“Partnership strategy model for small and medium enterprises”

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PARTNERSHIP STRATEGY MODEL FOR SMALL AND MEDIUM ENTERPRISES

Abstract

The Latvian economy mainly consists of small and medium sized enterprises (SMEs). There are two important moments in the enhancement of their successful development and competitiveness: competition and collaboration. In the modern world collaboration or partnership is starting to play an ever increasing role as is shown by the research carried out. This research analyzes the partnership model which consists of three components: partnership context component, external partner network component, and internal environment component.

The following research methodology was used: monographic method based also on literature review; logically constructive method – to formulate conclusions, analyze the results and establish correlations; analytical method – to divide whole into parts and analyze the parts during the research; synthesis method – unification of elements into a system to research their correlations; social research methods – to obtain primary information and to verify it; graphic method – to depict factor interactions.

Keywords partnership, partnership strategy, partnership components, partnership models

JEL Classification M1, M120, M210, L260, O210

INTRODUCTION

Alongside rapid technological advancement, current world events, communication, information exchange and accessibility, environmental changes, speed of decision making, the pace of economic development is also increasing at a huge speed. With changes in the external environment the economic paradigm has also shifted from the classical mathematically static, stable and easily predictable to a chaotic dynamic one that needs to be predicted simultaneously in several directions with each direction having a set of statistically credible trends. Change is inevitable in every enterprise and has become an integral part of the development of an enterprise. The current pace of change, volume and its level of complexity are increasing more and more. It is not possible to stem the flow of changes. It is, therefore, very essential to identify the necessity for change in an enterprise and use it for the successful and efficient development of the enterprise because only an organization that acknowledges the necessity for change and is capable of using it can reap the real benefits of change.

As underlined by Bridgenland and Zahavi (2008), "Business modeling helps business transformations succeed. Why modeling? Models help with the implementation of change. If nothing changes, you don't need models..., but when things are changing, business models are useful. Models help an organization move from today's world to a future world, to implement a transformation. Business modeling has become more popular because transformations have become more common. Organizations are always dealing with many changes, all at once, in different stages of adaptation. Usually organizations struggle with these multiple simultaneous changes" (p. 6).

The necessity for strategic partnership can be formulated by one question: how are you planning to grow your business without strategic partnerships? To answer the question we have analyzed a model designed based on research results that have been reflected herein (Zariņa et al., 2014; Vanags, 2013; Vanags, 2014).

1. LITERATURE REVIEW

In recent years business modeling has become more and more popular. What is a model? A model is a simple representation of a complex reality that serves a particular purpose. We use models all the time without thinking about them (Bridgeland & Zahavi, 2008, p. 1). Business models help manage detail complexity. Business models are simpler than the world they model. Only some of the detail complexity of the world is present in a model, a limited view of what is most important (Bridgeland & Zahavi, 2008, p. 9). The partnership model usually based on strategy is one of popular models in business. Strategy is a difficult and complex concept, an overused word that means different things to different people. We agree with authors who view strategy as a dynamic process. Times change, technology changes, markets change, and rules of competition and competitors change. Consequently, strategy can never stay the same (Fleisher & Bensoussan, 2003, p. 2).

Strategic partnership is usually defined as: "An arrangement between two companies or organizations to help each other or work together, to make it easier for each of them to achieve the things they want to achieve: A way of breaking into the market would be to form a strategic partnership with a large player that is already successful in the sector" (Cambridge Dictionary, 2017).

Alliances and partnerships are characteristic of all areas of human activity, and entrepreneurship is not an exemption. Alliance is considered to be formal relationships between two or more parties who act in accordance with a common goal to satisfy certain business needs while retaining their status of independent organizations. The aim of the alliance is to gain higher benefits from mutual collaboration among several enterprises wherein each party shares its knowledge, resources and risks to jointly achieve aims that would have not been attainable individually. The definition relates to alliances but in fact the explanation fully corresponds to strategic partnerships.

A strategic partnership is an agreed-upon collaboration between businesses with common missions. Although partnerships can take on a number of objectives and levels of formality depending upon the nature of the agreement, the overall goal of strategic partnerships is to share resources in a way that promotes growth for all partners. Partnerships can take place between businesses in the same industry or even across industries (Types of strategic partnership, 2017).

