accordingly, the null hypothesis that there were no significant differences was not rejected.

**Table 5.9: Horizontal cooperation in the previous 3 years**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Have already cooperated	73	73	80	80	153	76.5
Have not cooperated	27	27	20	20	47	23.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 1.001$ d.f. = 1 p = 0.317						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

### 5.3.2 Consideration, decisions and behaviour relating to diagonal cooperation

Respondents were then asked the same questions in terms of diagonal cooperation with businesses from an industry different to their own. Far more respondents (84% in total) had considered cooperating diagonally, than those who had not (Table 5.10). Again there was no difference between tourism and wine businesses. Thus, the null hypothesis (there were no significant differences) not rejected.

**Table 5.10: Considered cooperation with businesses diagonally**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	79	79	89	89	168	84.0
No	21	21	11	11	32	16.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 3.013$ d.f. = 1 p = 0.083						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

As in the case of horizontal cooperation, the results indicate that diagonal cooperation has also occurred in the Douro Valley in the past and overall, as presented in Table 5.11, overall more respondents (61.5%) had already cooperated diagonally than those who had not. Again there was no statistically significant difference between wine and tourism businesses in regard to their engagement in diagonal cooperation. Therefore, the null hypothesis (that there were no significant differences) not rejected.

**Table 5.11: Diagonal cooperation in the previous 3 years**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Have already cooperated	60	60	63	63	123	61.5
Have not cooperated	40	40	37	37	77	38.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 0.190$ d.f. = 1 p = 0.771						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

These results presented indicate that wine and tourism businesses had already cooperated horizontally and diagonally in the past. However, it is apparent that more respondents had considered cooperating than had cooperated in practice indicating that initial consideration of cooperation was not necessarily translated into action in every case. Therefore, to understand why those respondents who had considered the idea of cooperating but had decided not to do so had arrived at that decision, they were asked to indicate the main reasons for their decision. These findings are described and analysed next.

### 5.3.3. Reasons for not cooperating in the past

Although only a small number of respondents answered this question (Table 5.12), the results are considered important as they contribute to the understanding of the decision not to cooperate.

Overall, the reasons given by respondents for not cooperating were grouped into two main types of reasons. As shown in Table 5.12, the most often cited type of reason, indicated by 57.9% of respondents, was that cooperation was of no interest to them or to their businesses. The second reason mostly commonly given by 42.1% of respondents was related to the attitudes and behaviour of people in the other business such as individualism and opportunistic behaviour. There were no statistically significant differences between tourism and wine businesses in terms of their reasons for not having cooperated at an horizontal level (the null hypothesis that there was no significant difference was not rejected).

**Table 5.12: Reasons for not having cooperated with businesses at an horizontal level**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The attitudes and behaviour of people in the other business	10	50.0	6	33.3	16	42.1
Cooperation was of no interest to my/this business	10	50.0	12	66.7	22	57.9
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 0.504$ d.f. = 1 p = 0.478						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

When the decision was not to cooperate with businesses at a diagonal level, the reasons given by the respondents fell into three groups (Table 5.13). Nevertheless, statistically significant differences were found ( $p=0.000$ ) with a large effect size (Cramer's  $V= 0.517$ ) because tourism respondents indicated more frequently the attitudes and behaviour of people in other business, followed by reasons related to the lack of satisfactory resources and/or facilities to cooperate with other businesses. By contrast, wine respondents more often indicated a lack of interest in cooperation, followed by reasons related to the negative attitudes and behaviour of

people in other businesses. Thus, the null that there was no significant difference was rejected and the alternative hypothesis (there were differences) was accepted.

**Table 5.13: Reasons for not having cooperated with businesses at a diagonal level**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The attitudes and behaviour of people in the other business	16	45.7	8	22.2	24	33.8
Cooperation was of no interest to my/this business	4	11.4	22	61.1	26	36.6
My/this business does not have satisfactory resources and/or facilities to cooperate with other businesses	15	42.9	6	16.7	21	29.6
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>71</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 18.975$ d.f. = 2 p = 0.000 Crammer's V= 0.517						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The results presented in this section clearly demonstrate that both horizontal and diagonal cooperation have been a feature of the wine and tourism businesses in the Douro Valley in the past with horizontal cooperation being more likely than diagonal. When the decision was not to cooperate, the respondents in both industries gave similar reasons for not cooperating although the relative importance of these was different for wine and tourism respondents.

Those respondents who indicated they had already cooperated were also asked the main reasons for their decision and with how many businesses they had cooperated in the past. With regard to their reasons for cooperation and once as they were asked this question when answering a set of questions regarding cooperation initiative they considered successful, the reasons will be presented later in this section. The number of businesses that respondents had cooperated with is presented next.

### 5.3.4. Number of businesses that respondents had cooperated with

The respondents were asked to indicate how many businesses they had cooperated with when cooperating horizontally and diagonally. The findings are presented in two ways. First, the findings are presented in terms of mean and standard deviation and second the continuous variable (the number) was aggregated into types s and transformed into new variables in order to aid the interpretation of the results. A Chi-Square Test for Independence was used to test the null hypothesis that there were no differences between wine and tourism businesses.

The wine and tourism respondents had cooperated, on average, with 3 other businesses when the cooperation was horizontal (overall mean value) (Table 5.14). The results of the categorised data, also presented in Table 5.14, indicate that overall, wine and tourism respondents were more likely to indicate that they had cooperated with up to five businesses (85% of respondents in total). The results of the Chi-Square Test for Independence revealed that there were no differences between wine and tourism businesses in terms of the number of businesses that respondents recalled they had cooperated with when cooperating at an horizontal level. Thus, the null hypothesis was not rejected.

**Table 5.14: Number of businesses that respondents had cooperated with when cooperating at an horizontal level**

	Tourism		Wine		Total	
	n	%	n	%	n	%
<5	77	77.0	79	79.0	156	78.0
5-9	18	18.0	12	12.0	30	15.0
>10	5	5.0	9	9.0	14	7.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 2.368$ d.f. = 2 p = 0.306						
<b>Mean (standard deviation)</b>	<b>3.10 (3.71)</b>		<b>3.33 (3.505)</b>		<b>3.22 (3.602)</b>	

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

In regard to diagonal cooperation, the wine and tourism respondents gave similar answers in terms of the number of businesses they had cooperated with. The results

in Table 5.15 indicate that the wine and tourism respondents had cooperated, on average, with 2 other businesses (overall mean value). Considering the types the results, also in Table 5.15, indicate that over 90% of the respondents had cooperated with up to five businesses (Table 5.15). The results of the Chi-Square Test for Independence revealed that there were no differences between wine and tourism businesses in terms of the number of businesses that respondents recalled they had cooperated with when cooperating at a diagonal level. Thus, the null hypothesis was not rejected.

**Table 5.15: Number of businesses that respondents had cooperated with when cooperating at a diagonal level**

	Tourism		Wine		Total	
	n	%	n	%	n	%
<5	85	85.0	88	88.0	173	86.5
5-9	10	10.0	8	8.0	18	9.0
>10	5	5.0	4	4.0	9	4.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Mean (standard deviation)</b>	<b>2.22 (3.451)</b>		<b>2.08 (2.469)</b>		<b>2.15 (2.994)</b>	

Respondents were then asked if they had participated any horizontal and diagonal cooperation initiative they considered as being successful for their businesses. The results are presented and analysed below.

### 5.3.5. Participation in successful cooperation

A majority of respondents that had cooperated in the past (92.8% in total) perceived that they had participated in successful horizontal cooperative initiatives (Table 5.16). No statistically significant differences were found in relation to tourism and wine businesses and therefore, the null hypothesis (there were no differences) was not rejected.



**Table 5.16: Participation in successful horizontal cooperation initiatives**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	67	91.8	75	93.8	142	92.8
No	6	8.2	5	6.3	11	7.2
<b>Total</b>	<b>73</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>	<b>153</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 0.25$ d.f. = 1 p = 0.875						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

With regard to their participation in diagonal cooperation, the results (Table 5.17) indicate that all the respondents, both wine and tourism that had cooperated with other businesses in the past, considered that these initiatives had been successful.

**Table 5.17: Participation in successful diagonal cooperation initiatives**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	60	100.0	60	92.5	120	97.6%
No	0	0	3	4.8	3	2.4%
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>123</b>	<b>100.0</b>

These findings clearly demonstrate that in the Douro Valley there is a positive perception of owners/managers of wine and tourism businesses considering their engagement and participation in cooperation initiatives. Indeed, far more wine and tourism respondents indicated that they had participated in successful horizontal and diagonal cooperation than those who thought otherwise.

## **5.4 ESTABLISHMENT OF COOPERATION INITIATIVES IN THE PAST**

This section examines the aspects regarding to the establishment of cooperation, when the decision was indeed to cooperate. First, the reasons motivating the involvement and participation in cooperation initiatives are analysed. Second, an analysis of results regarding when was the initiative started and who has taken initiative to establish cooperation will be provided. Then, the perception of respondents with regard to the existence of any support facilitating cooperation or

any difficulties will be presented and analysed. The results are presented firstly in respect of horizontal cooperation (cooperation in the same industry), and secondly, in respect of diagonal cooperation (cooperation with a businesses from the other industry).

#### 5.4.1. Reasons for participating in the most successful cooperation

Respondents were asked to indicate the reasons for having participated in the horizontal and diagonal cooperation initiatives they considered to be the most successful. Their responses were coded into three types of answer (Table 5.18). The most frequently cited reasons were related to the enhancement of promotion and image (41.5% in total), followed by reasons related to the enhancement of the financial situation (38.7% in total). However, the results of a Chi-Square Test for Independence show that there were statistically significant differences ( $p=0.000$ ) with a medium effect size (Cramer's  $V=0.356$ ) between tourism and wine respondents in their reasons for participating in horizontal cooperation initiatives. The null hypothesis (that were no significant differences) was therefore rejected and the alternative hypothesis (there were significant differences) was accepted.) The difference is because the tourism respondents were more likely to participate in order to enhance promotion and image whereas wine respondents were more likely to cooperate for reasons related to the enhancement of their financial situation.

**Table 5.18: Reasons for participating in the most successful horizontal cooperation**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Enhancing promotion and image	40	59.7	19	25.3	59	41.5
Enhancing financial situation	16	23.9	39	52.0	54	38.7
Complementing and offering more and/or diversified products/services	11	16.4	17	22.7	28	19.7
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>
<b>Chi-Square results</b>						
$\chi^2= 17.985$ d.f.=2 $p=0.000$ Cramer's $V=0.356$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The respondents' reasons for participating in successful diagonal cooperation are presented in Table 5.19 and show that the most frequently indicated type of answer of the total respondents was 'Enhancing promotion and image' (65.7%). Statistically significant differences were found ( $p=0.000$ ) with a medium effect size (Cramer's  $V=0.449$ ) and therefore the null hypothesis (that there were no significant differences) was rejected and the alternative hypothesis (there were significant differences) was accepted. These differences between the answers of wine and tourism respondents because wine respondents were more likely to participate in the cooperation for reasons related to enhancing their promotion and image (78.3%), than tourism respondents. In turn, the answers given by tourism respondents were equally distributed in relation to two main reasons: the enhancement of their financial position (36.7%) and the promotion of an image (35%).

**Table 5.19: Reasons for participating in the most successful diagonal cooperation**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Enhancing promotion and image	21	35.0	47	78.3	68	56.7
Enhancing financial situation	22	36.7	10	16.7	32	26.7
Complementing and offering more and/or diversified products/services	17	28.3	3	5.0	20	16.7
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2=24.241$ d.f.=2 $p=0.000$ Cramer's $V=0.449$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

These results suggest that when tourism respondents were cooperating horizontally and diagonally, they did so for similar reasons. However, this is not true for wine respondents as different reasons were indicated. When cooperating at a horizontal level, the main reasons were related to financial aspects whereas the main reasons for their cooperating at a diagonal level were related to promotion and image.

#### 5.4.2. Who initiated the most successful cooperation

With regard to horizontal cooperation, for 46.5% of wine and tourism respondents, cooperation was the result of the initiative of both/all businesses involved.

However, wine and tourism respondents differed with regard to their perception of which business initiated the cooperation. These differences are statistically significant ( $p=0.000$ ) with a medium effect size (Cramer's  $V=0.478$ ), as shown in Table 5.20. Tourism respondents were more likely to initiate cooperation than were wine respondents. In turn, and although a small number of respondents of wine businesses indicated that cooperation was the initiated by the other business, more wine respondents were likely to indicate that cooperation was equally initiated by 'Both/all businesses involved'. Given these results, the null hypothesis (there was no significant difference) was rejected and the alternative hypothesis (there were significant differences) was accepted.

**Table 5.20: Who initiated cooperation when cooperating horizontally**

	Tourism		Wine		Total	
	n	%	n	%	n	%
My Business	39	58.2	13	17.3	52	36.6
The other Business	13	19.4	11	14.7	24	16.9
Both/all businesses involved	15	22.4	51	68.0	66	46.5
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2=32.455$ d.f.=2 $p=0.000$ Cramer's $V=0.478$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Regarding the same question, but in relation to diagonal cooperation, the results presented in Table 5.21 reveal that, overall cooperation was the result of the initiative of the respondents. Indeed, 45% of wine and tourism respondents indicated that their business initiated cooperation. However, statistically significant differences ( $p=0.000$ ) with a medium effect size (Cramer's  $V=0.336$ ) were found between the distribution of the respondents. Tourism respondents were more likely to start the cooperation, whereas the more frequently indicated answer by wine respondents was 'Both/all businesses involved'. The null hypothesis (there were no significant differences) was, therefore, rejected. In turn, the alternative hypothesis was accepted.

**Table 5.21: Who initiated cooperation when cooperating diagonally**

	Tourism		Wine		Total	
	n	%	n	%	n	%
My Business	37	61.7	17	28.3	54	45.0
The other Business	12	20	21	35.0	33	27.5
Both/all businesses involved	11	18.3	22	36.70	33	27.5
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 13.529$ d.f.=2 p=0.001 Cramer's V=0.336						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The findings indicate that in the context of the Douro Valley owners/managers of tourism businesses were more likely to take the initiative to start the cooperation with wine and tourism businesses, whereas in the case of owners/managers of wine businesses the horizontal and diagonal cooperation initiative was more likely to be initiated equally by both/all wine and tourism businesses involved.

### 5.4.3. Establishment of cooperation: existence of support

The respondents were asked to indicate if they had received any kind of support when establishing the cooperation. Support is considered in this study to be any form of help that can be a facilitator of the establishment of cooperation with other businesses. In this question, respondents were given five choices: financial support, recommendation from other owners and managers, recommendation from regional/local sectoral organisations, other (respondents were asked to indicate which, if it was the case) and none.

The results in Table 5.22 show that overall, the majority of wine and tourism respondents (85.2% in total) indicated that they did not receive any kind of support when establishing the horizontal cooperation. However, the assumption of the Chi-Square Test for Independence that ‘no more than 20% of expected counts should be less than 5’ was not met during the analysis and therefore, it was not possible to test the null hypotheses for horizontal and diagonal cooperation.

**Table 5.22: Existence of and type of support received when establishing the horizontal cooperation**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Financial support	0	0	5	6.7	5	3.5
Recommendation from other businesses	0	0	1	1.3	2	0.7
Recommendation from regional/local sectorial organisations	0	0	2	2.7	2	1.4
Other	1	1.5	12	16.0	13	9.2
None	66	98.5	55	73.3	121	85.2
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>

The results in Table 5.23 revealed that the majority of respondents (88.3% in total) indicated that they did not receive any kind of support when establishing diagonal cooperation.

**Table 5.23: Existence of and type of support received when establishing the diagonal cooperation**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Financial support	0	0	0	0	0	0
Recommendation from other businesses	1	1.7	2	3.3	3	2.5
Recommendation from regional/local sectorial organisations	2	3.3	0	0	2	1.7
Other	4	6.7	5	8.3	9	7.5
None	53	88.3	53	88.3	106	88.3
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>

#### 5.4.4. Establishment of cooperation: difficulties

Overall, wine and tourism respondents did not perceive the existence of difficulties when establishing the horizontal and diagonal cooperation initiatives. The results indicated that the majority of tourism (65 of 67) and of wine respondents (71 of 75) indicated that there were no difficulties when establishing the. Likewise, that the majority of tourism (58 of 60) and of wine respondents (58 of 60) indicated that there were no difficult issues when establishing the diagonal cooperation.

These results are interesting in the way they suggest that although most of the respondents did not receive any type of support, they did not perceive the lack of support as a difficulty of cooperation. A possible explanation for this might be related to the nature of cooperation, which will be analysed later in this chapter. Further discussion will be provided in Chapter 8 in the discussion section.

#### 5.4.5. When the cooperation initiative started

The results presented in Table 5.24 indicate that horizontal cooperation has started about 4 (round up) years ago (by the time interview took place). Transforming the this variable into a categorical variable, with 3 duration bands, gives results that demonstrate that for most of the respondents (76% in total) the horizontal cooperation started between one and five years prior to the interview, based on the groups identified for descriptive purposes. These results indicate that cooperation between the wine and tourism businesses in the Douro Valley is recent.

The Chi-Square Test for Independence was used to test the null hypothesis that there were no significant differences between wine and tourism respondents, based on the grouped data. The results indicate that there were no significant differences between wine and tourism businesses in terms of the number of years regarding when cooperation started. Thus, the null hypothesis was not rejected.

**Table 5.24: When the horizontal cooperation started (years)**

	Tourism		Wine		Total	
	n	%	n	%	n	%
<5 years	75	75.0	66	66.0	141	70.5
5-9 years	13	13.0	22	22.0	35	17.5
>10 years	12	12.0	12	12.0	24	12.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b>	<b><math>\chi^2 = 2.889</math> d.f.=2 p=0.236</b>					
<b>Mean</b>	<b>3.39 (4.705)</b>		<b>3.89 (3.877)</b>		<b>3.64 (4.307)</b>	

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

With regard diagonal cooperation, the results presented in Table 5.25 indicate that, on average, the diagonal cooperation has started about 2 years ago (prior to the date on which the interview took place). The results of the identified groups regarding the number of years when diagonal cooperation started, also in Table 5.25, indicated that for 89% of all respondents, diagonal cooperation also started up to five years previous to the interview, indicating that diagonal cooperation in the Douro Valley is also recent.

The Chi-Square Test for Independence results indicate that there were no significant differences between wine and tourism businesses in terms of the number of years regarding when cooperation started. Thus, the null hypothesis (that there were no differences between wine and tourism businesses) was not rejected.

**Table 5.25: When the diagonal cooperation started (years)**

	Tourism		Wine		Total	
	n	%	n	%	n	%
<5 years	79	79.0	82	82.0	161	80.5
5-9 years	16	16.0	9	9.0	25	12.5
>10 years	5	5.0	9	9.0	14	7.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b>	<b><math>\chi^2= 3.159</math> d.f.=2 p=0.206</b>					
<b>Mean</b>	<b>2.25 (2.855)</b>		<b>2.52 (3.183)</b>		<b>2.39 (3.019)</b>	

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

## 5.5 IMPLEMENTATION OF COOPERATION THAT OCCURRED IN THE PAST

This section provides results regarding implementation of cooperation, referring particularly to the type of businesses that participated in cooperation and the reasons for cooperating with these specific type of businesses, to the nature of cooperation, and to the helpful and difficult factors when establishing cooperation. Similar to previous sections, the results are presented firstly in respect of



horizontal cooperation (cooperation in the same industry), and secondly, in respect of diagonal cooperation (cooperation with a businesses from the other industry).

### 5.5.1. Type of businesses that participated in the cooperation

Regarding the type of businesses that respondents had cooperated with when cooperating with tourism businesses, the results presented in Table 5.26 indicate that overall, wine and tourism respondents were more likely to cooperate with restaurants (29.1%) and with rural accommodation (28.3%). However, tourism respondents were more likely to cooperate with accommodation businesses, including rural accommodation businesses, whereas wine respondents were more likely to cooperate with restaurants. These differences were statistically significant ( $p=0.016$ ) with a small effect size (Cramer's  $V= 0.285$ ). Therefore, the null hypothesis (there were no significant differences) was rejected and the alternative hypothesis was accepted.

**Table 5.26: Type of tourism businesses with which cooperation took place**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Accommodation	17	25.4	7	11.7	24	18.9
Rural accommodation	22	32.8	14	23.3	36	28.3
Restaurants	12	18.3	25	41.7	37	29.1
Leisure businesses	16	17.9	14	23.3	30	23.6
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>127</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 10.291$ d.f.=3 $p=0.016$ Cramer's $V=0.285$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Not surprisingly as “Quintas” was the only type of wine business in this study, this is the type of wine businesses with which cooperation took place. As indicated in Chapter 4 (Methodology, Section 4.8.1), the term “Quintas” was the type of wine businesses adopted in this research to refer to wine producers and bottlers, businesses that have vineyards and cellars and that might or not have a bottle line, and/or might have it done in another place.

### 5.5.2. The reasons for cooperating with specific business partners (previously identified)

In horizontal cooperation, the reasons why respondents from the wine and tourism businesses cooperated with the type of businesses previously indicated fell into five groups, as presented in Table 5.27. This suggests that several reasons are taken into account when respondents decide to engage in cooperation with their partner.

The two reasons most frequently indicated by the respondents were related to prior knowledge and personal trust in the other business people (40.1% in total) and reasons related to the resources and products that other businesses had (26.1% in total). Statistical significant differences ( $p=0.007$ ) with medium effect size (Cramer's  $V=0.313$ ) can be found in the answers given by the wine and tourism respondents in the five types of reason, as shown in Table 5.27. The null hypothesis (there were no significant differences) was, therefore, rejected and the alternative hypothesis (there were differences) was accepted.

**Table 5.27: Reasons for cooperating with their partner when cooperating horizontally**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The resources and products of the other business	24	35.8	13	17.3	37	26.1
The reputation and market position of the other business	12	17.9	5	6.7	17	12.0
Prior knowledge and personal trust in the other business people	21	31.3	36	48.0	57	40.1
The prior experience of the other business (cooperation and commercial)	5	7.5	8	10.7	13	9.2
The characteristics of the other business (objectives, market vision, size and type of business)	5	7.5	13	17.3	18	12.7
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2=13.941$ d.f.=4 $p=0.007$ Cramer's $V=0.313$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

When cooperation was diagonal, the reasons for cooperating with the other businesses also fell into five types of reason. They are presented in Table 5.28. The results indicate that the answers of respondents did not differ significantly. Thus,

the null hypothesis that there were no significant differences was not rejected. The aspects that wine and tourism respondents took into account most frequently were related to the resources and products of the other business, followed by reasons related to prior knowledge and personal trust in the other business people and the reputation and market position of the other business.

**Table 5.28: Reasons for cooperating with their partner when cooperating diagonally**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The resources and products of the other business	15	25.0	24	40.0	39	32.5
The reputation and market position of the other business	13	21.7	15	25.0	28	23.3
Prior knowledge and personal trust in the other business people	20	33.3	8	13.3	28	23.3
The prior experience of the other business (cooperation and commercial)	6	10.0	9	15.0	15	12.5
The characteristics of the other business (objectives, market vision, size and type of business)	6	10.0	4	6.7	10	8.3
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 8.363</math> d.f.=4 p=0.070</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

### 5.5.3. Nature of cooperation (participation of respondents in the initiative)

Nature of cooperation refers to the activities through which cooperation occurred in the past.

Overall, when cooperating with businesses at an horizontal level, 40.1% of the total respondents were more likely to indicate they would cooperate by referring/recommending products and services of the other business. However, wine and tourism respondents had different perceptions with regard to their role in the cooperation initiative. These differences were statistically significant ( $p=0.000$ ) with a large effect size (Cramer's  $V=0.806$ ), as presented in Table 5.29. Tourism respondents were more likely to indicate they cooperate through in

‘referring/recommending the products/services of the other business’. Wine respondents were more likely to refer to their participation in joint promotional initiatives, and offering special conditions to those who were prepared to refer customers to their business. The existence of these differences was confirmed by a Chi-Square test For Independence.

**Table 5.29: Nature of horizontal cooperation (participation of the respondent in the initiative)**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Referring/recommendation of products and services of the other business	53	79.1	4	5.3	57	40.1
Offering special conditions when recommending/selling this business' products/services	14	20.9	23	30.7	33	26.1
Participation in joint promotional initiatives	0	0	48	64.0	90	33.8
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2=92.154$ d.f.=2 p=0.000 Cramer's V=0.806						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

When referring to their cooperating at a diagonal level the respondents gave different answers resulting in different types of answer of coded answers (Table 5.30). Both wine and tourism respondents (61.7%% in total) perceived cooperation through ‘Referral/recommendation of products and services of the other business’. However, many wine respondents also indicated ‘Offered special conditions when recommending/selling their products and services’ (38.3%), an answer given by relatively few of the tourism respondents. Thus it is apparent that more tourism respondents were likely to refer/recommend the products/services of the other businesses than wine respondents. Moreover, there were activities that were only implemented and/or perceived by wine respondents. These activities were related to the organisation of activities and programs (e.g. wine tasting) to the other participating business(s) and its (their) customers. As shown in Table 5.30, these differences between the answers of wine and tourism respondents were statistically significant (p=0.000) with a large effect size (Cramer's V= 0.506). Therefore, the null hypothesis that there were no significant differences was rejected, and the alternative hypothesis (there were significant differences) was accepted.

**Table 5.30: The nature of diagonal cooperation (participation of the respondent in the initiative)**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Referral/ recommendation of products and services of the other business	51	85.0	23	38.3	74	61.7
Organization/providing activities and programs	0	0	14	23.3	24	11.7
Offered special conditions when recommending/selling this business' products/services	9	15.0	23	38.3	32	26.7
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 30.720$ d.f.=2 p=0.000 Cramer's V=0.506						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

#### 5.5.4. The nature of cooperation (participation of respondents' partners in the initiative)

Overall, in horizontal cooperation, according to the perceptions 39.4% of the wine and tourism respondents, their partners were more likely to participate in cooperation Referral/recommendation of products and services of the other businesses (Table 5.31). The results also indicated that wine and tourism respondents perceived differently the participation of their cooperation partner, as different types of grouped answers emerged (Table 5.31).

**Table 5.31: The nature of horizontal cooperation (participation of the respondent's partner in the initiative)**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Referral/recommendation of products and services of the other business	54	80.6	2	2.7	57	39.4
Offered special conditions when recommending/selling this business's products/services	13	14.9	26	34.7	33	27.5
Participation in joint promotional initiatives	0	0	47	62.7	90	33.1
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 99.484$ d.f.=2 p=0.000 Cramer's V=0.837						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

For tourism respondents, their partners were more likely to cooperate through referral and recommendation of their products/services, whereas wine respondents

were more likely to perceive involvement of their partners in term of their participation in joint promotional activities. These differences between the respondents' answers were statistically significant ( $p=0.000$ ) with a large effect size (Cramer's  $V= 0.837$ ). Given these results, the null hypothesis that was no significant difference was rejected. In turn, the alternative hypothesis (there were significant differences) was accepted.

When participating in diagonal cooperation, overall, 56.7% of the wine and tourism respondents perceived the participation of their partners through 'Referral/recommendation of products and services of the other business'. However, while wine and tourism respondents indicated most frequently 'refer/recommend products and services of my/this business' statistically significant differences ( $p=0.000$ ) with a medium effect size (Cramer's  $V= 0.4999$ ) can be found in the second and third type of answer, as shown in Table 5.32.

**Table 5.32: The nature of diagonal cooperation (participation of the respondent's partner in the initiative)**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Referral/ recommendation of products and services of the other business	33	55.0	35	58.3	68	56.7
Organization/providing activities and programs	0	0	18	30.0	18	15.0
Offered special conditions when recommending/selling this business' products/services	27	45.0	7	11.7	34	28.3
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 29.824$ d.f.=2 $p=0.000$ Cramer's $V=0.499$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Similar to the previous section, wine respondents indicated specific activities related to the organisation of programs and activities, and no tourism respondent indicated such activities. In turn, and unlike the wine respondents, tourism respondents were more to perceive the participation of their partners by offering special conditions to the partners that were likely to recommended/sell their products/services. Thus, the null hypothesis that there was no significant difference

was rejected and the alternative hypothesis (there were significant differences) was accepted.

The findings presented in these two last sections allow identifying the two main characteristics, areas and activities, of cooperation that occurs in the Douro Valley between wine and tourism businesses. The areas and activities through which cooperation occurs are key to understanding and characterizing cooperation in the Douro Valley, one of the objectives of this research. The results indicate that despite the significant differences in the answers of respondents, overall, the activities through which businesses cooperate in the Douro Valley are considered to be promotion-related and business offer-related. These promotional-related activities encompass different activities, namely, informal referral, recommendation and participation in promotional activities (e.g. when wine respondents jointly participate in international wine fairs and other events). In turn, the business offer-related activities cover organization of programs and activities and also special offers to those who were prepared and used to refer customers to their business.

#### **5.5.5. Helpful aspects when participating in cooperation**

The results indicate that only a few tourism respondents (5 of 67) and wine respondents (2 of 75) did not recognise the existence of helpful aspects when participating in the horizontal cooperation. Those who recognised the existence of helpful factors were asked to indicate what these were. Four groups of helpful issues are revealed in the results (Table 5.33). The most frequently indicated aspect was the same for wine and tourism respondents. There were no statistically significant differences between tourism and wine businesses in terms of their perceived helpful aspects when participating in the horizontal cooperation. Overall, they were more likely to indicate “Prior knowledge and personal trust/good relationship with the other business” as the main helpful aspects when cooperating horizontally (41.5%).

**Table 5.33: Most helpful aspects when participating in the horizontal cooperation**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The resources/products of the other business	13	21.0	7	9.6	20	14.8
Prior knowledge and personal trust/good relationship with people in the other business	25	40.3	31	42.5	56	41.5
Prior cooperative experience/willingness to cooperate	13	21.0	10	13.7	23	17.0
The characteristics of the other business (common objectives, market position)	11	17.7	25	34.2	36	26.7
<b>Total</b>	<b>62</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 7.432</math> d.f.=3 p=0.059</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Regarding diagonal cooperation, the results indicated that only a few tourism respondents (9 of 60) and wine respondents (1 of 60) did not acknowledge the existence of helpful aspects when participating in the diagonal cooperation.

The respondents indicated most frequently the same helpful factor (Table 5.34), namely ‘Prior knowledge and personal trust/good relationship with the other business’ (40%)

**Table 5.34: Most helpful aspects when participating in the diagonal cooperation**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The resources/products of the other business	11	21.6	11	18.6	22	20.0
Prior knowledge and personal trust/good relationship with people in the other business	18	35.3	26	44.1	44	40.0
Prior cooperative experience/willingness to cooperate	13	25.5	14	23.7	27	24.5
The characteristics of the other business (common objectives, market position)	9	17.6	8	13.6	17	15.5
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>59</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 0.094</math> d.f.=3 p=0.808</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value



### **5.5.6. Difficult issues when participating in cooperation**

The results indicated that only a few of the tourism respondents (3 of 67) and of the wine respondents (3 of 75) recognised the existence of difficult issues when running the horizontal cooperation. When running diagonal cooperation, only 5 of 60 of tourism respondents acknowledged the existence of difficult issues. Thus, given these small numbers, it was decided to not present further results with regard to difficult issues when running the cooperation.

## **5.6 OUTCOMES OF COOPERATION**

This section firstly provides the results regarding respondents' reasons for considering the cooperation successful. Secondly, analyses whether and why the cooperation was considered important to the success of their businesses. Then, the section examines whether, or not, cooperation was still running (by the time the interview took place). As in previous sections, the results are presented firstly in respect of horizontal cooperation (cooperation in the same industry), and secondly, in respect of diagonal cooperation (cooperation with a businesses from the other industry).

### **5.6.1. Reasons why the cooperation was considered to be the most successful**

The reasons why the most successful cooperation was considered the most successful were aggregated into three types of reason (Table 5.35). Nevertheless, respondents clearly more frequently indicated two of them. These reasons were related to the enhancement of promotion and image of the business, indicated by 45.8% of the total wine and tourism respondents, and to the enhancement of their financial situation, indicated by 43.7% of the total respondents. Statistically significant differences ( $p=0.001$ ) with a medium effect size (Cramer's  $V= 0.325$ ) were found when a Chi Sq test was applied to these reasons (Table 5.35) because while wine respondents also indicated reasons related to their offer in terms of

more and/or diversified products, these reasons were not indicated by any of the tourism respondents. The null hypothesis (there were no significant differences) was, therefore, rejected. In turn, the alternative hypothesis was accepted.

**Table 5.35: Reasons why the horizontal cooperation was considered to be the most successful**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Enhanced promotion and image	34	50.7	31	41.3	65	45.8
Enhanced financial situation	33	49.3	29	38.7	62	43.7
More and/or diversified products	0	0	15	20.0	15	10.6
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 14.993$ d.f.=2 p=0.001 Cramer's V= 0.325						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The reasons why the diagonal cooperation was considered to be the most successful fell into two main groups (Table 5.36). These reasons were related to the enhancement of promotion and image of the business and to the enhancement of their financial situation, with the first group of reasons being by far more frequently indicated by respondents (72.5% in total). There were no statistically significant differences between wine businesses and tourism in terms of their reasons why the horizontal cooperation was considered to be the most successful.

**Table 5.36: Reasons why the diagonal cooperation was considered to be the most successful**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Enhanced promotion and image	39	65.0	48	80.0	87	72.5
Enhanced financial situation	21	35.0	12	20.0	33	27.5
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 3.386$ d.f.=1 p=0.102						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

These results indicate that the reasons for respondents considering the initiatives most successful were related to specific results achieved for their businesses, specifically the enhancement of promotion and image of their businesses and to the enhancement of their financial situation.

### 5.6.2. Whether and why the cooperation was important to the success of businesses

With regard to horizontal cooperation, all the tourism (n=67) and wine (n=75) respondents who had identified a successful cooperation considered the most successful cooperation important for the success of their businesses.

The respondents were asked to explain why the cooperation was important for the success of their business. The reasons given by respondents fell into three types of reason, as presented in Table 5.37. Although three types of reason were identified, two types were more frequently indicated by respondents. These reasons were the enhancement of promotion and image and financial situation enhancement. The first was indicated by 72.5% and the latter was indicated by 27.5% of the total wine and tourism respondents. There was no statistically significant difference between tourism and wine businesses in terms of their reasons why the horizontal cooperation was important to the success of their businesses.

**Table 5.37: Reasons why the horizontal cooperation was important to the success of businesses**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Contributed to promotion and image enhancement	29	43.3	34	45.3	63	44.4
Contributed to financial situation enhancement	29	43.3	29	38.7	58	40.8
Contributed to offer more and/or diversified products/services	9	13.4	12	16.0	21	14.8
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 0.376</math> d.f.=2 p=0.829</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Regarding diagonal cooperation, almost all the tourism (59 of 60) and wine (57 of 60) respondents considered the most successful cooperation important for the success of their businesses. Three types of reason for this are given in the results (Table 5.38). The respondents indicated more frequently the contribution of diagonal cooperation to the enhancement of their promotion and image (58.6% in

total), followed by the contribution of diagonal cooperation to their financial situation (for 31% of the wine and tourism respondents). Statistically significant differences ( $p=0.000$ ) with a small effect size (Cramer's  $V= 0.293$ ) were found between the answers of the wine and tourism respondents when a Chi Sq test was performed. The null hypothesis (there were no significant differences) was, therefore, rejected and the alternative hypothesis (there were differences), was, in turn, accepted. These differences are mainly because wine respondents were more likely to indicate reasons related to promotion and image as the reasons for considering diagonal cooperation important to the success of their businesses than tourism respondents.

**Table 5.38: Reasons why the diagonal cooperation was important to the success of businesses**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Contributed to promotion and image enhancement	27	45.8	41	71.9	68	58.6
Contributed to financial situation enhancement	22	37.3	14	24.6	36	31.0
Contributed to offer more and/or diversified products/services	10	16.9	2	3.5	12	10.3
<b>Total</b>	<b>59</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>	<b>116</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 0.376$ d.f.=2 $p=0.007$ Cramer's $V= 0.293$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Given the small number of answers of those who answered negatively to the question whether the cooperation was important to the success of their businesses (one tourism respondent and three wine respondents), it was decided to not present the results.

### 5.6.3. Sustainability of cooperation

Respondents were asked to indicate if the identified most successful cooperation was still running or not. The results (Table 5.39) indicated that the horizontal cooperation was still running (by the time of the interview) for 93% of respondents. The Chi-Square Test for Independence was unreliable to test the null hypothesis with regard to horizontal and diagonal cooperation (that there were no

significant differences) because the required criteria of having no cell with expected counts below 5 was not met.

**Table 5.39: Whether, or not, the horizontal cooperation was still running (by the time of the interview)**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	63	94.0	69	92.0	132	93.0
No	4	6	6	8.0	10	7.0
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>

With regard to the diagonal cooperation, the results (Table 5.40) indicated that cooperation was still running (by the time of the interview) for almost of all respondents.

**Table 5.40: Whether, or not, the diagonal cooperation was still running (by the time of the interview).**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	55	91.7	57	95.0	112	94.5
No	5	8.3	3	5.0	8	5.5
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>

## 5.7 PARTICIPATION IN UNSUCCESSFUL COOPERATION

The findings regarding participation in unsuccessful horizontal cooperation are presented in Table 5.41. Only a small number of respondents considered that they had participated in unsuccessful horizontal cooperation (15.4% in total). Of these, the tourism respondents were more likely to recognise their participation in unsuccessful cooperation. These differences were statistically significant ( $p=0.000$ ) with a small effect size ( $\Phi=0.292$ ). Thus, the null hypothesis that there were no significant differences was rejected. In turn, the alternative hypothesis (there were significant differences) was accepted.

**Table 5.41: Participation in unsuccessful horizontal cooperation**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	21	28.8	5	6.6	26	17.4
No	52	71.2	71	93.4	123	40.0
<b>Total</b>	<b>73</b>	<b>100.0</b>	<b>76</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>
<b>Chi-Square results</b>						
$\chi^2 = 11.232$ d.f.=1 p=0.001 Phi = 0.292						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

In the case of participation in diagonal cooperation, only 1 (of 59) tourism business and 5 wine businesses (of 55) considered they had participated in unsuccessful cooperation.

