Proposal of a Model of Strategic Alliances to Strengthen Microenterprises

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Abstract
Mexican microenterprises face a complex world, submitted to variable and changing environments. The new international and national markets have increased competition and disrupted microenterprises, affecting their future or their existence. It is important that micro-entrepreneurs make adjustments based on new strategic alternatives that help to promote their development, competitiveness and survival, and thus who achieve their improvement. That is why there is a concern to carry out a conceptual model of strategic alliances between microenterprises, to guide those interested in its implementation. With the proposed model, the aim is to strengthen microenterprises to participate in a more active way in the new globalized market, with new skills, resources and more competitive capabilities, in order to achieve those goals that individually are complex to get. The strategic alliances nowadays have become fundamental to achieve the success that the companies are looking for.

Keywords: Strategic alliances, MSMEs, alliances model.

1. Introduction
Companies are the engine of a country’s economic development and they are great creators of wealth. They rely on their own abilities to create new knowledge and maintain competitive advantage, it does not matter how high the risk may be (Jiang et al., 2016). In today’s competitive environment, which is rapidly changing and highly uncertain, companies require tools such as: qualified human capital, technology, finance and specific assets to run the organization, regardless of size, activity, age or type of company. It is necessary that companies solve their basic needs to remain in the market and achieve better growth by addressing changes required by a globalized world. (Huang and Roig, 2016).

When MSMEs are discussed it is referred to micro, small and medium-sized enterprises. MSMEs play a transcendental role in growth and development of economies. The Ministry of Economy (SE, 2014) and the Official Gazette of the Federation (DOF, 2013) indicate the percentage of these companies is 99.8 percent in economic units, that they contribute 34.7 percent in GDP(Gross Domestic Product) and also 73.8 percent of job generation.
Although it is easy to differentiate sizes of companies or their economic sector to which they belong, productivity among MSMEs is presented at a lower level than expected, so their entry into the international market and their permanence in local or national market is difficult (DOF, 2013), due to the changes of globalization. For to be perfected, it is necessary to provide strategies that improve the current economic outlook, since there are companies where a conservative attitude persists pending the introduction of structural changes (Ramírez and Delgado, 2008).

Microenterprises are traditionally established family businesses, in most of them, there is no formal process in administration and structure, since these processes are carried out empirically by the owners. According to INEGI(2014) (National Institute of Statistic and Geography), they are productive units of goods and services that can have from 0 to 10 employees, with maximum annual sales of 242,106dollars (4.6 million pesos), they present mostly non-formal structures, which causes plateau in their processes and operations (Vázquez et al., 2015), leading them to have difficulties in their development until reaching limits and as a consequence they tend to disappear from the market. Microenterprises face challenges to obtain financing, to capitalize or to develop management processes (Márquez and Gómez, 2002). Compared to large and established companies, smaller and younger companies suffer from more severe resource constraints; however, these are more agile and flexible to adapt to environmental changes (Li et al., 2013). Given the importance of microenterprises, it is convenient to promote strategies that help them in their growth, development and competitiveness, in order to respond to the high demands of clients (Vázquez et al., 2015). Although microenterprises are considered important in the growth and economic development of the nation, the low level of productivity influences their permanence in the market, which is approximately five years on average, so it is necessary to find strategies to help them to achieve success and stability.

Alliances are among strategies for companies’ permanence in the market these are presented continuously in the globalized world and competitive environment, regardless of the country or size of the company. (González et al., 2016). Alliances bring benefits (Rezaei et al., 2015, Mukherjee et al., 2013), which can be: access to financial resources, technical and managerial skills, brand and reputation and social welfare (Quesada Chaves, 2011). Alliances are also considered for their great expansion and success, an organizational design (Christoffersen, 2012), which has managed to break down barriers and improve the image of the companies (Wen, 2007) both nationally and internationally.

The main reason for strategic alliances is to share resources, costs and risks in operations (Arranz et al., 2016), in order to achieve mutual benefit among their participants (Piguave, 2016, Ariño, 2008), and to improve their capacity for competition and innovation. Strategic alliances also offer business opportunities and are fundamental because creativity is exploited due to the scarcity of economic resources.

An alliance comprises a collaboration agreement, which involves joint and equitable participation among partners, contributions such as capital, technology or specific assets can be included (Gulati and Singh, 1998, Beamish and Lupton, 2016). For Marshall et al. (2005) and Abarca (2010), the strategic alliance is an agreement between organizations where each one maintains its autonomy, but with a degree of dependence on each other. Adobor (2005) defines strategic alliances as relationships, based on trust; while Viveiros et al. (2013), consider an alternative of growth for companies is the use of strategic alliances given that markets are changing and competition is increasingly variable, so a cooperative environment can be favorable (Gnyawali and Park, 2009). However, it is common to see the emergence of alliances between large companies, but for MSMEs it is a challenge since their structure has disadvantages in a global market.