Many authors also highlight the increasingly widespread growth of strategic partnerships in business and the increasing pace of their establishments. "Companies have worked with partners across countries, businesses or within their value chains for a variety of reasons, whether from a desire to expand or a need to cut costs. Yet, in recent years the growth of partnerships has accelerated, driven by the benefits of risk sharing and resource pooling, technology convergence, industry deconstruction (from linear value chains to industry value networks) and knowledge diffusion (Strategic Partnerships, 2017). In other words, strategic partnership is a mutually beneficial arrangement between two separate companies that do not directly compete with one another (Spear, 2014). We add one author opinion "The ability for an entrepreneur to forge a strategic partnership […] is critical for continued financial success in an ever-changing and highly competitive environment" (Mckay, 2014).

There can be many advantages of creating strategic partnerships, for example, "For complete strategies, as opposed to individual projects, creating option value means positioning the firm such that a wide array of opportunities become available" (Grant, 2008, p. 44). Firms taking advantage of strategic partnerships can utilize other company's strengths to make both firms stronger in the long run. Tyson deems that "the concept of partnership is also used to describe an approach characterized by [...] a strong desire to harness the energy and commitment of employees to the flexibility and change orientation necessary for business survival" (Tyson, 2015, p. 338). Partnership development leads to integration of external partners into the company's quality management system, where they become internal partners (Dale, 2003) and contribute to strategic learning (Grundy, 1994; in Carnall, 2003), which subsequently creates a new resource (Drucker, 2011).

"Partnership demands a new form of relationship. It means working together towards common aims and aspirations. [...] Partnerships are characterized by mutual trust and commitment, integrity, integration, co-operation, honesty, a willingness to openly declare problems and work together to find answers, the sharing of data and ideas, improvements and best practices, clearly understood responsibilities, collaborative R&D, and a desire to continuously improve products and services" (Barrie, 2003, p. 224). Some authors also point out that it is in fact small businesses that are very interested in developing partnerships. For instance, McFarlin states that "A strategic partnership can be particularly beneficial for small businesses with limited resources. When two companies that complement one another don't have the funds to expand the way they would like to or to reach the markets they wish to, they can form a strategic alliance to help accomplish their goals. By carefully researching candidates for this type of business alliance, small business owners can come up with a list of companies that are suitable for partnering with. At this point, they can propose a strategic partnership (McFarlin, 2017).

As highlighted by Kaplan and Norton, any strategic partnership and its underlying strategy is perceived as successful, if they meet the stated goals – whether increased profit, business or customer satisfaction. It is often argued that the implementation of a strategy is more important than its elaboration (Kaplan & Norton, 2001). Nevertheless the authors of this paper believe that a company strategy is not a fixed plan, but a constantly developing system dependant on both the implementation process and changes in the business environment.

Opinions of some authors do differ as well as concur, which is perfectly understandable when related to such a complex, multi-faceted process as strategic partnership.

According to a 2014 PwC CEO survey, more than 80% of US CEOs are currently looking for strategic partnerships or intend to do so in the near future. Nevertheless, in the last three years only around 65% of those seeking new strategic alliances have been successful. A short survey conducted during the event revealed that around 60% of participants had had a positive experience with strategic partnerships; while 31% had experienced failure (9% had no experience). Reasons for success or failure included the importance of matching objectives, values and relevant stakeholders, effective governance and the necessity for a strategic partnership to be mutually beneficial" (Strategic Partnerships, 2017). As we can see, not all partnerships function successfully; establishing partnerships is a time consuming process that requires a strong theoretical base and practical experience. The process is also influenced by various internal and external factors and not all of them are able to achieve the desired results. This shows the significance of the chosen research topic because regardless of the level of research, it is difficult to resolve all the issues.

Although the main goal of an enterprise is ensuring individually successful operations, to achieve it under intense competition, enterprises can establish mutually beneficial relations – form partnerships that foresee joint activities towards achieving the goal. The partnership strategy can promote competitiveness and an increase in profit levels. Each enterprise in a partnership has its own markets, with its own market players and competition influencing factors. The partnership accelerates the overall process and its effectiveness while reducing the costs of each individual company and enhancing its competitiveness.