However, two reasons were given for considering their participation in unsuccessful horizontal and diagonal cooperation, namely financial losses and negative business image.

However, and given the small number of answers of those who considered that they had participated in an unsuccessful cooperation, it was decided to not continue its description and analysis.

## **5.8 DECISIONS AND BEHAVIOUR IN THE FUTURE**

To this point, this chapter has described and analysed past decisions on cooperation and cooperation behaviour, as well as the characteristics of past cooperation when the respondents decided to engage in, and participate in, cooperation. This section, in turn, firstly describes and examines results regarding potential cooperation decisions in the future. The section then moves on presenting the reasons for the potential decision to whether cooperate or not in the future. Then, the section examines the factors that would be more important on the decision to cooperate. Next, the activities through which cooperation would be likely to be implemented in the future is analysed. The section then goes on providing the results regarding cooperation advantages and disadvantages that respondents perceive can result from cooperation. Then, the type of businesses that

would be likely to participate in future cooperation and their location is examined. Finally, an examination regarding the respondents perceptions to whether, or not, cooperation would be likely to happen is provided.

### 5.8.1. Likelihood of cooperating in the future

All the respondents (n=200) were asked if they were likely to cooperate horizontally and/or diagonally in the future. As shown in Table 5.42, more respondents (76% in total) indicated that they were likely to cooperate horizontally in the future. No significant differences were found in terms of their likelihood of cooperating horizontally in the future. Thus, the null hypothesis that there were no differences between wine and tourism businesses was not rejected.

**Table 5.42: Likelihood of respondents cooperating horizontally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	78	78.0	74	74.0	152	76.0
Not sure	9	9.0	4	4.0	13	6.5
No	13	13.0	22	22.0	35	17.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 4.343</math> d.f.=2 p=0.114</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

With regard to their likelihood to cooperate diagonally in the future, as shown in Table 5.43, the majority of respondents (71% in total) thought they were likely to cooperate in the future.

**Table 5.43: Likelihood of respondents cooperating diagonally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	74	74.0	68	68.0	142	71.0
Not sure	11	11.0	6	6.0	17	8.5
No	15	15.0	26	26.0	41	20.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 4.675</math> d.f.=2 p=0.097</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

There were no significant differences between the wine and tourism businesses in terms of their likelihood of cooperating diagonally in the future. Given these results, the null hypothesis that there were no differences between wine and tourism businesses was not rejected. These results indicate that more respondents were likely to cooperate in the future than those who think otherwise.

### 5.8.2. Reasons for not cooperating in the future

Those respondents that indicated they were not likely to cooperate, or they were not sure about their decision on whether or not, to cooperate in the future were asked to explain why. The results are outlined next. Even though this question was answered only by a small number of respondents, the reasons given by respondents are considered important because they contribute to the understanding of why owners/managers of wine and tourism businesses may decide not to cooperate with other businesses in the Douro Valley in the future. Thus, and similar to Section 4.3.3, these results are important as they identify the negative influences on cooperation decisions.

The reasons given by respondents for not cooperating horizontally in the future fell into two types (Table 5.44).

**Table 5.44: Reasons for not cooperating horizontally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The attitude and behaviour of people in the other business	11	55.0	9	34.6	20	43.5
Cooperation has no interest to my/this business	9	45.0	17	65.4	26	56.5
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2= 1.172</math> d.f.=1 p=0.279</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The most cited reasons by respondents (56.5% in total) were related to the attitude and behaviour of people in the other business, such as individualism and opportunistic behaviour. The second type of reason mostly common given by 43.5% of respondents was related to the fact that cooperation was of no interest to



them. There were no statistically significant differences between wine and tourism businesses regarding the reasons for not cooperating horizontally in the future. Thus, the null hypothesis that there were no differences between wine and tourism businesses was not rejected.

Concerning reasons for not cooperating diagonally in the future, the results, presented in Table 5.45, indicate that the most cited reason by respondents (56.1% in total) was that cooperation was of no interest to them. The attitude and behaviour of people in the other business were the other reason. Statistically significant differences ( $p=0.028$ ) can be found between the answers of wine and tourism respondents, indicating that they differed in the proportion that gave the answers. Therefore, the null hypothesis that there was no difference between wine and tourism businesses was rejected and the alternative hypothesis (there was significant difference) was accepted.

**Table 5.45: Reasons for not cooperating diagonally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The attitude and behaviour of people in the other business	16	61.5	9	29.0	25	43.9
Cooperation has no interest to my/this business	10	38.5	22	71.0	32	56.1
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2= 4.820</math> d.f.=1 p=0.028</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

### 5.8.3. Reasons for cooperating in the future

Although the objective was to ask a group of questions aimed at understanding the perceptions of all respondents, including those who in the previous question indicated they would not like to cooperate, some of the respondents (7 tourism businesses and 12 wine businesses) emphasised that they would not like to cooperate horizontally in the future and therefore answering the questions was pointless. Therefore, these respondents were not asked the other questions in this group of questions regarding potential cooperation in the future. The number of

tourism businesses that answered these questions regarding hypothetical horizontal cooperation was 93, and the number of wine businesses was 88. When considering diagonal cooperation, 87 tourism and 77 wine respondents would answer the group of questions with regard to hypothetic cooperation in the future.

With regard to the reasons for participating in horizontal cooperation, three groups of reasons were identified in the results (Table 5.46). The reasons were related to promotion and image, to the financial situation and to the businesses' offer. Nevertheless, the most often cited reason was 'Enhancing the financial situation' of the business, with a total of 45.9% of respondents. No significant differences were found. Thus, the null hypothesis that there were no differences between wine and tourism in terms of the reasons for cooperating horizontally was not rejected.

**Table 5.46: Reasons for cooperating horizontally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Enhancing promotion and image	30	32.3	29	33.0	59	32.6
Enhancing financial situation	41	44.1	42	47.7	83	45.9
Complementing and offer of more and/or diversified products/services	22	23.7	17	19.3	39	21.5
<b>Total</b>	<b>93</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2= 0.532</math> d.f.=2 p=0.766</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

When intending to cooperate diagonally in the future, three groups of reasons were given by the wine and tourism respondents. The reason indicated most frequently was “Enhancing promotion and image”, given by 57.3% of respondents. However, and although wine and tourism respondents indicated more frequently the same reason, wine respondents were more likely to indicate this reason as the most important reason for them to cooperate diagonally in the future. These differences were statistically significant ( $p=0.000$ ) with a medium effect size (Cramer's  $V=0.314$ ) (Table 5.47).

**Table 5.47: Reasons for cooperating diagonally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Enhancing promotion and image	38	43.7	56	72.7	94	32.6
Enhancing financial situation	18	20.7	12	15.6	30	45.9
Complementing and offer of more and/or diversified products/services	31	35.6	9	11.7	40	21.5
<b>Total</b>	<b>87</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	<b>164</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 16.197$ d.f.=2 p=0.000 Cramer's V= 0.314						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

These results indicate that the reasons why respondents would cooperate in the future are related to the objectives they want to achieve for their businesses, namely to enhance their promotion, image and financial situation, and to complement their business offer, even though the two first reasons were more often cited by the respondents.

#### **5.8.4. The influence of the external business environment in relation to their decision (if respondents were to cooperate in the future)**

As indicated in the literature review chapter (Chapter 2), it is recognised that the business environment in which businesses operate potentially influences businesses in several aspects of their business activity, including the decisions made in the context of their business operation. Thus, respondents were asked if that environment would potentially influence any future decision on whether they would cooperate or not. The results are presented in Table 5.48. Overall, most respondents indicated that the business environment potentially would have an influence in their decision (81.5% in total). No significant differences were found between the answers of wine and tourism respondent. Thus, the null hypothesis that there were no significant differences was not rejected.

The results in Table 5.48 also show that 18.5% of respondents indicated that they did not think that external factors would have an influence on any future decision on cooperation. Although this answer was given by only a few of the respondents,

these results are important because they indicate that some wine and tourism respondents would be not influenced by the external environment factors, as initially expected from the literature review (Chapter 2).

**Table 5.48: Whether the external business would potentially influence, or not, any decision of wine and tourism respondents about whether they would cooperate horizontally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	87	87.0	76	76	163	81.5
No	13	13.0	24	24.0	37	18.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 3.316$ d.f. = 1 p = 0.045						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

In addition, and in order to establish which external business environment factors would be considered most important in their decision on horizontal cooperation, the respondents were asked which external factor, from a list of external factors provided, would be most important to their decision. The results are presented in Table 5.49. The results illustrate that the factor that was most likely to be considered as the most important to their decision was ‘Market/demand trends’. This factor was indicated by 55.8% of all the respondents. There were no significant differences between the answers of wine and tourism respondent. Therefore, the null hypothesis (there were no significant differences) was not rejected.

**Table 5.49: The external factor of the business environment considered to be the most important on any decision to cooperate horizontally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Competition	11	12.6	7	9.2	18	11.0
Market/demand trends	55	63.2	36	47.4	91	55.8
Overall economic situation	16	18.4	24	31.6	40	24.5
Other	5	5.7	9	11.8	14	8.6
<b>Total</b>	<b>87</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>163</b>	<b>100</b>
<b>Chi-Square results</b> $\chi^2 = 6.888$ d.f. = 3 p = 0.076						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The respondents were asked to explain their answers. The results for market/demand trends, the factor more frequently indicated by wine and tourism respondents (55.8%) are presented in Table 5.50. Overall the results revealed two main reasons with similar total proportions in the distribution of respondents' answers. Nevertheless, the main reason that was indicated by 51.1% of the total respondents was 'To meet/exceed customers' requests/expectations' and the second was 'To reach/attract specific market segments', referred by 48.9% of the total respondents.

When comparing the answers given by the wine and tourism respondents in relation to market/demand trends, significant differences were found using an Chi Square Test for Independence. The differences in the respondents' answers is because while tourism respondents were more likely to indicate 'To meet/exceed customers' requests/expectations' (67.3%), wine respondents were more likely to indicate 'To reach/attract specific market segments' (75%). These differences ( $p=0.000$ ) had a medium effect size ( $\Phi=0.413$ ), as also indicated in Table 5.50.

**Table 5.50: Reasons for 'Market/demand trends' being perceived the most important external factor if respondents were to cooperate horizontally**

	Tourism		Wine		Total	
	n	%	n	%	n	%
To meet/exceed customers' requests/expectations	37	67.3	9	25.0	46	51.1
To reach/attract specific market segments (who know and visit the region)	18	32.7	27	75.0	45	48.9
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>91</b>	<b>100.0</b>
<b>Chi-Square results</b>	<b><math>\chi^2 = 13.909</math> d.f. = 1 p = 0.000 <math>\Phi = 0.413</math></b>					

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The respondents were then asked if the external business environment would potentially influence any future decision on whether or not they would cooperate diagonally in the future. The results are provided in Table 5.51. Overall, more respondents indicated that the business environment would potentially have an influence on their decision (76.5% in total). In addition, 23.5% of the total respondents indicated that the external business environment would probably not

have an influence on any decision about cooperating diagonally in the future. Even though this answer was given by only a few of the respondents, these results are important, as was also the case for in relation to future decisions on horizontal cooperation, because they indicate that some wine and tourism respondents would be not influenced by the external environment factors, as initially expected from the literature review (Chapter 2).

When comparing the answers between wine and tourism respondents, using a Chi Square Test for Independence the results, presented in Table 5.51 reveal that there are significant differences between the answers. Thus, the null hypothesis that there were no significant differences was rejected and, in turn, the alternative hypothesis (there were significant differences) was accepted. These differences ( $p=0.005$ ) had a small effect size ( $\Phi=0.200$ ). These differences are due to the fact that tourism respondents were more likely to be influenced by the external business environment, than wine respondents.

**Table 5.51: Whether the external business had an influence, or not, on the decision of wine and tourism respondents if they were to cooperate diagonally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	85	85.0	68	68.0	153	76.5
No	15	15.0	32	32.0	47	23.5
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 7.120$ d.f. = 1 $p = 0.005$ $\Phi=0.200$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The respondents were asked if they were to cooperate (diagonally), which external factor, from a list of external factors provided, would be most important in their decision. The results are presented in Table 5.52.

Overall, most wine and tourism respondents (77.8%) were likely to indicate the ‘Market/demand trends’ as the most important external factor if they were to cooperate diagonally in the future. No significant differences were found between the answers of wine and tourism respondents when a Chi Square Test for

Independence was conducted. Thus, the null hypothesis (there were no significant differences) was not rejected.

**Table 5.52: The external factor of the business environment considered to be the most important if respondents were to cooperate diagonally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Competition	10	11.8	2	2.9	12	7.8
Market/demand trends	63	74.1	56	82.4	119	77.8
Overall economic situation	12	14.1	10	14.7	22	14.4
<b>Total</b>	<b>85</b>	<b>100</b>	<b>68</b>	<b>100</b>	<b>153</b>	<b>100</b>
<b>Chi-Square results</b> $\chi^2 = 4.089$ d.f. = 2 p = 0.129						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The respondents were also asked to explain their answers. The results are presented in Table 5.53 for market/demand trends only, as it was the most frequently indicated factor by 77.8% of the respondents. Two types of reason were revealed in the results. For 69.7% of total respondents, market/demand trends was perceived to be the most important external factor if they were to cooperate diagonally because they wanted to meet/exceed customers' requests/expectations. This reason was most frequently given by tourism respondents (87.3%) than wine (50%). These differences were significantly different ( $p=0.000$ ) with a medium effect size ( $\Phi=0.405$ ). Thus, the null hypothesis that there were no significant differences was rejected and the alternative hypothesis (there were significant differences) was accepted.

**Table 5.53: Reasons for 'Market/demand trends' being perceived the most important external factor if respondents were to cooperate diagonally**

	Tourism		Wine		Total	
	n	%	n	%	n	%
To meet/exceed customers' requests/expectations	55	87.3	28	50.0	83	69.7
To reach/attract specific market segments (who know and visit the region)	8	12.7	28	50.0	36	30.3
<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>56</b>	<b>100.0</b>	<b>119</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 17.822$ d.f. = 1 p = 0.000 $\Phi=0.405$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Overall the results demonstrate that within the external factors, market/demand trends were perceived as being the most important factor regardless of whether they were to cooperate in the future horizontally or diagonally. Further, it is clear in these results that wine and tourism respondents recognised that cooperation could be a way by which they could meet/exceed customers' requests/expectations and also to reach and attract specific market segments, mainly those who are aware of and visit the region.

### 5.8.5. The most and the least important factors in future cooperation decisions

Respondents were asked to rank five groups of influences if they were to cooperate with other businesses in the future. Respondents were asked to rank from 1 to 5, where 1 was the most important and 5 the least important factor to their decision to cooperate with other businesses in the future. The answers of respondents are presented below.

First, a hierarchy table of the mean values is presented in Table 5.54. Secondly, frequencies, percentages and the Chi-Square Test for Independence results are also presented. The results indicate that the factors considered to be the most important by wine and tourism was the objectives of their businesses, given the overall mean value. It is followed by the knowledge of the other business. The factors considered to be the least important was the personal aim for their lifestyle.

**Table 5.54: Ranking of factors in terms of their perceived importance to wine and tourism respondents if they were to cooperate with other businesses in the future**

	Tourism	Wine	Total
<b>Factors</b>	<b>Mean</b>	<b>Mean</b>	<b>Mean</b>
The objectives for my business	1.26	1.28	1.27
My knowledge of the other business	2.76	2.84	2.8
My perception of the economic-institutional environment	3.42	3.64	3.53
My perception of the person I am dealing with in the other business	2.94	2.4	3.64
My personal aims for my lifestyle	4.66	4.94	4.8



In order to test the null hypothesis, a Chi-Square Test for Independence was performed. The test results (Table 5.55) indicate that there were no statistically significant differences ( $p=0.896$ ) between the answers of wine and tourism respondents. Therefore the null hypothesis was not rejected. Thus, the most important factor for the decision (to whether cooperate or not) of wine and tourism respondents was ‘The objectives for my business’, regardless the type of industry/businesses in which respondents operate.

**Table 5.55: Comparison between the answers of respondents regarding the factor ranked as being the most important to their decision (if they were to cooperate with other businesses in the future)**

	Tourism		Wine		Total	
	n	%	n	%	n	%
The objectives for my business	86	86.0	88	88.0	174	87
My knowledge of the other business	3	3.0	3	3.0	6	3
My personal aims for my lifestyle	1	1.0	0	0.0	1	0.5
My perception of the person I am dealing with in the other business	8	8.0	7	7.0	15	7.5
My perception of the economic-institutional environment	2	2.0	2	2.0	4	2
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>
<b>Chi-Square results</b>			$\chi^2= 1.090$ d.f. = 4 p = 0.896			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

### 5.8.6. Type of businesses with which respondents would like to cooperate

The results with regard to the type of tourism businesses with which the respondents would like to cooperate in the future are presented in Table 5.56. The results indicate that wine and tourism respondents would be more likely to cooperate with accommodation-type businesses especially with ‘Rural Accommodation’ type tourism businesses. No significant differences were found between wine and tourism businesses as a result of a Chi sq test. Thus, the null hypothesis that there were no differences was not rejected.

**Table 5.56: Type of tourism businesses with which respondents would like to cooperate in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Accommodation	22	23.7	14	18.2	36	21.2
Rural accommodation	35	37.6	25	32.5	60	35.3
Restaurants	13	14.0	21	27.3	34	20.0
Leisure businesses	23	24.7	17	22.1	40	23.5
<b>Total</b>	<b>93</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	<b>170</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 4.763</math> d.f.=3 p=0.190</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Likewise, respondents were asked to indicate the type of wine business with which they would like to cooperate in the future. Given that the type of wine businesses adopted in this research was ‘Quintas’, all the respondents of tourism (n=87) and wine businesses (n=88) indicated that they would like to cooperate with type of businesses.

### 5.8.7. The location of partner in future cooperation

All respondents were asked to what extent would the location of the other businesses partners make any difference if they were to choose to cooperate horizontally and diagonally. However, some chose to not answer the question. The results are presented below.

The results are presented in Table 5.57. Overall, respondents would be more likely to cooperate with other businesses of another parish, but in the same region. The null hypothesis (there were no differences between the answers of respondents) was tested (Chi-Square Test for Independence). The test results indicated that there were statistically significant differences (p=0.000) with a medium effect size. (r=0.294). Therefore, the null hypothesis was rejected and the alternative one accepted. Although there were significant differences, both wine and tourism respondents were more likely to indicate “Cooperate with businesses of another parish, but in the same region” if they were to choose to cooperate horizontally with businesses in the future.

**Table 5.57: Cooperation with businesses in the same industry considering their location**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Cooperate with businesses of my parish or close to my parish only	29	29.6	7	7.3	55	18.6
Cooperate with businesses of another parish, but in the same region	41	41.8	59	61.5	41	51.5
Cooperate with businesses no matter their location	28	28.6	30	31.3	50	29.9
<b>Total</b>	<b>98</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>181</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 16.735$ d.f.=2 p=0.000 Cramer's V= 0.294						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Likewise, respondents were asked to what extent the location of the other businesses would make any difference if they were to cooperate with one or more businesses in a different industry. The results are presented in Table 5.58. Overall, respondents would be more likely to cooperate with other businesses of another parish, but in the same region.

The nul hypothesis (there were no differences between the answers of respondents) was tested (Chi-Square Test for Independence). The test results indicated that there were statistically significant differences (p=0.000) with a medium effect size. (r=0.330).

**Table 5.58: Cooperation with businesses in a different industry considering their location**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Cooperate with businesses of my parish or close to my parish only	27	27.8	6	6.2	55	17.0
Cooperate with businesses of another parish, but in the same region	58	59.8	61	62.9	41	61.3
Cooperate with businesses no matter their location	12	12.4	30	31.9	50	21.6
<b>Total</b>	<b>97</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>181</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2 = 21.154$ d.f.=2 p=0.000 Cramer's V= 0.330						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The null hypothesis was rejected and the alternative one accepted. Despite the significant differences, wine and tourism respondents were more likely to indicate ‘Cooperate with businesses from another parish, but in the same region’. However, there were differences in their second more indicated answers.

#### **5.8.8. Nature of cooperation in the future**

Nature of cooperation refers to the activities through which cooperation is likely to occur in the future.

With regard to the most likely activities through which the respondents would like to horizontally cooperate in the future, the results are presented in Table 5.59. Four types of activity were identified, however three were cited most often. The activities indicated most frequently were related to referral/recommendation, organisation of activities and programs, and offering of special conditions.

However, when the answers of the wine and tourism respondents are compared using a Chi Square Test for Independence, significant differences were found ( $p=0.000$ ) with a large effect size (Cramer’s  $V= 0.704$ ). Thus, the null hypothesis that there was no difference between wine and tourism businesses was rejected and the alternative hypothesis (that there were significant differences) was accepted. These results, presented in Table 5.59, indicate that wine and tourism respondents would seek to cooperate in different ways if they were cooperating horizontally. Tourism respondents would be more likely to cooperate through referral/recommendation of the products/services of the other business and by organising/providing activities and programs. In contrast, wine respondents would be more likely to cooperate by offering of special conditions to those who would recommend/sell their products/services and by participating in joint promotional activities.

**Table 5.59: Potential nature of cooperation if respondents were to cooperate horizontally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Referral/recommendation of products/services of the other business	48	51.6	7	8.0	55	30.4
Organisation/providing activities and programs	33	35.5	8	9.1	41	22.7
Offer of special conditions when recommending/selling products/services of this business	6	6.5	44	50.0	50	27.6
Participation in joint promotional initiatives	6	6.5	29	33.0	35	19.3
<b>Total</b>	<b>93</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>181</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 89.732$ d.f.=3 p=0.000 Cramer's V= 0.704						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Regarding the most likely activities through which the respondents would like to cooperate diagonally in the future four types were identified. Three of the types of activities were more frequently indicated and they were related to referral/recommendation (30.4% in total), organisation of activities and programs (22.7% in total), and offering of special conditions (27.6% in total) (Table 5.60).

**Table 5.60: Potential nature of cooperation if respondents were to cooperate diagonally in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Referral/recommendation of products/services of the other business	7	8.0	48	51.6	55	30.4
Organisation/providing activities and programs	8	9.1	33	35.5	41	22.7
Offer of special conditions when recommending/selling products/services of this business	44	50.0	6	6.6	50	27.6
Participation in joint promotional initiatives	29	33.0	6	6.5	35	19.3
<b>Total</b>	<b>88</b>	<b>100.0</b>	<b>93</b>	<b>100.0</b>	<b>181</b>	<b>100.0</b>
<b>Chi-Square results</b> $\chi^2= 89.732$ d.f.=3 p=0.000 Cramer's V= 0.704						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

When comparing the answers of wine and tourism respondents using a Chi Square Test for Independence, differences were found. Tourism respondents would be more likely to cooperate by offering special conditions to those who would recommend/sell their products/services and by participating in joint promotional

activities. In turn, wine respondents, when cooperating diagonally, would be more likely to refer/recommend the products/services of the other business and to organize/provide activities and programs. These differences were statistically significant differences ( $p=0.000$ ) with a large effect size (Cramer's  $V= 0.704$ ) (Table 5.60). Thus, the null hypothesis (that there were no differences between wine and tourism businesses) was rejected, and the alternative hypothesis (there were significant differences), accepted.

### 5.8.9. Perceived advantages of cooperation

The respondents were asked (through open-ended questions) to indicate the advantages for their businesses that they consider might result from horizontal and diagonal cooperation. The advantages that they thought resulted from horizontal cooperation are presented in Table 5.61. The results indicate there were two most frequently cited advantages by wine and tourism respondents. The improvement of the financial situation of the businesses was indicated by 38.9% of the respondents and the enhancement of the promotion of the businesses' products and services was cited by 38.4% of the respondents. A Chi-Square Test for Independence was conducted to test the null hypothesis (there were no significant differences between the answers of wine and tourism respondents). No significant differences were found ( $p=0.739$ ). Thus, the null hypothesis was not rejected.

**Table 5.61: The advantages that (might) result from horizontal cooperation perceived by wine and tourism respondents**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Enhanced promotion and image of the region	12	12.9	8	8.2	20	10.5
Enhanced promotion and image of products/services businesses	36	38.7	37	38.1	73	38.4
More and/or diversified products/services	11	11.8	12	12.4	23	12.1
Improved financial situation	34	36.6	40	41.2	74	38.9
<b>Total</b>	<b>93</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>190</b>	<b>100.0</b>
<b>Chi-Square Results</b> $\chi^2=1.260$ d.f. = 3 p = 0.739						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

In addition, the results show that respondents perceived advantages not only for their businesses, but also to the Douro the region. The advantages for the region are related to the enhancement of its promotion and image.

Likewise, respondents were asked to indicate the advantages that could result from diagonal cooperation. The results are presented in Table 5.62. Overall, the advantages cited most frequently by the respondents (50.3%) were advantages related to the enhancement of the promotion and image of the businesses' products and services. However, to test for differences between the answers of wine and tourism respondents (to test the null hypothesis), a Chi-Square Test for Independence was done. Statistically significant differences ( $p=0.000$ ), with a medium effect size (Cramer's  $V= 0.322$ ), were found. Therefore, the null hypothesis of no differences between their answers was rejected and the alternative hypothesis (there were significant differences), accepted.

**Table 5.62: The advantages that (might) result from diagonal cooperation perceived by wine and tourism respondents**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Enhanced promotion and image of the region	17	18.9	10	10.5	27	14.6
Enhanced promotion and image of products/services businesses	32	35.6	61	64.2	93	50.3
More and/or diversified products/services	19	21.1	5	5.3	24	13.0
Improved financial situation	22	24.4	19	20.0	41	22.2
<b>Total</b>	<b>90</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>185</b>	<b>100.0</b>
<b>Chi-Square Results</b> $\chi^2=19.123$ d.f. = 3 $p = 0.000$ Cramer's $V= 0.322$						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

### 5.8.10. Perceived disadvantages of cooperation

For horizontal cooperation the wine and tourism respondents perceived disadvantages related to adverse relationships with other business people and businesses and worsening business performance (Table 5.63) in relatively similar proportions (total column). A Chi Square Test for Independence found no significant differences between tourism and wine business answers. Thus, the null

hypothesis, that there were no significant differences between the answers of wine and tourism respondents in terms of their perceived disadvantages resulting from diagonal cooperation, was not rejected.

**Table 5.63: The disadvantages that (might) result from horizontal cooperation perceived by wine and tourism respondents**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Adverse relationships with businesses	7	29.2	31	50.8	38	44.7
Worsening Business Performance (Image and financial losses)	17	70.8	30	49.2	47	55.3
<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>85</b>	<b>100.0</b>
<b>Chi-Square Results</b> $\chi^2=3.267$ d.f. = 1 p = 0.118						

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

When consideration was given to diagonal cooperation the worsening of business performance was more likely to be indicated by wine and tourism respondents (84.2%). Comparison, using a Chi Square analysis, of whether the answers of wine and tourism respondents were different was not possible because it is a 2x2 table, and there were cells with expected counts below 10 and less than 5 (Table 5.64).

**Table 5.64: The disadvantages that (might) result from diagonal cooperation perceived by wine and tourism respondents**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Adverse relationships with businesses	2	14.3	4	16.7	6	15.8
Worsening Business Performance (Image and financial losses)	12	85.7	20	83.3	32	84.2
<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>

### **5.8.11. Whether or not cooperation would be likely to happen and why**

Regarding the question as to whether or not horizontal cooperation would be likely to happen, as shown in Table 5.65, there were far more respondents who considered that cooperation would be likely to happen in the future (71.8% in total) than those who answered negatively to the question (28.2% in total). No



statistically significant differences were found between the answers given by wine and tourism respondents when they were tested using a Chi Square analysis. Therefore, the null hypothesis (that there were no differences between wine and tourism businesses) was not rejected.

**Table 5.65: Whether, or not, horizontal cooperation would be likely to happen in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	67	72.0	63	71.6	130	71.8
No	26	28.0	25	28.4	51	28.2
<b>Total</b>	<b>93</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>181</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 0.05</math> d.f.=1 p=0.946</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Respondents were then asked to explain their answers about whether horizontal cooperation was likely to happen in the future. The results are presented in Table 5.66. The most indicated reason by respondents from both wine and tourism businesses (60%) was that it was “Already happening”. When the answers were tested using a Chi Square analysis no statistically significant differences were found between wine and tourism respondents in terms of the reasons why horizontal cooperation would be likely to happen in the future. Therefore, the null hypothesis (that there were no differences between wine and tourism businesses) was not rejected.

**Table 5.66: Reasons why would horizontal cooperation be likely to happen in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Already happening	38	56.7	40	63.5	78	60.0
Contacts have already been made	11	16.4	5	7.9	16	12.3
Growing recognition of the importance of cooperation by businesses	18	26.9	18	28.6	36	27.7
<b>Total</b>	<b>67</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>
<b>Chi-Square results</b>			<b><math>\chi^2 = 2.180</math> d.f.=2 p=0.336</b>			

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Regarding those who answered “No” to whether horizontal cooperation would happen in the future, there was only one reason given by the wine and tourism respondents and that was ‘Lack of interest/willingness of other business people to cooperate’. Furthermore, and with regard to the question of whether, or not, diagonal cooperation would be likely to happen, wine and tourism respondents gave similar answers, as presented in Table 5.67.

**Table 5.67: Whether, or not, diagonal cooperation would be likely to happen in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Yes	71	81.6	68	88.3	139	84.8
No	16	18.4	9	11.7	25	15.2
<b>Total</b>	<b>87</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	<b>164</b>	<b>100.0</b>
<b>Chi-Square results</b>						<b><math>\chi^2 = 0.949</math> d.f.=1 p=0.330</b>

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

The majority of wine and tourism respondents (84.8%) indicated that diagonal cooperation was likely to happen in the future. No statistically significant difference was found, using a Chi Square test, between wine and tourism respondents in terms of whether diagonal cooperation would be likely to happen in the future. Therefore, the null hypothesis (that there were no differences between wine and tourism businesses) was not rejected.

Respondents were then asked to explain their answer why it was likely to happen in the future. The results are presented in Table 5.68. The most often cited reason (54.7% in total) was ‘Already happening’.

**Table 5.68: Reasons why would diagonal cooperation be likely to happen in the future**

	Tourism		Wine		Total	
	n	%	n	%	n	%
Already happening	34	47.9	42	61.8	76	54.7
Contacts have already been made	17	23.9	15	22.1	33	23.0
Growing recognition of the importance of cooperation by businesses	20	28.2	11	16.2	31	22.3
<b>Total</b>	<b>71</b>	<b>100.0</b>	<b>68</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>
<b>Chi-Square results</b>						<b><math>\chi^2 = 3.517</math> d.f.=2 p=0.172</b>

n – sample;  $\chi^2$  – Chi-square value; d.f. – degrees of freedom; p – probability value

Regarding those who answered ‘No’ to the likelihood of cooperating diagonally in the future, the indicated reason was ‘Lack of interest/willingness to cooperate on the part of other businesses’.

## **5.9 CONCLUSION**

Overall, the results of this chapter have indicated that inter-business cooperation already occurs in the Douro Valley, despite the perceived lack support from public and private organisations. However, it is essentially a recent phenomenon in the region, given that cooperation for most of the respondents that had already cooperated had started no more than five years ago. Cooperation in the Douro Valley can be of two types namely horizontal and diagonal. In a way, these results are not surprising given the fact they were the only types included in the survey. However, and even though this is true, it can also be said that results confirmed the occurrence of these two types of cooperation in the region. Indeed, this research allowed the confirmation that businesses not only cooperate in their own industry, but they also cooperate with businesses operating in a different industry of their own. In this case, as explained previously, this different type of industry was either tourism, or wine. Cooperation at both levels, horizontal and diagonal, occurs in the Douro Valley only through informal activities, namely: referral/recommendation, participation in joint promotional initiatives, offering special conditions when their businesses were referred, and organising/providing programs and activities.

Prior knowledge and personal trust/good relationships in the other business people, the resources and products of the other business partner and the characteristics of the other business partner (reputation, market position and common objectives) assume an important role in cooperation in the Douro Valley. These aspects are not only the reasons why owners/managers of tourism and wine businesses chose their business partners to cooperate, but they also they are important aspects for cooperation to happen and be maintained in the region. Another factor that has been found to be important for cooperation to happen and be maintained in the region was prior cooperation experience and/or willingness to cooperate (on the part of the other business).

The results/outcomes of cooperation are perceived positively by owners/managers of wine and tourism businesses in the Douro Valley. In fact, cooperation was perceived to be successful for most of the respondents that had cooperated in the past because they achieved the objectives they wanted for their businesses. Through cooperation, the respondents were essentially able to enhance the promotion and image of their businesses and to enhance their financial situation. In general, these were also the advantages that were perceived as potential positive results of cooperation (horizontal and diagonal). The results have indicated that the expectation of achieving these positive outcomes from cooperation was what drove the respondents to cooperation in the first place.

Although respondents had positive perceptions of the results/outcomes of cooperation, they also perceived potential disadvantages that can potentially result from horizontal and diagonal cooperation. The respondents perceived that adverse relationships with other business people and businesses and also to worsening business performance could result from cooperation.

It is very likely that cooperation will occur in the region, in the future. In fact, and maybe because of their perceptions of the positive results of cooperation, the reasons why the respondents would like to cooperate in the future are not very dissimilar from the reasons for cooperating in the past. The reasons are to enhance the promotion and image of their businesses, to enhance their financial situation, and to complement their offer. Another result that can be drawn with regard to the objectives that businesses aim to achieve to their businesses is that they were considered as most important factor for the decision if they owners/managers of wine and tourism businesses were to cooperate in the future with other businesses. In addition, and if respondents were to cooperate in the future (horizontally and diagonally), the external business environment would have an influence for most of them. The most important factor would be the 'Market/demand trends' because through cooperation, respondents would aim to give a better answer to customers' expectations and also to reach/attract other market segments. Besides the external business environment, another factor that was identified as being the most

important in the decision to cooperate in the future was the business-related objectives.

Finally, and when the decision was not to cooperate (in the past and in the future), the reasons given by wine and tourism respondents were essentially related to the negative attitude and behaviour of people in the other businesses, such as individualism and opportunistic behaviour, and also to the fact that cooperation was of no interest to them. Even though only a small number of respondents had indicated the decision to not cooperate, these results are important in the way that they imply what needs to be done for them to change their perceptions and their decisions.

While this chapter allowed the presentation of conclusions with regard to inter-business cooperation in the Douro Valley (in the past and future), the next chapter will describe, examine and evaluate the perceptions of the respondents with regard to the influences on and outcomes of cooperation.

## **CHAPTER 6 – THE EVALUATION BY THE OWNERS/MANAGERS OF THE INFLUENCES ON AND OUTCOMES OF COOPERATION**

### **6.1 INTRODUCTION**

This chapter provides an evaluation as perceived by the owners/managers of wine and tourism businesses with regard to the influences on and outcomes of cooperation. The results are presented according to the following order: first, a hierarchy table of the mean values is presented. Second, the chapter provides a comparative description and analysis of the perceptions of owners/managers of tourism and wine businesses in relation to the influences and outcomes (of the potential advantages and disadvantages that might result from cooperation). The results are presented in a sequential order, starting from the most important to the least important (or the most/least disadvantageous in the case of disadvantages).

This chapter consists of the analysis of the answers to Likert type scales that asked the respondents to state the level of their agreement to each of a number of statements. The evaluation scale ranged from 1- strongly agree to 5- strongly disagree. In the scale the score of 3 indicated that the respondent neither agreed nor disagreed with the statement. The results of two types of analysis are presented. First, the initial analysis/interpretation is of the overall means for each statement. To assist in the interpretation of the results and counter the problems in interpreting the results of ordinal scales, this research adopted the three equal sized zones suggested by Vaughan (2007). These zones as specified as: Agree 1.00–2.33, Neutral/not clear view 2.34–3.67, Disagree 3.68 –5.00. Median values were also calculated.

Second, to test the null hypothesis of no differences between the answers of the owners/managers of businesses operating in the wine and tourism industries (independent variable) the results of Mann-Witney analyses are presented. The

Mann-Whitney test compares medians when testing for differences between two independent groups on a continuous measure (Pallant 2010). The mean rank, as part of the Mann-Whitney U test, was calculated after the scores had been ranked from lowest to highest. These results are important as they show that “the group with the lowest mean rank is the group with the greatest number of lower scores” (Field, 2005:530). When no statistically significant differences were found, the null hypothesis was not rejected. In turn, when differences were found, the null hypothesis was rejected and the alternative hypothesis (there were differences) was accepted.

## 6.2 PERCEPTIONS OF THE INFLUENCES ON THE DECISION REGARDING COOPERATION

Respondents were asked to rank in order of importance five (groups) of factors/influence son their decision to cooperation if they were to cooperate with other businesses in the future. The influences given to respondents as answer options were drawn from the literature and they were: ‘The objectives for my business’, ‘My knowledge of the other business’, ‘My perception of the institutional environment’, ‘My perception of the person I am dealing with in the other business’, and ‘My personal aims for my lifestyle’. The results of the ranking question are presented in Table 6.1 based on a hierarchy table of the mean values.

**Table 6.1: Perceived importance of influences on respondents’ decision to cooperate in the future**

	<b>Tourism</b>	<b>Wine</b>	<b>Total</b>
<b>Influences</b>	<b>Mean</b>	<b>Mean</b>	<b>Mean</b>
The objectives for my business	1.26	1.28	1.27
My knowledge of the other business	2.76	2.84	2.8
My perception of the institutional environment	3.42	3.64	3.53
My perception of the person I am dealing with in the other business	2.94	2.4	3.64
My personal aims for my lifestyle	4.66	4.94	4.8

The results indicate that the factor considered to be the most important by wine and tourism was the objective of their businesses, given the overall mean value. It is followed by the knowledge of the other business. The factors considered to be the least important was the personal aim for their lifestyle.

Then, respondents were asked to state the level of their agreement to each of a number of statements regarding each group of factors. The analysis of their perceptions is presented below starting from the factors considered the most important, to the least important.