To enter into a society or collaboration scheme, it requires a change of transcendental thinking in entrepreneurs, which are used to work individually. This change in understanding is made even more difficult by the situation where an alliance invites them to collaborate with competitors or rivals (Rodríguez et al., 2014), and possibly future partners. The partners are a determining factor in the alliance since they are the direct participants to achieve the common objectives, a series of factors or aspects that help the formation and consolidation of a work team must be considered, these can be of two or more people (Christoffersen, 2012). Defining a partner is one of the initial parts of the objectives to develop an alliance since this selection can result in success or failure when building a lasting and harmonious collaboration.
Abusiness partner represents trust, loyalty, dynamism, responsibility since together they will undertake an adventure or episode for the development and growth of their companies, in addition to establishing their strengths, weaknesses and being able to achieve their objectives in a planned manner (Aguilar et al., 2013). That is to say, the business partners must have common objectives to reduce the risks that can harm the society between the parties.

Thus, alliances between microenterprises increase skills, affordability and experience. On the other hand, the costs in shared purchases are reduced, which generate significant savings in the acquisition of inputs; this will allow them to improve the processes to achieve competitiveness and survival in the markets, and consequently the extension to new mercantile spaces.

Strategic alliances are an attractive option to join efforts in the solution of problems presented by the different microenterprises; sharing of investments, risks and benefits as well as the knowledge generated during the practice of the alliance, can provide protections for these entrepreneurs. There are more and more successful cases of strategic alliances in different companies (Rojas et al., 2014) so it can be seen as a different option for micro-entrepreneurs looking for alternatives to survive and demonstrate that the union can make them stronger.

Through a review of existing models for building of alliances, the steps and aspects that were considered essential for the proposal of the model of strategic alliances in the MSMEs were identified. Ariño (2008; 2011) although it does not mention how to create a model for alliances, it raises objectives and reasons which induce the formation of strategic alliances, along with considerations on some types of alliances where they cannot be absolute, since there are variations in each type of organization. Another important aspect the author mentions, in order to achieve success in alliances, is the search for the perfect business partner that raises a series of aspects to consider in her selection, which will allow her to improve the results.

Aguilar et al. (2013) refers to the development of a strategic alliance based on a specific environment, agroindustry. He uses the most common points in the process of creating a strategic alliance, made up of five phases:

1. Strategic Reconsideration: Consider if it is an appropriate strategy, this before making the decision to form an alliance.
2. Business Partner choice: the essence of the partnership is to select the right partner, since the success of the partnership depends on this choice.
3. Building a strategic alliance: this phase includes the negotiation between the parties involved, to find the common interests, in order that both parties win.
4. Establishing of the structure of the strategic alliance: the project is defined as a whole, the optimal size of the project and the total cost of the investment, in order to be convinced of the association and the coexistence that this entails.
5. Determining the agreement: this last stage involves the resumption of the negotiation and if the alternative is achievable, the commitments, risks and responsibilities shared by the participants are defined.

Michalus et al. (2011) proposes a cooperative conceptual model in MSMEs, as a practice that stimulates local agrarian development in agricultural regions in Argentina, this allows the increase of competitiveness levels and improves the survival of MSMEs. The Model is made up of a flexible network of collaboration between MSMEs, as well as a quadrilex (university-company-state-local organizations), which help promote each other. There are six factors involved in this collaborative network between companies: technological, economic, organizational, political and legal, sociocultural and environmental. Derived from the conceptual model, the author also presented a procedure for the implementation of the flexible cooperation network between agricultural MSMEs, which consists of four phases: 1) preparation; 2) creation and startup; 3) consolidation; and 4) reproduction.

Nurullah et al. (2012), based on several models and approaches to alliances, proposes a conceptual model of strategic alliances that provides a holistic approach that focuses on the dimensions of the procedures. The proposed model presents the following elements: 1) Top management; 2) Internal and external controllers; 3) Preparation; 4) Intellectual bases that support the specification of the strategic alliance field; 5) Selection of the partner, integration of the team and evaluation of the purpose of the alliance; 6) Pre-evaluation; 7) Alternatives of potential partners; 8) Analysis and evaluation of mutual needs and specifications required for the alliance.
2. Methodology

The methodology used to create this model of strategic alliances between microenterprises, was the one proposed by Kang et al. (2016) For compilation, review and analysis of the information, both of the theoretical framework and of the search for the models of alliances that served as support for the development of the proposal. The sequence of steps that were followed in the methodology is specified in figure 1.