2. RESEARCH FINDINGS

Based on the theoretical base, practice and the research, a partnership strategy model was developed with the following requirements: the partnership strategy should be as simple as possible; several concepts could easily be integrated into the overall strategy of SMEs have to be proposed; the partnership model should foster the understanding of various types of partner relations and possibilities of classification, and should facilitate the measurement and interpretation of results. The partnership strategy should have the following general outline: an organization should establish and maintain partner relations internally (micro) and externally (macro) to forecast and control various factors influencing the internal and external environment. The organization's external partners are representatives of organizations and individuals of the sector (meso) and the organization's internal partners are its employees.

3. PARTNERSHIP CONTEXT COMPONENT

This component provides the opportunity: 1) to define the environment in which organizations function, 2) to characterize organizations that function in the environment, and 3) to determine the prerequisites for collaboration among these organizations. The partnership context component includes tools: 1) for environment conjuncture analysis, 2) for analysis of complexity and uncertainty of external environment, 3) for analysis of cost/result efficiency of organizations, 4) for analysis of organization's strategic approach, and 5) for analysis of organization structure.

The external environment impacts all enterprise activities and very often determines the activity. We can split it into two levels: meso-level and macro-level. The meso-level comprises value chain providers in that specific sector: raw material manufacturers and suppliers, goods and service producers, distributors and consumers. Macro-level can be further divided into two categories: industry infrastructure providers and industry information organizations. The main task here is information gathering and processing and determining the organization's role. The analysis results are vitally important for partnership formation on the whole, as well as the choice of partners and collaboration with them. In fact, the complexity and ambiguity of the external environment not only affects the company activities, but is also the main reason for building partnerships. The degree of complexity of the external environment is determined by numerous external environment factors, but the degree of uncertainty – by the inability to predict and control the influence of these factors. Depending on the complexity and degree of uncertainty, the external environment can be divided into four basic forms: peaceful, multi shaped, restless and turbulent.

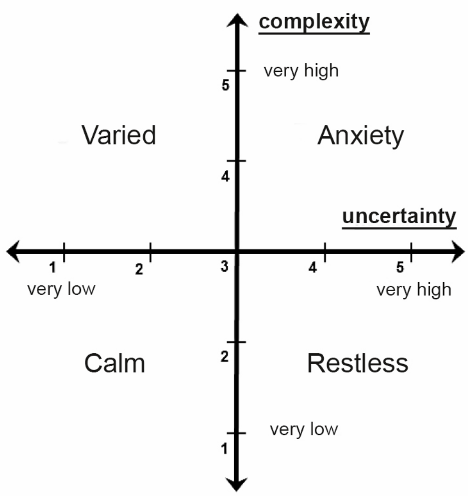

Figure 1. Basic types of external environment

The peaceful external environment is characterized by low complexity – small number of factors affecting the environment, and low degree of uncertainty – the impact of these factors is easily predictable. Sector companies are subject to low risk from the external environment and consequently there is a lack of need for partnerships to control and mitigate these risks. The main reasons for the partnership are resource optimization, promotion of visibility and acquisition of new sectors and/or markets.

The multi shaped external environment is characterized by a high degree of complexity – a large number of external environmental factors, but a low degree of uncertainty – the impact of these factors is easily predictable. The main factors affecting business in the industry are the cost of production and output, and consequently there is a need for partnerships with suppliers of raw materials, buyers and training institutions.

A restless external environment is characterized by low degree of complexity – small number of environmental factors, but high degree of uncertainty – the impact of these factors is difficult to predict. Companies need to build cooperation both directly with public authorities and join industry associations to protect their interests at the national level. On the other hand, to reduce the risks of substitute products, it is necessary both to increase investment for research in the companies themselves and to build cooperation with research institutions.

The turbulent external environment is characterized by its high degree of complexity – large number of environmental factors, and high degree of uncertainty – the impact of these factors is difficult to predict. To survive in such circumstances, a bilateral partnership is not enough. Enterprises need to build a strategic partnership network, trying to control every risk factor through multiple channels.