### **6.2.1. Evaluation of the contribution of cooperation to the achievement of business-related objectives**

Overall, the respondents agreed with seven of the ten statements (Table 6.2) in terms of the contribution of cooperation to the achievement of the identified business-related objectives. Perceptions were, however, more positive in relation to the contribution of cooperation to the promotion of the businesses and to improve the business's image and reputation with clients.

While there was an overall agreement with the statements by wine and tourism respondents, the latter respondents were statistically more likely to agree that cooperation should help the overall performance of the business ( $p=0.016$  with a small effect size  $r=-0.167$ ), to get (more and better) access to resources ( $p=0.0013$  with small effect size  $r=-0.176$ ). Given these results, in the case of these two statements with significant differences, the null hypotheses (that were no significant differences) were rejected. In turn, the null hypotheses regarding the other statements in Table 6.2 were not rejected.



**Table 6.2: Business objectives to which cooperation is more expected to contribute to**

<b>Help to promote the business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.90	2.00	98.68				
Wine	100	1.98	2.00	102.32				
<b>Total</b>	<b>200</b>	<b>1.94</b>	<b>2.00</b>		<b>4818</b>	<b>-0.519</b>	<b>0.604</b>	
<b>Improve the business' image and reputation with clients</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.98	2.00	94.29				
Wine	100	2.17	2.00	105.71				
<b>Total</b>	<b>200</b>	<b>2.08</b>	<b>2.00</b>		<b>4379</b>	<b>-1.878</b>	<b>0.060</b>	
<b>Help the overall performance of the business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.01	2.00	92.09				
Wine	100	2.27	2.00	108.9				
<b>Total</b>	<b>200</b>	<b>2.14</b>	<b>2.00</b>		<b>4158.5</b>	<b>-2.403</b>	<b>0.016</b>	<b>-0.16992</b>
<b>Get (more and better) access to resources (e.g. information, ideas, contacts, physical)</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.07	2.00	91.29				
Wine	100	2.43	2.00	109.72				
<b>Total</b>	<b>200</b>	<b>2.25</b>	<b>2.00</b>		<b>4078.5</b>	<b>-2.488</b>	<b>0.013</b>	<b>-0.17593</b>
<b>Increase the competitiveness of the business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.16	2.00	95.63				
Wine	100	2.34	2.00	105.38				
<b>Total</b>	<b>200</b>	<b>2.25</b>	<b>2.00</b>		<b>4512.5</b>	<b>-1.353</b>	<b>0.176</b>	
<b>Minimize the risk involved for the business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.25	2.00	97.01				
Wine	100	2.39	2.00	104				
<b>Total</b>	<b>200</b>	<b>2.32</b>	<b>2.00</b>		<b>4650.5</b>	<b>-1.016</b>	<b>0.310</b>	
<b>Increase the overall financial position of the business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.23	2.00	94.61				
Wine	100	2.45	2.00	105.4				
<b>Total</b>	<b>200</b>	<b>2.34</b>	<b>2.00</b>		<b>4411</b>	<b>-1.603</b>	<b>0.109</b>	

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; U - Mann-Whitney U value; z - Z value; p - Probability value; r - R value.

Nevertheless, respondents did not have a clear view with regard to some objectives. The results of the perceptions of wine and tourism respondents are presented in Table (Table 6.3). Respondents had statistically different perceptions

when the objectives were to increase the quality of the businesses' products/services ( $p=0.000$  with a medium effect size  $r=-0.315$ ), to help differentiate the business from its competitors ( $p=0.004$  with a small effect size - 0.204), and to diversify the product/service of the business ( $p=0.000$ ) with a medium effect size  $r=-0.341$ ). The differences are because tourism respondents were more likely to have a neutral view perceptions than wine respondents. In these cases as significant differences were found, the null hypotheses (that there were no significant differences between the perceptions of wine and tourism respondents) were rejected. In turn, the alternative hypotheses (there were significant differences) were accepted.

**Table 6.3: The business-related objectives with regard to which respondents had no clear view in terms of the contribution of cooperation to their achievement**

Increase the quality of the businesses' products/services								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.09	2.00	83.97				
Wine	100	2.71	3.00	117.93				
Total	200	2.40	2.00		3257	-4.457	0.000	-0.31516
Help differentiate the business from its competitors								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.21	2.00	89.45				
Wine	100	2.59	2.00	111.56				
Total	200	2.40	2.00		3894.5	-2.889	0.004	-0.20428
Diversify the product/service of the business								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.17	2.00	81.67				
Wine	100	2.82	3.00	119.33				
Total	200	2.49	2.00		3117	-4.823	0.000	-0.34104

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; U - Mann-Whitney U value; z - Z value; p - Probability value; r - R value.

### 6.2.2. Perceptions of the required characteristics of other the business if the decision was to cooperate in the future

Overall, tourism and wine respondents were likely to agree with six of the ten statements about the characteristics the other business should have if respondents

were to cooperate with them in the future, with significant differences in three cases (Table 6.4).

**Table 6.4: The perceived characteristics that the other business should have if respondents were to cooperate with them in the future**

<b>Offer quality products/services</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.75	2.00	101.6				
Wine	100	1.72	2.00	99.39				
<b>Total</b>	<b>200</b>	<b>1.73</b>	<b>2.00</b>		<b>4889</b>	<b>-0.317</b>	<b>0.751</b>	
<b>Have a similar market orientation as this business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.35	2.00	110.5				
Wine	100	1.72	2.00	90.53				
<b>Total</b>	<b>200</b>	<b>1.73</b>	<b>2.00</b>		<b>4002.5</b>	<b>-2.729</b>	<b>0.006</b>	<b>-0.19297</b>
<b>Have a good reputation in the market</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.73	2.00	98.01				
Wine	100	1.74	2.00	102.1				
<b>Total</b>	<b>200</b>	<b>1.74</b>	<b>2.00</b>		<b>4840.5</b>	<b>-0.474</b>	<b>0.636</b>	
<b>Be successful in the market</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	1.85	2.00	100.3				
Wine	100	1.84	2.00	100.7				
<b>Total</b>	<b>200</b>	<b>1.84</b>	<b>2.00</b>		<b>4982.5</b>	<b>-0.053</b>	<b>0.000</b>	<b>-0.004</b>
<b>Have an equal relationship with this business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.96	2.00	98.63				
Wine	100	1.98	2.00	102.4				
<b>Total</b>	<b>200</b>	<b>1.97</b>	<b>2.00</b>		<b>4812.5</b>	<b>-0.634</b>	<b>0.526</b>	
<b>Have similar objectives as my business's objectives</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.46	2.00	115.3				
Wine	100	2.02	2.00	84.67				
<b>Total</b>	<b>200</b>	<b>2.24</b>	<b>2.00</b>		<b>3417</b>	<b>-4.274</b>	<b>0.000</b>	<b>0.302217</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

First, wine respondents were more likely to agree that the other business should have a similar market orientation as this business ( $p=0.006$ ; with a small effect size  $r=-0.193$ ) than tourism respondents. Second, wine respondents were also more likely to agree that the other business should have similar objectives as their

businesses' objectives ( $p=0.000$ ; with a medium effect size  $r=0.302$ ). In turn, tourism respondents were more likely to agree with the idea that the other business should be successful in the market ( $p=0.000$ ; with a very small effect size  $r=-0.004$ ), if they were to cooperate in the future with the other business. In the cases where significant differences were found, the null hypotheses (that there were no significant differences between the perceptions of wine and tourism respondents) were rejected. In these cases, the alternative hypotheses (there were significant differences) were accepted. When significant differences were not found, the null hypotheses were not rejected.

There were, however, some characteristics that respondents did not consider the other business should have if they were to engage into cooperation with the other business in the future, as overall the respondents were likely to have neutral perceptions with the statements presented in Table 6.5. With an exception regarding the need of the other business to have a similar culture as their businesses, wine and tourism respondents differed significantly with regard to the other characteristics identified in Table 6.5. Having previous experience in cooperating with other businesses was not considered by respondents, particularly by wine respondents ( $p=0.000$ ; with a medium effect size  $r=-0.373$ ) as characteristic that the other business should have for respondents to engage into cooperation with the other business. This is also the case with respect to the location of the other business. Indeed, being located in the same parish as their own business was not considered relevant by wine and tourism and wine respondents to cooperate with the other business.

Because wine respondents were more likely to have these perceptions, than tourism businesses, the differences were significant ( $p=0.000$ ) with a medium effect size ( $r=-0.3049$ ). Moreover, Be of the same type of business as the respondents, was also not an important characteristic for respondents if they were to cooperate in the future, particularly for wine respondents ( $p=0.000$ ; with a small effect size  $-0.3451$ ).

**Table 6.5: Characteristics of potential business partners not required to cooperation**

<b>Have a similar culture as my business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.56	3.00	104.5				
Wine	100	2.51	2.00	95.51				
<b>Total</b>	<b>200</b>	<b>2.54</b>	<b>2.00</b>		<b>4600.5</b>	<b>-1.043</b>	<b>0.297</b>	
<b>Have previous experience in cooperating with other businesses</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	2.62	3.00	79.95				
Wine	100	3.31	4.00	121.1				
<b>Total</b>	<b>200</b>	<b>2.96</b>	<b>3.00</b>		<b>2945</b>	<b>-5.272</b>	<b>0.000</b>	<b>-0.37279</b>
<b>Be located in the same parish as this business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.25	4.00	85.15				
Wine	100	3.88	4.00	115.9				
<b>Total</b>	<b>200</b>	<b>3.56</b>	<b>4.00</b>		<b>3465</b>	<b>-4.312</b>	<b>0.000</b>	<b>-0.3049</b>
<b>Be of the same type of business as my business</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.57	4.00	98.80				
Wine	100	3.6	4.00	102.2				
<b>Total</b>	<b>200</b>	<b>3.58</b>	<b>4.00</b>		<b>3417</b>	<b>-0.488</b>	<b>0.000</b>	<b>-0.03451</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

These results reveal that there are some characteristics that the other business should have if wine and tourism respondents were to cooperate with them in the future. Thus, these results suggest that in order to wine and respondents cooperate with other business they will look for the characteristic that they think the other business should have.

### **6.2.3. Perceptions in relation to the existing institutional environment**

In order to understand the perceptions of respondents in terms of the existing support/incentives for cooperation, wine and tourism respondents were asked to what extent they would agree or disagree with five statements regarding the existing incentives to support cooperation between businesses, firstly on the part of governmental organisations and secondly with regard to trade organization.

The results presented in Table 6.6 regarding governmental organisations indicate that overall, wine and tourism respondents were not aware of the existence of support and incentives in the region, given their neutral opinion with respect to four of the five statements. These results might suggest that it is not the case there was no support, but that might be case a lack of awareness with respect to the incentives and support provided by governmental organisations.

**Table 6.6: Aspects of the existing support to cooperation available from Governmental organisations in relation to which respondents have no clear view**

<b>There are governmental policies that encourage businesses to cooperate</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.40	3.00	110.27				
Wine	100	3.15	3.00	90.73				
<b>Total</b>	<b>200</b>	<b>3.18</b>	<b>3.00</b>		<b>4023</b>	<b>-2.670</b>	<b>0.008</b>	<b>-0.1888</b>
<b>The information available from governmental organisations, that explains the advantages and disadvantages of cooperation between businesses, is good</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.27	4.00	103.96				
Wine	100	3.19	3.00	97.04				
<b>Total</b>	<b>200</b>	<b>3.23</b>	<b>3.00</b>		<b>4654</b>	<b>-0.903</b>	<b>0.366</b>	
<b>There is enough available information from governmental organisations about the financial incentives to cooperation</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.45	4.00	112.74				
Wine	100	3.05	3.00	88.27				
<b>Total</b>	<b>200</b>	<b>3.25</b>	<b>3.00</b>		<b>3775.5</b>	<b>-3.167</b>	<b>0.002</b>	<b>-0.2239</b>
<b>There is adequate financial support from the public sector to encourage cooperative projects/agreements between businesses</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.54	4.00	107.15				
Wine	100	3.37	3.00	93.85				
<b>Total</b>	<b>200</b>	<b>3.46</b>	<b>3.00</b>		<b>4335</b>	<b>-1.779</b>	<b>0.075</b>	

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

Significant differences were found in the perceptions of wine and tourism businesses in relation to the existence of governmental policies that encourage businesses to cooperate ( $p=0.008$  with a small effect size  $r=-0.188$ ) and to the enough existing available information from governmental organisations about the financial incentives to cooperation ( $p=0.002$  with a small effect size  $r=-0.224$ ). In the case of the two statements, the null hypotheses (there no significant differences

were found) were rejected and the alternative hypotheses regarding the existence of significant differences were accepted.

However, the results (Table 6.7) also indicated that respondents clearly did not recognise the easiness of getting access to the existing financial incentives (European and national) to cooperate. No significant difference was found in the perceptions of wine and tourism respondents. Thus, the null hypothesis (there was no significant difference) was not rejected.

**Table 6.7: Aspects of the existing support to cooperation available from Governmental organisations in relation to which respondents disagree**

<b>It is relatively easy to get access to the existing financial incentives (European and national) to cooperate</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.83	4.00	103.10				
Wine	100	3.76	4.00	97.91				
<b>Total</b>	<b>200</b>	<b>3.79</b>	<b>4.00</b>		<b>4740.5</b>	<b>-0.721</b>	<b>0.471</b>	

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

Moreover, respondents were also asked about the incentives for, and support for, cooperation, by trade organisations. The results are presented in Table 6.8. Overall, the results indicated that wine and tourism respondents were not aware of the existence of support and incentives in the region available from trade organisations, similar to their perception with respect to governmental organisations.

Thus, these results indicate that even though support for cooperation might exist, wine and tourism respondents were not aware of it. There were no significant differences between the perceptions of wine and tourism respondents. Thus, the null hypotheses (there were no significant differences) were not rejected.

**Table 6.8: Aspects of the existing support to cooperation available from Trade organisations in relation to which respondents have no clear view**

<b>The behaviour of those who support cooperation does not help businesses to cooperate</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.97	3.00	107.54				
Wine	100	2.76	3.00	93.47				
<b>Total</b>	<b>200</b>	<b>2.86</b>	<b>3.00</b>		<b>4295.5</b>	<b>-1.9</b>	<b>0.57</b>	
<b>The information available from trade organisations, that explains the advantages and disadvantages of cooperation between businesses, is good</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.18	3.00	107.21				
Wine	100	2.97	3.00	93.80				
<b>Total</b>	<b>200</b>	<b>3.08</b>	<b>3.00</b>		<b>4329.5</b>	<b>-1.737</b>	<b>0.082</b>	
<b>Trade organisations encourage businesses to cooperate</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.29	3.00	105.85				
Wine	100	3.11	3.00	94.15				
<b>Total</b>	<b>200</b>	<b>3.10</b>	<b>3.00</b>		<b>4365</b>	<b>-1.661</b>	<b>0.097</b>	
<b>There is available information about the importance of cooperation to businesses from the trade organisations</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.33	3.00	107.14				
Wine	100	3.15	3.00	93.84				
<b>Total</b>	<b>200</b>	<b>3.24</b>	<b>3.00</b>		<b>4333.5</b>	<b>-1.763</b>	<b>0.078</b>	
<b>There is enough available information from trade organisations about the financial incentives to cooperation</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.33	3.00	103.26				
Wine	100	3.23	3.00	97.74				
<b>Total</b>	<b>200</b>	<b>3.28</b>	<b>3.00</b>		<b>4724</b>	<b>-0.716</b>	<b>0.474</b>	

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

Hence, these results, along with the results of the governmental organisations, are considered to very important because they show that wine and tourism were not aware of the any support or incentives and therefore, it becomes clear to the researcher that these organisations have to think of ways of how to “pass the message” in order to respondents have more available information of the available support and incentives for cooperation in the region.



#### 6.2.4. Perceptions whether aspects in the institutional environment would motive, or not, cooperation in the future

Wine and tourism respondents were asked about the extent to which they would agree or disagree with five sentences about what would motivate them to cooperate. The results are presented in Table 6.9.

**Table 6.9: Aspects of the institutional environment in relation to which respondents have no clear view in terms of its influence on their decision**

<b>More financial incentives (national and European)</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.29	2.00	95.81				
Wine	100	2.46	2.00	104.19				
<b>Total</b>	<b>200</b>	<b>2.38</b>	<b>2.00</b>		<b>4631</b>	<b>-1.037</b>	<b>0.3</b>	
<b>More businesses interested in cooperating</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.05	2.00	78.25				
Wine	100	2.85	3.00	122.76				
<b>Total</b>	<b>200</b>	<b>2.45</b>	<b>2.00</b>		<b>2774.5</b>	<b>-5.821</b>	<b>0.000</b>	<b>-0.4116</b>
<b>Governmental policies promoting cooperation</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.36	2.00	87.84				
Wine	100	2.81	3.00	113.17				
<b>Total</b>	<b>200</b>	<b>2.58</b>	<b>2.00</b>		<b>3733.5</b>	<b>-3.288</b>	<b>0.001</b>	<b>-0.2325</b>
<b>More information available from the government and trade organisations</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.38	2.00	82.40				
Wine	100	2.96	3.00	118.6				
<b>Total</b>	<b>200</b>	<b>2.67</b>	<b>3.00</b>		<b>3190</b>	<b>-4.673</b>	<b>0.000</b>	<b>-0.3304</b>
<b>A more unstable economy</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.26	3.00	89.4				
Wine	100	3.61	4.00	111.6				
<b>Total</b>	<b>200</b>	<b>3.43</b>	<b>4.00</b>		<b>3893.5</b>	<b>-3.070</b>	<b>0.002</b>	<b>-0.217</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

Overall, wine and tourism respondents had neutral perceptions in terms of the aspects of the institutional environment that could motivate them to cooperate in

the future. There were significant differences in relation the last three statements presented in Table 6.9. In these cases, the null hypotheses that there were no significant differences between the perceptions of wine and tourism respondents were rejected. In turn, the alternative hypotheses (there were significant differences) were accepted. Thus, these results mean that wine and tourism respondents would not be more motivated to cooperate in the future if there were the aspects identified and presented in the next table, Table 6.10.

**Table 6.10: Aspects of the institutional environment in relation to which respondents have disagreed in terms of its influence on their decision to not cooperate**

<b>Complexity in respect of the existing programs and financial incentives to cooperate</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.18	4	88.96				
Wine	100	3.64	4	112.04				
<b>Total</b>	<b>200</b>	<b>3.41</b>	<b>4</b>		<b>3846</b>	<b>-3.311</b>	<b>0.001</b>	<b>-0.2341</b>
<b>Difficulty in getting information about cooperation and financial incentives from governmental and trade organisations</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.20	4	85.64				
Wine	100	3.72	4	114.36				
<b>Total</b>	<b>200</b>	<b>3.46</b>	<b>4</b>		<b>3614</b>	<b>-4.066</b>	<b>0.000</b>	<b>-0.288</b>
<b>Difficulty in getting the existing financial incentives (both at the national and European level)</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.22	4.00	87.3				
Wine	100	3.72	4.00	113.7				
<b>Total</b>	<b>200</b>	<b>3.47</b>	<b>4.00</b>		<b>3680</b>	<b>-3.818</b>	<b>0.000</b>	<b>-0.2699</b>
<b>Lack of financial incentives at the national and European level</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.26	4	87.20				
Wine	100	3.69	4	113.81				
<b>Total</b>	<b>200</b>	<b>3.47</b>	<b>4</b>		<b>3668.5</b>	<b>-3.851</b>	<b>0.000</b>	<b>-0.2723</b>
<b>Low governmental non-financial incentives to cooperate</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.26	4	85.26				
Wine	100	3.76	4	114.74				
<b>Total</b>	<b>200</b>	<b>3.51</b>	<b>4</b>		<b>3576</b>	<b>-4.179</b>	<b>0.000</b>	<b>-0.2955</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

Respondents were also asked about the extent to which they would agree or disagree with five aspects that would put them off cooperating with other businesses. The results are presented in It is very clear that wine and tourism respondents would not be putt off from cooperating with other businesses in the future given the identified aspects (Table 6.10). The results also showed that this is particularly true for wine respondents who were more likely to disagree with the statements, than tourism respondents. These differences were statistically significant, as shown by the p and r values in Table 6.10. When significant differences were found, the null hypotheses (that there were no significant differences between the perceptions of wine and tourism businesses) were rejected and the alternative hypotheses (there were significant differences), accepted. When significant differences were not found, the null hypotheses were not rejected. These results indicate that wine and tourism respondents would not be more motivated or hindered by the their perceptions in relation to the institutional environment.

#### **6.2.5. Perceptions of the required characteristics of the person in the other business if the decision was to cooperate in the future**

Overall wine and tourism respondents agreed with nine of the 10 characteristics that the other person in the other business should have if respondents were to cooperate in the future. The characteristics that the person of the other business should have are presented in Table 6.11. No significant differences were found. Therefore, the null hypotheses (that there were no differences) were not rejected. However, the respondents of wine and tourism businesses did not consider relevant that the other person should have previous experience in cooperating, if they were to cooperate with the person in the future. In this statement, presented in Table 6.12, statistically significant differences ( $p=0.000$ ) were found to have medium effect size ( $r=-0.338$ ), as wine respondents were more likely to ‘neither agree or disagree’, than tourism respondents.

**Table 6.11: The characteristics the person of the other business should have**

<b>Be trustful</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.66	2.00	104.94				
Wine	100	1.54	2.00	95.07				
<b>Total</b>	<b>200</b>	<b>1.6</b>	<b>2.00</b>		<b>4555.5</b>	<b>-1.229</b>	<b>0.219</b>	
<b>Keep his/her commitments</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.75	2.00	102.35				
Wine	100	1.69	2.00	98.66				
<b>Total</b>	<b>200</b>	<b>1.72</b>	<b>2.00</b>		<b>4815.5</b>	<b>-0.567</b>	<b>0.570</b>	
<b>Be fully committed</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.78	2.00	102.22				
Wine	100	1.72	2.00	98.78				
<b>Total</b>	<b>200</b>	<b>1.75</b>	<b>2.00</b>		<b>4828</b>	<b>-0.539</b>	<b>0.590</b>	
<b>Be open with me</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.79	2.00	102.83				
Wine	100	1.73	2.00	98.18				
<b>Total</b>	<b>200</b>	<b>1.76</b>	<b>2.00</b>		<b>4767.5</b>	<b>-0.717</b>	<b>0.473</b>	
<b>Have good reputation</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	1.79	2.00	101.96				
Wine	100	1.75	2.00	99.04				
<b>Total</b>	<b>200</b>	<b>1.77</b>	<b>2.00</b>		<b>4854</b>	<b>-0.440</b>	<b>0.660</b>	
<b>Get on well with me</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	1.88	2.00	103.27				
Wine	100	1.82	2.00	97.73				
<b>Total</b>	<b>200</b>	<b>1.85</b>	<b>2.00</b>		<b>4723</b>	<b>-0.885</b>	<b>0.376</b>	
<b>Be flexible</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.90	2.00	103.73				
Wine	100	1.92	2.00	97.28				
<b>Total</b>	<b>200</b>	<b>1.86</b>	<b>2.00</b>		<b>4677.5</b>	<b>-1.085</b>	<b>0.278</b>	
<b>Positive in their attitudes</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	1.94	2.00	105.61				
Wine	100	1.79	2.00	95.40				
<b>Total</b>	<b>200</b>	<b>1.87</b>	<b>2.00</b>		<b>4489.5</b>	<b>-1.609</b>	<b>0.108</b>	
<b>Have similar personal values as mine</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.32	2.00	107.62				
Wine	100	2.17	2.00	93.38				
<b>Total</b>	<b>200</b>	<b>2.24</b>	<b>2.00</b>		<b>4288</b>	<b>-1.906</b>	<b>0.057</b>	

N – Number of respondents; MV – Mean Value; ME – Median; MR – Mean Rank; *U* – Mann-Whitney *U* value; *z* – Z value; *p* – Probability value; *r* – R value.

In this case, the null hypothesis (there were no significant differences) was rejected and the alternative hypothesis (there were significant differences) was accepted.

**Table 6.12: Characteristics of the person in the other business not required to cooperation**

	<b>Have previous experience in cooperating</b>							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	2.59	3.00	81.85				
Wine	100	3.26	3.00	119.15				
<b>Total</b>	<b>200</b>	<b>2.92</b>	<b>3.00</b>		<b>3135</b>	<b>-4.770</b>	<b>0.000</b>	<b>-0.3373</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

These results reveal that there are some characteristics that the person of the other business that they have to deal with should have, if wine and tourism respondents were to cooperate with them in the future.

### **6.2.6. Perceptions of the contribution of cooperation to the achievement of personal aims**

Overall, wine and tourism respondents had a neutral opinion in relation to nine of the ten statements (given the median and mean total values in Table 6.13). Although there were statistically significant differences between the perceptions of wine and tourism respondents (with small and medium effect size as presented in Table 6.13), the results indicate that tourism and wine respondents did not see cooperation as a means by which they could achieve the identified personal aims. In the cases where significant differences were found, the null hypotheses (that there were no significant differences between the perceptions of wine and tourism respondents) were rejected. In these cases, the alternative hypotheses (there were significant differences) were accepted. When significant differences were not found, the null hypotheses were not rejected.

**Table 6.13: The personal objectives with regard to which respondents had a neutral view in terms of the contribution of cooperation to their achievement**

Help me to know other people								
	N	M	Md	MR	U	z	p	r
Tourism	100	2.24	2.00	81.14				
Wine	100	3.07	3.00	119.86				
Total	200	2.66	2.00		3064	-5.140	0.000	-0.36345
Increase my professional career prospects								
	N	M	Md	MR	U	z	p	r
Tourism	100	2.47	2.00	80.65				
Wine	100	3.25	3.00	120.35				
Total	200	2.86	3.00		3015	-5.124	0.000	-0.36232
Help me to be in a more secure position								
	N	M	Md	MR	U	z	p	r
Tourism	100	2.70	2.00	88.23				
Wine	100	3.18	3.00	112.77				
Total	200	2.94	3.00		3773	-3.169	0.002	-0.22408
Improve my overall knowledge								
	N	M	Md	MR	U	z	p	r
Tourism	100	2.76	2.00	81.51				
Wine	100	3.48	4.00	119.49				
Total	200	3.12	3.00		3101	-4.874	0.000	-0.34464
Help me to increase my self-esteem								
	N	M	Md	MR	U	z	p	r
Tourism	100	3.14	3.00	81.61				
Wine	100	3.77	4.00	119.39				
Total	200	3.46	4.00		3111	-5.020	0.000	-0.354968
Improve my prestige/status								
	N	M	Md	MR	U	z	p	r
Tourism	100	3.25	3.00	81.58				
Wine	100	3.90	4.00	119.42				
Total	200	3.57	4.00		3108	-5.092	0.000	-0.36006
Make me wealthier								
	N	M	Md	MR	U	z	p	r
Tourism	100	3.41	4.00	85.70				
Wine	100	3.89	4.00	115.31				
Total	200	3.65	4.00		3519.5	-4.018	0.000	-0.28412

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

While the respondents had neutral perceptions with regard to the statements presented in the previous table, they disagreed with the personal aim of working less as a result of cooperation (Table 6.14). No significant differences were found.

These results also indicate that the wine and tourism respondents did not perceive that they could work less if they would cooperate with other businesses.

**Table 6.14: Personal objectives to which cooperation is not expected to contribute to**

	<b>Help me to work less</b>						
	<b>N</b>	<b>M</b>	<b>Md</b>	<b>MR</b>	<b>U</b>	<b>z</b>	<b>p</b>
Tourism	100	3.99	4.00	99			
Wine	100	4.07	4.00	102			
<b>Total</b>	<b>200</b>	<b>4.03</b>	<b>4.00</b>	<b>2</b>	<b>4849.5</b>	<b>-0.431</b>	<b>0.666</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

These results indicate that wine and tourism respondents do not perceive that cooperation contributes to the achievement of the identified personal aims. This suggests that wine and tourism respondents would not be likely to cooperate in order to achieve their personal aims.

### **6.3 PERCEPTIONS OF THE ADVANTAGES OF COOPERATION IN TERMS OF THEIR IMPORTANCE FOR THE BUSINESS**

The advantages drawn from the literature were divided into four groups: ‘Improved financial position’, ‘Increased productivity’, ‘Improved quality’, and ‘Enhancement of business performance’.

First, the importance of these advantages for businesses was measured by asking respondents to rank these four groups in terms of their importance to their businesses from the most important (1), to the least important (4).

A hierarchy of advantages based on the means is presented in Table 6.15. The (potential) advantage considered to be the most important by wine and tourism respondents was the variable ‘Improved financial position’, as this variable has a mean closer to 1 (‘The most important’). It is followed by ‘Enhancement of

business performance’. The variable ranked by wine and tourism respondents as the least important (closer to 4) was ‘Increased productivity’.

**Table 6.15: Ranking of potential cooperation advantages in terms of their importance to businesses**

	<b>Tourism</b>	<b>Wine</b>	<b>Total</b>
	Mean	Mean	Mean
Improved financial position	2.06	2.11	2.08
Enhancement of business performance	2.31	2.13	2.22
Improved quality	2.61	3.1	2.86
Increased productivity	3.05	2.69	2.87

Second, respondents were asked to state the level of their agreement to each of a number of statements. The analysis of their perceptions with regard to a set of statements with regard to each of the identified advantages is presented below. Results will be provided and analysed in the next sections firstly for ‘Improved financial position’, secondly for ‘Enhancement of business performance’, thirdly for ‘Improved quality’ and finally for ‘Increased productivity’.

### **6.3.1. Perceptions of the financial-related advantages resulting from cooperation**

Overall, wine and tourism respondents agreed with all the identified financial-related advantages that might result from cooperation (Table 6.16). In short, these advantages are increasing sales, reducing costs (promotional, in accessing resources and selling/distribution), increasing capacity investment, and improving financial position of businesses.

The advantages that respondents expected to occur from cooperation were related to increasing sales and reducing promotional costs. In the case of increasing sales, because tourism respondents were more likely to agree with this advantage than wine respondents, statistical significant differences were found ( $p=0.000$ ) with a small effect size ( $r=-0.255$ ). Significant differences ( $p=0.001$ ) with small effect size ( $r=0.228$ ) were also found in relation to reducing promotional costs, because



in this case, wine respondents were more likely to agree with this advantage than tourism respondents. In addition, and because wine respondents were likely to agree more with them than tourism respondents, significant differences were found in relation to ‘Reduce costs in accessing resources (physical, human, financial, technological) ( $p=0.000$  with a medium effect size  $r= -0.358$ ) and also in relation to ‘Reduce costs in selling/distributing products/services’ ( $p=0.001$  with a small effect size  $r= -0.243$ ). When significant differences were found, the null hypotheses (that there were no significant differences between the perceptions of wine and tourism businesses) were rejected and the alternative hypotheses (there were significant differences), accepted. When significant differences were not found, the null hypotheses were not rejected.

**Table 6.16: Financial-related advantages that respondents would expect to occur as a result of cooperation**

<b>Increase sales</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.67	2.00	87.21				
Wine	100	2.04	2.00	113.79				
<b>Total</b>	<b>200</b>	<b>1.86</b>	<b>2.00</b>		<b>3671</b>	<b>-3.609</b>	<b>0.000</b>	<b>-0.25519</b>
<b>Reduce promotional cost</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.11	2.00	112.29				
Wine	100	1.76	2.00	88.72				
<b>Total</b>	<b>200</b>	<b>1.94</b>	<b>2.00</b>		<b>3821.5</b>	<b>-3.220</b>	<b>0.001</b>	<b>-0.22769</b>
<b>Reduce costs in accessing resources (physical, human, financial, technological)</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.46	2.00	119.7				
Wine	100	1.84	2.00	81.31				
<b>Total</b>	<b>200</b>	<b>2.15</b>	<b>2.00</b>		<b>3080.5</b>	<b>-5.053</b>	<b>0.000</b>	<b>-0.357301</b>
<b>Investment capacity improvement</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.31	2.00	105.36				
Wine	100	2.17	2.00	95.64				
<b>Total</b>	<b>200</b>	<b>2.24</b>	<b>2.00</b>		<b>4514</b>	<b>-1.403</b>	<b>0.161</b>	
<b>Reduce costs in selling/distributing products/services</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.51	2.00	113.76				
Wine	100	2.10	2.00	87.25				
<b>Total</b>	<b>200</b>	<b>2.3</b>	<b>2.00</b>		<b>3674.5</b>	<b>-3.436</b>	<b>0.001</b>	<b>-0.24296</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - *r* value.

### 6.3.2. Perceptions of the business performance advantages resulting from cooperation

Overall, wine and tourism respondents were likely to agree with the business performance advantages as a result of cooperation, presented in Table 6.17. They expected that cooperation would contribute to the enhancement of the business image and to the increased value to customers. The later advantage is particularly true for tourism respondents because they were more likely to agree with it, than wine respondents. This difference was statistically significant ( $p=0.018$ ) with a small effect size ( $r=-0.168$ ). In this case, the null hypothesis (that there were no differences between wine and tourism respondents) was rejected. In turn, the alternative hypothesis (that were significant differences) was accepted. Regarding the other advantages in Table 6.17, as no significant differences were found, the null hypotheses were not rejected.

**Table 6.17: Business performance advantages that respondents would expect to occur as a result of cooperation**

<b>Enhanced business image</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.91	2.00	94.88				
Wine	100	2.05	2.00	106.13				
<b>Total</b>	<b>200</b>	<b>1.98</b>	<b>2.00</b>		<b>4437.5</b>	<b>-1.695</b>	<b>0.090</b>	
<b>Increased value to customers</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.89	2.00	91.82				
Wine	100	2.13	2.00	109.18				
<b>Total</b>	<b>200</b>	<b>2.01</b>	<b>2.00</b>		<b>4132</b>	<b>-2.374</b>	<b>0.018</b>	<b>-0.16787</b>
<b>Diversified products/services</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.3	2.00	104.24				
Wine	100	2.23	2.00	96.77				
<b>Total</b>	<b>200</b>	<b>2.27</b>	<b>2.00</b>		<b>4626.5</b>	<b>-1.015</b>	<b>0.310</b>	
<b>Better response to competition</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.32	2.00	101.01				
Wine	100	2.33	2.00	99.99				
<b>Total</b>	<b>200</b>	<b>2.32</b>	<b>2.00</b>		<b>4949</b>	<b>-0.138</b>	<b>0.890</b>	

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

The respondents, especially wine respondents, had a neutral perception with regard to the contribution of cooperation to an improved capacity to counter market turbulence, as shown in Table 6.18. This difference was statistically significant ( $p=0.000$ ) with a medium effect size ( $r=-0.342$ ). Thus, the null hypothesis (that there were no differences between wine and tourism respondents) was rejected and the alternative hypothesis (that there were significant differences) was accepted.

**Table 6.18: Business performance advantages in relation to which respondents had not clear expectations**

Improved capacity to counter market turbulence								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.35	2.00	81.82				
Wine	100	2.95	3.00	119.18				
<b>Total</b>	<b>200</b>	<b>2.65</b>	<b>3.00</b>		<b>3132</b>	<b>-4.835</b>	<b>0.000</b>	<b>-0.34189</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

These results regarding potential advantages indicate that in general, wine and tourism respondents had positive perceptions and therefore, evaluated positively the potential advantages/outcomes of cooperation. Thus, these results suggest that as wine and tourism respondents have positive perception, they would be likely to behave in a certain way according to their perceptions. In this case, wine and tourism respondents would be influenced by their positive perceptions of potential advantages in their decision with regard to cooperation.

### **6.3.3. Perceptions of the quality-related advantages resulting from cooperation**

Wine and tourism respondents, overall, were likely to expect that cooperation would contribute to the quality of the aspects of their business activity identified in Table 6.19, specifically to a better promotion of the business and its products/services, and to answer given to customers' needs and expectation. Regarding the latter advantages, this is particularly true for tourism respondents who were likely to agree more with it than wine respondents. These differences

were significant ( $p=0.0018$ ) with a small effect size ( $r= -0.168$ ). In addition, tourism respondents were also likely to agree more, than wine respondents, with the idea that cooperation contribute to differentiate the businesses' products/services. This difference was also significant ( $p= 0.012$ ) with a small effect size ( $r=-0.177$ ). In the case of these two cooperation advantages, the null hypotheses (that there were no differences between wine and tourism respondents) were rejected. In turn, the alternative hypotheses (that were significant differences) were accepted. When significant differences were not found, the null hypothesis was not rejected.

**Table 6.19: Quality-related advantages that respondents would expect to occur as a result of cooperation**

<b>A better promotion</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.91	2.00	99.8				
Wine	100	1.94	2.00	101.2				
<b>Total</b>	<b>200</b>	<b>1.92</b>	<b>2.00</b>		<b>4929.5</b>	<b>-0.199</b>	<b>0.842</b>	
<b>Better answer to customers' needs and demands</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	1.86	2.00	99.22				
Wine	100	2.09	2.00	108.8				
<b>Total</b>	<b>200</b>	<b>1.97</b>	<b>2.00</b>		<b>4172</b>	<b>-2.373</b>	<b>0.018</b>	<b>-0.1678</b>
<b>Differentiate businesses' products/services</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.12	2.00	91.14				
Wine	100	2.43	2.00	109.87				
<b>Total</b>	<b>200</b>	<b>2.28</b>	<b>2.00</b>		<b>4063.5</b>	<b>-2.506</b>	<b>0.012</b>	<b>-0.1772</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

Moreover, and still regarding the quality-related advantages that might result from cooperation, wine and tourism respondents had neutral perceptions regarding the contribution of cooperation to an improved knowledge about customers and to products/services quality. The results are presented in Table 6.20. Thus, these results that indicate that wine and tourism respondents did not see these two advantages being a result of cooperation with other businesses. Wine respondents were more likely to have a neutral perception with regard to the contribution of

cooperation to products/services quality. This difference was statistically significant ( $p=0.002$ ) with a small effect size ( $r=-0.221$ ). In this case, the null hypothesis (that there were no differences between wine and tourism respondents) was rejected. In turn, the alternative hypothesis (that were significant differences) was accepted. Regarding the first advantage presented in Table 6.20, as no significant differences were found, the null hypothesis was not rejected.