Source: Developed by the authors adapted from Kang et al. (2016)

To carry out this research and literature review, different specialized databases platforms for journals were used to locate those of interest that could contribute to the project information considered relevant. Once articles, documents, books and journals of the databases and libraries were accessed and located, a selection of information was made and a classification of documentation was done by topics of interest that are described in the theoretical framework, such as: MSMEs, microenterprises, alliances, partners, models for the formation of alliances and the importance of introducing alliances in microenterprises. Once the articles and documentary information was considered, it was organized for the inclusion of the essential ideas exposed by the authors and the sequencing of the information was established. Finally, the analysis and discussion of the main ideas was carried out. As a result of the review, the proposal of the conceptual model for strategic alliances in microenterprises was proposed, in which the elements that make it up are highlighted and a follow-up guide is offered to the participants with the idea of encouraging cooperative participation.

2.1 Conceptual Model of Strategic Alliances

The models analyzed lack of a guide that allows micro-entrepreneurs to establish alliances, finding only data for SMEs and MSMEs in agro industries and the metal-mechanic industry. In addition, analysis of variables for the formation and functionality of the alliances was observed, as well as models focused on the dimensions of the procedures for different activities that can be carried out from the personal approach of integrating an alliance, going through negotiations until the evaluation of the operation of the same, that gives the pattern to continue or disintegrate the alliance.

As a result of the research, a model for the creation of partnerships in microenterprises is proposed. To participate in a partnership model, among micro-entrepreneur a team collaboration is required to strengthen and improve certain weaknesses that make it impossible to achieve a better level of competence (Rodriguez et al., 2014). With the practice and development of a strategic alliance you can look for solution options that allow you to grow or ensure competitiveness. The goal to achieve is microenterprises to begin a process of strategic alliances, which must start within the same company, in order to know their capabilities, strengths, weaknesses and establish a vision to participate in a new market with skills, resources, technical expertise and special skills of competition. Together can contribute more than they can do individually, for the above, the Model for strategic alliances in microenterprises are proposed (Figure 2), which consists of 5 stages.
Figure 2. Strategic Alliances in Microenterprises Model

Stage 1. Rethink Business

This stage is crucial for microenterprises since it will remodel the way in which the operation, direction and control of its activities is carried out (Rangan and Yoshiro, 1996). The reasons for forming an alliance must be clear, which varies according to the characteristics of the company (Todeva, 2005, Ariño et al., 2001), and warns of the needs that are not being met with the current capabilities of the company. To form an alliance, it is important that the partners share goals, objectives, economic aspects, survival, risks, skills, growth and protection against competition. Both the current and desired goals involve the objectives that the company has set and those it wants to reach, according to the material and human resources it has. For microenterprises, the objectives are to achieve sales that provide profits and allow profitability to continue to achieve a financial balance, in addition to meet the customer's perspectives to achieve loyalty. On the other hand, the desired goals are to seek both economic and structural growth, which allow achieving a reliable development in the competitive market; that is, increase sales, strengthen the organizational structure, technology, develop new skills and an extremely important aspect among partners, reduce risks (Li and Liao, 2007).

Stage 2. Design and Integration of Alliances

In this stage, the design and integration of alliances that allow establishing a partnership between a group of companies is considered, where the important factors for the good functioning and success in the alliance.
Authors such as Jiang et al. (2008) and Kale and Singh (2009) among others point out that micro-entrepreneurs should consider several aspects before forming an alliance: 1) turnaround, economic potential, reputation and goals; 2) strategies that allow those involved to be in a "win - win" scheme (Montes and Sabater, 2002, Nurullah et al., 2012); 3) agreements, terms and conditions of the contract with which the alliance will be established. (Ariño and Reuei, 2004); 4) team formation (Ariño, 2008).

**Stage 3. Alliance Structure**

Like any organization, the alliance must contemplate a structure for its operation (Rangan and Yoshiro, 1996) where the primordial functions for the support of the alliance are described (Montes and Sabater, 2002). When alliances are well structured, a manual is written that explains and captures the functions and processes to be carried out by each collaborator according to their area or position of work: organization, finance, technology and legal policy. The organizational aspect includes how the resources available will be used by the companies that will participate, according to the way in which the processes contemplated in the alliance will be carried out. It also includes the correct information in a timely manner, so that it flows between the partners, since it is a key element to achieve success in the alliance. The finance aspect refers to the material and monetary resources available to the partners, which will be used for a common purpose among the businessmen in the alliance, so it is necessary and pertinent that the partners participate in an equitable manner in the alliance. Another aspect is technology that consists in matching and improving the technologies of the partners in such a way that the processes to be carried out are more effective and safer. To improve the competitiveness of companies it is necessary to establish technological systems that ensure the quality of the products or services offered to the consumer, since those who do not establish this type of systems will be at a disadvantage with other companies since they would be offering a plus towards the client (Rodríguez et al 2014). Finally, the aspects on politics and legality, which involve agreements and negotiations, in a formal manner, of the activities and obligations concerning the alliance that each partner must fulfill in the different stages of this union.