A subjective assessment of the complexity and uncertainty of the external environment was proposed using a scale from 1 (very low) to 5 (very high). The interpretation of the indicators defined in the context of building partnerships is relatively simple: the higher the indicator, the greater the need for partnerships. By carrying out repeated analysis periodically, it is possible to keep track of changes in the external environment, which in turn increases or decreases the need for partnerships in order to reduce the number of influencing factors and the relevant uncertainty.

The goal of any company is to generate profits ensuring its survival and growth. In order for the enterprise to remain competitive, it is necessary to strike a balance between cost effectiveness and efficient performance. According to the formulated strategic goals, all enterprises can be divided into four basic categories.

Category A enterprises are only relatively worried about the cost and effectiveness of the results. They pay little attention to the proper use of resources, and rarely have a clear vision for future development. This category includes, for example, startups still trying to find their place on the market, as well as monopolies not exposed to direct competition. Such companies need partnerships to establish the position of the enterprise (in the case of small businesses) or to optimize costs and promote their image (in the case of large enterprises).

Category B companies try to spend the least amount of resources on their products and services while reducing their costs accordingly. Such an approach is appropriate in a stable business environment and a relatively unchanging market producing products that customers choose based on the lowest price principle. From the partnership building aspect, it is necessary to distinguish enterprises still trying to achieve high cost-effectiveness (B1) from those who have already achieved it (B2). For less developed enterprises, the focus is on technological improvements and process optimization and consequently the partnership's main goal is the transfer of good practice and partners are sought among enterprises with higher cost-effectiveness. The primary focus of high-cost efficiency enterprises is gradually shifting towards efficient results, for example, by trying to differentiate existing products. Accordingly, they start looking for partners among innovative, efficiency (customer satisfaction) oriented enterprises.

Category C enterprises, unlike Category B enterprises, focus on customer needs and the search for

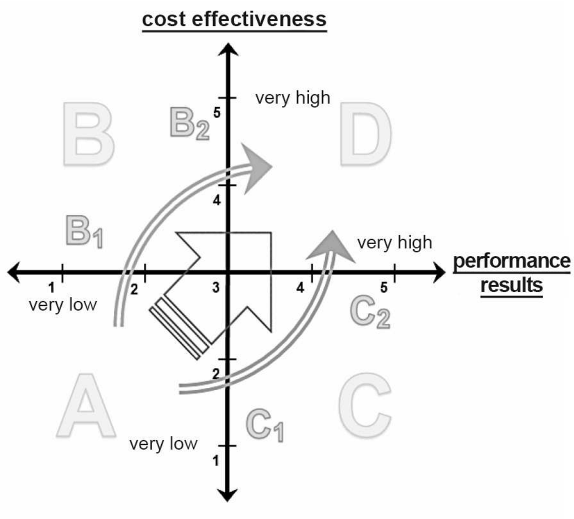

Figure 2. Basic types of cost and result efficiency

new solutions to meet these needs more effectively. Investments are directed towards innovation and new products development , rather than the improvement of existing processes and technologies. Such an approach is appropriate in changing market conditions, where the product life cycle is relatively short. From the partnership building aspect, it is necessary to distinguish between companies still trying to achieve high performance (C1) from those who have already achieved it (C2).

Category D enterprises, undoubtedly, represent the ideal option when a company strives to achieve high cost effectiveness and performance efficiency. As a rule, SMEs have limited funding available for investment and are forced to opt for a cost-effective (B) or performance (C) efficiency strategy.

So far, the goals of organizations were analyzed in the context of partnership, but now let us focus on the strategy or the ways in which organizations try to achieve the goals set and the related partnership needs. The strategic approach of enterprises is best described by the attitude towards innovative activity and hence we provide an assessment of the intensity of exploration of new opportunities that involves the search for new technologies or solutions, and the intensity of use of existing opportunities, which involves the use of existing and known technologies and solutions in new ways. According to the intensity of both factors, all enterprises can be divided into five categories: the respondent, the protector, the reconnoiterer, the innovator, and the innovator.