**Table 6.20: Quality-related advantages in relation to which respondents had not clear expectations**

<b>Improved knowledge about customers</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.35	2.00	101.9				
Wine	100	2.33	2.00	99.10				
<b>Total</b>	<b>200</b>	<b>2.34</b>	<b>2.00</b>		<b>4860</b>	<b>-0.367</b>	<b>0.714</b>	
<b>Products/services quality</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.17	2.00	88.61				
Wine	100	2.56	2.00	112.40				
<b>Total</b>	<b>200</b>	<b>2.37</b>	<b>2.00</b>		<b>3810.5</b>	<b>-3.125</b>	<b>0.002</b>	<b>-0.22097</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

#### 6.3.4. Perceptions of the productivity-related advantages resulting from cooperation

With regard to productivity, the results are presented in Table 6.21. Overall, wine and tourism respondents were likely to agree that cooperation might contribute to an increased business offer (diversified products/services) from the same resources and to better access to resources (physical, human, financial, technological).

Overall wine and tourism respondents were likely to agree with productivity-related advantages that might result from cooperation. Nevertheless, tourism respondents were statistically more likely to agree that cooperation might contribute to an increased business offer (diversified products/services) from the

same resources. In this case, the differences found ( $p=0.018$ ) had a small effect size ( $r=-0.168$ ). However, wine respondents were more likely to agree that cooperation might contribute to better access to resources. This difference ( $p=0.018$ ) had a small effect size ( $r=-0.187$ ) (Table 6.21). Given the significant differences, the null hypotheses (that there were no differences in the way wine and tourism respondents perceived the potential cooperation advantages) were rejected. In turn, the alternative hypotheses (that were significant differences) were accepted.

**Table 6.21: Productivity advantages that respondents would expect to occur as a result of cooperation**

<b>Increase business offer (more products/services) with the same resources</b>							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>
Tourism	100	2.17	2.00	91.81			
Wine	100	2.43	2.00	109.91			
<b>Total</b>	<b>200</b>	<b>2.30</b>	<b>2.00</b>		<b>4130.5</b>	<b>-2.374</b>	<b>0.018</b>
<b>Better access to resources (physical, human, financial, technological)</b>							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>
Tourism	100	2.45	2.00	110.41			
Wine	100	2.19	2.00	90.59			
<b>Total</b>	<b>200</b>	<b>2.32</b>	<b>2.00</b>		<b>4009</b>	<b>-2.645</b>	<b>0.018</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

Wine and tourism respondents had, overall, neutral perceptions with regard to the potential cooperation advantages identified in Table 6.22. These results mean that wine and tourism respondents did not recognize that cooperation could contribute to the increasing of business offer (more products/services) with less resources, to the increasing of business offer (diversified products/services) with the same resources, and to the increasing of business offer (diversified products/services) with less resources. As wine respondents were more likely to have these neutral perceptions with regard to the first two, statistically significant differences were found ( $p=0.012$  and  $p=0.002$ , respectively) with small effect size ( $r=-0.179$  and  $r=-0.215$ , respectively). In the case of these two cooperation advantages, the null hypotheses (that there were no differences between wine and tourism respondents) were rejected. In turn, the alternative hypotheses (that were significant differences)

were accepted. When significant differences were not found, the null hypothesis was not rejected.

**Table 6.22: Productivity advantages in relation to which respondents had not clear expectations**

<b>Increase business offer (more products/services) with less resources</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.6	3.00	91.10				
Wine	100	2.87	3.00	109.91				
<b>Total</b>	<b>200</b>	<b>2.74</b>	<b>3.00</b>		<b>4059.5</b>	<b>-2.525</b>	<b>0.012</b>	<b>-0.17854</b>
<b>Increase business offer (diversified products/services) with the same resources</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.3	2.00	88.94				
Wine	100	2.63	3.00	112.06				
<b>Total</b>	<b>200</b>	<b>2.47</b>	<b>2.00</b>		<b>3844</b>	<b>-3.039</b>	<b>0.002</b>	<b>-0.21489</b>
<b>Increase business offer (diversified products/services) with less resources</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.80	3.00	94.92				
Wine	100	2.94	3.00	106.09				
<b>Total</b>	<b>200</b>	<b>2.87</b>	<b>3.00</b>		<b>4441.5</b>	<b>-1.541</b>	<b>0.123</b>	

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

#### 6.4 PERCEPTIONS OF THE DISADVANTAGES IN TERMS OF BEING THE MOST AND THE LEAST DISADVANTAGEOUS FOR BUSINESSES

Respondents were asked to rank the four groups of disadvantages with 1 being the most important and 4 being the least important. Table 7.7 shows the hierarchy of disadvantages based on the mean values. According to the total mean values, the variable perceived as being the most disadvantageous (close to 1) was the variable ‘Worsen financial position’. It is followed by the variable ‘Loss of business operation control’. The least disadvantageous variable to wine and tourism respondents was ‘Adverse relationships with other businesses’.

### 6.4.1. Perceptions of the financial-related disadvantages resulting from cooperation

Overall, wine and tourism respondents had no clear expectations regarding the financial-related cooperation disadvantages presented in Table 6.23. These results indicate that wine and tourism respondents did not recognize that cooperation could contribute to sharing of profits with other businesses and to the increasing of costs (promotion, distribution, development of skills of workers, and of implementation and operation of cooperation).

**Table 6.23: Financial-related disadvantages in relation to which respondents had no clear expectations**

Sharing profits with other businesses								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.81	3.00	95.07				
Wine	100	3	3.00	105.94				
<b>Total</b>	<b>200</b>	<b>2.9</b>	<b>3.00</b>		<b>4456.5</b>	<b>-1.402</b>	<b>0.161</b>	
High costs in the implementation and operation of cooperation								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.34	4.00	96.41				
Wine	100	3.52	4.00	106.39				
<b>Total</b>	<b>200</b>	<b>3.43</b>	<b>4.00</b>		<b>4411</b>	<b>-1.567</b>	<b>0.117</b>	
Increase promotional costs								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.48	4.00	101.46				
Wine	100	3.43	4.00	99.55				
<b>Total</b>	<b>200</b>	<b>3.45</b>	<b>4.00</b>		<b>4904.5</b>	<b>-0.257</b>	<b>0.797</b>	
Increasing costs in the development of workers' new skills								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	3.39	4.00	89.83				
Wine	100	3.76	4.00	111.18				
<b>Total</b>	<b>200</b>	<b>3.58</b>	<b>4.00</b>		<b>3932.5</b>	<b>-2.998</b>	<b>0.03</b>	<b>-0.21199</b>
Increase distribution costs								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.58	4.00	99.10				
Wine	100	3.59	4.00	101.9				
<b>Total</b>	<b>200</b>	<b>3.59</b>	<b>4.00</b>		<b>4860</b>	<b>-0.385</b>	<b>0.700</b>	

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.



In the case of disadvantage ‘Increasing costs in the development of workers’ new skills’, wine respondents were more likely to have neutral perceptions, than tourism respondents. This difference is statistically significant ( $p= 0.03$ ), with a small effect size ( $r= 0.212$ ). In this case, the null hypothesis that there were no differences between wine and tourism respondents, was rejected. In turn, the alternative hypothesis (there were significant differences) was accepted. In the relation to the other disadvantages, the null hypotheses were not rejected (as no significant differences were found).

#### 6.4.2. Perceptions of the operation control-related disadvantages resulting from cooperation

In general, wine and tourism respondents did not recognize that cooperation could contribute to the identified disadvantages presented in Table 6.24, as they had no clear expectations in relation to the four disadvantages presented.

**Table 6.24: Operation control-related disadvantages in relation to which respondents had no clear expectations**

<b>Dependency on partners</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.95	3.00	103.8				
Wine	100	2.87	2.00	97.21				
<b>Total</b>	<b>200</b>	<b>2.91</b>	<b>3.00</b>		<b>4690.5</b>	<b>-0.855</b>	<b>0.392</b>	
<b>Introduction of new and unwanted strategies in the business operation</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.15	3.00	87.44				
Wine	100	3.61	4.00	113.56				
<b>Total</b>	<b>200</b>	<b>3.38</b>	<b>4.00</b>		<b>3694</b>	<b>-3.605</b>	<b>0.000</b>	<b>-0.25491</b>
<b>Limited control of offered products/services</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.44	4.00	88.73				
Wine	100	3.8	4.00	112.28				
<b>Total</b>	<b>200</b>	<b>3.62</b>	<b>4.00</b>		<b>3822.5</b>	<b>-3.490</b>	<b>0.000</b>	<b>-0.24678</b>
<b>Loss of control over decision making</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	3.53	4.00	93.82				
Wine	100	3.73	4.00	109.19				
<b>Total</b>	<b>200</b>	<b>3.63</b>	<b>4.00</b>		<b>4331.5</b>	<b>-1.964</b>	<b>0.05</b>	<b>-0.13888</b>

*N* – Number of respondents; *MV* - Mean Value; *ME* - Median; *MR* - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

With an exception of the dependency on partners, wine and tourism respondents differed statistically in their perceptions because wine respondents were more likely to have neutral perceptions, than tourism respondents. These significant differences had small effect size (according to the  $r$  values presented in Table 6.24). In the cases where differences between wine and tourism respondents were not found, the null hypotheses were not rejected. In turn, where differences between wine and tourism respondents were found, the null hypotheses were rejected the alternative hypotheses (there were significant differences) were accepted.

Wine and tourism respondents, however, did not agree with the idea that cooperation might contribute to reduced flexibility in doing business, as shown in Table 6.25. Wine respondents were more likely to disagree, than tourism respondents. This difference was statistically significant ( $p=0.015$ ) with a small effect size ( $r=-0.139$ ). Thus, the null hypothesis (there were no significant differences) was rejected. In turn, the alternative hypothesis (there were significant differences) was accepted.

**Table 6.25: Operation control-related disadvantages in relation to which respondents would not expect as a result of cooperation**

	<b>Reduced flexibility in doing business</b>							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	3.56	4.00	92.59				
Wine	100	3.81	4.00	108.41				
<b>Total</b>	<b>200</b>	<b>3.68</b>	<b>4.00</b>		<b>4209</b>	<b>-2.435</b>	<b>0.015</b>	<b>-0.17218</b>

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

#### **6.4.3. Perceptions of the business performance disadvantages resulting from cooperation**

Wine and tourism respondents had no clear expectations with regard the disadvantages that might result from cooperation to business performance that are presented in Table 6.26. Indeed, the wine and tourism respondents did not

recognize that cooperation might lead to sharing markets, to negative image through association, to non-achievement of business' objectives, to worsening of end-customer satisfaction, and to difficulties in innovating own products/services. Because wine respondents were more likely to have neutral perceptions, than tourism respondents in terms of worsening of end-customer satisfaction, statistically significant differences were found ( $p=0.000$ ) with a small effect size ( $r=-0.245$ ).

**Table 6.26: Business performance disadvantages in relation to which respondents had no clear expectations**

<b>Sharing markets</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	2.63	2.00	105.87				
Wine	100	2.46	2.00	95.14				
<b>Total</b>	<b>200</b>	<b>2.55</b>	<b>2.00</b>		<b>4463.5</b>	<b>-1.535</b>	<b>0.125</b>	
<b>Negative business image through association</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.76	3.00	101.8				
Wine	100	2.74	2.00	99.27				
<b>Total</b>	<b>200</b>	<b>2.75</b>	<b>2.00</b>		<b>4877</b>	<b>-0.324</b>	<b>0.746</b>	
<b>Non-achievement of business' objectives</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	2.8	3.00	99.67				
Wine	100	2.85	2.00	101.34				
<b>Total</b>	<b>200</b>	<b>2.83</b>	<b>2.00</b>		<b>4916.5</b>	<b>-0.219</b>	<b>0.826</b>	
<b>Worsening of end-customer satisfaction</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.86	3.00	86.71				
Wine	100	3.34	3.00	114.3				
<b>Total</b>	<b>200</b>	<b>3.1</b>	<b>3.00</b>		<b>3620.56</b>	<b>-3.510</b>	<b>0.000</b>	<b>-0.24819</b>
<b>Difficulties in innovating own products/services</b>								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	3.53	4.00	95.59				
Wine	100	3.72	4.00	105.41				
<b>Total</b>	<b>200</b>	<b>3.63</b>	<b>4.00</b>		<b>4509</b>	<b>-1.344</b>	<b>0.179</b>	

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

These results regarding potential disadvantages indicate that in general, wine and tourism respondents had neutral perceptions in relation to the disadvantages. Thus,

and considering that respondents would behave in a certain way based on their positive or negative perceptions, in this case, these results might suggest that their decision in relation to cooperation might not be influenced by their perceptions.

#### **6.4.4. Perceptions of the disadvantages resulting from cooperation with regard to adverse relationships with the other businesses**

In general, wine and tourism respondents were likely to have no clear expectations with regard to the five identified disadvantages regarding to adverse relationships with the other businesses that are presented in Table 6.27. Hence, this means that the respondents in sample were not likely to recognise that cooperation might contribute to situations where there other people take advantage of someone's ideas, where there are conflicts of interests amongst businesses, lack of information exchange amongst businesses, more competition between businesses, and manipulation of business operation by parties in cooperation.

Overall, respondents had no clear expectations, however, wine and tourism differed statistically ( $p=0.004$  with a small effect size  $r=0.200$ ) in their perceptions with regard to 'Conflicts of interests amongst businesses'. In this case, tourism respondents were more likely to have uncertain expectations, than wine respondents. By contrast, wine respondents were more likely to have more neutral perceptions, than tourism respondents, in relation to 'Manipulation of business operation by parties in cooperation'. These differences were statistically significant ( $p=0.0041$ ) with a small effect size ( $r=0.145$ ). When significant differences were found between the perceptions of wine and tourism respondents, the null hypotheses (there were no significant differences) were rejected and the alternative hypotheses (there were significant differences) were accepted. When no significant differences were found, the null hypotheses were not rejected.

**Table 6.27: Disadvantages regarding adverse relationships with the other businesses in relation to which respondents had no clear expectations**

Taking advantage of someone's ideas								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	2.42	2.00	98.23				
Wine	100	2.51	2.00	102.77				
Total	200	2.47	2.00		4773	-0.621	0.535	
Conflicts of interests amongst businesses								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.71	3.00	111.15				
Wine	100	2.37	2.00	89.86				
Total	200	2.54	2.00		3935.5	-2.841	0.004	-0.20089
Lack of information exchange amongst businesses								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	2.59	2.00	103.71				
Wine	100	2.51	2.00	97.29				
Total	200	2.55	2.00		4679	-0.852	0.394	
More competition between businesses								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Tourism	100	2.82	3.00	105.26				
Wine	100	2.64	2.00	95.75				
Total	200	2.73	2.00		4524.5	-1.238	0.216	
Manipulation of business operation by parties in cooperation								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>P</i>	<i>r</i>
Tourism	100	3.55	4.00	93.5				
Wine	100	3.78	4.00	107.51				
Total	200	3.67	4.00		4299.5	-2.048	0.041	-0.14482

N – Number of respondents; MV - Mean Value; ME - Median; MR - Mean Rank; *U* - Mann-Whitney *U* value; *z* - Z value; *p* - Probability value; *r* - R value.

## 6.5 CONCLUSION

The first conclusion drawn from this chapter is that, in general, business objectives, characteristics of the potential business partner and of the person in the potential business partner that were anticipated in the questionnaire were positively perceived by respondents. Therefore, it can be concluded that they are likely to influence the decision of respondents if they were to cooperate with other businesses in the future.

However, such a conclusion cannot be made in relation to the personal aims and the aspects within the institutional environment. In relation to the personal aim, respondents had neutral perceptions of the contribution of cooperation to the achievement of personal objectives/interests. Thus, it can be concluded respondents would not be likely to cooperate in order to achieve their personal interests. Hence, the personal objectives/interests are not likely to influence their decision to cooperate with other businesses in the future.

With regard to institutional environment, the results have indicated that the characteristics identified in the questionnaire would neither motivate respondents, or put them off from cooperating with other businesses. Thus, it can be concluded that the decision of respondents if they were to cooperate in the future would not be influenced by the institutional environment. These results might be explained by their lack of awareness with regard to the support and incentives for cooperation on the part of governmental and trade organisations, except in relation to the easiness of getting access to the existing financial incentives (European and national) available from Governmental organisations. In this case, it was clear that wine and tourism respondents did not think it is easy to access to these incentives for cooperation. Apart from the easiness to access to these incentives for cooperation, the supportive conditions were examined in terms of policies encouraging businesses to cooperate, the availability of information explaining the advantages of cooperation and also about the financial incentives. Also, the supportive conditions were examined in terms of the existence adequate financial support to encourage cooperation among businesses.

Moreover, and regarding the perceptions of wine and tourism respondents with regard to the positive and negative outcomes of cooperation (advantages and disadvantages), owners/managers of wine and tourism businesses were more likely to perceive the advantages of cooperation than the disadvantages. The results indicated that owners/managers of wine and tourism businesses did recognize that cooperation might contribute to increasing sales, to reducing costs (promotional, in accessing resources and selling/distribution), to increasing capacity investment, and to improving financial position of businesses. Thus, it can be concluded that

the decision of owners/managers of wine and tourism businesses to cooperate in the future is likely to be influenced by their positive perceptions about the advantages that might result from cooperation (that were given in the questionnaire).

Regarding financial-related disadvantages, the results indicate that wine and tourism respondents did not perceive the identified disadvantages given in the questionnaire. Thus, it can be concluded that their decision in relation to cooperate is not likely to be influenced by (neutral) potential disadvantages of cooperation.

The next chapter (Chapter 7) analyses if the decisions on cooperation seem to be related, or not, with the industry, with business-related characteristics and with individual-related characteristics. These results will be provided in a different chapter from this one because the factors examined are related to the specific characteristics (of the industry, of businesses and of decision makers), and not to the perceptions of respondents.

# **CHAPTER 7 – THE LIKELIHOOD TO COOPERATE OR NOT IN THE FUTURE ACROSS THE INDUSTRY AND BUSINESS AND INDIVIDUAL-RELATED CHARACTERISTICS**

## **7.1 INTRODUCTION**

This chapter provides an analysis of the likelihood of wine and tourism respondents to cooperate or not in the future across the industry and business and individual-related characteristics. This analysis is done firstly with regard to horizontal cooperation (same industry) and secondly with regard to diagonal cooperation (tourism/wine).

This chapter consists of the analysis of the answers to Likert type scales that asked the respondents to state the level of their likelihood to choose to cooperate horizontally and diagonally in the future. The evaluation scale ranged from 1- definitely yes to 5- definitely no. In the scale the score of 3 indicated that the respondent was not sure. This chapter provides the results of two types of analysis. First, the initial analysis/interpretation is of the overall means for their likelihood to cooperate or not in the future. Similar to the previous chapter, three equal sized zones were adopted to assist in the interpretation of the results and counter the problems in interpreting the results of ordinal scales. This research adopted the zones suggested by Vaughan (2007). These zones as specified as: Agree 1.00–2.33, Neutral 2.34–3.67, Disagree 3.68 –5.00. Median values were also calculated.

Second, results of inferential statistics are presented. The statistical tests are used to test the null hypothesis of no differences between the answers of wine and tourism respondents in terms of their likelihood to cooperate or not in the future across the different business and individual-related characteristics. For the purposes of this analysis, the likelihood to cooperate or not is the dependent variable and the several business and individual-related characteristics are the



independent variable. The statistical tests used were the Mann-Whitney U and/or the Kruskal-Wallis test. The choice of the test resulted of the number of categories of the independent variable. When the independent variable had two categories, the Mann-Whitney U was used. In turn, when the independent variable had three or more categories, the Kruskal-Wallis test was used. The Mann-Whitney test compares medians when testing for differences between two independent groups on a continuous measure (Pallant 2010). The mean rank, as part of the Mann-Whitney U test, was calculated after the scores had been ranked from lowest to highest. These results are important as they show that “the group with the lowest mean rank is the group with the greatest number of lower scores” (Field, 2005:530). The Kruskal-Wallis test is similar in nature to Mann-Whitney U test, but it allows the comparison of more than just two groups (Pallant 2010). When the statistical tests did not reveal significant differences, the null hypotheses of no differences between the answers given by respondents across the groups of the independent variables, were not rejected. In turn, when differences were found, the null hypotheses were rejected and the alternative hypotheses, that there were significant differences, were accepted. Particularly in the case of Kruskal-Wallis Test, when significant differences were found, and in order to find out which groups of respondents are statistically significantly different, follow-up Mann-Whitney U tests were conducted. In this case to avoid the Type I error (to incorrectly reject the null hypothesis), a Bonferonni correction adjustment was applied. The Bonferonni adjustment involves dividing the alpha level of 0.05 by the number of tests that are intended to be done and using the revised alpha level as the criteria for determining significance (Pallant 2010)

## 7.2 INDUSTRY

This section provides an examination of the likelihood of wine and tourism respondents to cooperate, or not, horizontally and diagonally in the future, considering the industry in which respondents operates.

With regard to the likelihood to whether cooperate horizontally or not, the results are presented in Table 7.1. The overall mean value indicates that wine and tourism respondents would be likely to cooperate in the future. In addition, the results also presented in Table 7.1, indicate that there were no significant differences ( $p=0.946$ ) between the answers of respondents across the two industries regarding their future decision. The null hypothesis (that were no significant differences) was not rejected. Therefore, these results suggest that the industry in which respondents operate does not appear to be related to their likely decision to cooperate horizontally in the future.

**Table 7.1: Likelihood of respondents operating in tourism and wine industries to whether or not cooperate horizontally in the future**

	Statistics						
	<i>n</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>
Tourism	100	1.96	2	100.24			
Wine	100	2.10	2	100.76			
<b>Total</b>	<b>200</b>	<b>2.03</b>	<b>2</b>		<b>4974.0</b>	<b>-0.068</b>	<b>0.946</b>

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

Table 7.2 presents the results when comparing the answers of two groups of respondents with regard to their likelihood to whether cooperate diagonally in the future, or not. The overall mean value also indicates that wine and tourism respondents would be likely to cooperate diagonally in the future. No significant differences were found ( $p=0.105$ ). In accordance, the null hypothesis (that were no significant differences) was not rejected. Therefore, these results suggest that the industry in which respondents operate does not appear to be related to their likely decision to cooperate diagonally in the future.

**Table 7.2: Likelihood of respondents operating in tourism and wine industries to whether or not cooperate diagonally in the future**

	Statistics						
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>
Tourism	100	2.05	2	94.18			
Wine	100	2.34	2	106.83			
<b>Total</b>	<b>200</b>	<b>2.19</b>	<b>2</b>		<b>4367.5</b>	<b>-1.623</b>	<b>0.105</b>

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

## **7.3 CHARACTERISTICS**

This section examines the influence of the business-related and individual characteristics on the decision to whether, or not, cooperate horizontally and individually in the future. The business-related characteristics are the business size and age. The individual characteristics are: past successful and unsuccessful cooperation experience, position in the business, experience in the industry, educational level, gender, age, personality. The results are firstly provided regarding horizontal cooperation and secondly with regard to diagonal cooperation. For the purposes of this analysis, the dependent variable (ordinal, Likert type scale) is, similar to previous section, the decision on cooperation. In turn, the independent variables are business and individual-related characteristics.

### **7.3.1. Business-related characteristics**

This section provides an examination of the likelihood of wine and tourism respondents to cooperate, or not, horizontally and diagonally in the future, considering the business-related characteristics. They are: business size and age. The results are presented and analysed below.

#### **7.3.1.1. Business size**

Business size was measured by the number of all-year full-time employees (as explained in Chapter 2, Section 2.5.3). Overall, wine and tourism businesses were micro businesses (<10 employees). However, there were more micro tourism businesses than wine businesses and therefore, statistically significant differences with a small effect size between the size of wine and tourism businesses were found ( $p=0.014$ ; Cramer's  $V= 0.206$ ), as described in Chapter 4. Thus, for the purposes of this analysis, that is, to determine if there were differences in the likelihood to cooperate horizontally in the future, or not, across the three independent groups based on business size, the Kruskal-Wallis test was performed. The three groups based on the business size are: micro (<10

employees), small (10-49 employees) and medium (50-249 employees). The results are presented in Table 7.3.

Overall, and considering the overall mean value, the decision of tourism respondents was more likely to be cooperating in the future. The results revealed that there were no statistically significant differences ( $p=0.563$ ) between the answers of tourism respondents across the three business size groups. The null hypothesis (that were no significant differences) was not rejected. These results suggest that the size of tourism businesses does not appear to have a significant influence on the decision of tourism respondents to cooperating with other tourism businesses in the future (horizontal cooperation).

**Table 7.3: Likelihood of tourism respondents cooperating or not horizontally in the future across the business size groups**

<b>Statistics</b>				
	<b>N</b>	<b>M</b>	<b>Md</b>	<b>MR</b>
Micro (<10)	81	2.01	2.00	51.79
Small (10-49)	15	1.73	1.00	43.60
Medium (50-249)	4	1.75	2.00	50.25
<b>Total</b>	<b>100</b>	<b>1.96</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b> $\chi^2 = 1.149$ d.f.=2 $p=0.563$				

N=cases, M=mean, Md=median; MR=mean rank; p=probability; r-r value

Furthermore, the results regarding the decision of tourism respondents across the business size groups in relation to diagonal cooperation, the results are presented in Table 7.4. The Kruskal-Wallis test revealed that there were statistically significant differences ( $p=0.025$ ). Accordingly, the null hypothesis (that were no significant differences) was rejected and the alternative hypothesis (there were statistically significant differences) was accepted.

As shown in Table 7.4, although and overall, the respondents were more likely to indicate they would cooperate in the future (overall mean value), the tourism respondents in the smallest group (Gp1, micro-sized) recorded a higher mean ( $M=2.17$ ) score than the other two groups.

**Table 7.4: Likelihood of tourism respondents cooperating or not diagonally in the future across the business size groups**

<b>Statistics</b>				
	<b>N</b>	<b>M</b>	<b>Md</b>	<b>MR</b>
Micro (<10)	81	2.17	2.00	53.88
Small (10-49)	15	1.40	1.00	33.03
Medium (50-249)	4	2.00	1.50	47.63
<b>Total</b>	<b>100</b>	<b>2.05</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b>				
$\chi^2 = 7.363$ d.f.=2 p=0.025				

N=cases, M=mean, Md=median; MR=mean rank; p=probability; r-r value

The results presented in the previous table indicate that a difference exists, but not where the differences found lie. Thus, in order find where the differences lie, a Mann-Whitney Test was used to compare Gp1 (Micro) with Gp2 (Small), Gp1 (Micro) and Gp3 (Medium), and Gp2 (Small) and Gp3 (Medium). Thus, and as explained in Section 7.1 (Introduction), in this case the Bonferroni adjustment was applied. Thus, instead of considering  $p=0.05$  as the significance level, a significance alpha of 0.017 ( $0.5/3$ ), will be used. The number 3 is the number of the Mann-Whitney U tests that that will be done for the purposes of this analysis.

Significant differences were found when comparing Gp1 with Gp2 ( $p=0.007$ ) with small effect size ( $r=-0.277$ ). These results, presented in Table 7.5, indicate that the difference found occurs when comparing the ‘micro’ group with the ‘small’ group. Thus, these results suggest that the business size of tourism respondents, particularly when they are ‘small’ businesses (10-49 employees), appears to be related to their likely decision to cooperate diagonally in the future. It appears that, tourism respondents of ‘small’-sized businesses were more likely to indicate they would cooperate with wine businesses in the future, than the respondents in the other groups.

**Table 7.5: Likelihood of tourism respondents cooperating or not diagonally in the future across ‘Micro’ and ‘Small’ and ‘Medium’ business size groups**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Micro (<10)	81	2.17	2.00	51.64				
Small (10-49)	15	1.40	1.00	31.57				
<b>Total</b>	<b>96</b>				<b>353.5</b>	<b>-2.711</b>	<b>0.007</b>	<b>- 0.276690</b>
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Micro (<10)	81	2.17	2.00	43.24				
Medium (>50)	4	2.00	1.50	38.13				
<b>Total</b>	<b>85</b>				<b>142.5</b>	<b>-0.425</b>	<b>0.671</b>	
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Small (10-49)	15	1.40	1.00	9.47				
Medium (>50)	4	2.00	1.50	12.0				
<b>Total</b>	<b>19</b>				<b>22.0</b>	<b>-0.977</b>	<b>0.329</b>	

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results regarding the influence of the business size on the decisions of wine respondents in relation to horizontal cooperation are presented in Table 7.6. The results show that overall, wine respondents were more likely to indicate they would cooperate in the future (overall mean value). The results also reveal that there were no statistically significant differences ( $p=0.510$ ) between the answers of wine respondents across the size groups. Thus, The null hypothesis (that were no significant differences) was not rejected. Hence, these results suggest that the decision of wine respondents when it is in relation to horizontal cooperation does not appear to be related to the size of their businesses.

**Table 7.6 Likelihood of wine respondents cooperating or not horizontally in the future across the business size groups**

Statistics				
	<b>N</b>	<b>M</b>	<b>Md</b>	<b>MR</b>
Micro (<10)	63	2.00	2.00	48.93
Small (10-49)	26	2.19	1.50	50.62
Medium (50-249)	11	2.45	2.00	59.23
<b>Total</b>	<b>100</b>	<b>2.10</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b>	<b><math>\chi^2 = 1.346</math> d.f.=2 p=0.510</b>			

N=cases, M=mean, Md=median; MR=mean rank; p=probability; r-r value

Regarding the decisions of wine respondents in relation to diagonal cooperation across the business size groups, the results are presented in Table 7.7. No statistically significant differences were found ( $p=0.163$ ) between the answers of

wine respondents across the three groups of business size. Given these results, the null hypothesis (that were no significant differences) was not rejected.

These results suggest that the decision of wine respondents to probably cooperate with tourism businesses would be made regardless the size of the business they own and/or manage. This means that the size of wine businesses does not seem to be related to the decision of wine respondents to cooperate diagonally with tourism businesses in the future.

**Table 7.7: Likelihood of wine respondents cooperating or not diagonally in the future across the business size groups**

Statistics				
	N	M	Md	MR
Micro (<10)	63	2.49	2.00	54.15
Small (10-49)	26	2.00	2.00	41.85
Medium (50-249)	11	2.27	2.00	50.05
<b>Total</b>	<b>100</b>	<b>2.34</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b>				
$\chi^2 = 3.633$ d.f.=2 p=0.163				

N=cases, M=mean, Md=median; MR=mean rank; p=probability; r-r value

In summary, these results indicate that the size of businesses only appears to be related to the decision of tourism respondents when the decision is to likely cooperate diagonally (with wine businesses) in the future.

### 7.3.1.2. Business age

The age of businesses was measured by the number of years of business existence (see Chapter 2, Section 2.5.3). There were significant differences between the age of wine and tourism businesses with a larger effect size ( $p=0.000$ ; Cramer's  $V=0.404$ ), as described in Chapter 4. Thus, to test the null hypotheses (there were no differences between the answers of respondents across the business age groups with regard to their decision on whether cooperate, or not in the future), the statistical tests (Kruskal-Wallis) are done firstly for tourism respondents and secondly for wine respondents. There then follow the results of the tests for wine respondents. For the purposes of this analysis, the independent variable was the business age (that has been gathered into three groups). The

dependent variable was the likely decision (to whether, or not, cooperate horizontally and diagonally).

When the decision of tourism respondents was with regard to horizontal cooperation, the results are presented in Table 7.8. The results of the test revealed that the decision was to probably cooperate in the future (overall mean value). Also, the results indicate that there were no statistically significant differences ( $p=0.672$ ) between answers of tourism respondents across the groups of business age. Hence, the null hypothesis (that were no significant differences) was not rejected. These results indicate that the age of tourism businesses does not appear to be related to their likely decision to cooperate horizontally in the future.

**Table 7.8: Likelihood of tourism respondents cooperating or not horizontally in the future across the business age groups**

Statistics				
	N	M	Md	MR
<5 years	28	1.86	2.00	47.30
5-19 years	62	2.03	2.00	52.40
>20 years	10	1.80	2.00	47.70
<b>Total</b>	<b>100</b>	<b>1.96</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b> $\chi^2 = 0.704$ d.f.=2 p=0.672				

N=cases, M=mean, Md=median; MR=mean rank; p=probability; r-r value

The results regarding the likelihood of tourism respondents to whether or not cooperate diagonally given the age of their businesses are presented in Table 7.9

**Table 7.9: Likelihood of tourism respondents cooperating or not diagonally in the future across the business age groups**

Statistics				
	N	M	Md	MR
<5 years	28	2.11	2.00	52.30
5-19 years	62	2.03	2.00	49.81
>20 years	10	2.00	2.00	49.70
<b>Total</b>	<b>100</b>	<b>2.05</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b> $\chi^2 = 0.168$ d.f.=2 p=0.919				

N=cases, M=mean, Md=median; MR=mean rank; p=probability; r-r value

The results indicate that, overall, tourism respondents were likely to indicate that they would probably cooperate in the future with wine businesses (overall mean value). In addition, the results reveal that there were no significant differences



( $p=0.919$ ) between the answers given by tourism respondents across the different groups of businesses age. In accordance the null hypothesis (that were no significant differences) was not rejected. It appears that the age of tourism businesses is not related to the likely decision of tourism respondents to cooperating diagonally in the future.

Concerning the decision of wine respondents regarding horizontal cooperation, the results are presented in Table 7.10. Overall, the results indicate that the wine respondents across the four groups of business age would be likely to probably cooperate with other wine businesses in the future. A Kruskal-Wallis test was also used to test the null hypothesis (there were no significant differences). The results of the test (Table 7.10) revealed significant differences ( $p=0.007$ ). Hence, the null hypothesis was rejected and the alternative hypothesis, that there were significant differences, was accepted.

**Table 7.10: Likelihood of wine respondents to whether or not cooperate horizontally in the future across the business age groups**

Statistics				
	N	M	Md	MR
<5 years	9	1.89	2.00	48.61
5-19 years	52	1.79	1.00	42.88
>20 years	39	2.56	2.00	61.09
<b>Total</b>	<b>100</b>	<b>2.10</b>	<b>2.00</b>	
<b>(n=100)</b>				
<b>Kruskal-Wallis results</b>		$\chi^2 = 10.049$	d.f.=2	p=0.007

N=cases, M=mean, Md=median; MR=mean rank; p=probability; r-r value

In order to determine where the differences lie, a Mann-Whitney Test was conducted. In this case, and as explained in Section 6.1 (Introduction), in this case the Bonferonni adjustment was applied. Thus, instead of considering  $p=0.05$  as the significance level, a significance alpha of 0.017 ( $0.5/3$ ), will be used. The number 3 is the number of the Mann-Whitney U tests that that will be done for the purposes of this analysis. The results presented in Table 7.11 indicate that the difference found occurs when comparing the second group ('5-19 years') with the third group ('>20 years'). These differences ( $p=0.002$ ) had a medium effect size ( $r = 0.32979$ ). Considering the mean and median values, the respondents of those businesses that were in operation more than five, but less than 20 years

were more likely to indicate they would cooperate with other wine businesses in the future. Thus, these results suggest that the likelihood to cooperate horizontally is related to the business age, especially when businesses were in operation more than five, but less than 20 years.

**Table 7.11: Likelihood of wine respondents cooperating or not horizontally across the groups '<5 years', '5-19 years' and across '>20 years'**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
<5 years	9	1.89	2.00	34.17				
5-19 years	52	1.79	1.00	30.45				
<b>Total</b>	<b>61</b>				<b>205.50</b>	<b>-0.655</b>	<b>0.513</b>	
<5 years	9	1.89	2.00	19.44				
>20 years	39	2.56	2.00	25.67				
<b>Total</b>	<b>48</b>				<b>130.00</b>	<b>-1.261</b>	<b>0.207</b>	
5-19 years	52	1.79	1.00	38.93				
>20 years	39	2.56	2.00	55.42				
<b>Total</b>	<b>91</b>				<b>646.50</b>	<b>-3.146</b>	<b>0.002</b>	<b>-0.32979</b>

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

In relation to the decision of wine respondents regarding diagonal cooperation, the results are presented in Table 7.12. The wine respondents were likely to indicate that they would cooperate with tourism businesses in the future (overall mean value). In addition, the results also reveal that no significant differences were found ( $p=0.720$ ). In accordance, the null hypothesis (there were no significant differences) was not rejected. These results indicate that the age of wine businesses does not appear to be related to the likely decision of wine respondents to cooperate diagonally in the future.

**Table 7.12: Likelihood of wine respondents cooperating or not diagonally in the future across the business age groups**

Statistics				
	<b>N</b>	<b>M</b>	<b>Md</b>	<b>MR</b>
<5 years	9	2.33	2.00	48.61
5-19 years	52	2.27	2.00	48.72
>20 years	39	2.44	2.00	53.31
<b>Total</b>	<b>100</b>	<b>2.34</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b>				
$\chi^2=0.657$ d.f.=2 <b>p=0.720</b>				

N=cases, M=mean, Md=median; MR=mean rank; p=probability; r-r value

These results show that the businesses age only appears to be related to the future likely decision of wine respondents when the decision is to cooperate with other wine (horizontal cooperation).

### **7.3.2. Individual-related characteristics**

This section provides an examination of the likelihood of wine and tourism respondents to cooperate, or not, horizontally and diagonally in the future, considering the individual-related characteristics. The individual is considered in this research to the decision maker, that is, owner/manager.

The characteristics are: participation on successful horizontal and diagonal cooperation, participation of unsuccessful horizontal and diagonal cooperation, the position in the business (owner/manager), their experience (years) in working in the industry, their age, gender and personality. The results are presented and analysed below.