**Stage 4. Implementation**

This stage is fundamental for the evolution and success of the alliance. It is where the actions are carried out to put into practice the development of the alliance, consequently, the partners must take a variety of actions to face unfavorable situations that may arise. The researchers Jiang et al. (2008) mention that the functions that are part of this stage are relationship management, control mechanisms and alliance risk. Relationships are the main strategic link to carry out any activity or transaction in companies, since the positive environment that is generated depends on them. Management of relationships between partners forms the pillar for the stability of the alliance, and if it works actively and effectively serves to encourage cooperative behavior and cushion conflicts that may arise in society. The control mechanisms, which are important factors in determining the future and the dynamics of an alliance, the control can be seen as a process of organizational coordination and regulation including activities of monitoring, direction, evaluation and reward. Finally, the risks of the alliance, that is representing the threats may arise as the union develops. These risks can be minimized based on trust and control.

**Stage 5. Evaluation.**

The evaluation of the alliance is made to assess the success of it, and allows us to know its performance, by developing the proper monitoring and the desired results that can be achieved. Every company has objectives, which vary according to their needs, the strategic alliances revolve around the needs that companies intend to cover, in this case microenterprises. In any of the stages of an alliance, there is the possibility of making mistakes, which could jeopardize the success of the association. That is the reason within strategic alliances, the evaluation process plays a key role (Nurullah et al., 2012). In the context of acquiring new skills, achieving results and possessing the necessary knowledge to make deals and negotiations with other micro-entrepreneurs, it is necessary to have a competitive advantage that the strategic alliance can provide.

The aim of the proposed alliance model, is to embrace a new generation of entrepreneurs with innovative organizational and cultural ideas, which allows them to create security and confidence in a cooperative and equitable manner, creating competitive ties that help reduce their risks and the uncertainty, therefore its growth in the market. The flexibility and adaptation of these micro-entrepreneurs is a strength that can be exploited to apply the proposed model and venture into new strategies of change, so that they are easily oriented to a transitive change.
This model is a guide to carry out the formation of alliances between micro-entrepreneurs, who sometimes do not have a high level academic training and many concepts tend to confuse them by not understanding the information, which leads them to be discouraged in the search or implementation of improvements for your company. Large corporations make alliances and must have their models, structures, aspects and requirements to carry them out, but they are not disseminated, as they are considered confidential. In the models used as a basis for the proposal, important aspects were found such as the elements to develop a successful alliance, the selection of partners and the factors that are combined when forming an alliance.

3. Conclusions

Alliances are a new tactic that has aroused great interest among companies. They are used for strengthening different areas of interest of organizations such as infrastructure, information, knowledge, technology as well as research and development. Initially this type of unions appeared between the big companies as a strategy of expansion and diversification; but this modality has changed, in the present large companies have allied with SMEs; and progressively, SMEs have done it with other SMEs to achieve competitive advantages.

When recognizing the benefits that are presented in the alliances, it is convenient to include all the sizes of companies, and of course, to include in this system of cooperation to the micro companies. The aim is to integrate this group of entrepreneurs into collaboration strategies and alternatives for improvement in the development of their companies. These strategic associations continue to have a field of interest among the diverse actors such as the government, educational institutions and businessmen, since they help to innovate in the different sizes and turns of companies.

Universities and the government should extend information regarding the creation of alliances so that micro-entrepreneurs can appreciate it as a possible strategic alternative for their development and / or permanence. Traditionally, microenterprises have worked independently, but they have been disappearing due to the highly competitive environment in which they are immersed and the presence of large national and transnational companies, which is why the strengthening that affirms their existence, development and success in the market.

With this proposal for a model of alliances in microenterprises, it is intended to provide a guide that helps partners of such companies to reduce mistrust to participate in society, since forming and maintaining a strategic alliance is a complex task that is difficult when interested in integrating it feel disoriented or do not have experience to describe their effort, clarify the purposes, organize activities and make favorable agreements for all parties involved.

4. References