Respondents are characterized by a weak strategic interest in existing and potential opportunities. These are enterprises that are satisfied with the production of customary products and strive to make changes only when pressurized by the external environment, or when an acute need or problem is identified in the business itself. In general, the company's strategy is not effective in achieving the goals set, because it does not take into account factors and changes in the external environment. Every problem is perceived as a surprise and addressed once the problem has occurred in this strategy and organizations are unable to predict and plan future changes and promote neither its development nor its sustainability. Enterprises with a respondent strategy can often become partners and even initiate partnerships, but such partnerships are not sustainable unless the enterprise changes its strategic approach.

Protectors are characterized by a low level of exploration of new opportunities and high intensity of utilization of existing opportunities. These are enterprises whose innovative activities are limited to separate, specific areas – primarily to improve existing products. Such enterprises are often unable to accept change, and use quality and its customary quality assurance processes as an argument against the introduction of any kind of innovation. Enterprises with a protector strategy are excellent partners in associations, defending the interests of the sector in their relations with public authorities, promoting industry standards and the quality of products of producers adhering to those standards.

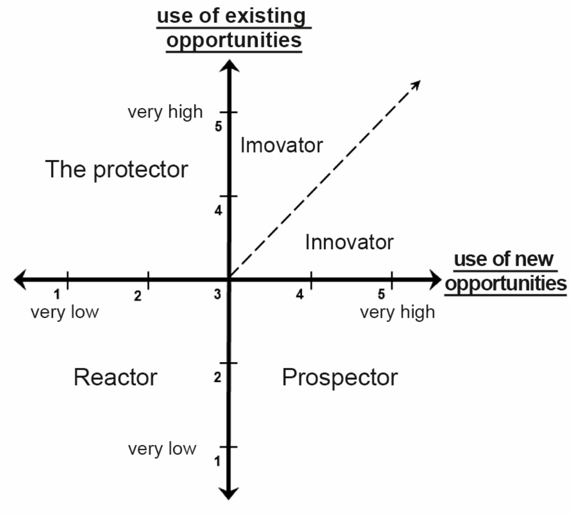

Figure 3. Types of enterprises according to the intensity of utilization of opportunities

The reconnoiterer is characterized by a high degree of exploration of new opportunities and low level of use of existing opportunities. These are enterprises that focus on innovative processes by systematically exploring new opportunities and experimenting with change. These enterprises occupy their own niche market and use the initiator's advantage. Enterprises with a reconnoiterer strategy can be very active as partners because they support all innovation and change. On the other hand, ignoring quality and safety issues by such partners can negatively affect the reputation of all partners.

The last two groups are characterized by a strong strategic interest in innovation, so it is appropriate, in line with the primary focus, to distinguish two sub-groups – innovators and imovators. Innovative strategy focuses on creating innovation and complements the reconnoiterer strategy with the features of protector strategy. The imovator strategy focuses on transfer of innovation and complements the strategy of the protector with features of intelligence strategy. Similar to companies with a protector strategy, imovators focus on maintaining their market position and increasing cost efficiency.

Successful partnership is possible only by building appropriate communication between partner organizations, taking into account aspects of orientation and differentiation of their functions, as well as the hierarchy. The orientation of internal functions is determined by the division of the organization structure according to the internal functions of the organization, for example, raw material procurement, production, distribution, logistics, accounting, administration. The orientation of external functions is determined by the division of the organization structure according to the external functions of the organization, for example, distribution in specific regions, work with large and small customers, retail and wholesale trade.

A simple organization is characterized by the division of the organization into a small number of units, or even a lack of any such divisions; there is no formal structure scheme and functionality is provided by the job descriptions of the respective managers. The task of the manager is to organize the work of structural units or subordinate staff. The enterprise is mainly represented in the partnership by the company's manager, who can simultaneously be both the decision maker and the performer of various functions. A functional organization is characterized by a formal breakdown according to the basic internal functions of the organization. The enterprise is represented in the partnership by the staff member responsible for each specific function (manager, accountant, etc.). Divisional organization is characterized by a formal breakdown according to the main external functions of the organization. The company is represented in the partnership by the head of the particular structural unit and/or employees. The matrix organization is characterized by a formal breakdown according to the organization's inter-