#### **7.3.2.1. Participation in successful horizontal cooperation in the past**

As noted in Chapter 4, wine and tourism respondents did not differ significantly in terms of their participation in successful horizontal cooperation in the past. Thus, for the purposes of this analysis, the statistical test was conducted for the all respondents (n=200). To test the null hypothesis, that there were no differences between respondents who had participated in successful horizontal cooperation in the past and their likelihood to cooperating or not in the future, the Mann-Whitney test was used. Thus, for the purposes of this analysis, the decision is the dependent variable and the participation in successful horizontal cooperation in the past, was the independent variable. As indicated in Section 7.1, the likelihood to cooperating in the future or not was measured through a Likert-type scale. The scale ranged from 1- definitely yes to 5- definitely not. In the scale the score of 3 indicated that the respondent was not sure.

The results (Table 7.13) indicate that overall, the decision is to likely cooperate in the future (overall mean value). The results also reveal that there were significant differences ( $p=0.000$ ) with small effect size ( $r=-0.287$ ) between those who had participated in successful horizontal cooperation and those who had not, and their likely decisions on horizontal cooperation. In accordance, the null hypothesis was rejected and the alternative hypothesis (there were significant differences) was accepted.

These results indicate that the fact that wine and tourism respondents had participated, or not, in successful horizontal cooperation in the past appears to be related to their likely decision to cooperate horizontally in the future.

**Table 7.13: Likelihood of wine and tourism respondents cooperating or not horizontally in the future given their participation in successful horizontal cooperation in the past**

	Statistics							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	142	1.69	1	73.87				
No	11	2.44	2	117.36				
<b>Total</b>	<b>153</b>	<b>1.74</b>	<b>1</b>		<b>337.00</b>	<b>-3.552</b>	<b>0.000</b>	<b>-0.287162</b>

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

Furthermore, the same statistical analysis was done, but regarding the likelihood to cooperate diagonally, or not. The results are presented in Table 7.14. Wine and tourism respondents indicated that, and overall, they would be likely to cooperate diagonally in the future. Statistically significant differences were found ( $p=0.024$ ) with a small effect size ( $r = -0.169$ ) between those wine and tourism respondents who had participated, or not, in past successful horizontal cooperation and their likelihood to cooperate diagonally in the future. Thus, the null hypothesis that there were no significant differences was rejected, and the alternative hypothesis (there were significant differences) was accepted.

These findings indicate that the fact that wine and tourism respondents had, or not, participated in successful horizontal cooperation appears to be related to their likely decision to cooperate diagonally in the future. According to the mean and

median values those who participated in successful cooperation initiatives were more likely to probably cooperate with businesses in the future (2= probably yes), than those who answered ‘No’.

**Table 7.14: Likelihood of wine and tourism respondents cooperating or not diagonally in the future given their participation in past successful horizontal cooperation**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	142	1.96	2	75.05				
No	11	2.55	2	102.14				
<b>Total</b>	<b>153</b>	<b>1.71</b>	<b>2</b>		<b>504.5</b>	<b>-2.085</b>	<b>0.0237</b>	<b>-0.16856</b>

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

### 7.3.2.2. Participation in successful diagonal cooperation in the past

Wine and tourism respondents were likely to indicate they would cooperate horizontally in the future (Table 7.15). Similar to the previous analysis, the Mann-Whitney test was conducted to test the null hypothesis. The results are presented in Table 7.15 for. The results reveal that there were no differences ( $p=0.374$ ). In accordance, the null hypothesis (there were no significant differences) was not rejected.

**Table 7.15: Likelihood of wine and tourism respondents cooperating or not horizontally in the future given their participation in successful diagonal cooperation in the past**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	120	1.82	1	61.59				
No	3	2.67	2	78.50				
<b>Total</b>	<b>123</b>	<b>1.84</b>	<b>1</b>		<b>130.5</b>	<b>-0.889</b>	<b>0.374</b>	

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

These results indicate that wine and tourism respondents were likely to choose to cooperate horizontally regardless their participation in successful diagonal cooperation. Therefore, the participation, or not, in successful diagonal

cooperation in the past initiatives with businesses does not appear to be related to their likely decision to cooperate horizontally in the future.

The results regarding the likelihood to cooperating or not diagonally across the participation, or not, in past successful diagonal cooperation, are presented in Table 7.16. Overall, wine and tourism respondents were likely to indicate they would cooperate diagonally in the future (overall mean value).

In addition, and according to the results of the Mann-Whitney test, no differences between the answers of the respondents were found ( $p=0.082$ ). Hence, the null hypothesis (there were no significant differences) was not rejected. These results indicate that wine and tourism respondents were likely to choose to cooperate diagonally regardless their participation in successful diagonal cooperation. Therefore, the participation in successful diagonal cooperation does not appear to be related to the likely decision of wine and tourism respondents to cooperate diagonally in the future.

**Table 7.16: Likelihood of wine and tourism respondents cooperating or not diagonally in the future given their participation in successful diagonal cooperation in the past**

	Statistics							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	120	1.51	1	61.23				
No	3	2.00	2	93.00				
<b>Total</b>	<b>123</b>	<b>1.52</b>	<b>1</b>		<b>87.000</b>	<b>-1.740</b>	<b>0.082</b>	

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

### 7.3.2.3. Participation in unsuccessful horizontal cooperation in the past

As noted in Chapter 4, there were significant differences between wine and tourism respondents in terms of their participation in unsuccessful horizontal cooperation. Therefore, the following analysis is done for tourism respondents firstly and secondly for wine respondents.

To test the null hypothesis, that there were no differences between respondents who had participated in successful horizontal cooperation in the past and their likelihood to cooperating horizontally or not in the future, the Mann-Whitney test was used. For the purposes of this analysis, the decision was the dependent variable and the participation in unsuccessful horizontal cooperation in the past, was the independent variable. The likelihood to cooperating in the future or not was measured through a Likert-type scale. The scale ranged from 1- definitely yes to 5- definitely not. In the scale the score of 3 indicated that the respondent was not sure.

According to the results presented in Table 7.17 (overall mean value), respondents of tourism businesses indicated that they would be likely to cooperate with other tourism businesses in the future. The results also indicated that there were no significant differences ( $p=0.885$ ) between those tourism respondents that participated, or not, in unsuccessful cooperation in the same industry and their likely decision to cooperate horizontally in the future. Hence, the null hypothesis was not rejected.

These results indicate that the participation, or not, of tourism respondents in unsuccessful horizontal cooperation in the past does not appear to be related to their likely decision to cooperate horizontally. Indeed, those tourism respondents that participated in unsuccessful cooperation in the past with other tourism businesses do not seem to be affected in their intention/likelihood to cooperate with other tourism businesses in the future.

**Table 7.17: Likelihood of tourism respondents cooperating or not horizontally, given their participation in unsuccessful horizontal cooperation in the past**

	Statistics							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	21	1.62	1	36.50				
No	52	1.52	1	37.20				
<b>Total</b>	<b>73</b>	<b>1.55</b>	<b>1</b>		<b>535.50</b>	<b>-0.145</b>	<b>0.885</b>	

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

With regard to the decisions towards diagonal cooperation, the results are presented in Table 7.18. Given the overall mean value, the tourism respondents were likely to indicate they would cooperate diagonally in the future. Additionally, the results indicate that there were no differences ( $p=0.857$ ) between those tourism respondents that participated, and those who did not, in unsuccessful horizontal cooperation with businesses and their likelihood to cooperate diagonally in the future. Thus, the null hypothesis (there were no differences) was not rejected.

These results indicate that the likelihood to cooperate diagonally in the future does not appear to be related to the participation of tourism respondents in unsuccessful horizontal cooperation in the past.

**Table 7.18: Likelihood of tourism respondents cooperating or not diagonally, given their participation in unsuccessful horizontal cooperation in the past**

	Statistics							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	21	1.81	2	37.64				
No	52	1.79	1	36.74				
<b>Total</b>	<b>73</b>	<b>1.79</b>	<b>1</b>		<b>532.50</b>	<b>-0.180</b>	<b>0.857</b>	

N=cases, M=mean, Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

Concerning the likely decisions of wine respondents on horizontal cooperation considering their participation in unsuccessful horizontal cooperation in the past, the results are presented in Table 7.19. The results indicate that wine respondents were likely to cooperate horizontally in the future, according the overall mean value. The results also indicated that there were no significant differences ( $p=0.049$ - considered to be 0.05) between those wine respondents that participated, and those who did not, in unsuccessful horizontal cooperation and their likely decision to cooperate in the future. In accordance, the null hypothesis (there were no significant differences) was not rejected.

These results suggest that the decision of wine respondents to cooperate horizontally in the future does not appear to be related to their participation, or not, in unsuccessful past horizontal cooperation in the past.



**Table 7.19: Likelihood of wine respondents cooperating or not horizontally, given their participation in unsuccessful horizontal cooperation in the past**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	5	2.00	2.00	54.70				
No	71	1.45	1.00	37.36				
<b>Total</b>	<b>76</b>	<b>1.49</b>	<b>1.00</b>		<b>96.500</b>	<b>-1.969</b>	<b>0.049</b>	
N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value								

Regarding the decisions on diagonal cooperation, the results are presented in Table 7.20. The results (overall mean value) indicate that the wine respondents were likely to indicate they would cooperate diagonally in the future. Additionally, the results indicated that there were no significant differences ( $p=0.419$ ) between those wine respondents that participated, and those who did not, in unsuccessful horizontal cooperation and their likely decisions to cooperate diagonally. Hence, the null hypothesis (there were no significant differences) was not rejected. It appears that the decision of wine respondents to cooperate diagonally in the future is not related to their participation, or not, in unsuccessful past horizontal cooperation in the past.

**Table 7.20: Likelihood of wine respondents cooperating or not diagonally, given their participation in unsuccessful horizontal cooperation in the past**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	5	2.20	2.00	45.80				
No	71	2.14	2.00	37.99				
<b>Total</b>	<b>76</b>	<b>2.14</b>	<b>2.00</b>		<b>141.00</b>	<b>-0.808</b>	<b>0.419</b>	

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

#### 7.3.2.4. Participation in unsuccessful diagonal cooperation in the past

As indicated in Chapter 4, in the case of participation in diagonal cooperation, only 1 (of 59) tourism business and 5 wine businesses (of 55) considered they had participated in unsuccessful cooperation. The tests were conducted for wine and tourism respondents, separately.

The results regarding the likely decisions of tourism respondents on horizontal cooperation considering their participation in unsuccessful diagonal cooperation are presented in Table 7.21. The respondents indicated they would cooperate in the future (overall mean value). No significant differences were found. Therefore, the null hypothesis (there were no significant differences) was not rejected. Thus, these results suggest that the fact of participating, or not, in unsuccessful diagonal cooperation does not appear to be related to the likely decision to cooperate horizontally.

**Table 7.21: Likelihood of tourism respondents cooperating or not horizontally, given their participation in unsuccessful diagonal cooperation in the past**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	1	1.00	1.00	14.50				
No	59	1.71	2.00	30.77				
<b>Total</b>	<b>60</b>	<b>1.70</b>	<b>2.00</b>		<b>13.500</b>	<b>-1.022</b>	<b>0.307</b>	

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results regarding the likely decisions of tourism respondents on diagonal cooperation considering their participation in unsuccessful diagonal cooperation are presented in Table 7.22. The respondents indicated they would cooperate in the future (overall mean value). The results did not reveal significant differences. Therefore, the null hypothesis (there were no significant differences) was not rejected. Therefore, these results suggest that the fact of participating, or not, in unsuccessful diagonal cooperation does not appear to be related to the likely decision to cooperate horizontally.

**Table 7.22: Likelihood of tourism respondents cooperating or not diagonally, given their participation in unsuccessful diagonal cooperation in the past**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	1	1.00	1.00	19.00				
No	59	1.44	1.00	30.69				
<b>Total</b>	<b>60</b>	<b>1.43</b>	<b>1.00</b>		<b>18.000</b>	<b>-0.781</b>	<b>0.435</b>	

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results regarding decisions of wine respondents on horizontal cooperation in terms of their participation in unsuccessful diagonal cooperation are presented in Table 7.23. The respondents indicated they would cooperate in the future (overall mean value). The results also indicate that there were significant differences ( $p=0.037$ ) with small effect size ( $r=-0.269$ ) between those respondents that participated, and those who did not, in unsuccessful diagonal cooperation and their future decisions on horizontal cooperation. Therefore, the null hypothesis (there were no significant differences) was rejected and the alternative hypothesis (there were significant differences) was accepted.

Thus, these results suggest that the fact of participating, or not, in unsuccessful diagonal cooperation appears to be related to the likely decision to cooperate horizontally. According to mean and median values, those who indicated they had not participated in unsuccessful cooperation were more likely to indicate that they would to cooperate horizontally than those who had participated in unsuccessful diagonal cooperation in the past.

**Table 7.23: Likelihood of wine respondents cooperating or not horizontally, given their participation in unsuccessful diagonal cooperation in the past**

	<b>Statistics</b>							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Yes	5	3.40	4.00	44.70				
No	55	1.87	1.00	29.21				
<b>Total</b>	<b>60</b>	<b>2.00</b>	<b>1.00</b>		<b>66.500</b>	<b>-2.081</b>	<b>0.037</b>	<b>-0.26866</b>

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results regarding decisions of wine respondents on diagonal cooperation in terms of their participation in unsuccessful diagonal cooperation are presented in Table 7.24. The results indicate that there were no differences between the answers of respondents (in terms of their decision) and their participation, or not, in unsuccessful diagonal cooperation in the past. Hence, the null hypothesis (there were no significant differences) was not rejected.

It appears that the fact that wine respondents had, or not, participated in unsuccessful diagonal cooperation is not related to their likely decision to cooperate diagonally in the future.

**Table 7.24: Likelihood of wine respondents cooperating or not diagonally, given their participation in unsuccessful diagonal cooperation in the past**

	Statistics						
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>
Yes	5	1.80	1.00	29.90			
No	55	1.58	2.00	30.55			
<b>Total</b>	<b>120</b>	<b>1.60</b>	<b>1.50</b>		<b>134.5</b>	<b>-0.090</b>	<b>0.928</b>

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

### 7.3.2.5. Position in the business

This section provides an examination of the likelihood of wine and tourism respondents to cooperation horizontally and diagonally in the future in terms of their position in the business. As described in Chapter 4, the respondents of wine and tourism businesses did not differ in terms of their position in the business, namely if they were owners or managers. Thus, for the purposes of this analysis, the statistical test was used for all the respondents (n=200). To test the null hypothesis (that there were no significant differences in the answers of respondents across the groups indicating their position in the business), the Mann-Whitney was used. In this case, the position in the business is the independent variable, and the decision/likelihood to cooperate or not, the dependent variable (ordinal, Likert type scale).

The results regarding the likelihood of wine and tourism respondents to cooperating or not horizontally in the future regarding their position in the business are provided in Table 7.25. Overall, wine and tourism were likely to indicate they would cooperate horizontally (overall mean value). No significant differences were found (p=0.343). Thus, the null hypothesis was not rejected.

These results indicate that the position in the business does not seem be related to the likely decision of wine and tourism respondents to cooperate horizontally in the future.

**Table 7.25: Likelihood of wine and tourism respondents cooperating or not horizontally in the future considering respondents' position (in the business)**

	Statistics							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Owner	119	1.92	2	97.49				
Manager	81	2.20	2	104.92				
<b>Total</b>	<b>200</b>	<b>2.03</b>	<b>2</b>		<b>4461.5</b>	<b>-0.949</b>	<b>0.343</b>	
N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value								

Regarding the likelihood to cooperate diagonally or not in the future, the results are presented 7.26. Overall, wine and tourism were also likely to indicate they would cooperate horizontally (overall mean value). Differences were also not found ( $p=0.728$ ). In accordance, the null hypothesis was not rejected.

These results suggest that the position that wine and tourism respondents occupy in the business does not seem to be related to their decision to cooperate diagonally in the future.

**Table 7.26: Likelihood of wine and tourism respondents cooperating or not diagonally in the future considering respondents' position (in the business)**

	Statistics							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Owner	119	2.22	2	101.62				
Manager	81	2.16	2	98.86				
<b>Total</b>	<b>200</b>	<b>2.19</b>	<b>2</b>		<b>4686.5</b>	<b>-0.348</b>	<b>0.728</b>	

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

### 7.3.2.6. Experience in the industry (years)

This section provides an examination of the likelihood of wine and tourism respondents to cooperation horizontally and diagonally in the future considering

their experience in the industry. The experience is measured in terms of the years that respondent were working until the time when the interview took place.

As described in Chapter 4, there were significant differences between the answers of the respondents with regard to the years of experience in their industries. Thus, in order to determine whether there were statistically significant differences between the decisions on cooperation in the future (horizontal and diagonal) across the groups of experience in the industry, the Kruskal-Wallis Test was conducted firstly for tourism respondents, and secondly for wine respondents. For the purpose of this analysis, the experience in the industry is the independent variable. It has been grouped into three groups (<5, 5-9, 10-19, >20 years). The decision is the dependent variable.

The results regarding decisions of tourism respondents on horizontal cooperation across the groups indicating the experience in the industry (years) are presented in Table 7.27. The results reveal (overall mean value) that tourism respondents were likely to indicate that they would to cooperate horizontally in the future. The results also indicated that there were no significant differences (0.951). Therefore, the null hypothesis (there were no differences) was not rejected. These results indicate that the experience in the industry (number of years) of tourism respondents does not seem to be related to their decisions with regard to horizontal cooperation.

**Table 7.27: Likelihood of tourism respondents cooperating or not horizontally, across experience in the industry (years)**

Statistics				
	N	M	Md	MR
<5 years	22	1.95	2.00	51.95
5-19 years	61	1.95	2.00	46.86
>20 years	17	2.00	2.00	50.91
<b>Total</b>	<b>100</b>	<b>1.96</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b>		$\chi^2 = 0.101$	d.f.=2	p=0.951

N=cases; M=mean; Md=median; MR=mean rank; p=probability; r-r value

The same test was conducted, but with regard to the decisions of tourism respondents on diagonal cooperation. The results are presented in Table 7.28. The results reveal (overall mean value) that tourism respondents were likely to

indicate that they would to cooperate horizontally in the future. Also, no significant differences were found ( $p=0.193$ ). Hence, the null hypothesis (there were no differences) was not rejected.

These results suggest that the likely decision of tourism respondents to cooperate diagonally in the future does not appear to be related to the experience in the industry (expressed by the number of years working in the industry).

**Table 7.28: Likelihood of tourism respondents cooperating or not diagonally across experience in the industry (years)**

Statistics				
	N	M	Md	MR
<5 years	22	2.23	2.00	57.50
5-19 years	61	1.92	2.00	46.55
>20 years	17	2.29	2.00	55.62
<b>Total</b>	<b>100</b>	<b>2.05</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b>		$\chi^2 = 3.294$	d.f.=2	p=0.193

N=cases; M=mean; Md=median; MR=mean rank;; p=probability; r-r value

The results of decisions of wine respondents on horizontal cooperation across the groups of years indicating their experience in the industry are presented in Table 7.29. Wine respondents respondents were likely to indicate that they would to cooperate horizontally in the future (overall mean value). In addition, the results also reveal that there were no significant differences ( $p=0.946$ ). In accordance, the null hypothesis (there were no differences) was not rejected. These results also indicate that the likely decision of wine respondents to cooperate horizontally in the future does not appear to be related to their experience in the industry (expressed by the number of years working in the industry).

**Table 7.29: Likelihood of wine respondents cooperating or not horizontally across experience in the industry (years)**

Statistics				
	N	M	Md	MR
<5 years	11	2.00	2.00	52.23
5-19 years	57	2.12	1.00	50.82
>20 years	32	2.09	1.50	49.34
<b>Total</b>	<b>100</b>	<b>2.10</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b>		$\chi^2 = 0.110$	d.f.=2	p=0.946

N=cases; M=mean; Md=median; MR=mean rank; p=probability; r-r value

The results of decisions of wine respondents on diagonal cooperation across the groups of years indicating their experience in the industry are presented in Table 7.30. The results reveal that, overall, wine respondents were likely to indicate that they would to cooperate diagonally in the future (overall mean value). No significant differences ( $p=0.457$ ) between the answers given by wine respondents considering the years of experience in the industry were found. Thus, the null hypothesis (there were no differences) was not rejected. These results indicate that the experience of wine respondents in the industry does not seem to be related to their decision to cooperate diagonally in the future.

**Table 7.30: Likelihood of wine respondents cooperating or not diagonally across their experience in the industry (years)**

Statistics				
Experience in the industry (years)	N	M	Md	MR
<5 years	11	2.00	2.00	46.59
5-19 years	57	2.23	2.00	48.46
>20 years	32	2.66	2.00	55.48
<b>Total</b>	<b>100</b>	<b>2.34</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b> $\chi^2 = 1.564$ d.f.=2 <b>p=0.457</b>				

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

#### 6.2.3.7. Education level

As described in Chapter 4, there were significant differences between the educational level of respondents of wine and tourism businesses. Thus, in order to determine whether there were statistically significant differences between respondents' decisions on cooperation, the Mann-Whitney U Test was conducted firstly for tourism respondents and secondly for wine respondents. The educational level is the independent variable and the decision is the dependent variable.

The results presented in Table 7.31 are related to the likelihood of tourism respondents cooperating horizontally or not across the educational level groups. The Test did not reveal significant differences ( $p=0.491$ ). Thus, the null hypothesis (there were no differences) was not rejected. These results indicate



that the educational level of tourism respondents does not appear to be related to the likelihood of tourism respondents cooperating horizontally in the future.

**Table 7.31: Likelihood of tourism respondents cooperating or not horizontally not across the two groups of educational level**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Pre-Higher Education	53	2.08	2.00	52.26				
Higher Education	47	1.83	2.00	48.51				
<b>Total</b>	<b>100</b>	<b>1.96</b>	<b>2</b>		<b>1152.0</b>	<b>-0.689</b>	<b>0.491</b>	

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results presented in Table 7.32 are related to the likelihood of tourism respondents cooperating diagonally or not across the educational level groups. Significant differences were not found ( $p=0.617$ ). Thus, the null hypothesis (there were no differences) was not rejected. These results suggest that the likely decision of tourism respondents to cooperate in the future does not seem to be related to their educational level.

**Table 7.32: Likelihood of tourism respondents cooperating or not diagonally across the two groups of educational level**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Pre-Higher Education	53	2.09	2.00	51.79				
Higher Education	47	2.00	2.00	49.04				
<b>Total</b>	<b>100</b>	<b>2.05</b>	<b>2.00</b>		<b>1177.0</b>	<b>-0.501</b>	<b>0.617</b>	

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results presented in Table 7.33 are related to the likelihood of wine respondents cooperating horizontally or not across the educational level groups. No differences were found ( $p=0.261$ ). Thus, the null hypothesis was not rejected. These results indicate that the educational level of wine respondents does not seem to be related their likelihood to cooperate horizontally.

**Table 7.33: Likelihood of wine respondents to cooperate horizontally or not across the two groups of educational level**

	Statistics							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Pre-Higher Education	16	1.75	1.00	43.50				
Higher Education	84	2.17	2.00	51.83				
<b>Total</b>	<b>100</b>	<b>2.10</b>	<b>2.00</b>		<b>560.0</b>	<b>-1.124</b>	<b>0.261</b>	

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results regarding the likelihood of wine respondents cooperating diagonally or not across the educational level groups are presented in Table 7.34. The wine respondents indicated that they would cooperate in the future (overall mean value). In addition, the results also indicate that there were no significant differences ( $p=0.779$ ) between the answers of wine respondents across the groups of different educational levels and their likely decision to cooperate with tourism businesses in the future. In accordance, the null hypothesis (there were no significant differences) was not rejected. These results indicate that educational level does not seem to be related the decision of respondents of wine businesses to cooperate on diagonal cooperation.

**Table 7.34: Likelihood of wine respondents cooperating or not diagonally across the two groups of educational level**

	Statistics							
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Pre-Higher Education	16	2.31	2.00	48.72				
Higher Education	84	2.35	2.00	50.84				
<b>Total</b>	<b>100</b>	<b>2.10</b>	<b>2.00</b>		<b>643.5</b>	<b>-0.281</b>	<b>0.779</b>	

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

#### 6.2.3.8. Gender

This section provides an examination of the results regarding the likelihood of wine and tourism respondents cooperating or not horizontally and diagonally in the future, across their gender.

Wine and tourism respondents did not differ in terms of their gender (Chapter 4). Thus, in this section and for the purposes of this analysis, the statistical test was conducted for all the respondents (n=200). The independent variable in this case is the gender and the dependent variable is the likelihood to cooperating or not horizontally and diagonally in the future. To test the null hypothesis (that there were no significant difference between the answers given by males and females in terms of their likelihood to cooperating or not horizontally and diagonally in the future), a Mann-Whitney test was conducted.

The results regarding the likelihood to cooperate or not horizontally in the future across the gender groups are presented in Table 7.35. The results reveal (overall mean value) that wine and tourism respondents were likely to indicate that they would to cooperate horizontally in the future. Moreover, no significant differences were found ( $p=0.783$ ). In accordance, the null hypothesis was not rejected. These results suggest that wine and tourism respondents were likely to cooperate horizontally in the future and that this decision does not appear to be related to the gender of wine and tourism respondents.

**Table 7.35: Likelihood of wine and tourism respondents cooperating or not horizontally given their gender**

	Statistics						
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>
Male	150	2.01	2	99.89			
Female	50	2.10	2	102.33			
<b>Total</b>	<b>200</b>	<b>2.03</b>	<b>2</b>		<b>3658.5</b>	<b>-0.275</b>	<b>0.783</b>

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results regarding the likelihood to cooperate or not diagonally in the future across the gender groups are presented in Table 7.36. Overall, wine and tourism respondents were more likely to indicate that they would to cooperate diagonally in the future (overall mean value). No significant differences were found ( $p=0.366$ ). Thus, the null hypothesis (there were no significant differences) was not rejected.

These results suggest that the likelihood of wine and tourism respondents to cooperate diagonally in the future does not appear to be related to the gender of wine and tourism respondents.

**Table 7.36: Likelihood of wine and tourism respondents cooperating or not diagonally given their gender**

	Statistics						
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>
Male	150	2.03	2	102.53			
Female	50	2.22	2	94.4			
<b>Total</b>	<b>200</b>	<b>2.07</b>	<b>2</b>		<b>3445.0</b>	<b>-0.904</b>	<b>0.366</b>

N – sample; M- mean; Md - median; MR- Mean Rank; *U* - Mann-Whitney; *z* - z value; *p* – probability value; *r* – r value

#### 6.2.3.9. Age

This section provides an examination of the results regarding the likelihood of wine and tourism respondents cooperating or not horizontally and diagonally in the future, across their age groups.

Wine and tourism respondents did not differ in terms of their age (Chapter 4). Thus, in this section and for the purposes of this analysis, the statistical test was conducted for all the respondents (n=200). The independent variable in this case is the age of wine and tourism respondents and the dependent variable is the likelihood to cooperating or not horizontally and diagonally in the future. To test the null hypothesis (that there were no significant difference between the answers given by respondents across the age groups in terms of their likelihood to cooperating or not horizontally and diagonally in the future), a Kruskal-Wallis test was conducted.

The results, regarding the likelihood of wine and tourism respondents cooperating or not horizontally, are presented in Table 7.37. Overall, wine and tourism respondents were more likely to indicate that they would to cooperate horizontally in the future (overall mean value). In addition, the results also revealed that there were no significant differences ( $p=0.051$ ). Thus, the null hypothesis (there were no significant differences) was not rejected.

These results suggest that the likelihood of wine and tourism respondents to cooperate horizontally in the future does not appear to be related to their age.

**Table 7.37: Likelihood of wine and tourism respondents cooperating or not horizontally given their age**

Statistics				
	N	M	Md	MR
<=30 years	25	1.72	1.00	85.10
31-49 years	111	1.98	2.00	96.73
>50	64	2.23	2.00	113.06
<b>Total</b>	<b>200</b>	<b>2.03</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b> $\chi^2 = 5.967$ d.f.=2 p=0.051				

N=cases; M=mean; Md=median; MR=mean rank; p=probability; r-r value

The results regarding the decision on diagonal cooperation are presented in Table 7.38. Wine and tourism respondents were, overall, more likely to indicate that they would to cooperate horizontally in the future (overall mean value). The test revealed that there were significant differences ( $p=0.006$ ). Thus, the null hypothesis was rejected and the alternative hypothesis (that there were significant differences) was accepted.

**Table 7.38: Likelihood of wine and tourism respondents cooperating or not diagonally given their age**

Statistics				
	N	M	Md	MR
<=30 years	25	1.80	1.00	81.22
31-49 years	111	2.06	2.00	94.96
>50	64	2.58	2.00	117.64
<b>Total</b>	<b>200</b>	<b>2.19</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b> $\chi^2 = 10.373$ d.f.=2 p=0.006				

N=cases; M=mean; Md=median; MR=mean rank; Up=probability; r-r value

In order to determine where the differences are, a Mann-Whitney Test was performed. A Bonferroni adjustment was applied. Thus, instead of considering  $p=0.05$  as the significance level, a significance alpha of 0.017 (0.5/3), will be used. The number 3 is the number of the Mann-Whitney U tests that that will be done for the purposes of this analysis. The test results, presented in Table 6.39, revealed significant differences between Group1 (<=30 years) and Group 3 (>50 years) with small effect size ( $r = -0.289$ ), and between Group 2 (31-49 years) and

Group3 (>50 years) with small effect size ( $r = -0.186$ ), as shown in Table 7.39. According to the median and mean values, respondents with 50 years were more likely to indicate that they would cooperate, than the respondents with more than 50 years.

**Table 7.39: Likelihood of wine and tourism respondents cooperating or not diagonally within the ‘ $\leq 30$  years and  $> 50$  years’ groups**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
$\leq 30$ Years	25	1.8	1	60.68				
31-49 Years	111	2.06	2	70.26				
<b>Total</b>	<b>136</b>				<b>1192.0</b>	<b>-1.169</b>	<b>0.243</b>	
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
$\leq 30$ Years	25	1.8	1	33.54				
$> 50$ Years	64	2.58	2	49.48				
<b>Total</b>	<b>89</b>				<b>513.50</b>	<b>-2.730</b>	<b>0.006</b>	<b>-0.289379</b>
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
31-49 Years	111	2.06	2	80.70				
$> 50$ Years	64	2.58	2	100.66				
<b>Total</b>	<b>175</b>				<b>2741.5</b>	<b>-2.628</b>	<b>0.009</b>	<b>-0.185828</b>

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

### 7.2.3.10. Personality

This section provides an examination of the results regarding the likelihood of wine and tourism respondents cooperating or not horizontally and diagonally in the future, across their personality groups. These groups were identified based on a Hierarchical (agglomerative) Cluster Analysis, as explained in Chapter 4. Thus, and given that the Cluster Analysis was done for all the 200 respondents, in this section and for the purposes of this analysis, the statistical test was conducted for all the respondents ( $n=200$ ). The independent variable in this case is the personality (groups) of wine and tourism respondents and the dependent variable is the likelihood to cooperating or not horizontally and diagonally in the future. To test the null hypothesis (that there were no significant difference between the answers given by respondents across the personality groups in terms of their

likelihood to cooperating or not horizontally and diagonally in the future), a Kruskal-Wallis test was conducted.

The results, regarding the likelihood of wine and tourism respondents cooperating or not horizontally across the personality groups, are presented in Table 7.40. Wine and tourism respondents were, overall, more likely to indicate that they would to cooperate horizontally in the future (overall mean value). The test revealed that there were significant differences ( $p=0.000$ ). Thus, the null hypothesis was rejected and the alternative hypothesis (that there were significant differences) was accepted.

**Table 7.40: Likelihood of wine and tourism respondents cooperating or not horizontally across the three personality groups**

Statistics				
	N	M	Md	MR
Moderately Proactive	93	1.75	1.00	85.99
Cautious	68	2.62	2.00	130.07
Proactive	39	1.67	1.00	83.53
<b>Total</b>	<b>200</b>	<b>2.03</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b>		$\chi^2 = 30.587$	d.f.=2	p=0.000

N=cases; M=mean; Md=median; MR=mean rank; p=probability; r-r value

In order to determine where the differences are, a Mann-Whitney Test was performed. Thus, and as explained in Section 7.1 (Introduction), in this case the Bonferonni adjustment was applied. Thus, instead of considering  $p=0.05$  as the significance level, a significance alpha of 0.017 ( $0.5/3$ ), will be used. The number 3 is the number of the Mann-Whitney U tests that that will be done for the purposes of this analysis.

The test results of Mann-Whitney tests revealed significant differences between the groups ‘Moderately proactive’ and ‘Cautious’ ( $U=482.500$ ;  $z= -3.962$ ;  $p=0.000$ ) with medium effect size ( $r=- 0.415$ ). According to the median and mean for values (2.56 for Cautious and 1.67 ‘Moderately proactive’), tourism respondents that were grouped into the ‘Cautious’ type of personality were less likely to cooperate with businesses in the same industry, as their answers were closer to ‘3 – not sure’ when compared to the other group (‘Moderately proactive’).

**Table 7.41: Likelihood of wine and tourism respondents cooperating or not horizontally across the ‘Moderately proactive’ and ‘Cautious’ personality groups**

Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Moderately proactive	93	1.75	1.00	69.16				
Cautious	68	2.62	2.00	101.29				
<b>Total</b>	<b>161</b>				<b>1782.0</b>	<b>-4.986</b>	<b>0.000</b>	<b>-0.392952</b>
Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Moderately proactive	93	1.75	1.00	66.83				
Proactive	39	1.67	1.00	65.71				
<b>Total</b>	<b>132</b>				<b>1782.5</b>	<b>-0.174</b>	<b>0.862</b>	
Statistics								
	<i>N</i>	<i>M</i>	<i>Md</i>	<i>MR</i>	<i>U</i>	<i>z</i>	<i>p</i>	<i>r</i>
Cautious	68	2.62	2.00	63.28				
Proactive	39	1.67	1.00	37.82				
<b>Total</b>	<b>107</b>				<b>695.0</b>	<b>-4.278</b>	<b>0.000</b>	<b>-0.413569</b>

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

These results suggest that the likelihood of wine and tourism respondents to cooperate horizontally in the future appear to be related to their personality.

In addition, significant differences were also found between the groups ‘Cautious’ and ‘Proactive’. The differences ( $p=0.000$ ) had a medium effect size ( $r=-0.414$ ). According to the median and mean values, wine and tourism respondents that were grouped into the ‘Cautious’ type of personality were less likely to cooperate with businesses in the same industry. The mean values of the answers of the ‘Cautious’ group indicate their neutral likely decision to cooperate horizontally in the future.

The results, regarding the likelihood of wine and tourism respondents cooperating or not diagonally across the personality groups, are presented in Table 7.42. Wine and tourism respondents were, overall, more likely to indicate that they would to cooperate diagonally in the future (overall mean value). The test revealed that there were significant differences ( $p=0.000$ ). Thus, the null hypothesis was rejected and the alternative hypothesis (that there were significant differences) was accepted.



**Table 7.42: Likelihood of wine and tourism respondents to cooperate diagonally or not across the three personality groups**

Statistics				
Personality groups	N	M	Md	MR
Moderately Proactive	93	2.09	2.00	96.67
Cautious	68	2.68	2.00	121.12
Proactive	39	1.62	1.00	73.86
<b>Total</b>	<b>200</b>	<b>2.19</b>	<b>2.00</b>	
<b>Kruskal-Wallis results</b> $\chi^2 = 19.203$ d.f.=2 p=0.000				

N=cases; M=mean; Md=median; MR=mean rank; p=probability; r-r value

In order to determine where the differences are, a series of Mann-Whitney Tests were performed. A Bonferroni adjustment was applied. By sing this adjustment, a significance alpha of 0.017 will be used, instead of considering p=0.05 as the significance level. The significance value of 0.017 results of division of the 0.05 value by the number of tests that would be conducted (0.5/3) for the purposes of this analysis. The test results are presented in Table 7.43.

**Table 7.43: Likelihood of wine and tourism respondents cooperating or not diagonally across the 'Moderately proactive' and 'Cautious' and 'Moderately proactive' and proactive personality groups**

Statistics							
	N	M	Md	MR	U	z	p
Moderately proactive	93	2.09	2	72.61			
Cautious	68	2.68	2	92.62			
<b>Total</b>	<b>161</b>				<b>2372.0</b>	<b>-2.819</b>	<b>0.005</b>
Moderately proactive	93	2.09	2	71.17			
Proactive	68	1.62	1	55.37			
<b>Total</b>	<b>132</b>				<b>1379.5</b>	<b>-2.324</b>	<b>0.020</b>
Cautious	68	2.68	2	63.00			
Proactive	39	1.62	1	38.31			
<b>Total</b>	<b>107</b>				<b>714.00</b>	<b>-4.129</b>	<b>0.000</b>

N=cases; M=mean; Md=median; MR=mean rank; U=Mann Whitney U; z=z value; p=probability; r-r value

The results revealed significant differences between 'Moderately proactive' and 'Cautious' with small effect size ( $r = -0.222$ ) and between 'Cautious' and 'Proactive' with medium effect size ( $r = -0.399$ ). According to the median and mean values, wine and tourism respondents that were grouped into the 'Cautious' type of personality were less likely to cooperate with wine businesses in the

future, as their answers were closer to ‘3 – not sure when compared to the other group (‘Moderately proactive).

These results suggest that the likelihood of wine and tourism respondents to cooperate diagonally in the future appear to be related to their personality.

## **7.4 CONCLUSION**

The first conclusion drawn from this chapter is that the future likely decision of owners/managers of wine and tourism businesses is to cooperate horizontally and diagonally with other businesses. Thus, the factors were examined with relation to the decision to cooperate.

Second, and overall, the likely decision to cooperate horizontally and diagonally in the future seems to be related to the fact that wine and tourism respondents had participated, or not, in successful horizontal cooperation in the past. It seems that those who had participated in successful horizontal cooperation in the past were more likely to indicate that they would cooperate in the future. In addition, the likely decision to cooperate (horizontally and diagonally in the future) seems to be related to the personality of respondents. Those respondents grouped into ‘Cautious’ are less likely to cooperate with other wine and tourism businesses, than the other grouped into ‘Moderately proactive’ and ‘Proactive’.

Third, and overall, the likely decision to cooperate horizontally and diagonally does not appear to be related to the industry and to business-related characteristics, namely to the size and age of businesses. However, and although some of these factors do not appear to be related to the likely decision of respondents to cooperate in general, the same conclusion cannot be made with regard to the decisions of wine and tourism respondents specifically. In fact, seems to be related to the decision of tourism respondents when it is to cooperate diagonally. In this case, it appears that, tourism respondents of ‘small’-sized’ (10-49 employees) businesses were more likely to indicate they would cooperate with wine businesses in the future, than the respondents in the other groups. In addition, the business age seems to be related to the likely decision of wine

respondents when it is to cooperate horizontally. Indeed, the age of businesses only appears to be related to the likely decision of wine owners/managers to cooperate horizontally, especially when businesses were in operation more than five, but less than 20 years.

Furthermore, and regarding the individual-related characteristics, it can be concluded that, overall, the likely decision of respondents to cooperate horizontally and diagonally in the future does not seem to be related to their participation in successful diagonal cooperation, for their participation in unsuccessful horizontal cooperation, for their participation in unsuccessful diagonal cooperation. Additionally, the likely decision to cooperate in the future (horizontally and diagonally) does not seem to be related to the position (owners/managers) respondents have in their businesses, neither to their experience in the industry (number of years they have been working in the industry). Moreover, the decision does not appear to be related to their education level, gender, and age.

In addition, and similar to business-related characteristics, also regarding individual characteristics, although some of these factors do not appear to be related to the likely decision of respondents to cooperate in general, the same conclusion cannot be made with regard to the decisions of wine and tourism respondents specifically. In fact, the likely decision to cooperate horizontally and horizontally seem to be related to the fact that wine and tourism respondents had participated, or not, in successful horizontal cooperation in the past. It seems that those who had participated in successful horizontal cooperation in the past were more likely to indicate that they would cooperate in the future. The fact that wine respondents participated, or not, in unsuccessful diagonal cooperation appears to be related to their likely decision to cooperate horizontally. It seems that those who indicated they had not participated in unsuccessful cooperation were more likely to indicate that they would to cooperate horizontally than those who had participated in unsuccessful diagonal cooperation in the past.

Besides, the results also indicated that it appears that the age of wine and tourism respondents is related to their decision to cooperate diagonally in the future. It seems that respondents with 50 years were more likely to indicate that they would cooperate, than the respondents with more than 50 years. Moreover, the results indicated that likely decision of wine and tourism respondents to cooperate horizontally in the future does not appear to be related to their age. However, when the decision is to cooperate diagonally, their decision seems to be related to their age. Respondents with 50 years were more likely to indicate that they would cooperate, than the respondents with more than 50 years. Finally, the results indicated that the likelihood of wine and tourism respondents to cooperate horizontally and diagonally in the future appear to be related to their personality. Those wine and tourism respondents that were grouped into the ‘Cautious’ type of personality were less likely to cooperate horizontally, than those grouped into ‘Moderately proactive’ and ‘Proactive’.

The next chapter evaluates the theoretical and applied research context, the methodological and analytical approaches, and discusses its results, relating them to the literature and previous research.

## **CHAPTER 8 – EVALUATION AND DISCUSSION**

### **8.1 INTRODUCTION**

This study has focused on inter-business cooperation by tourism and wine businesses in the Douro Valley in the North of Portugal. Inter-business cooperation is not a new subject for researchers. It has been of growing interest to academics, public organisations and businesses over the last decades. Especially in the context of SMEs, a particular emphasis has been placed upon the factors driving and preventing cooperation, on activities and areas in which cooperation is implemented and on its results. Although knowledge has been gained also with regard to the topic of inter-business cooperation, gaps have identified in the literature.

This chapter, therefore, firstly aims to demonstrate the main contributions of past research and the identified gaps, which set the grounds for this study. Secondly, the chapter provides an evaluation of the methodology, the methods and analytical procedures adopted to meet the aim and objectives of this research. This is followed by a discussion of the thesis results, against previous knowledge in past research. Also based on the achieved results, an adjusted framework is provided. The chapter finishes by summarizing the main aspects addressed in this chapter.

### **8.2 THE REVIEW OF THE LITERATURE**

This section summarizes the literature review of this research, putting in evidence the overall context of the literature, the main contributions of past research and also the identified gaps, which, to some extent, set the grounds for this study, and how this study has addressed them. The conceptual framework derived from the literature review puts forward the main aspects to be taken into account within this research, and determines the research instrument (questionnaire), and the operational variables.

### 8.2.1. Overall context of the literature review

The review of the literature in the research field of cooperation demonstrated to be more challenging than one could expect. The theme of cooperation, as inter-business relationships, has long attracted the interest and attention of both public and private sectors, and has been subject of research from many and very different perspectives, giving rise to variety of terms being adopted (collaboration, partnerships, networks). No consensus was found with regard to which term was most appropriate as encompassing all the activities designated as inter-firm relationships, as demonstrated in Chapter 2 (Sections 2.2 and 2.3). For the purpose of this research the term cooperation was adopted as the most suitable because the term has been used in the literature as a generic term encompassing several ideas that are associated to the other terms adopted in the literature (Smith et al. 1995; Havnes and Senneseth 2001; European Commission 2003). Therefore, it is implied in this research that cooperation can be used as a generic term that is adopted in the context of SMEs. Nevertheless, and regardless of the term adopted, the role of cooperation in the development of both businesses and regions is widely acknowledged, particularly when SMEs and/or rural or less developed areas are concerned, which is the context of this research.

However, at an earlier stage, general cooperation related literature was also reviewed. The main purpose was to gain a broad understanding of the research field and to identify any differences between general and SME specific literature with regard to main areas of research discussed. It can be stated that existing differences are not meaningful, with the exception of the process of cooperation (stages that cooperation goes through and the most relevant aspects within each stage), which has been less studied with regard to SMEs. In spite of its importance and potential interest as a research topic it has been considered as beyond the focus of this research, as this research does not study the process per se. Nevertheless, it informed the stage-approach used in this study, and it has been acknowledged as one of the main areas of generic cooperation literature review also for the purposes of this study (Appendix I).

Apart from the review of generic literature on cooperation and on SMEs in particular, because the focus of this research is on wine and tourism businesses, a review of related research was also necessary. Wine and tourism business cooperation seems a pre-condition for the development of wine tourism products, which is claimed as an economic alternative for the Douro region, the geographic context within which this research has taken place. Therefore, the review of the literature has aimed at identifying the main aspects of cooperation in these industries individually (horizontal level) and between both industries when working together (diagonal level) (as demonstrated in Chapter 3).

### **8.2.2. Main contributions and identified gaps in the literature**

The literature provides different areas of research within inter-business cooperation in the context of SMEs. The main areas of research identified in the literature, and which are considered as guidance to the study of cooperation in the context of SMEs as a whole are: factors influencing decisions in relation to cooperation, activities of operation, and outcomes of cooperation. Although these areas have been examined, the factors driving/preventing cooperation seems to have gained particular attention from academics. Nevertheless, and as will be discussed below, some gaps have been identified with regard to the factors influencing/driving to, and/or discouraging businesses from cooperation. Thus, and given the importance of SMEs' decisions in general, and with regard to cooperation in particular and the aim to fill these gaps, particular attention has been given to the factors influencing cooperation decisions in the next section and the identified gaps respecting this area of research.

#### **8.2.2.1. Factors influencing decisions in relation to cooperation**

Factors influencing decisions in relation to cooperation refer to the influences on decision makers on whether or not to engage in cooperation arrangements/initiatives. One of the things that emerges from the literature is that the decision on, and adoption of, cooperation by business owners/managers is

bounded by a range of contextual factors. Previous research has put a great emphasis on the characteristics of external business environment in general as there is recognition that they ‘push’ decision makers to cooperation to face challenges and explore opportunities to keep themselves in business (Parker 2000; Elmuti and Kathawala 2001; Evans 2001; Fyall and Garrod 2005; Pansiri 2005). The institutional environment appears to be of great importance, especially when SMEs are considered, given their characteristics and limitations (examined in Chapter 2, Section 2.4). Although external business environment characteristics/factors have been examined and no doubt seem to remain with regard to its role as a driver to cooperation, the literature fails to distinguish which are the most important factors/characteristics, according to the perceptions of decision makers. In addition, no evidence has been found with regard to the influence of the external business environment on the decision of wine and tourism businesses to engage in cooperation and participate in cooperative arrangements/initiatives. Moreover, and particularly with regard to the institutional environment, no evidence was found in terms of its perceived importance when compared with other sets of factors (e.g. business objectives, past experience). There is no evidence either of a distinction being made about which aspects within institutional environment decision makers consider more influential.

In addition, the literature has acknowledged that the external business environment can also hinder cooperation, namely the (local) market size, because a relatively small local market can imply limited opportunities to trade and network with other local businesses (Smallbone et al. 2002). Nevertheless, it seems that it is a less studied area in the context of SMEs in general, and in the context of wine and tourism industries in particular. No evidence was found with regard to the influence of the external business environment, and of specific related aspects, in the decision to not cooperate. Therefore, this is one of the aspects addressed by this study, as will be reinforced in sections ahead.

In addition, based on the recognition that cooperation contributes to the SMEs competitive position in relation to competitors (Chetty and Holm 2000; Dennis 2000; Ussman and Franco 2000; Marcela et al. 2002; European Commission



2003), it could be thought that competition could lead businesses to cooperation. However, competition is rather seen as hindering cooperation because businesses fear losing competitive edge to competitors, which is particularly true for horizontal cooperation when businesses are competing for the same customers (Schermerhorn 1980; Rosenfeld 1996). Thus, this study aimed at understanding whether, or not, competition was an influencing aspect within their external business environment that would influence their decision to engage and participate in cooperation arrangements/initiatives.

Moreover, a factor of the external environment that has been acknowledged to have a great influence on organizational behaviour, and in relation to which it is argued that research on SMEs must recognise sectoral variation (Burrows and Curran 1989; Morrison and Teixeira 2004; Thomas et al. 2011), is the industry. However, and although it has been acknowledged that wine and tourism businesses cooperate with each other, in the same (horizontally) and across industries (wine/tourism) (diagonally), the question which businesses are more likely to take the first steps in the establishment of cooperation is still to be answered. Thus, this study aimed to identify the influence of the industry (wine/tourism) in the decision to cooperate.

Furthermore, another factor that has been studied and acknowledged as driving businesses into cooperation is business objectives, as demonstrated in the literature review (Chapters 2 and 3), with a great emphasis being put on the underlying theories. In the context of SMEs, some the most prevailing theories are the same as referred in the generic cooperation literature. They are: Transaction Cost Economics (Bougrain and Haudeville 2002) and Resource-based View (Hoffmann and Schlosser 2001; Dickison 2006) and Organizational Learning (Sorama et al. 2004). However, other theories seem to be more specific to SMEs such as Theory of Social Networks (Barnir and Smith 2002; Chung et al. 2006), and Theory of Social Capital (Sorama et al. 2004).

However, and unlike generic cooperation literature (e.g. Barringer and Harrison 2000; Wang and Xiang 2007), in the context of SMEs, the study of each theory individually still seems to prevail. In generic cooperation literature it has been

recognised that blending the different theories through an integrative approach is helpful to reinforce explanatory variables in each of them (Wittmann et al. 2009) to a wider understanding of the subject (Burgers et al. 1993; Barringer and Harrison 2000; Beverland and Bretherton 2001; Robson et al. 2002). Therefore, one of the assumptions underlying this study is that adopting one single theoretical perspective is not enough to comprehend the complexities of the formation and performance of cooperation arrangements/activities. Thus, this study adopted a theoretical blend integrating the aforementioned theories, as well as others which seem to less used when investigating cooperation in the context of SMEs: Strategic-Management Theory, Resource Dependence Theory, Strategic Choice, and Institutional Theory. They will be discussed later in chapter.

The importance of business objectives is reinforced by the perception that SMEs are often in the hands of a single proprietor, and the individual goals of the owner/manager are considered when decisions are made (Schimidli 2008, Sommer 2010). In such situations, business related decisions are considered as very dependent on individual-related goals (Baillette 2001; Romano et al. 2001). No evidence has been found with regard to the influences of SMEs business/owners personal objectives in the decision to engage and participate in cooperation arrangements/initiatives though. This research has addressed this in the context of wine and tourism SMEs in the Douro Valley.

Although business objectives are widely recognised as influencing the engagement and participation in cooperation, very few contributions were identified (e.g. European Commission 2003) with regard to its importance when compared to other factors (e.g. external business environment), and the ones existing seem limited in scope. This research aimed to build upon and expand existing knowledge in this matter as well.

The size of the business, also considered in Chapter 2 as (participant) business characteristics, have been identified in the literature as likely to influence SMEs engagement into cooperation (Fillis et al. 2004; Fernández and Nieto 2005; Street and Cameron 2007). However, it has not been studied in the specific context of

wine and tourism industries, where businesses are believed to be of different sizes. Tourism businesses are mainly micro (up to 5 employees) or very small in size, whereas wine businesses are believed to require a higher number of employees. Therefore, it was set as an objective of this research to explore whether, or not, the size seems to have an influence on the decisions with regard to cooperation.

In relation to the age of a business, its influence on decisions made in the context of SMEs has been found, particularly in family business owners' financing decisions (Romano et al. 2001) and businesses' decisions on World Wide Web adoption (Goode and Stevens 2000). However, no evidence has been found about this factor being studied with regard to cooperation in the context of SMEs and in the context of tourism and wine industries therefore, business age is a factor also examined in the context of this study.

Moreover, and apart from business characteristics, the literature has shown that individual-related characteristics, such as personality traits have an influence in SMEs' decisions (e.g. Lee and Tsang 2001; Papadakis and Barwise 2002; Papadakis 2006). However, and despite its clear importance in decisions making, no noteworthy evidence has been found in the context of SMEs and wine and tourism industries. Therefore, personality as a factor likely to influence decisions towards cooperation was also taken into consideration in this study.

The past experience of owners and managers and its influence in their decisions has been highlighted as an influencing factor in cooperation decisions (e.g. Bailleite 2001, Aharoni et al. 2011), including SMEs' decisions (Sommer and Haug 2000, Weaver et al. 2000; Lohrke et al. 2006). It was found that SMEs with past positive experiences tended to be more willing to engage not only in cooperation (in the future) (Lohrke et al. (2006), but also to engage in higher levels of cooperation (arrangements with higher levels of intensity) (Sommer and Haug 2000). However, the establishment of cooperation between SMEs can be affected if SMEs' owners and managers are unsatisfied with previous cooperation performance (Lohrke et al. 2006). The influence of past experience in cooperation decisions of owners/managers of wine and tourism businesses appear

to not have been studied in the context of wine and tourism industries which was addressed by this study.

In addition, it has been found that the individual characteristics of businesses' owners/managers, particularly of SMEs, can hinder cooperation. The literature has put in evidence characteristics that can be grouped into unwillingness/reluctance in cooperating with others and risk perceptions. The unwillingness/reluctance in cooperating is mainly related to lack of trust in (potential) cooperation partners that can be expressed, for example, in relation to the exchanging ideas and sensitive information openly (Schermerhorn 1980), the lack of interest to cooperate and also the lack of any potential partners (Correia et al. 2007). Risk perceptions, in turn, are about the uncertainties of cooperation and are considered one of the main reasons that might influence owners/managers to not cooperate. The literature suggests a considerable number of aspects related to risks. For example, a clear distinction between relational and performance risk in cooperation has been suggested by Das and Teng (1996), as reviewed in Chapter 2, Section 2.5.4.3. However, has not been meaningfully studied in the context of wine and tourism industries.

The socio-demographic characteristics of owners and managers, such as age, gender and education level, have also been shown to influence their decisions in different contexts (McKeiver and Gadenne 2000). Gender, for example, seems to influence risk-taking mostly by changing people's perception of the riskiness and benefits of decision alternatives, rather than by affecting their willingness to take on more or less risk (Weber et al. 2002). Education level, in turn, has been found to be related to people's efforts on information search and analysis. Highly educated owners and managers are likely to demand more detailed information, leading to a more rational decision-making (Papadakis 2006). These factors seem to be important as potential influencing factors in SMEs decisions. However, no meaningful research has been found in the context of cooperation between SMEs. They were therefore included in this research questionnaire and examined in terms of their likely influence on cooperation decisions.

Furthermore, an area of research that has been widely discussed in the literature refers to partner selection criteria. A particular emphasis has been placed on the importance of selecting the ‘right’ partner and the criteria taken into account when selecting partners, as demonstrated in Chapter 2, Section 2.4.5. Although based on the criteria suggested in the literature, this study differs from past cooperation research in SMEs in two ways. First, because these criteria have been examined in terms of its importance and influence on the decision to engage into and participate in cooperation initiatives/and or arrangements, rather than criteria used when choosing a partner. Second, because, and unlike past research, this study brings more clarity to this subject because cooperation partners are distinguished in terms of being a business and the person in the other business with whom participant businesses are potentially likely to cooperate. In addition, no evidence has been found of this approach in the context of wine and tourism industries.

Further, this research addresses trust as a factor affecting decision towards cooperation between tourism and wine businesses, namely with regard to partners characteristics. It appears that despite the recognition of the importance of trust in the context of cooperation in general, it is still a less researched area in the context of SMEs (Hoffman and Schlosser 2001; Brunetto and Farr-Wharton 2007). It has also not been studied in the context of wine and tourism industries and therefore, addressed in this research.

#### **8.2.2.2. Activities of cooperation**

One of the main aspects that emerges from the literature is how businesses implement/operationalize cooperation. As indicated, a great emphasis has been given to sharing resources, knowledge, facilities and contacts (Marcela et al. 2002) and goods (e.g. physical resources, market information, capital, know-how) (Dennis 2000; Barnir and Smith 2002). As indicated in Chapter 2 (Section 2.6), businesses cooperate in diverse areas, ranging from production (European Commission 2003), to commercialisation (Samaddar and Kadiyala 2006), to distribution (domestically and/or internationally) (Chetty and Holm 2000; Amal and Filho 2010; Marcela et al. 2011), and marketing (Abdy and Barclay 2001;

Barnir and Smith 2002). These activities and inherent areas in which cooperation occurs are dependent on the demands that are put upon a business at any given time (European Commission 2003). Therefore, it seems that businesses participate in specific activities of cooperation based on the objectives they want to achieve and on whether SMEs cooperate with businesses within their own industry (horizontal) or SMEs from other industries (diagonal) (European Commission 2003).

In the context of wine and tourism industries this has also been studied, as stressed in Chapter 3. However, a comparison of horizontal cooperation activities and diagonal activities has not been identified in SMEs related literature, neither with regard to wine and tourism industries, therefore has been considered and addressed by this study. In addition, no evidence has been found that factors that might be considered helpful and/or difficult when operationalizing cooperation have not been examined in this specific context.

#### **8.2.2.3. The (expected) Outcomes**

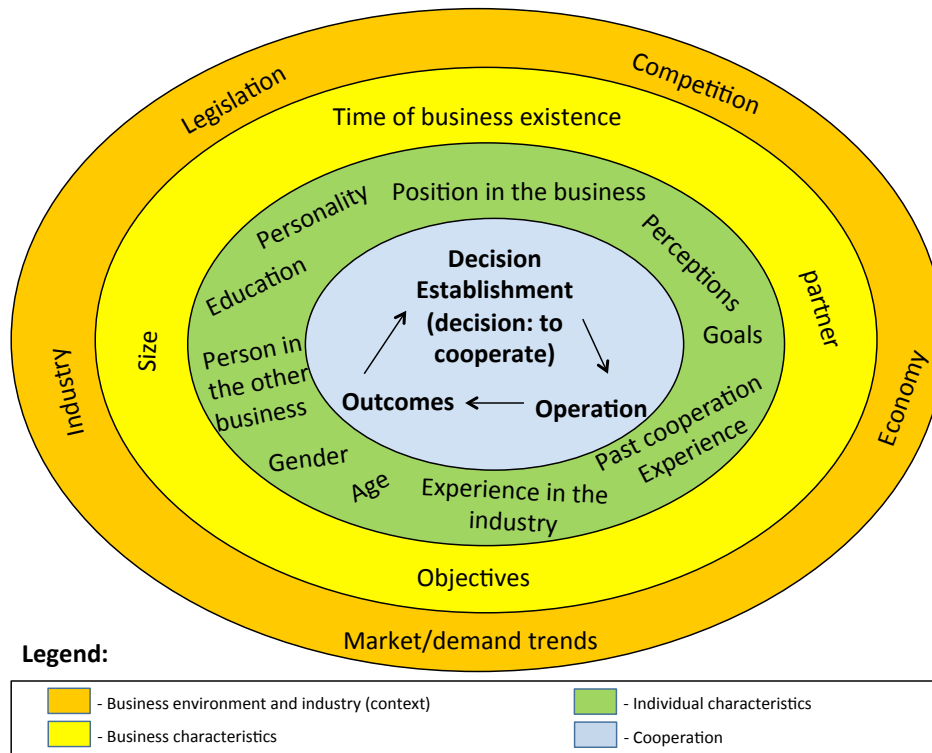
One of the conclusions derived from the review of the literature is that research has favoured a positive perspective (Elmuti and Kathawala 2001), highlighting the role and benefits of cooperation to SMEs, namely improved performance and competitiveness (Marcela et al. 2002; European Commission 2003, Ussman and Franco 2000; Barnir and Smith 2002; Hanna and Walsh 2008; Tang 2011). However, and as highlighted in Chapter 2 (Section 2.7) there is also evidence of the existence of less positive results of cooperation known as disadvantages (Takac and Singh 1992; Lohrke et al. 2006; Doz and Hamel 1989; Barringer and Harrison 2000; Das and Teng 2001). Disadvantages can be considered as potential barriers to cooperation or discouraging factors, implying a recognition that cooperation is not implemented as often as its acknowledged importance would indicate. In some situations, it is believed the same characteristics that drive small businesses to work together seem to discourage them from engaging into cooperative arrangements. This is one of the aspects that this research aimed at addressing in order to understand it in greater detail by examining the reasons

why decision makers do not engage and participate into cooperation at both levels, horizontal and diagonal.

Another aspect that emerges from the literature is that there are some factors that influence the results, both positive and negative, which has been highlighted in Sections 2.7.2 and 2.7.4, respectively, of Chapter 2. Although it is an area widely studied in SMEs context (Human and Provan 1997; European Commission 2003; Fuller-Love and Thomas 2004; Shaw 2006; Miller et al. 2007), it is not so much the case in the literature on wine and tourism industries. Therefore, it has also been explored in further detail in this study.

### **8.2.3. Conceptual framework**

One of the ideas that arise from the literature is that most studies on cooperation focus on different aspects of cooperation without an all-embracing approach underlining their studies. Overall, and although the literature has shown the main areas of research which have been structured in a logical order (factors influencing the decision, activities and outcomes), it has been done mainly separately. It is believed though that in order to have a broader and comprehensive view of inter-business cooperation in the context of SMEs, and more specifically in the context of wine and tourism SMEs, a holistic perspective is necessary. The conceptual framework derived from the literature review put forward the main aspects that were taken into account within this research, the influences on cooperation. It represents a comprehensive view, although grounded on a stage-based approach.

**Figure 8.1: Initial conceptual framework**

Source: author

The stages are: decisions on cooperation (to whether cooperate or not) and establishment when the decision is to cooperate, operation and outcomes of cooperation. The arrows indicate a potential influence of one stage in the next stage. For example, outcomes of cooperation are very likely to influence decision to cooperate in the future. A more detailed explanation of this framework has been given in Chapter 4 (Section 4.4).

### 8.3 DISCUSSION OF THE RESULTS

This section delivers the discussion of the main results of this study in order to provide answers to the initial research questions and objectives. This section begins by providing key information about the Douro Valley, the geographic context of the research. Then, the section discusses the main characteristics of cooperation in the Douro Valley. It is then followed by a discussion of the general discussion regarding cooperation as a whole and the influences on



cooperation identified in the initial conceptual framework, as presented in Section 8.2.3 in this chapter.

This section is expected to expand on existing knowledge: applied and theoretical. By discussing the characteristics of cooperation in the Douro Valley, and given that this data has not been collected before, this study is contributing to applied knowledge in a specific region of Portugal. In turn, by discussing and evaluating the influences on cooperation (in SMEs' context), this study is contributing to a specific area of knowledge in the context of cooperation, as it has not been also studied, in the way this study did, before.

### **8.3.1. The Douro Valley**

The Douro Valley, the geographic context within which this research took place, is mainly a rural region located in the North of Portugal. The characterization of this region is strongly associated to its natural resources (e.g. landscape, culture, natural/archaeological heritage, the terraced vineyards, the Douro river). As explained in Chapter 1 (Introduction), this region was the 1<sup>st</sup> demarcated region in the world known by its Port wine production and part of the region has been more recently classified by UNESCO as a heritage site (Alto Douro Vinhateiro) (Turismo do Douro 2012). All this has contributed to Douro's international and national recognition as a wine production region and as a tourism destination. It has been considered as "new high quality destination" by National Strategic Plan for Tourism (2007). These characteristics have been described in further detail in Chapters 1, 3 and 4.

Although its characteristics would suggest that the Douro would be competitive both for wine and tourism industries, businesses operating in the region have to face some difficulties/challenges. As mentioned in previous chapters the main difficulties small businesses operating in the Douro have to deal with are the increasing competition in the international markets and the need to create a strong and differentiated image of the region and to increase businesses sales of their wine and tourism products, and diversify consumer markets. Thus, it has

been suggested in Chapter 1 that inter-business cooperation in the same industry and with a different industry (wine and/or tourism) would be expected to be a natural option to wine and tourism businesses, given the smallness of businesses and the complementary characteristics of the two industries that demonstrate great potential for cooperation, as explained. Nevertheless, and although cooperation has been recognised as potentially beneficial for SMEs in general, and for wine and tourism in particular, in the case of the Douro Valley, it appears that cooperation does not occur as often as would be expected.

Because no detailed study exists with regard to cooperation, and to its influences, in the Douro, there is no specific information of previously published research, against which to compare this research's results. Therefore, the next section (Section 8.5.2) attempts to draw together the key results of this study in relation to the findings about inter-business cooperation in the Douro. Discussion of results against information previously published is made about SMEs in general, and is provided in Section 8.5.3.

### **8.3.2. Cooperation in the Douro Valley**

This section discusses the findings pertaining to main characteristics of inter-business cooperation in the Douro Valley. Data about past and potential future characteristics were obtained through the survey. Nevertheless, and given the similarities of these characteristics when cooperation occurred in the past and if it were to hypothetically to occur in the future, the findings are combined discussed simultaneously. However, when necessary, a distinction is made. The discussion provided below also highlights differences between the answers owners/managers of wine and tourism businesses, only when the differences were statistically significant. When no reference is made, it means that owners/managers of wine and tourism businesses did not have different answers.

More businesses had considered cooperating than had cooperated in practice indicating that initial consideration of cooperation was not necessarily translated into action in every case by owners/managers of wine and tourism businesses.

This suggests that although cooperation has already been adopted, it could be expanded and potentially be adopted by other owners/managers of wine and tourism businesses. Of those owners/managers that had considered cooperating with other businesses, more businesses had cooperated than those who had not. This indicates that although more businesses had already cooperated in the region, there is a reasonable proportion of owners/managers that had decided to not cooperate with other businesses. If disseminated amongst trade and (regional) governmental organisations in the Douro Valley, these results can contribute to the development of strategies aiming at counteract this trend. Informative working sessions, and development of programs and incentives aiming to encourage decision makers (owners/managers) to cooperate with other businesses are examples of actions that should be considered.

Despite the perceived lack of any kind of support, inter-business cooperation in the Douro Valley is a practice that has been adopted and implemented mainly by micro and small-sized businesses of wine and tourism industries. Cooperation is mostly a recent practice as most of the wine and tourism businesses had started no more than five years ago (by the time the interview took place). These results indicate that for most of the owners/managers that had decided and cooperated, there was no stoppage in the cooperation. This suggests that once cooperation is started, there seems to exist stability in the arrangements/initiatives. In addition, this could imply that owners/managers are satisfied with cooperation and/or with their partners and therefore, they might be likely to keep cooperation, unless some disruption occurs. It is also supported by the results because owners/managers indicated that cooperation would likely to occur in the Douro, because it is already happening, because contacts have been already made with that purpose and also because there is in the region a growing recognition of the importance of cooperation to businesses, particularly to the achievement of business-related objectives (as the outcomes are perceived positively, what will be discussed below). These findings could also be interesting for trade and regional governmental organisations because it could work as a positive example for those owners/managers that had decided to not cooperate by showing the potential of the establishment of cooperation relationships that could be

potentially stable and relevant for their own businesses, otherwise the arrangements/initiatives would not be sustained.

In the Douro Valley, cooperation involves essentially a small number of businesses (up to five) in any cooperation, which suggests that in the future owners/managers would also be likely to cooperate with a small number of partners. This denotes that although there seems to be a propensity to cooperate with other businesses horizontally and diagonally, the choice of owners/managers seems to be to cooperate with a small number of businesses. This could stress the role of the personal relationships to the owners/managers of small and sized businesses. It could suggest that they only cooperate with partners (business/person) they know and/or trust. This could suggest that personal relationships/trust is important for them to cooperate and therefore, trade and regional governmental organisations could create workshops/activities with the purpose to create/reinforce personal relationships between owners/managers in the region.

In addition, these results could also indicate that if there are other cooperation initiatives, owners/managers of wine and tourism businesses might not be aware of. The reason is that if there are already initiatives in the region being promoted and disclosed by these organisations, for example, they are most probably not reaching these owners/managers. Thus, it could lead to new ways of promoting these initiatives. Also, these results could work as a source of information to the organisations in the way that it suggests that any developed/promoted initiative with the purpose to bring people together should take into consideration the fact that owners/managers seem to prefer to cooperate with a small number of partners. Nevertheless, these initiatives would also have to consider how cooperation is indeed operationalized. This means that the number of partners that participate in the initiatives could be related to the activities through which owners/managers cooperate. These activities will be discussed below in this section.

Cooperation is, and will potentially be in the future, of two types: horizontal and diagonal. Horizontal cooperation occurs between wine and wine businesses and

also between tourism and tourism businesses. In turn, diagonal cooperation exists in the context of the tourism and wine industries. This study, however, does not provide any evidence with regard to vertical cooperation as studying vertical cooperation was not the purpose of this study and therefore, it was not covered in the survey. When cooperating with wine businesses, ‘Quintas’ is the type of business that owners/managers indicated when cooperating in the past and potentially cooperating in the future. As indicated in Chapter 4 (Methodology), and in Section 8.3.4 of this chapter, the term ‘Quintas’ refers to those businesses that produce, bottle and sell wine in the market. In turn, owners/managers of tourism businesses cooperated and would be more likely to cooperate more with accommodation and rural accommodation units when cooperating with tourism businesses. In the case of wine businesses, they cooperated more with restaurants, with leisure businesses and also with rural businesses units. Owners/managers of tourism businesses were more likely to initiate cooperation than owners/managers of wine businesses. This could be explained by the specificities of tourism industry. In the Douro Valley, it seems that owners/managers of tourism businesses have a higher recognition that they ‘need’ other businesses that provide complementary activities in order for them to increase/diversify their offer and therefore to better respond to customers’ needs and expectations. These results are important to organisations, both trade and regional governmental, in two ways. First, and given the above when inviting owners/managers to participate in any cooperation initiative, they would have an indication who would be more likely to participate in the initiative. Second, when promoting cooperation initiatives, it is clear which type of businesses could be included in order to be attractive to other businesses that might be considering the idea of participating in cooperation.

Moreover, horizontal and diagonal cooperation in the future would be more likely to occur with businesses of another parish, but in the same region. This is particularly true for wine businesses, which statistically differed on their answers when compared with tourism businesses.

Cooperation in the Douro Valley occurred and will potentially occur, overall, essentially through promotion-related and business offer-related activities. These

promotional-related activities encompass different activities, namely, informal referral, recommendation and participation in promotional activities (e.g. when wine respondents joint participate in international wine fairs and other events). In turn, the business offer-related activities cover the organization of programs and activities and also special offers to those who were prepared and used to refer customers to their business. Wine and tourism businesses differed statistically in their answers when cooperating horizontally and diagonally. Referring/recommending products and services of the other business was more perceived by owners/managers of tourism businesses as being an activity of cooperation, than owners/managers of wine businesses. Whereas in the case of owners/managers of wine businesses, cooperation was more likely to occur through the offer of special conditions when recommending/selling this business' products/services, and participation in joint promotional initiatives. Given these activities, one can say that horizontal and diagonal cooperation Douro Valley in the context of wine and tourism businesses is only informal. These are, with no doubt, significant findings of this study that, similar to other findings, can have practical implications for trade and governmental organisations with regard to cooperation nature in the Douro Valley. It should be expected that once the nature of cooperation is informal, owners/managers might not be willing to increase the level of formality or have any contractual commitment when establishing and participating in cooperation initiatives. Thus, if trade and governmental organisations aim to promote cooperation initiatives and join owners/managers together, they need to know what owners/managers will be interested to do/participate in. Moreover, these results also have implication for owners/managers and businesses that could be interested in cooperating with other businesses in the region. They would know what kind of activities they could participate in/suggest to other businesses.

Cooperation in the Douro Valley is mainly seen as a positive practice for businesses because most of the owners/managers who cooperated in the past acknowledged that they have participated in successful initiatives and considered that cooperation was important to the success of their businesses because they achieved positive results for their businesses. Owners/manager of wine and tourism businesses considered cooperation successful because they were able to

achieve their objectives that motivated them to cooperate in the first place. Cooperation enables them to enhance their promotion and image, to enhance their financial situation and to diversify their offer.

In summary, cooperation in the Douro Valley is likely to occur in the future and being characterised by having very similar characteristics in terms same typology, forms, and activities as it occurred in the past, which suggests a continuity of what has been done in the past. As referred to above, by disseminating these findings to trade and regional organisations (which the objective of the researcher), these findings are likely to have specific practical implications, which will be presented in Chapter 9 (Conclusion).

### **8.3.3. The influences on decision to not cooperate**

This sub-section discusses the results on what influences the decision of owners/managers to not cooperate. This discussion is done taking into account the following aspects: the key ideas that derive from the results of this thesis and how they concur with/differ from contributions identified in the literature. At all times, how this research contributes to and expands knowledge with regard to the addressed issues and practical implications are highlighted.

Three main conclusions can be drawn from the findings of this study with regard to the reasons why cooperation does not occur for some businesses in the Douro Valley. First, the reasons for not cooperating in the past and in the future are the same, which indicates that these reasons assume a critical importance in the decision and should be addressed if trade and governmental organisations want to incentivise cooperation. Second, owners/managers of wine and tourism businesses have the same reasons for not cooperating with other businesses horizontally and diagonally. This implies that the reasons for not cooperating do not seem to be industry-specific. Third, two reasons were revealed, namely the attitude and behaviour of the other business and the lack of interest in cooperation. Nevertheless, the lack of interest in cooperation was indicated more frequently by business owners/managers of both industries, which suggests that

this is perceived by them to be the main reason preventing them from cooperation. These results are in accordance with the literature in that they have been identified as factors preventing cooperation between businesses, as explained below. In Chapter 5 (Section 5.3.3) it has been chosen to distinguish the reasons ‘Cooperation was of no interest to my/this business’ and ‘My/this business does not have satisfactory resources and/or facilities to cooperate with other businesses’ to make clear the differences between the answers given by wine and by tourism businesses. However, in the context of this discussion, these differences would be highlighted and explained and therefore, they were considered as one main reason.

The lack of interest in cooperation, which has also been identified in the literature (Correia et al 2007), in the context of wine and tourism industries (in the Douro Valley) is due essentially to three main reasons. One of the reasons is more specific to wine businesses when not cooperating with tourism businesses. In this case, the lack of interest is due to the fact they see their activity as wine producers and bottlers as the main activity and therefore they do not have either the time, or the interest, to cooperation with tourism businesses. This suggests that owners/managers of wine businesses do not see cooperation as means of progressing their businesses, which has also been highlighted in Chapter 3, in the context of cooperation in wine tourism. For wine businesses, tourism is often perceived as secondary activity and in some cases, serving customers and cellar-door sales are seen as difficulties because they can take time away from other viticulture activities, particularly during harvest (Hall 2004).

The second main reason for the lack of interest in cooperation is related to the physical conditions of businesses. In some cases it has been indicated by owners/managers of wine and tourism businesses that their businesses do not have the adequate/necessary conditions (e.g. small/old facilities and equipment) for cooperation, for example to receive customers from other businesses. These results suggest practical implications because if owners/managers of these businesses do not cooperate because they do not have the necessary/adequate conditions other cooperation initiatives could be promoted between businesses.



The third main reason is related to the constraints of owners/managers', such as the lack of time and unwillingness to cooperate. Although both wine and tourism owners/managers indicate the lack of time for not cooperating, their explanations differed. For wine businesses the lack of time was due to their very busy activity as wine producer and bottler, whereas for tourism businesses it is due the fact that many owners/managers of tourism businesses do have a complementary activity and other sources of income. While there are no official data was found to confirm this, this is not surprising as there is recognition that this is one of the main issues characterizing the tourism industry in the Douro Valley, as well as other rural areas of Portugal. The fact that owners/managers of tourism businesses perceive their activity as being their main one, or a complementary instead, might have implications not only in the decision to whether cooperate or not, but also in the way cooperation is operationalized when cooperating with wine and tourism businesses.

The unwillingness to cooperate, in turn, was explained by the fact owners/managers did not want to share information that they perceived as being critical and confidential, which has also been noted in the literature review (Chapter 2; Section 2.5.4.3) (Schermerhorn 1980). These results also imply the existence of a lack of trust and confidence between decision makers in the other businesses/people and their potential partners and therefore, the reluctance in sharing information and/other resources. As denoted in the literature review (Chapter 2; Section 2.5.5.1), it is in this kind of situation that organisations within the institutional environment could promote conditions for decision makers to get better knowledge of other business people and therefore not only contributing to reducing levels of lack of trust, but also encouraging the development of trust (European Commission 2003).