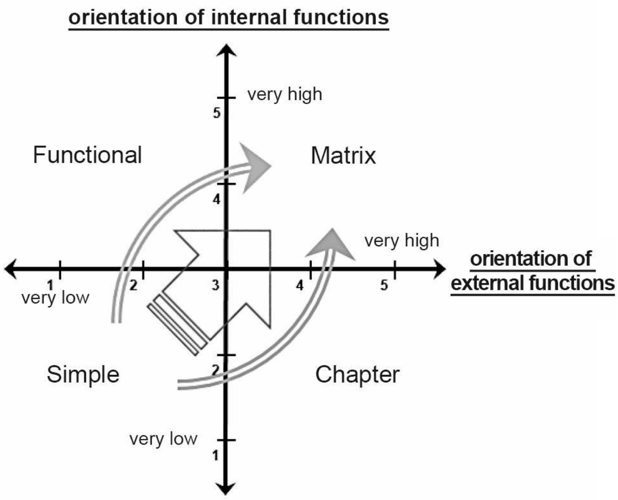

Figure 4. Orientation of functions

nal and external core functions. In the partnership, the enterprise is represented by the head of the particular (performing partnership function) unit and the employees, but the composition of the staff can vary according to the needs. An analysis of the organization's function orientation allows determining the factors for building partnerships.

The organizational structure is also affected by the degree of differentiation (vertical, horizontal), according to which four types of organizational structures can be distinguished: uncertain, flatarchy, extended and symmetrical.

An uncertain organizational structure is characterized by its name – uncertainty. There are only two levels in the organization – management and employees, and it is not always clear which employee is subordinate to which manager in a particular situation. On the one hand, such an organization can be very flexible, involving as many as necessary staff for specific tasks. On the other hand, the unclear distribution of duties, responsibilities and authority does not promote quality performance. This structure is typical for most small businesses.

Flatarchy organizational structure is characterized by divisions according to internal and external functions of the organization and a small number of management levels – usually lower level (structural units) managers and top (corporate) managers. This structure ensures the specialization of departments and a quick decision-making process, and is primarily characteristic for medium-sized

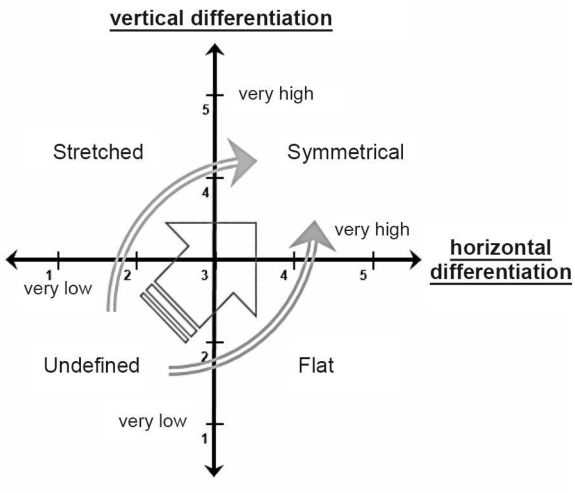

Figure 5. Types of organization structure

enterprises that have adapted to market conditions. Extended organizational structure is characterized by divisions according to the internal functions of the organization and a large number of management levels. This structure provides a high level of control over structural units, but a slow decision-making process, and is primarily characteristic for public administration institutions and public enterprises. A symmetrical organizational structure is characterized by divisions according to the organization's internal and external functions and a large number of management levels – usually lower level (structural units), middle (heads of sections and/or departments) and top (corporate) managers. This structure ensures specialization and control of structural units, but complicates the decision-making process, which is why it is typical for large enterprises. An analysis of organizational structure differentiation makes it possible to determine the most effective communication for building partnerships.

4. EXTERNAL PARTNER NETWORK COMPONENT

This component provides the opportunity:

1) to define the organization's existing/potential partner network;
2) to characterize existing/potential partners;
3) to compare the organization's partner network with its competitors'.

Partnerships can be divided into three types according to their form and content: operational or contractual relations, tactical or partner networks, and strategic or integrated partner network relationships.

In accordance with the level of development of partnerships, three stages can also be distinguished in the development of partnership networks: the contractual stage, partnership building stage and partnership network integration stage.