Further, and with regard to the attitude and behaviour of the other business, the second main reason indicated by wine and tourism businesses for not cooperating, is essentially due to their perceptions about the individualism and opportunistic behaviour of businesses in general and potential partners' in particular. These results are in accordance with what has been indicated in the literature review (Chapter 2, Section 2.5.4.3) and highlighted as one of the main

reasons preventing cooperation (Das and Teng 1998; Barringer and Harrison 2000; Elmuti and Kathawala 2001; Stiles 2001; De Witt and Meyer 2004). According to owners/managers of wine and tourism businesses, there is clear evidence that business people in the Douro think mainly about their own businesses without even considering the importance of cooperation and/or other initiatives to their businesses. It has been pointed out that this is essentially a specific Portuguese cultural aspect, and in the Douro Valley in particular. In fact, owners/managers of wine and tourism businesses consider that many of the businesses have a closed mentality and a lack of vision in terms of the future of their own businesses, region and market trends. Cultural aspects have also been suggested as being important in the decision of Portuguese SMEs to not cooperate (European Commission 2003). These results reinforce the fact that in the Douro Valley or in other regions with similar characteristics, greater efforts have to be made if trade and governmental organisations want to create incentives for cooperation.

Moreover, and also in line with what has been one of the major aspects indicated in the literature (Das and Teng 1999; De Witt and Meyer 2004; Hanna and Walsh 2008), opportunism is one of the main reasons to not cooperate. It was emphasized by the respondents in this study that the closed mentality is also associated with certain behaviours perceived as negative and opportunistic. The reason is because businesses are mainly concerned with the maximisation of their own benefits without considering other businesses' interests. The respondents recognised that in many situations, potential business partners cheat, distort information, mislead partners and provide inferior products/services while benefiting from the other's information. This has also been recognized in the literature as 'forms' of cooperation (Barringer and Harrison 2000; Elmuti and Kathawala 2001; Stiles 2001). Opportunistic behaviour is a 'form' of relational risk, as indicated in Chapter 2, that is related to the risk that (potential) partners do not behave according to their expectations. This implies that in the specific context of wine and tourism businesses there are perceptions of risk that are essentially related to the negative potential behaviour of partners, and not so much to performance risk that has also been identified in the literature. Performance risk accounts for the possibility and the consequences that the

objectives of cooperation are not successfully achieved despite the partner's full commitment and cooperation (Das and Teng 1996; Das and Teng 2001).

These results are an important outcome of this study because they reinforce the importance the role of opportunistic behaviour to cooperation literature in the context of SMEs operating in wine and tourism industries. They are also important in terms of their practical implications, namely to businesses, trade and governmental organisations. The implications for businesses are in terms of what could be done by owners/managers themselves to avoid or minimize opportunism. As also indicated in literature review (Chapter 2, Section 2.5.4.3), opportunistic behaviour can be limited by clearly defining objectives, authority, responsibilities, and expected results (De Witt and Meyer 2004). In order to reduce opportunism, these issues could be considered by participant businesses in cooperation. Being disseminated to businesses, this information could be used by businesses to discuss with potential cooperation partners.

In summary, and although the reasons for not cooperating have been examined in past research and reviewed in the initial chapters of this thesis, the results add to knowledge. First, by providing further detail about why these reasons do influence decision makers of SMEs to not cooperate with others. Second, and although barriers and/or factors preventing to cooperation have been examined in the context of cooperation wine and tourism industries, as suggested in section 8.2.2. in this chapter, a more detailed examination is still needed. Thus, by providing data and discussing the results, this study is filling this research gap. Third, and as has also been previously indicated, no evidence was found to compare whether decision makers of wine and tourism businesses would statistically differ in their reasons for not cooperating with other businesses at both levels, horizontal and diagonal. As this has been addressed in this research, it is also considered that a contribution to knowledge has been done. In addition, practical implications have also acknowledged, which will be provided in greater detail in discussion (Chapter 9).

### 8.3.4. Influences on cooperation

This section discusses the results on the influences on cooperation, when the decision is indeed to cooperate. In this section, a general explanation of the way in which this study contributes to knowledge with regard to cooperation is firstly provided. Then the main results that derive from this study are discussed and how they concur/differ with contributions identified in the literature. In addition, practical implications are also stressed when appropriate.

The main belief underlying this thesis is that there is a set of factors that influence cooperation, and that cooperation can be best interpreted if a stage-based perspective is adopted. The stages cooperation goes through were identified based on the main contributions of literature and are: the decision of cooperation, the activities through which cooperation is likely to occur and the outcomes of cooperation. This perspective is based on the assumption that when the decision to cooperate is made, it cannot be disassociated from the nature of cooperation. For example, if decision makers have specific objectives they aim to achieve for their businesses and if these influence them to cooperate, they will also influence what they do and what they expect to achieve. Not only the decision to cooperate is influenced by a set of factors, but also the activities through which cooperation is likely to occur and the expected potential outcomes are influenced. In addition, and once cooperation occurs, all these aspects are likely to influence any future cooperation. Therefore, this discussion is structured according to the different factors/influences that are likely to have, or not, an influence on cooperation in the context of wine and tourism businesses, and when they do, discussion is also conducted in terms of their level of importance.

This approach differs from the main contributions identified in the literature. First, past research on SMEs has focused essentially on the factors that drive, motivate and/or prevent cooperation, that is, the factors that influence cooperation. This research focuses not only on the factors influencing the decision to cooperate, but also its operation and outcomes. Second, whereas past research has been conducted by concentrating on one or two factors individually,

as explained in Section 8.2.2 of this chapter, this research encompasses a set of factors that are examined simultaneously. Third, this study examines the influences of certain factors that seem to have an influence on other decisions made by SMEs' decision makers, but in relation to which no evidence has been found in terms of its influence in the decision to cooperate. Fourth, no evidence has been found in terms of identifying which factors are more important for cooperation to happen. Thus, by addressing these issues with a specific emphasis on wine and tourism industries, which has not been done before, this study is contributing to knowledge on cooperation literature on SMEs and on the wine and tourism industries.

#### **8.3.4.1. The context: the external business environment**

As indicated in Chapters 2 and 3, previous studies have suggested that decisions are influenced by external factors (Montana and Charnov 2008) because they can create opportunities or pose threats to businesses (Johnson et al. 2011), and this is also true for decisions on cooperation in the specific context of wine and tourism businesses. In the context of cooperation, and when the external environment influences positively the decision, it has been called an external driver or external environmental driver influencing/driving businesses to cooperation (Parker 2000; Elmuti and Kathawala 2001; Evans 2001; Fyall and Garrod 2005; Pansiri 2005). The results of this study not only confirmed this theoretical expectation that decisions on cooperation are influenced by external business environment, but also identifies 'market/demand trends' as the factor with the highest influence on the decision of owners/managers of wine and tourism businesses to cooperate in the future, both horizontally and diagonally. Owners/managers want 'To meet/exceed customers' requests/expectations' and 'To reach/attract specific market segments'. By identifying the factor with the highest influence, which has not been done before, this study adds to the understanding of the influence of the external business environment on decisions favouring cooperation and on the specific activities through which cooperation is likely to occur.

However, the external business environment not only drives businesses to cooperate, as referred above, but it can also discourage decision makers to

cooperate with other businesses (Schermerhorn 1980; Gray 1989; Rosenfeld 1996; Abdy and Barclay 2003; European Commission 2003). This is not supported by the results of this study. In fact, the results indicate that wine and tourism respondents would not be hindered to cooperate regardless of their perceptions in relation to the institutional environment. The institutional environment in relation to which the perceptions and likely behaviour of owners/managers were examined focused mainly on financial and non-financial incentives to cooperation, and policies promoting cooperation.

These results can have practical implications. In fact, as market/trends is the most important force in the external business environment that influences decision makers of wine and tourism businesses to cooperate is therefore important to disseminate and/or anticipate the main trends not only for those who might not have access to updated information, and those who are aware of the trends in the two industries, so they can identify the most appropriate partners and activities to cooperate.

#### **8.3.4.2. The context: the industry**

As suggested in previous chapters, decisions about, and the adoption of cooperation initiatives/arrangements, seems to be very context specific. The industry type of a business has been found to influence decisions in context of SMEs with a particular emphasis placed upon the decision to adopt World Wide Web technology (Goode and Stevens 2000; Dholakia and Kshetri 2004). With regard to cooperation, the influence of the industry type has been studied not only in cooperation decisions and behaviour in general (Sakakibara 2002), but also in the SMEs context in particular (Hartl 2003; European commission 2003). It was implied in Chapter 2 (Section 2.5.1.2) that decision makers of businesses operating in services industries, such is the case of the tourism businesses, and those operating in manufacturing such as the wine businesses, would be influenced in their decisions by the industries in which they operate in. However, the results of this study do not support this theoretical expectation. Indeed, the results indicate that the likelihood of owners/managers to cooperate horizontally and diagonally in the future does not appear to be related to the industry

(tourism/wine) in which they are operating. These results are therefore different from the main contributions of the literature and are a contribution to knowledge because one could indicate that the industry does not seem to have an influence on decision to cooperate horizontally and diagonally in the context of wine and tourism industries.

#### **8.3.4.3. Objectives: business-related**

Businesses objectives have been widely indicated in the literature review (Chapter 2 and 4) as influencing factors on decisions of SMEs (Romano et al. 2001), and on cooperation decisions specifically (e.g. Nielsen, 2003; Dong and Glaister 2006). As referred to above, the argument in this research is that they not only influence the decision but also the operation and (perceived) outcomes. In fact, by aiming to achieve a certain objective, specific cooperation activities have to be implemented. In turn, the achievement of the objective, or not, will influence the evaluation they do of the results, in terms of being more positive or more negative.

The results from this study are clearly in accordance with previous research because they do indicate that owners/managers of wine and tourism businesses are influenced to cooperate by business objectives. This study not only confirms past research, but also it contributes to knowledge by examining the degree of importance of business objectives on cooperation decision when compared to other influencing factors. The results of this study indicate that business objectives are perceived as the most important influencing factor when compared to other factors, more specifically, with the perceived characteristics of the institutional environment, the characteristics of the business partner, the characteristics of the person of the other business and personal goals and interests.

In addition, the results indicated that in general, respondents have expectations in terms of the contribution of cooperation to the achievement of specific business-related objectives. Promotion, image and overall performance of the business, were the objectives for which cooperation is more expected to contribute.

Tourism respondents were more likely to expect that cooperation would contribute to an increase in the overall performance of the business. This difference was statistically significant. These results suggest that once owners/managers of wine and tourism businesses have these expectations, they could cooperate in the future in order to achieve them. Nevertheless, the contribution of this study with regard to cooperation is extended to the business objectives that will most likely to influence owners/managers of wine and tourism businesses to cooperate horizontally and diagonally in the future.

Decision makers of wine and tourism businesses have business-related objectives that influence the form of their cooperation, either horizontal, or diagonal. They are related to the enhancement of promotion and business image, the enhancement of the financial position and related to improvement of the business offer as wine and tourism businesses cooperate with other businesses because they want to increase their offer and also to complement and/or diversify their products/services. These objectives that have been also identified in the literature (e.g. European Commission 2003; Kauser and Shaw 2004) are related to the different areas of their business activity, ranging from business offer (in terms of the products/services offered), to promotion, image and positioning. Although wine and tourism respondents have the same objectives when cooperating in the past and in the future horizontally and diagonally, they statistically differ in their answers in terms of what they consider to be the main objective that influence them to cooperate, with an exception of future horizontal cooperation. Whereas in the past, when cooperating horizontally, tourism owners/managers were more likely to participate in order to enhance promotion and image and wine respondents were more likely indicate objectives related to the enhancement of their financial situation, in considering the future they did not differ in their answers. It appears that enhancing the financial situation would be also considered as the main business-objective for tourism respondents, as well it is for wine respondents. In turn, when cooperating diagonally, significant statistically differences were found between the answers given by respondents with regard to past and potentially future diagonal cooperation. In this case, the main objective (as it was indicated most frequently) is “Enhancing promotion and image”. However, and although wine and tourism respondents indicated more



frequently the same reason, wine respondents were more likely to indicate this objective as the most important objective for them to cooperate diagonally, in the past and in the future.

Further, these results are in accordance with previous research in that the identified objectives are underpinned by the theories identified in the literature review (Chapter 2, Section 2.5.2.3) and that have used already in SMEs cooperation literature, namely Transaction Cost Economics; Resource-based View, Social Networks and Social Capital. In addition, and apart from these theories the results of this study also support the theoretical expectation that other theories that seem to not have been used yet in SMEs cooperation literature are also important to the study of business objectives influencing cooperation between SMEs. They are: Strategic Management Theory, Resource Dependence, Strategic Choice and Institutional Theory. More specifically, the business objectives to enhance promotion and image (of business and products) are informed by Resource-based View Theory, by Strategic Management Theory, and by Institutional Theory. In turn, the business objective to enhance financial position is informed by Transaction Cost Economics and by Strategic Choice. In addition, the objective to improve overall performance of the business is informed by Resource-based View Theory, by Strategic Management Theory. To access to resources is informed by Resource-based View Theory, by Strategic Management Theory, Resource Dependence, Social Networks and Social Theory. Finally, the objective to minimize the risk involved for the business is informed by Strategic Management Theory. However, the use of Organizational Learning was not supported by the results of this study.

#### **8.3.4.4. Objectives: individual-related**

It has been found in the literature that decisions of businesses owners and/or managers are influenced by motivations that are not related either with financial motives or with their business but with personal goals and interests (Romano et al. 2001; Hemingway and Maclagan 2004; Schmidli 2008; Aharoni et al. 2011). It has been acknowledged by previous research that owners/managers can be influenced by personal aims when making certain decisions, such as pricing

decisions (Greenbank 1999), decisions in founding new ventures (Amit et al. 2000) and decisions about financial matters (Romano et al. 2001). The results of this research show otherwise though, and therefore the theoretical expectation that personal objectives and interests would be likely to influence the decision to cooperate is not confirmed. Indeed, wine and tourism owners/managers did not see cooperation as a means through which they can achieve their personal aims. Thus, these results put in evidence that wine and tourism owners/managers would not be likely to cooperate in order to achieve personal aims like improvement of prestige status, or to gain a more secure or wealthier situation and lifestyle; improvement of their overall knowledge, or increase their self-esteem, to know other people, to work less or to enhance their professional career prospects.

#### **8.3.4.5. Characteristics of (participant) business**

The factors within this group are related to characteristics of businesses, specifically size and the time the business had been in existence.

Past research has uncovered that the business size has been found to have an influence on the decisions and behaviours of businesses in different contexts (Gibson and Cassar 2002; Dholakia and Kshetri 2004; Becherer et al. 2005; Fernández and Nieto 2005). In addition, it has also been suggested in the literature that predispositions to participate in cooperation vary across businesses due to the diversity of their characteristics (Todeva and Knoke 2005; Pansiri 2009). Particularly with regard to the size of the business, it has been found that although small businesses are more likely to establish cooperative arrangements than large businesses (Street and Cameron 2007), smallness can also influence the decision to not cooperate because small businesses are characterized as having few resources available and/or lack of resources (European commission 2003; Fernández and Nieto 2005) need to operationalize cooperation.

Nevertheless, given specific characteristics of SMEs, as has been commonly highlighted in the literature, such as tight resources, limited access to capital, and specialization in niche markets, along with increased globalization and rapid technological change, they face even more severe competition than large

organisations (e.g. Morrison 1998; Thomas 2000; European Commission 2003; Chung et al. 2006). One of theoretical assumptions of this study is that wine and tourism businesses would be likely to be influenced by their size with regard to horizontal and diagonal cooperation. It would be expected that respondents of wine and tourism businesses, mainly micro and small businesses, would participate in cooperation initiatives maybe to face these limitations and this would allow them to survive and remain competitive in the market (Weaver and Oppermann 2000; Soisalon-Soninem and Lindroth 2004; Fyall and Garrod 2005). However, in the context of wine and tourism industry in the Douro Valley, it does not appear to be the case. Thus, and overall, the results of this study do not support this theoretical expectation that business size would be related to the decisions on cooperation. Nonetheless, it was found that the size appears to be related to the decision of owners/managers of tourism businesses, when the decision is to cooperate diagonally, that is, with wine businesses. ‘Small’ tourism businesses (10-49 employees) are more likely to cooperate diagonally than wine businesses.

These results are of interest because it appears that in the specific context of wine and tourism micro and small businesses (in the Douro Valley), decision makers (owners/managers) of micro, small businesses do not see cooperation as a means by which they can compensate for their size and the disadvantages that are likely to exist given the limited resources that restrict their ability to compete, as indicated above and explained through the literature chapters.

Furthermore, as indicated in Chapter 2, the time the business had been in existence (also known as business age) (Goode and Stevens 2000) was found to influence family business owners’ financing decisions (Romano et al. 2001) and to influence World Wide Web adoption (Goode and Stevens 2000). However, the results of this study do not support the theoretical expectation that business age would be related to the decision to cooperate. In general, the decision of owners/managers of wine and tourism businesses does not appear to be related to the age of the business. Nevertheless, the results of this study suggest an exception. The decision of owners/managers of wine businesses appears to be related to business age when the decision was to cooperate horizontally. It

appears that those who were in operation more than five, but less than 20 years, were more likely to cooperate with other wine businesses in the future.

#### **8.3.4.6. Characteristics of decision makers**

The characteristics of decision makers (owners/managers) as individuals that were drawn from the literature are past cooperation experience, position in the business, experience in the industry, educational level, gender, age, and personality.

Regarding the characteristics of the decision makers as individual, past experience has been recognised in the literature (Sommer and Haug 2000; Sakakibara 2002) as influencing the decisions towards cooperation. It has been argued by Lohrke et al. (2006) that the intention of owners/managers as to whether to cooperate or not could be predicted by previous cooperation experience. First, those lacking previous experience in cooperating with others will be less likely to seek future cooperation. Secondly, those having positive previous cooperation experience will be more likely to cooperate with others. Thirdly, those with less positive cooperation experience will be less likely to cooperate with others.

The results of this study confirm partially this theoretical expectation. Positive past experience of owners/managers of wine and tourism businesses seems to be related to their likelihood to cooperate with other businesses when the positive experience is an example of horizontal cooperation in relation to the decision to cooperate horizontally and diagonally. In addition, negative past experience of cooperation does not seem to be related to the decisions on cooperation, with the exception of the decisions of owners/managers of wine businesses to cooperate horizontally (same industry) when they had a past negative diagonal cooperation experience. In such situations negative past experience seems to be related to the decision to participate in cooperation activities. Those who indicated they had not participated in unsuccessful cooperation were more likely to indicate that they would to cooperate horizontally than those who had participated in unsuccessful diagonal cooperation in the past. These results, by identifying the potential

influence of positive and negative past cooperation experiences in future decisions on cooperation are adding to knowledge because it has been done in a specific context (wine and tourism industries) in relation horizontal and diagonal cooperation, which has not been done before. Practical implications can be identified. First, by knowing if cooperation past experience has been positive, one could expect that decision makers would cooperate in the future. Second, knowing that decision makers have been involved in negative past experiences and the reasons for such perceptions (as indicated in Chapter 5 and also in Section 8.5. in this chapter), it is easier to identify what needs to be done for example, by decision makers/businesses themselves, but also by trade and governmental organisations.

Another factor that has been expected as likely to influence the decisions in relation to cooperation was the position in the business, namely if they were owners or managers. This factor has been included in this study even though no evidence was found in the literature that the position in the business would affect (the decisions in relation to) cooperation. Thus, this study examined a new factor in relation to those that have been identified in the literature (Chapter 2). However, the results of this study do not support this theoretical expectation. Indeed, the results suggest that the position of the decision maker (owner or manager) is not related to their decision to cooperate with other businesses.

Another factor that has been examined in this study that has not been found in the literature was experience in the industry. It was expected that having experience in the industry would positively influence the decision on cooperation. The results of this study do not support this expectation though. In fact, the results suggest that the number of years that owners/managers have been working in their respective industry (wine/tourism) does not seem to be related to their decision to cooperate with other businesses.

The influence of education level, which “reflects an individual’s cognitive ability and skills” (Wiersema and Bantel 1992, p. 7 cited Brouthers et al. 2000, p. 868) has already been examined in decision-making (Brouthers et al. 2000; McKeiver and Gadenne 2000; Papadakis 2006). Education level, in particular higher

education level, has been found to be related to a higher tolerance for ambiguity (Brouthers et al. 2000), to a lower perception of risk and to projects adoption (Nutt 1986 cited Papadakis 2006). However, the results of this study did not support the theoretical expectation, as they indicate that the likelihood of wine and tourism respondents to participate in cooperation does not seem to be related to education level.

Furthermore, gender seems to be related to the business owner's risk-taking propensity, mostly by changing people's perception of the riskiness and benefits of decision alternatives (Weber et al. 2002). No previous evidence was found in relation to the way the gender of owners/managers would influence cooperation decisions. Thus, and in order to find out if gender influences somehow the cooperation decisions in the specific context of this research, and if so, how, the theoretical expectation in this study is that gender of owners/managers would be related to the decisions on cooperation. However, these results indicate that the decision to cooperate with other businesses does not appear to be related to the gender of owners/managers of wine and tourism businesses.

Another factor that has been examined in this study, which has not been identified in the literature as one of the factors influencing decision to cooperate, was the age of owners/managers. Thus, it was also theoretical expected that cooperation decisions would be related to the age of owners/managers of wine and tourism businesses. Overall, the results did not support this theoretical expectation. Nevertheless, when the decision of wine and tourism respondents is to cooperate diagonally, it appears that owners/managers who are in their thirties or less are more likely to cooperate than owners/managers who are older.

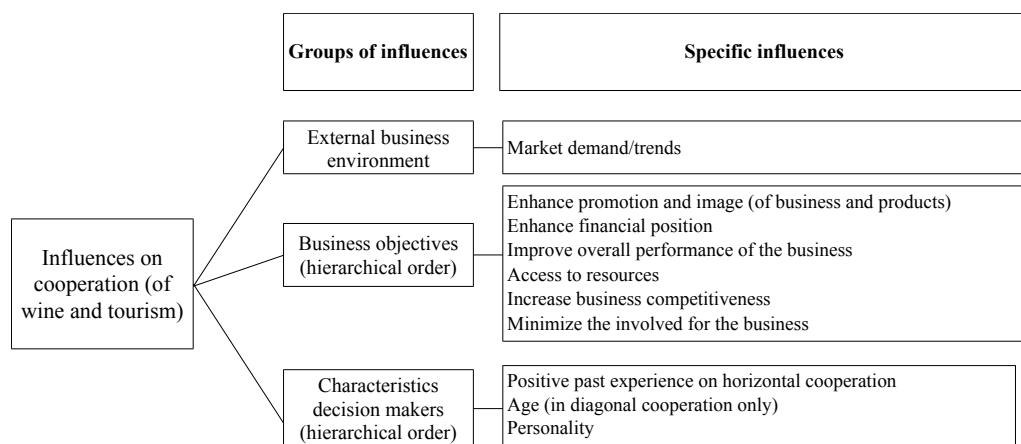
Additionally, personality has also been theorized as being related to the decisions on cooperation. Personality represents the characteristics that "distinguish individuals from other people and at the same time form a basis for predictions concerning their future behavior" (Wright et al. 1970 cited Rollinson and Broadfield 2002, p. 69). Personality characteristics have been found in past research to have an influence on decisions and behaviour of businesses' decision makers. The characteristics that have been identified are: risk-taking propensity

(Papadakis 2006), need for achievement (Papadakis and Barwise 2002), locus of control (an individual's perception of how much control s/he is able to exert over events) (Lee and Tsang 2001;), flexibility (Papadakis 2006), and tolerance of ambiguity (Wooten et al. 1999;), self-confidence (Crant and Bateman 2000;), proactivity (Brant and Batman 2000), and self-reliance and extroversion (Lee and Tsang 2001).

In this research, these traits have not been analysed separately as in past studies. Instead, respondents were grouped based on their personality characteristics (as explained in Chapter 4, Section 4.9.3) in order to determine if the decision to cooperate is related, or not, to a specific type of personality and inherently the activities of cooperation and informal commitment to cooperation. The results of this study confirm that the decision of owners/managers of wine and tourism businesses to cooperate with other businesses appears to be related their personality. Owners/managers classified into 'moderately proactive' and 'proactive' are more likely to cooperate than those considered being 'cautious'.

In summary, those factors that have been identified in this study to have an influence on cooperation in the specific context of wine and tourism industries are presented in Figure 8.2. In the case of business objectives, they are presented in a hierarchical order, starting from the most important.

**Figure 8.2: Influences on cooperation**



Source: author

#### **8.3.4.7. Perceptions of (potential) outcomes of cooperation**

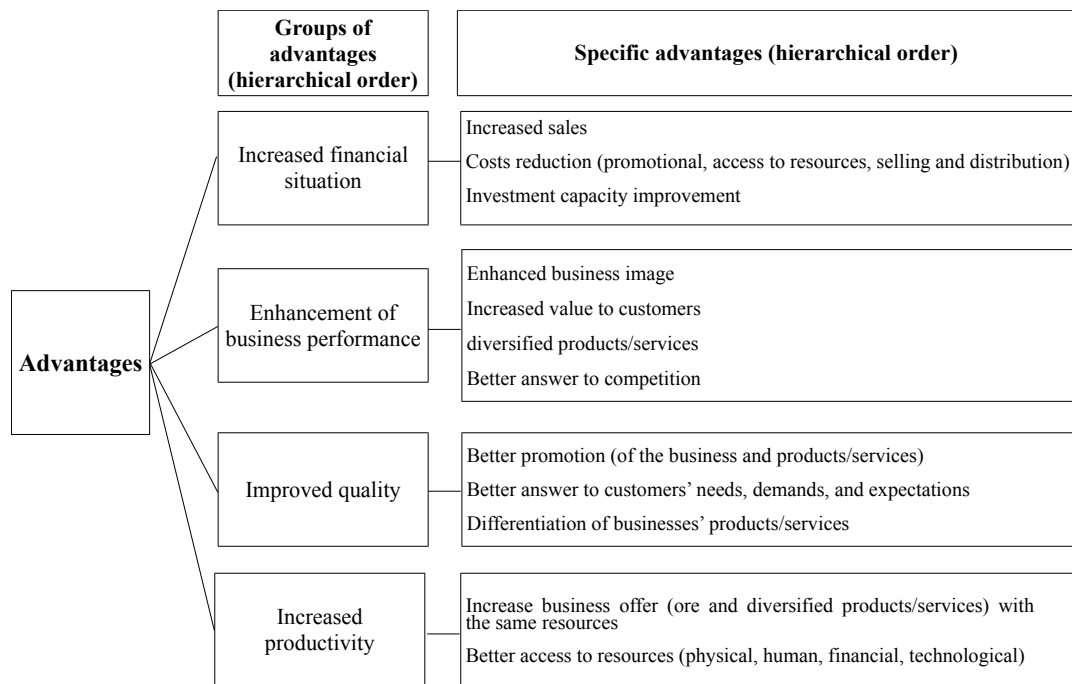
The perceived potential outcomes of cooperation are examined in two different ways. First, in terms of the effective results of cooperation that have been identified by respondents when cooperating horizontally and diagonally in the past and present. Second, in terms of what respondents would expect in terms of potential cooperation results. Identifying perceived cooperation positive (advantages) and/or negative results (disadvantages) is considered to be indicative in terms of potential cooperation in the future. Indeed, if decision makers have positive perceptions, it would be more likely for them to cooperate than for those who have more negative perceptions.

The results obtained through cooperation, and that were identified by owners/managers of wine and tourism businesses in previous chapters, were the enhancement of promotion and image of businesses, the enhancement of their financial situation, and the increased offer capacity, namely more and/or diversified products. These are considered to be positive effective outcomes that resulted from horizontal and diagonal cooperation to wine and tourism businesses in the Douro Valley in the past. Although it has been indicated in section 8.5.2 in more detail, these positive results are also in accordance with the literature because it has been recognised that cooperation brings benefits related to the achievement of their business-related objectives (e.g. Fyall and Spyriadis 2003; Chen and Tseng 2005; Pansiri 2009). In general, wine and tourism respondents agreed with many of the potential cooperation advantages that were drawn from the literature. These potential advantages were grouped into four groups and evaluated in terms of their importance to wine and tourism businesses if they were hypothetically cooperating in the future. The results indicated that the (potential) advantage considered to be the most important by wine and tourism respondents was the variable ‘Improved financial position’, as this variable has a mean closer to 1 (‘The most important’). It is followed by ‘Enhancement of business performance’. The variable ranked by wine and tourism respondents as the least important (closer to 4) was ‘Increased productivity’.



Regarding financial position advantages, the results have identified which are more expected to occur as a result of cooperation with other businesses (in general) by wine and tourism businesses. They have been organized in terms of what respondents expected to happen more as a result of cooperation based on a hierarchy logic, which is presented in Figure 8.3.

**Figure 8.3: Perceived cooperation advantages**



Source: author

Practical implications can be drawn from these findings for businesses and for trade and governmental organisations. Knowing what respondents perceive as potential positive results of cooperation creates the opportunity to identify the most appropriate cooperation activities that can be promoted either by businesses or by organisations, in order to achieve these expected outcomes.

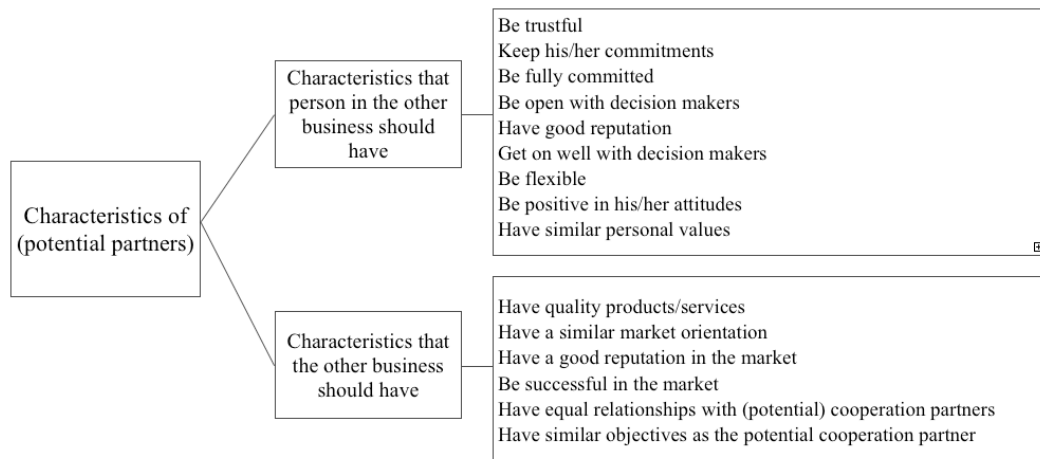
Further, and with regard to disadvantages that have been identified if they would hypothetically occur in the future, which would be the most and the least disadvantageous for their businesses. The results indicated that the variable perceived as being the most disadvantageous (close to 1) was the variable 'Worsen financial position'. It is followed by the variable 'Loss of business

operation control’. The least disadvantageous variable to wine and tourism respondents was ‘Adverse relationships with other businesses’.

An interesting result that derives from the findings of this study is that overall, wine and tourism respondents did not perceive any of the disadvantages that were identified in the literature review. As respondents had expectations that advantages would occur, but not disadvantages, it reinforces the initial expectation that cooperation would be a practice adopted by wine and tourism businesses in the region. However, as it has been previously demonstrated, this is not the case in the Douro Valley for some businesses. Thus, this implies that although cooperation is perceived as being beneficial for businesses, the reasons that stop them from cooperating (that have been also discussed before) seem to be more valued by some owners/managers of wine and tourism businesses in the Douro Valley. It would be interesting to understand better why, and this can be examined in more detail in further research.

#### **8.3.4.8. Characteristics of potential partners**

As explained in Chapter 2 (Section 2.4.5) this study differs from past research in two ways. First, by distinguishing partner, that might be considered as a vague term, into the business partner and individual, that is, the person on the other business. Second, by focusing on the characteristics of that partner as influencing factors, rather partner selection criteria, for decision makers engaging into cooperation and consequently develop specific activities that would allow them to achieve their objectives. Thus, this section discusses separately the characteristics (potential) partners should have. These are presented in Figure 8.4. They are organized in a hierarchy starting from the ones in relation to which respondents were more likely to agree with.

**Figure 8.4: Characteristics that partners should have for cooperation to occur**

Source: author

With regard to the characteristics of the person of the other business should have, the results of this study confirm what has been one of the main contributions in the literature with regard to SMEs, which is related to the importance of prior knowledge of the person, of personal relationships and trust. Indeed, as presented in Figure 8.4 above, the characteristics in relation to which respondents were more likely to agree with refer to trust and aspects that imply prior knowledge. These results are in accordance with previous research (e.g. Jack and Anderson 2002; Silva 2012) that demonstrated that in the context of SMEs in rural areas personal relationships play an important role in resource access and business success because one of the business-related objectives that influence wine and tourism businesses (in the Douro Valley) is to access to partners' resources. As has been identified in the literature review, trust is important to maintain cooperation between participating businesses (Pansiri 2008), to lower the cost of coordinating activities and will contribute to increasing the potential benefits of cooperation (Hoffman and Schlossen 2001), namely the achievement of better competitive advantage for businesses (Felzensztein and Gimmon 2008). However, these results contribute to knowledge in the way that decision makers and/or business people in the other business that might be considered as a potential partner should have the identified characteristics to engage into cooperation.

In addition, these results also reveal that the other potential business should have certain characteristics and the ones in relation to which respondents agree more refer to the quality of products and services, business reputation and similar market orientation. The latter implies that it would be important that businesses work with the same market. While in past research the issue of the other business having strategic resources and skills (Hoffman and Schlossen 2001; Pansiri 2008), past cooperation experience (Dong and Glaister 2006) were indicated as important characteristics for cooperation to occur, they do not assume such importance in the results of this study. This can imply that the characteristics of the business are much related to the operation of cooperation. For example, in the Douro Valley cooperation is informal and occurs essentially through referral and organization of activities and programs and joint promotion (as indicated in more detail in Section 8.5.2 in this chapter).

These results also have practical implications. As, the importance of creating conditions for establishment, development and maintenance of personal relationships between decision makers of wine and tourism micro and small sized businesses seems to be fundamental for increasing the potential of cooperation in the region and also to reduce individualist and opportunistic behaviour as it has been noted before in this chapter.

## **8.4 CONCLUSION**

This chapter has provided a discussion of the main results of this study was done comparing to the literature and previous research and explaining how this study differs and contributes to knowledge.

In relation to the evaluation of the literature, the ‘process’, the main issues and decisions and chose underpinning logic were firstly evaluated. The evaluation of literature review in this study allowed not only a clear identification of the main contributions of the literature and the identification of the gaps in the literature, as well as identified gaps, and explanation how this study addressed them.

The chapter then provided an evaluation of the methodology adopted and analytical procedures. It evaluated why was a quantitative approach based on the positivism paradigm and the analyses and tests used and its strengths in the achievement of the aim and objectives of the current research and meeting the reliability and validity evaluation criteria.

The results described in Chapters 5 to 7 were discussed and interpreted in relation to previous research and theoretical to expectations. The discussion of the results, after a presentation of the key characteristics of the Douro Valley, the geographical context of this research, focused on cooperation in the Douro Valley. Then followed a discussion of the influences on the decision to not cooperate. Afterwards, the influences on cooperation were discussed. Also, throughout the chapter, considerations have been made in terms of the practical and theoretical implications of this study.

The next chapter provides an overall conclusion regarding the extent to which the objectives of the research were met, the main achievements of this study and its implications to theoretical and applied knowledge.

## **CHAPTER 9 – CONCLUSION AND IMPLICATIONS**

### **9.1 INTRODUCTION**

The main purpose of this study was to examine inter-business cooperation by wine and tourism small-and medium sized businesses in rural areas, with a focus on the influences on decisions towards cooperation and its establishment when the decision is to cooperate, and on operation and outcomes of cooperation. There is recognition in the literature that cooperation is potentially beneficial for small and medium-sized businesses, particularly to those that operate in rural areas in the specific context of wine and tourism industries, two different but complementary industries. However, it has also been recognized that despite the potential benefits of cooperation these businesses do not cooperate as often as it would be expected. This is particularly true in the Douro Valley, the geographic context of this study.

This chapter provides the main conclusions of this research study and demonstrates the extent to which its aim and objectives have been accomplished. This chapter also addresses the main contributions to the body of knowledge arising from the research, both for theory and practice. In addition, limitations and implications for further research are also identified.

### **9.2 AIM AND OBJECTIVES**

The aim of this research was to understand the influences on inter-business cooperation by small and medium-sized businesses applied to the context of wine and tourism industries.

Following from this aim, the following research objectives were formulated:

- Analyse the current situation in the Douro Valley in terms of typology, form and nature of cooperation;

- Analyse the potential future situation in terms of cooperation given the past/current experience and knowledge;
- Analyse the influences on the decision to cooperate or not;
- Analyse the influences on the operation (the nature of cooperation implemented) and outcomes;
- Analyse whether there are different sets of influences when considering and implementing cooperation with businesses from their own industry and businesses from a different industry;
- Develop a conceptual framework for researching factors influencing inter-business cooperation in the context of micro, small and medium-sized businesses in rural areas.

### **9.3 THE MAIN ACHIEVEMENTS OF THE RESEARCH**

The main achievements of the research, namely contributions to theory and practical implications, are presented below.

#### **9.3.1. Contribution to knowledge**

The foremost contribution of this study is to offer original data about inter-business cooperation in the Douro Valley in the context of wine and tourism industries. Given that this data has not been collected before, this study is contributing to applied knowledge in a specific region of Portugal. Practical implications of this will be discussed in the next section.