The contractual stage is characterized by formal, temporary, bilateral contractual relations between enterprises. There is no integration of enterprise goals, strategies and resources. The partnership consists of operational (contractual) partners, each of which is selected as the best alternative, and may be replaced at any time by a similar company. The partnership is characterized by formal contracts and execution of orders. Communication with third-level partners usually takes place once a year to review contractual relations, or in the event of a problem. The content of the communication basically covers contractual relations and their execution.

The partnership building stage is characterized by both formal contractual and informal communication, wherein the more closely involved companies align their goals and strategies for joint activities in the target market. Interdependencies between enterprises increase and relations gradually lose their bilateral character. It should be noted that the most important (tactical) and less important (operational) partners are gradually separated. Tactical partnership is characterized by the integration of conditional goals and strategy, the main task of which is to ensure the successful functioning of the two organizations in the market. Communication with second-level partners takes place when required, both in relation to contractual relations and changing market situations.

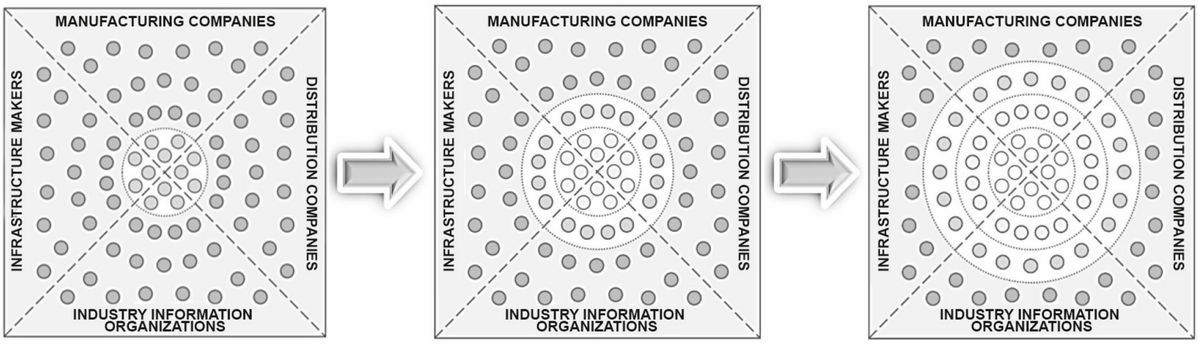

Figure 6. Stages of partnership network development

The partnership network integration stage is characterized by the differentiation of partners at different levels. The core of the integrated partnership network is made of first-level partners. First-level partners are organizations without which the enterprise cannot survive and who provide high added value both within the sector and beyond. The partnership is characterized by a high-level of integration of goals, strategies and resources aimed at ensuring the sustainable development of both organizations, both in the target market and the sector as well as in other markets and sectors. Communication between first-level partners takes place at any time, according to the needs of these partners. The content of the communication includes any kind of information that may be useful for the survival, development and competitiveness of the enterprises. A second-tier (tactical) partner is focused around the core of first level partners, which can add value within the sector, while on the periphery there are third-tier (operational) partners, who at any specific moment are able to provide the most beneficial contractual terms. Potential partners – any person or organization directly or indirectly connected to the sector who is interested in participating in the partnership network – should be distinguished separately. Due to its cross-sectoral activities, the integrated partner network has the ability to influence the entire business environment, resulting in an increase in the range of potential partners to complement the partnership.

5. INTERNAL ENVIRONMENT COMPONENT

This component provides the opportunity:

1) to define the organization's internal partner network; to characterize employee categories and motivation in the partner relationship context;

2) to analyze the opinion of employees (incl. managers) on internal efficiency of the organization;

3) to analyze the opinion of employees (incl. managers) on participation in the enterprise's development and knowledge management;

4) to analyze the attitude of employees (incl. managers) towards collaboration and partner relations;

5) to analyze the opinion of employees (incl. managers) on risks and partnership priorities, to analyze the opinion of employees (incl. managers) on factors related to collaboration building and enterprise development as well as to analyze the opinion of managers on the significance of risk in enterprise development.

The employees of any organization (including managers) are the organization's internal partners, who determine and build both the internal environment of the organization and relations with other organizations, as well as through the scope and quality of communication – an image of the organization in the external environment – between the suppliers and distributors of the organization, existing and potential competitors, end users and consumers of products/services produced, as well as the market as a whole. Therefore, the internal environment component is intended to ascertain the views and attitudes of the organization's micro or internal environment (employees and managers) towards partnerships both within the organization and between the organization and its network of partners. The model proposes the questionnaire method that can be later supplemented or completely replaced by semi-structured interviews. The benefit of the questionnaire is the gathering of statistically comparable data by repeated questionnaires (for example, once a year), which allows to determine both the changes in specific factors and the correlations between them.

6. ASSESSMENT OF EXTERNAL PARTNER RELATIONS AND THEIR DEVELOPMENT OPPORTUNITIES

The attitude and opinions of employees and managers about the organization's internal and external partnerships directly affect the building, maintenance and quality of the partnership. Although the composition of the collaboration partners remains unchanged, the responses of ordinary workers, middle and senior managers are to be analyzed separately and subsequently compared, since each problem if and when it occurs requires a different solution at each level. In the framework of the proposed method, the following issues are separated: 1) the quality of existing collaboration (from poor to very good), 2) the importance of collaboration in general (from no to yes), and 3) the nature of co-operation. In the second group of questions, respondents are asked to additionally rank collaboration partners according to their significance (from the most important to the least important).

With regards to the importance of the factors related to building/maintaining the partnership the following issues were distinguished within the framework of the proposed method: the importance of factors in terms of collaboration and the enterprise development (from no – not important to yes – very important). In addition, respondents are asked to evaluate the importance of each factor in relation to other factors, ranking them from the most important to the least important (1,2,3...). Given that risk analysis involves strategic planning and management and, therefore, the competence of managers, the third question group is included only in the managers' questionnaire. Also, in this group, the factors should be assessed individually on a scale of 5 (from no – not important to yes – very important) and then ranked from the most important to the least important (1,2,3...).

CONCLUSION

The components of the strategic partnership model developed cover all areas of collaboration and impact factors. The external environment affects all activities of the company and often defines it. In accordance with the complexity and degree of the external environment uncertainty, we categorize it into four basic types: peaceful, multi shaped, restless and turbulent environments. Enterprises in different environments have differing needs for partnerships. Enterprises with peaceful external environment accord low importance to partnerships, whereas the need for partnerships grows for enterprises that are in a multi shaped environment or restless environment, and are even more important for those enterprises in a turbulent environment. According to the strategic goals formulated, all enterprises can be divided into four basic categories: A, B, C, and D. Successful partnerships are only possible by establishing appropriate communication between the partner organizations, taking into account their orientation and differentiation aspects as well as the hierarchy, and depending on these two aspects, the reasons for building partnerships may vary.

It is in fact the analysis of the organizational structure differentiation that allows identifying the most effective communication required for building partnerships. We believe that according to the form and content there are three main types of partnership: operational or contractual relations, tactical or partner networks, and strategic or integrated partner networks. Depending on the partnership development level achieved, partnership network development can be divided into three stages: the contractual stage, the partnership building stage and the partnership network integration stage. First level partners – the closest relationship, including the alignment of strategic goals and full cooperation apart from direct business transactions. Second level partners – organizations that are vital for the company operation, and collaboration is mainly business related. Third level partners – organizations that can easily be replaced depending on the market offer, and prospective partners – organizations that are not partners yet, but have the potential of becoming ones at any level of partnership. Due to its cross-sectoral activities, integrated partner networks have the ability to influence the entire business environment, resulting in an increase in the range of potential partners to complement the partnership.

In turn, the internal environment component is intended to clarify the views and attitudes of an organization's micro or internal environment (employees and managers) to partnerships both within the organization and between the organization and its network of partners.

On the whole it could be concluded that partnership value increases with the level of partnership integration, and a higher level of partnership typically leads to the establishment of partnership networks. The alignment of the strategic goals and compliance with the established common principles of honesty, reliability and good reputation are vital for the sustainability of a partnership. A successful sustainable strategic partnership offers the opportunity to increase competitiveness and achieve higher than average results in the sector.

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