Additionally, one of the main achievements of this research in terms of contribution to knowledge was the adoption a broad, all-encompassing perspective to study inter-business cooperation. In opposition to what has been identified in the

literature, by adopting a holistic perspective of inter-business cooperation, this study does not favour any particular aspects or stages. An effort was made to counteract what has been the tendency of past research on overemphasizing the factors influencing decisions. This research demonstrates that in order to fully understand inter-business cooperation all stages have to be considered. Therefore, a comprehensive theoretical framework for studying influences on inter-business cooperation by SMEs was developed and suggested. This framework encompasses different influencing factors that should be considered when examining cooperation between rural SMEs. This contribution is made within a new contextual setting – tourism and wine industries. The proposed conceptual framework was developed both on theoretical grounds and on practical grounds. It not only reflects contributions identified in the literature, but also this thesis results. What the framework does is to provide an holistic view of the factors that influence cooperation decisions, operation and outcomes. The inclusion of all these factors, simultaneously in the same framework is particularly innovative, not only in cooperation literature on wine and tourism industries, but also in the SMEs cooperation literature in general. The reason is because whereas past research mainly examined factors individually, this framework gives the opportunity to study in a more complete and comprehensive way the factors that influence cooperation. In addition, this research is also innovative because it examined some factors that have been studied in the context of SMEs, and in relation to other decision contexts, but not in relation to inter-business cooperation. These factors have not previously been considered in a comprehensive framework and their inclusion in this study represents an advance in developing the theory of inter-business cooperation in the context of SMEs.

This research has also provided a clear understanding of what influences the decision to whether cooperate or not and, when the decision is to cooperate, what are the influences on the operation of the cooperation and consequently on the perceived/realised outcomes. This clear understanding is due to the identification of what indeed influences decision makers to decide to not cooperate, or instead to engage into cooperation. Also, this research has identified and examined the



degree of importance of these factors, identifying which factors are perceived as influencing their decisions to a greater deal.

With regard to one of the factors influencing decisions to cooperate in specific, business objectives, this research has demonstrated/reinforced the appropriateness of adopting specific theories to study cooperation between SMEs. These theories have already been used to understand the influence of business objectives in relation to cooperation in general, but have been less adopted in the context of SMEs. The identified theories are Strategic Management Theory, Resource Dependence, Institutional Theory, and Strategic Choice. Also, this study has demonstrated the suitability of these and other theories that have already been studied in SMEs context, but not in the specific context of wine and tourism SMEs. These other theories are: Transaction Cost Economics Resource-based View Social Networks and Social Capital Theory.

Finally, this research has contributed to knowledge, by providing evidence that cooperation is industry specific, with differences being identified between two distinct industries, namely wine and tourism. Additionally, has contributed to knowledge by identifying the different set of influences when owners/managers consider cooperation with businesses from their own industry (horizontal) and businesses from a different industry (diagonal).

### **9.3.2 Implications**

The practical implications, which also address the research objectives, are discussed below.

As referred above, this study offers original data about inter-business cooperation in the Douro Valley, in the context of wine and tourism industries. Understanding how owners/managers of tourism and wine SMEs view cooperation and their ensuing behaviour, can provide insights into what needs to be addressed when successful establishment of cooperation is considered. Implications of such knowledge is particularly relevant for SMEs under conditions of an increasing

intense competition and economic and financial turbulence, and especially when located in rural areas.

This study reveals that although cooperation has gained acceptance, and is a practice already adopted by wine and tourism businesses in the Douro Valley, it has been demonstrated that there are still many who are reluctant, or even averse, as they have not cooperated yet and have no intention to cooperate in the future. In addition, results also put in evidence that, those wine and tourism businesses who have cooperated in the past and also intend to cooperate in the future are more likely to engage into informal cooperation initiatives. Thus, this research suggests that, there is potential not only to increase cooperation initiatives in the Douro Valley, but also to promote initiatives with higher levels of formality. Further, the results have showed that cooperation between wine and tourism businesses in the Douro confirms the benefits of an interaction between the two industries, which supports and reinforces the governmental strategic plan for the Douro Valley. Indeed, this study reinforces the recognition that cooperation in the Douro Valley between wine and tourism businesses would bring specific benefits to businesses, but also to the involved industries and the region as a whole. An increase and qualitative evolution of wine-tourism cooperation, would enhance the development of wine tourism in the Douro, and contribute to the implementation of the government's tourism-related objectives for the region.

A generic implication that is drawn from the results is that more effort needs to be made to remove or at least mitigate the impediments/unwillingness of those owners/managers of wine and tourism businesses that have decided not to cooperate. This data can be used to create a strategic and political basis to promote incentives in order to encourage engagement and implementation of cooperation by public and trade organisations. The findings of this study can facilitate the formulation of appropriate and actionable incentives to cooperation and also to support strategies that assist the development of SMEs and their industries. Because owners/managers perceptions are highly influential in their decisions, it is suggested that education (higher education and vocational level) for cooperation is required. Courses should place a greater emphasis upon the role of cooperation in

the achievement of objectives and competitiveness of SMEs. Workshops organised by trade and tourism associations can also be a way of disseminating information of how cooperation has been operationalized (what has been done), with whom, the positive perceived outcomes that resulted from cooperation to businesses. Workshops can help to raise awareness about, and willingness towards, cooperation. Overall education and information dissemination can have an important role in the provision of conditions for creating, maintaining, and developing relationships between owners/managers. Raising awareness can contribute to reducing the reluctance and/or unwillingness of those owners/managers that have decided to not cooperate. By proving good examples, other businesses might become interested in cooperating.

In addition, these results suggest the owners' perception of potential "opportunistic behaviour" as one of the most important reasons for not participating in cooperation. It is believed these perceptions are often not derived from real experiences, but from a cultural tendency of business owners to be risk averse. Although culturally related factors are more difficult to deal with, information dissemination activities can also contribute to the transformation of attitudes and mentalities. Small changes in mindsets may have large impacts on behaviours. The implementation of programmes aimed at disseminating knowledge about cooperation practice in the Douro, would also facilitate the contact and interaction between owners/managers, what would help them to know each other (better). More frequent contacts would, eventually, increase trust and confidence, which has been identified as a critical factor for cooperation to occur in the Douro Valley.

## **9.4 LIMITATIONS AND FUTURE RESEARCH**

Throughout the thesis other possible research directions have been identified and highlighted. To a certain extent, these are the result of the limitations of this research. First, this research has focused on measuring 'what is going on' in terms of the decisions towards cooperation and in terms of the influencing factors. Hence, one can argue that an in depth investigation and detailed explanation of

‘why’ questions are needed in order to have a more comprehensive understanding of the studied phenomenon, implying the use of a qualitative methodology.

Second, this study focuses mainly in micro and small businesses, and therefore, it would be interesting to develop a study to further examine the influences on cooperation on medium businesses. Third, and the data enable to drawn conclusions to answer the objectives of this study, further analysis can be done in the future (e.g. compare the influence of past experience perceptions of advantages and disadvantages). Fourth, and although this study has examined influences on two different moments of the business activity, it has been based on the perceptions of owners/managers at a single moment in time, through interview-based, structured questionnaire. The evolution of cooperation over the time, as well as the perceptions of owners/managers with regard to the addressed issues at different moments of their life span have not been analysed. It can be said though that longitudinal research is difficult to implement within a doctoral program, as is the case. Finally, the data for this research are based only on the perspective of one of the participating owner/manager or businesses. Thus, it would be interesting to develop a study that could explore also the perspective of the partners involved and compare results. This limitation should be borne in mind in considering the results and implications of the findings of this study.

## **9.5 CONCLUDING REMARKS**

Recognising the (potential) significance of inter-business cooperation to SMEs operating in rural areas and in wine and tourism industries, this study extends knowledge in a field which has been widely investigated in the literature, and that has increased the challenge at earlier stages of this study of identifying how any contribution to knowledge could still be achieved. Hence, it is hoped that the presented study contributes towards a broad, all-encompassing understanding of what are the influences on cooperation decisions, operation and outcomes. At the same time, and given the aforementioned opportunities of future research, it is hoped that this study encourages further work in this research field, as well as in the Douro Valley, where a great potential to further examines cooperation still exists.

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**LIST OF APPENDICES**

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## APPENDIX I – MAIN AREAS OF RESEARCH IDENTIFIED IN GENERIC COOPERATION LITERATURE

AREAS	MAIN AUTHORS REVIEWed (based on)
Cooperation as a process	Gray 1985, 1989; Takac and Singh 1992; Sellin and Chavez 1995; Pett and Dibrelle 2001; Evans 2001; Wang and Xiang 2007
Factors driving/motivating cooperation	Gray 1989, Wood and Gray 1991, Takac and Singh 1992, Child and Faulkner 1998; Barringer and Harrsion 2000; Das and Teng 2000; Berveland and Brotherton 2001; Evans 2001, Stiles 2001, Butler and Gill 2001, Fyall and Garrod 2005, Pansiri 2005; Wang and Xiang 2007
Partner selection	Geringer 1991; Ahuja 2000; Tatoglu and Glaister 2000; Hoffman and Schlossen 2001; Evans 2001; Gebrekidan and Awuah 2002; Kuada 2002; Nielsen 2003; Holtbrijgge 2004; Dong and Glaister 2006; Pansiri 2008
Operation of cooperation (activities)	Abby and Barclay 2001, Barnir and Smith 2002, Polenske 2004, Sammaddar and Kadiyala 2006; Kauser and Shaw 2004; Tosun 2005; Pansiri 2005; Felzensztein et al. 2010
Outcomes of cooperation	Butterfield et al. 1994; Huxham 1996; Child and Faulker 1998; Barringer and Harrison 2000; Ahuja 2000; Evans 2001; Pett and Dibrell 2001; Beckett 2005; Daugherty et al. 2006; Wang and Xiang 2007; Edwards-Schachter et al. 2011

## APPENDIX II MATCHING LIST OF THE CLOSED-ENDED QUESTIONS IN THE QUESTIONNAIRE - LINK WITH THE LITERATURE REVIEW

### PART IV – PERCEPTIONS OF THE ADVANTAGES AND DISADVANTAGES

	<b>CHAPTERS AND SECTIONS IN THE LITERATURE REVIEW</b>
Advantages (Q. 38- Q.42)	Chapter 2 – Sections 2.7.1 and 2.7.2 Chapter 3 - Sections 3.2.2, 3.3.2 and 3.4.2
Disadvantages /Q. 43 – Q. 47	Chapter 2 – Sections 2.7.3 and 2.7.5 Chapter 3 - Sections 3.2.2, 3.3.2 and 3.4.2

### PART V – INFLUENCES ON DECISION

	<b>CHAPTERS AND SECTIONS IN THE LITERATURE REVIEW</b>
Q. 48 – Q. 54.2	Chapter 2 – Sections 2.5.1, 2.5.2, 2.5.3, 2.5.4, 2.5.5

### Question 49 – Business objectives

<b>Answers options</b>	<b>Objectives and underpinning theories</b>
Increase the overall financial position of the business	To reduce costs – TCE; SC To obtain financial benefits – SC To obtain profits - SC,
Help the overall performance of the business	RBV, SMT
Improve the business's image and reputation with clients	IT
Minimize the risk involved for the business	SMT
Get (more and better) access to resources (e.g. information, ideas, contacts, physical)	RBV, RD, SMT, Social N and SCT
Help to promote the business	(considered as business performance) RBV, SMT
Increase the quality of the businesses' products/services	(considered as increased the value of the business to customers)  RBV(To add values to the business ); OL (To add value to the organization);  NT (To create value to business organisations)

Increase the competitiveness of the business	MPT and TCE (To improve business organization competitive success)
Help differentiate the business from its competitors	(considered as increased the value of the business to customers)  RBV(To add values to the business ); OL (To add value to the organization);  NT (To create value to business organisations)
Diversify the product/service of the business	(considered as increased the value of the business to customers)  RBV(To add values to the business );  OL (To add value to the organization);  NT (To create value to business organisations)
<p style="text-align: center;"><b>Theories:</b></p> <p>Transaction Cost Economics (TCE) Strategic Choice /SC) Resource-Based View (RBV) Strategic-Management Theory (SMT) Institutional Theory (IT) Resource dependence (RD) Organisational Learning (OL) Social Networks and Social Capital Theory (SN and SC/)</p>	

	<b>CHAPTERS AND SECTIONS IN THE LITERATURE REVIEW</b>
Q.55 (Personality)	Chapter 2 – Section 2.5.4.1

### **APPENDIX III      FINAL VERSION OF THE QUESTIONNAIRE**

Date: ____/____/2009
Type of Business: _____
Questionnaire nr. _____

## Research: Cooperation among businesses in the Douro Valley

### Part I. The Business

Please tick the relevant box to your situation.

**1. What is the legal status of your business?**

Sole trader	<input type="checkbox"/>	Partnership	<input type="checkbox"/>	Limited company	<input type="checkbox"/>
Private limited company	<input type="checkbox"/>	Cooperative	<input type="checkbox"/>	Other. Which?	<input type="checkbox"/>

**2. How long has the business been in existence?**

Since: \_\_\_\_\_ / \_\_\_\_\_ Years

**3. This business is part of a:**

Regional group ☐ National group ☐ International group ☐ Is not part of any group - it is independent ☐

**4. How many people work in this business, including the owner(s) as: (nr. of people)**

All-year part-time \_\_\_\_\_ All-year full-time \_\_\_\_\_ Seasonal \_\_\_\_\_

**5. Where does this business make most of its sales (by turnover value)?**

Portugal ☐ European Union ☐ Other. Which \_\_\_\_\_ ☐

**6. Thinking about the sales, does most of this business's turnover come from? (Tick the relevant box only):**

Direct sales to the end customer ☐  
 Sales to an intermediary ☐ Please indicate the type of intermediary \_\_\_\_\_

### Part II. Cooperation with businesses in the tourism and hospitality industry

For the purpose of this study:

- Cooperation among businesses occurs when two or more businesses (e.g. hotel with hotel, wine producer with wine producer) work together informally with a specific purpose, organize events together, share resources and recommend other businesses' products and services, etc.

This study does not consider cooperation with suppliers or intermediaries, such as restaurants who buy their wines from suppliers/distributors, hotels who sell their service through tour operators and travel agencies, or wine cooperatives who buy grapes from small farmers.

- A Cooperation Initiative is when your business and one or more other businesses were/are involved in some form of cooperation;

- Hospitality and Tourism Industry businesses are: accommodation (including rural tourism establishments), restaurants (who work well with tourists) and leisure businesses (who might not be considered as intermediaries).

**Wine Businesses:** those who produce, bottle and sell their wine

**7. In the last three years have you considered cooperating with businesses in the tourism and hospitality industry?**

Yes, and I have done so already	<input type="checkbox"/>	Please do to question 8
Yes, but I haven't done so yet	<input type="checkbox"/>	Please do to question 13
Yes, but I do not intend to do so	<input type="checkbox"/>	Please do to question 15
No, but I might consider it in the future	<input type="checkbox"/>	Please do to question 14
No, and I do not intend to consider it in the future	<input type="checkbox"/>	Please do to question 15

**8. How many businesses in the tourism and hospitality industry have you cooperated with in the last 3 years? \_\_\_\_\_**



Date: ____/____/2009
Type of Business: _____
Questionnaire nr. _____

9. Have you been involved in any cooperation initiative with tourism and hospitality businesses that you consider as being successful to your business today?

Yes ☐ Please go to Question 10  
 No ☐ Please go to Question 11

10. Thinking about the initiative you think was the most successful to your business, please answer the following questions

10.1. What type(s) of tourism and hospitality business(es) was/ were part of the initiative?	1- _____ 2- _____
10.2. What was your rationale for cooperating in this initiative? Please list up to two objectives in order of importance to your business, starting with the most important	1- _____ 2- _____
10.3. Why cooperating with this business in particular? Please list up to two reasons, starting with the most important	1- _____ 2- _____
10.4. Why do you think this initiative was the <u>most successful</u> to your business? Please list up to two reasons, starting with the most important	1- _____ 2- _____
10.5. Do you think that this cooperation was/is important to the success of your business?	Yes <input type="checkbox"/> No <input type="checkbox"/> Please explain why: _____
10.6. When started this initiative?	In: _____ / _____ years ago
10.7. Is it still running?	Yes <input type="checkbox"/> No <input type="checkbox"/>
10.8. Who initiated the initiative in the first instance?	1- My business <input type="checkbox"/> 2- The other business (s) <input type="checkbox"/> 3- Both businesses <input type="checkbox"/> 4- All businesses involved <input type="checkbox"/>
10.9. What was the role of your business in this cooperation?	
10.10. What was the role of the other(s) business(es) in this cooperation?	
10.11. Which, if any, of the following types of support have you received in the establishment of the initiative?	Financial support <input type="checkbox"/> Recommendation from other businesses <input type="checkbox"/> Recommendation from regional/local sectorial organizations <input type="checkbox"/> Other <input type="checkbox"/> Which? _____ None <input type="checkbox"/> (Please go to Question 10.13)
10.12. Where did this type of support come from?	1- _____

Date: ____/____/2009
Type of Business : _____
Questionnaire nr. _____

10.13. When establishing the initiative, what were the two most difficult issues, if any, that arose? Please give in order of degree of difficulty (starting with most difficult)	0-none <input type="checkbox"/> 1- 2-
10.14. When running the initiative, what were the two aspects, if any, that were most helpful? Please give in order of degree of help (starting with most helpful)	0-None <input type="checkbox"/> 1- 2-
10.15. When running the initiative, what were the two issues, if any, that caused the most difficulty? Please give in order of degree of difficulty, starting with the most difficult.	0-None <input type="checkbox"/> 1- 2-

11. Have you been involved in any cooperation initiative with tourism and hospitality businesses that you consider as **not being successful** to your business today?

Yes ☐ Please do to Question 12  
No ☐ Please go to Question 14

12. Thinking about the initiative you think was the least successful to your business, please answer the following questions:

12.1. What type(s) of tourism and hospitality business(es) was/ were part of the initiative?	1- 2-
12.2. What was your rationale for cooperating in this initiative? Please list up to two objectives in order of importance to your business, starting with the most important	1- 2-
12.3. Why cooperating with this business in particular? Please list up to two reasons, starting with the most important	1- 2-
12.4. Why do you think this initiative was the <b>least successful</b> to your business? Please list up to two reasons, starting with the most important	1- 2-
12.5. Do you think that the fact this cooperation was not successful, was prejudicial to the success of your business?	Yes <input type="checkbox"/> No <input type="checkbox"/> Please explain why:
12.6. When started this initiative?	In: ____/____ years ago
12.7. Is it still running?	Yes <input type="checkbox"/> No <input type="checkbox"/>
12.8. Who initiated the initiative in the first instance?	1-My business <input type="checkbox"/> 2-The other(s) business(es) <input type="checkbox"/>
12.9. What was the role of your business in this cooperation?	

Date: \_\_\_\_/\_\_\_\_/2009  
 Type of Business : \_\_\_\_\_  
 Questionnaire nr. \_\_\_\_\_

12.10. What was the role of the other(s) business(es) in this cooperation?	
12.11. Which, if any, of the following types of support have you received in the establishment of the initiative?	Financial support <input type="checkbox"/> Recommendation from other businesses <input type="checkbox"/> Recommendation from regional/local sectorial organizations <input type="checkbox"/> Other <input type="checkbox"/> Which? _____ None <input type="checkbox"/> (Please go to Question 12.13)
12.12. Where did this type of support come from?	1- _____
12.13. When establishing the initiative, what were the two most difficult issues, if any, that arose? Please give in order of degree of difficulty (starting with most difficult)	0-none <input type="checkbox"/> 1- _____ 2- _____
12.14. When running the initiative, what were the two aspects, if any, that were most helpful? Please give in order of degree of help (starting with most helpful)	0-none <input type="checkbox"/> 1- _____ 2- _____
12.15. When running the initiative, what were the two issues, if any, that caused the most difficulty? Please give in order of degree of difficulty, starting with the most difficult.	0-none <input type="checkbox"/> 1- _____ 2- _____

Please go to Question 14

13. Which were the main reasons for not having cooperated with tourism and hospitality businesses in the past three years? Please list up to two reasons, starting by the most important

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

14. Are you likely to choose to cooperate with businesses in the tourism and hospitality industry in the future?

Definitely yes ☐ Probably yes ☐ Not sure ☐ Probably not ☐ Definitely not ☐

If you have answered: Probably not and definitely not please go to question 15; other options please go to question 16

15. What are the main reasons for you thinking that you will not probably cooperate with one or more businesses in the tourism and hospitality industry in the future? Please list up to two reasons, starting with the most important

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

16. What are the main difficulties businesses have to deal with when considering cooperation with other businesses in the region? Please list up to two main difficulties.

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

Date: \_\_\_\_/\_\_\_\_/2009  
 Type of Business : \_\_\_\_\_  
 Questionnaire nr. \_\_\_\_\_

Even if you answered Q15 above, please continue and answer the following questions:

17. What, if any, do you consider to be the advantages for businesses of cooperating with one or more businesses in the tourism and hospitality industry?

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

18. What, if any, do you consider to be the disadvantages for businesses of cooperating with one or more businesses in the tourism and hospitality industry?

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

19. In general, if you were to cooperate with businesses in the tourism and hospitality industry, which of the following external factors would be more important to your decision? Explain your answer

	Justificação
Competition	
Legislation	
Market/demand trends	
Overall economic situation	
Technological evolution	
Other. Which _____	
None	

20. In general, if you were to cooperate with businesses in the tourism and hospitality industry, which of the following internal factors would be more important to your decision? Explain your answer.

	Justificação
My business resources	
Location of my business	
My business products/services	
Selling and distribution (related to my business)	
Selling customer service (related to my business)	
Other. ? _____	
Nenhum	

21. Hypothetically, if you were to participate in a cooperation initiative with businesses in the tourism and hospitality industry in the future, and considering the importance to your business, please answer the following questions:

21.1. With what type of business(es) would you like to cooperate with? List up to two type of businesses.	0-none 1- 2-
21.2. What would be the most important reasons for cooperating with the above type of business(es)? (reason 1 for type of business 1; or two reasons for type of business 1)	0-none 1- 2-
21.3. What would be the two most likely ways in which you would seek to cooperate to the benefit of your business? (Starting with the most likely)	1- 2-
21.4. Do you think that cooperation with the aforementioned businesses is likely to happen?	Yes <input type="checkbox"/> Please explain why: No <input type="checkbox"/> Please explain why:

Date: ____/____/2009
Type of Business : _____
Questionnaire nr. _____

22. Hypothetically, if you were to choose to cooperate with one or more tourism and hospitality businesses, which of the following would be most likely to happen? (Please tick the relevant answer)

none	
Cooperate only with businesses of my parish or close to my parish	
Cooperate with businesses of another parish, but in the same district	
Cooperate with businesses no matter their location	

### Part III. Wine businesses cooperation

23. In the last three years have you considered cooperating with wine businesses?

Yes, and I have done so already		Please do to question 24
Yes, but I haven't done so yet		Please do to question 29
Yes, but I do not intend to do so		Please do to question 31
No, but I might consider it in the future		Please do to question 30
No, and I do not intend to consider it in the future		Please do to question 31

24. How many wine businesses have you cooperated with in the last 3 years? \_\_\_\_\_

25. Have you been involved in any cooperation initiative with wine businesses that you consider as being su to your business today?

Yes ☐ Please go to Question 26  
No ☐ Please go to Question 27

26. Thinking about the initiative you think was the most successful to your business, please answer the following questions i

26.1. What type(s) of wine business(es) was/ were part of the initiative?	1- 2-
26.2. What was your rationale for cooperating in this initiative? Please list up to two objectives in order of importance to your business, starting with the most important	1- 2-
26.3. Why cooperating with this business in particular? Please list up to two reasons, starting with the most important	1- 2-
26.4. Why do you think this initiative was the <u>most successful</u> to your business?? Please list up to two reasons, starting with the most important	1- 2-
26.5. Do you think that this cooperation was/is important to the success of your business?	Yes <input type="checkbox"/> No <input type="checkbox"/> Please explain why:
26.6. When started this initiative?	In: _____ / _____ years ago
26.7. Is it still running?	Yes <input type="checkbox"/> No <input type="checkbox"/>
26.8. Who initiated the initiative in the first instance?	1- My business <input type="checkbox"/> 2- The other business (s) <input type="checkbox"/>

Date: ____/____/2009
Type of Business : _____
Questionnaire nr. _____

26.9. What was the role of your business in this cooperation?	
26.10. What was the role of the other(s) business(es) in this cooperation?	
26.11. Which, if any, of the following types of support have you received in the establishment of the initiative?	Financial support <input type="checkbox"/> Recommendation from other businesses <input type="checkbox"/> Recommendation from regional/local sectorial organizations <input type="checkbox"/> Other <input type="checkbox"/> Which? _____ None <input type="checkbox"/> (Please go to Question 26.13)
26.12. Where did this type of support come from?	1- _____
26.13. When establishing the initiative, what were the two most difficult issues, if any, that arose? Please give in order of degree of difficulty (starting with most difficult)	0-none <input type="checkbox"/> 1- _____ 2- _____
26.14. When running the initiative, what were the two aspects, if any, that were most helpful? Please give in order of degree of help (starting with most helpful)	0-None <input type="checkbox"/> 1- _____ 2- _____
26.15. When running the initiative, what were the two issues, if any, that caused the most difficulty? Please give in order of degree of difficulty, starting with the most difficult.	0-None <input type="checkbox"/> 1- _____ 2- _____

27. Have you been involved in any cooperation initiative with wine businesses that you consider as not being successful to your business today?

Yes ☐ Please do to Question 28  
 No ☐ Please go to Question 30

28. Thinking about the initiative you think was the least successful to your business, please answer the following questions:

28.1. What type(s) of wine business(es) was/were part of the initiative?	1- _____ 2- _____
28.2. What was your rationale for cooperating in this initiative? Please list up to two objectives in order of importance to your business, starting with the most important	1- _____ 2- _____
28.3. Why cooperating with this business in particular? Please list up to two reasons, starting with the most important	1- _____ 2- _____
28.4. Why do you think this initiative was the <u>least successful</u> to your business? Please list up to two reasons, starting with the most important	1- _____ 2- _____

Date: \_\_\_\_/\_\_\_\_/2009  
 Type of Business : \_\_\_\_\_  
 Questionnaire nr. \_\_\_\_\_

28.5. Do you think that the fact this cooperation was not successful, was prejudicial to the success of your business?	Yes <input type="checkbox"/> No <input type="checkbox"/> Please explain why: _____
28.6. When started this initiative?	In: ____/____ years ago
28.7. Is it still running?	Yes <input type="checkbox"/> No <input type="checkbox"/>
28.8. Who initiated the initiative in the first instance?	1-My business <input type="checkbox"/> 2-The other(s) business(es) <input type="checkbox"/>
28.9. What was the role of your business in this cooperation?	
28.10. What was the role of the other(s) business(es) in this cooperation?	
28.11. Which, if any, of the following types of support have you received in the establishment of the initiative?	Financial support <input type="checkbox"/> Recommendation from other businesses <input type="checkbox"/> Recommendation from regional/local sectorial organizations <input type="checkbox"/> Other <input type="checkbox"/> Which? _____ None <input type="checkbox"/> (Please go to Question 28.13)
28.12. Where did this type of support come from?	1- _____
28.13. When establishing the initiative, what were the two most difficult issues, if any, that arose? Please give in order of degree of difficulty (starting with most difficult)	0-none <input type="checkbox"/> 1- _____ 2- _____
28.14. When running the initiative, what were the two aspects, if any, that were most helpful? Please give in order of degree of help (starting with most helpful)	0-none <input type="checkbox"/> 1- _____ 2- _____
28.15. When running the initiative, what were the two issues, if any, that caused the most difficulty? Please give in order of degree of difficulty, starting with the most difficult.	0-none <input type="checkbox"/> 1- _____ 2- _____

Please go to Question 30

29. Which were the main reasons for not having cooperated with wine businesses in the past three years?  
 Please list up to two reasons, starting by the most important

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

30. Are you likely to choose to cooperate with wine businesses in the future?

Definitely yes ☐ Probably yes ☐ Not sure ☐ Probably not ☐ Definitely not ☐

If you have answered: Probably not and definitely not please go to question 31; other options please go to question 33



Date: \_\_\_\_/\_\_\_\_/2009  
 Type of Business : \_\_\_\_\_  
 Questionnaire nr. \_\_\_\_\_

31. What are the main reasons for you thinking that you will not probably cooperate with one or more wine businesses in the future? Please list up to two reasons, starting with the most important

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

Even if you answered Q31 above, please continue and answer the following questions:

32. What, if any, do you consider to be the advantages (for businesses) of cooperating with one or more wine businesses?

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

33. What, if any, do you consider to be the disadvantages for businesses of cooperating with one or more wine businesses?

0. none ☐

1. \_\_\_\_\_

2. \_\_\_\_\_

34. In general, if you were to cooperate with wine businesses, which, of the following external factors, would be more important to your decision? Explain your answer

	Explanation
Competition	
Legislation	
Market/demand trends	
Overall economic situation	
Technological evolution	
Other. Which _____	
None	

35. In general, if you were to cooperate with wine businesses, which, of the following internal factors, would be more important to your decision? Explain your answer.

	Explanation
My business resources	
Location of my business	
My business products/services	
Selling and distribution (related to my business)	
Selling customer service (related to my business)	
Other. ? _____	
Nenhum	

36. Hypothetically, if you were to participate in a cooperation initiative with wine businesses in the future, and considering the importance to your business, please answer the following questions:

36.1. With what type of business(es) would you like to cooperate with?. List up to two type of businesses.	1- _____ 2- _____
36.2. What would be the most important reasons for cooperating with the above type of business(es)? (reason 1 for type of business 1; or two reasons for type of business 1)	1- _____ 2- _____
36.3. What would be the two most likely ways in which you would seek to cooperate to the benefit of your business? (Starting with the most likely)	1- _____ 2- _____



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36.4. Do you think that cooperation with the aforementioned businesses is likely to happen?	Yes <input type="checkbox"/> Please explain why: _____
	No <input type="checkbox"/> Please explain why: _____

37. Hypothetically, if you were to choose to cooperate with one or more wine businesses, which of the following would be most likely to happen? (Please tick the relevant answer)

none	
Cooperate only with businesses of my parish or close to my parish	
Cooperate with businesses of another parish, but in the same district	
Cooperate with businesses no matter their location	

#### Part IV – Cooperation: perceptions of the advantages and disadvantages in general

38. Please rank the following potential advantages from cooperation in general in order of importance to your business (ranking them from 1 to 4, where 1 is the most important and 4 the least important).

Each number should be used only once

	Rank
Improved financial position	
Increased productivity	
Improved quality	
Enhancement of business performance	

To what extent do you agree or disagree with the following sentences?

1-strongly agree, 2-agree, 3-neither agree or disagree, 4-disagree, 5-strongly disagree

39. In relation to financial issues, cooperation (might) contribute to:

	1	2	3	4	5
Reduce costs in accessing resources (physical, human, financial, technological)					
Reduce promotional cost					
Reduce costs in selling/distributing products/services					
Increase sales					
Investment capacity improvement					

40. In relation to productivity, cooperation (might) contribute to:

	1	2	3	4	5
Better access to resources (physical, human, financial, technological)					
Increase business offer (more products/services) with the same resources					
Increase business offer (more products/services) with less resources					
Increase business offer (diversified products/services) with the same resources					
Increase business offer (diversified products/services) with less resources					

41. In relation to quality, cooperation (might) contribute to:

	1	2	3	4	5
Products/services quality					
Differentiate businesses' products/services					
A better promotion					
Improved knowledge about customers					
Better answer to customers' needs and demands					

42. In relation to businesses performance, cooperation (might) contribute to:

	1	2	3	4	5
Diversified products/services					
Enhanced business image					
Increased value to customers					
Improved capacity to counter market turbulence					
Better response to competition					

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43. Please rank the following potential disadvantages from cooperation in general, where 1 is the most disadvantageous and 4 the least disadvantageous to your business. Each number should be used only once.

	Rank
Worsen financial position	
Loss of business operation control	
Adverse relationships with other businesses	
Poor business performance	

To what extent do you agree or disagree with the following sentences?

1-strongly agree, 2-agree, 3-neither agree or disagree, 4-disagree, 5-strongly disagree

44. In relation to financial issues, cooperation (might) contribute to:

	1	2	3	4	5
Increase promotional costs					
Increase distribution costs					
Increasing costs in the development of workers' new skills					
High costs in the implementation and operation of cooperation					
Sharing profits with other businesses					

45. In relation to the operation control, cooperation might lead to:

	1	2	3	4	5
Dependency on partners					
Reduced flexibility in doing business					
Loss of control over decision making					
Limited control of offered products/services					
Introduction of new and unwanted strategies in the business operation					

46. Regarding relationships with other businesses, cooperation might lead to:

	1	2	3	4	5
More competition between businesses					
Taking advantage of someone's ideas					
Lack of information exchange amongst businesses					
Conflicts of interests amongst businesses					
Manipulation of business operation by parties in cooperation					

47. In relation to businesses performance, cooperation might lead to:

	1	2	3	4	5
Negative business image through association					
Difficulties in innovating own products/services					
Sharing markets					
Worsening of end-customer satisfaction					
Non-achievement of business' objectives					

#### Part V – Influences on the decision regarding cooperation

48. In order of importance, please rank from 1 to 5, the following items in terms of whether would you be likely to cooperate with another business, where 1 is the most important and 5 the least important. Each number should be used only once.

	rank
The objectives for my business	
My knowledge of the other business	
My personal aims for my lifestyle	
My perception of the person I am dealing with in the other business	
My perception of the institutional environment	

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To what extent do you agree or disagree with the following sentences, if you were to cooperate in the future? 1-strongly agree, 2-agree, 3-neither agree or disagree, 4-disagree, 5-strongly disagree

**49. Cooperation should:**

	1	2	3	4	5
Increase the overall financial position of the business					
Help the overall performance of the business					
Improve the business's image and reputation with clients					
Minimize the risk involved for the business					
Get (more and better) access to resources (e.g. information, ideas, contacts, physical)					
Help to promote the business					
Increase the quality of the businesses' products/services					
Increase the competitiveness of the business					
Help differentiate the business from its competitors					
Diversify the product/service of the business					

**50. The other business should:**

	1	2	3	4	5
Have a similar culture to my business					
Have previous experience in cooperating with other businesses					
Have a good reputation on the market					
Be located in the same parish as this business					
Have a similar market orientation as this business					
Offer quality products/services					
Be successful in the market					
Have similar objectives as my business's objectives					
Be of the same type of business as my business					
Have an equal relationship with this business					

**51. Cooperation should:**

	1	2	3	4	5
Improve my prestige/status					
Help me to be in a more secure position					
Make me wealthier					
Improve my overall knowledge					
Improve my lifestyle					
Make me more able to help other people					
Help me to increase my self-esteem					
Help me to know other people					
Help me to work less					
Increase my professional career prospects					

**52. The person from the other business should**

	1	2	3	4	5
Be trustful					
Have previous experience in cooperating					
Have similar personal values as mine					
Have good reputation					
Get on well with me					
Positive in their attitudes					
Be fully committed					
Be open with me					
Keep his/her commitments					
Be flexible					

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Type of Business : _____
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53. To what extent do you agree or disagree with the following sentences, if you were to cooperate in the future?

1-strongly agree, 2-agree, 3-neither agree or disagree, 4-disagree, 5-strongly disagree

53.1. I would be more motivated to cooperate with other businesses in the future if there was/were:

	1	2	3	4	5
A more unstable economy					
More financial incentives (national and European)					
More available information from government and trade organizations					
Governmental policies promoting cooperation					
More business interested in cooperating					

53.2. I would be put off cooperating with other businesses if there was:

1-strongly agree, 2-agree, 3-neither agree or disagree, 4-disagree, 5-strongly disagree

	1	2	3	4	5
Difficulty in getting the existing financial incentives (both at the national and European level)					
Low governmental non-financial incentives to cooperate					
Difficulty in getting information about cooperation and financial incentives from governmental and trade organizations					
Complexity in respect of the existing programs and financial incentives to cooperate					
Lack of financial incentives at the national and European level					

54. To what extent do you agree or disagree with the following statements regarding the existing incentives to support those businesses interested in cooperating with others.

1-strongly agree, 2-agree, 3- neither agree or disagree, 4-disagree, 5-strongly disagree.

54.1. Governmental organizations

	1	2	3	4	5
The information available from governmental organizations, that explains the advantages and disadvantages of cooperation between businesses, is good					
There is enough available information from governmental organizations about the financial incentives to cooperation					
It is relatively easy to get access to the existing financial incentives (European and national) to cooperate					
There are governmental policies that encourage businesses to cooperate					
There is adequate financial support from the public sector to encourage cooperative projects/agreements between businesses					

54.2. Trade organizations

1-strongly agree, 2-agree, 3-neither agree or disagree, 4-disagree, 5-strongly disagree..

	1	2	3	4	5
The information available from trade organizations, that explains the advantages and disadvantages of cooperation between businesses, is good					
There is enough available information from trade organizations about the financial incentives to cooperation					
The behaviour of those who support cooperation helps businesses to cooperate					
There is available information about the importance of cooperation to businesses from the trade organizations					
Trade organizations encourage businesses to cooperate					

Date: ____/____/2009
Type of Business : _____
Questionnaire nr. _____

55. To what extent do you agree or disagree with the following statements regarding yourself.

1-strongly agree, 2-agree, 3-neither agree or disagree, 4-disagree, 5-strongly disagree...

	1	2	3	4	5
I am a self-confident person					
I am hesitant to cooperate with businesses					
I tend to take initiative and do things					
I relate well with other people					
I like to "play it safe"					
I am always looking for better ways to do things					
If I believe in an idea, I will make it happen					
I turn problems into opportunities					
I have a positive attitude in relation to life					
I like to take risks					

#### Part VI – Respondent details

56. For how long have you been working in the business? Since: \_\_\_\_\_

57. What is the current position you occupy in the business? \_\_\_\_\_

58. For how long have you occupied this position in this business? Since / Years

59. For how long have you worked in the industry your business is in? Since / Years

60. Gender Male ☐ Female ☐

61. How old are you? \_\_\_\_\_ Years

62. What educational background do you have?

a) Elementary school ☐ b) Secondary school ☐ c) High education ☐ Name of the degree: \_\_\_\_\_

63. Have you attended any other course?

Yes ☐ Please specify the course (more recent, if more than one) \_\_\_\_\_

No ☐

**Thank you very much for your time and collaboration**