

Governance in Brazilian Coffee Clusters: A Comparative Study

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ABSTRACT: In Brazil, a program known as Local Productive Arrangements (LPAs) has been established to support business clusters with significant development potential through public policies. This paper investigates interorganizational governance within two significant LPAs in the coffee sector situated in the state of São Paulo, Brazil. The study adopts a perspective on relational and contractual governance, as articulated by Roehrich et al., (2020), recognizing the pivotal role of Brazil's coffee culture. The research aims to comprehend the governance mechanisms implemented by the selected LPAs. Employing a qualitative approach, the study conducts interviews with managers/founders. The criteria for evaluating Interorganizational Governance encompass antecedent factors, governance mechanisms, and resultant outcomes. The findings indicate that these LPAs manifest two distinct models of interorganizational governance: one characterized by relational predominance, marked by a substantial presence of reliability, and another contractual model displaying a heightened level of governance maturity.

KEYWORDS: Clusters; Interorganizational Governance; Relational Governance; Contractual Governance

I. INTRODUCTION

Originating in the 19th century the agricultural culture firmly rooted itself in the Brazilian Paraíba River Valley and the states of Rio de Janeiro and São Paulo and for a century coffee stood as the primary export of Brazil (Martins, 2012). The Brazilian coffee producers annually yielding over 3 million tons (ICO, 2019).

In response to a production volume in coffee-producing regions surpassing local consumption, collaborative efforts have evolved over the years to sustain the competitiveness of rural producers in agricultural commodity production. Consequently, rural producers have embraced the mantra of "together we can go further." The consolidation of forces, realized through cooperatives and associations, has become integral to the agribusiness sector.

Within this context, the clusters, known as São Paulo Local Productive Arrangements Promotion Program (APL), initiated under the Secretariat of Economic Development (SDE) through Decree No. 54,654 on August 7, 2009, endeavors to foster regional development and alleviate regional disparities within the state.

Emphasizing these chains, the program seeks to bolster the competitiveness of micro, small, and medium-sized enterprises through enhanced interaction and cooperation¹. Consequently, the program falls within the purview of public policies and has played a pivotal role in organizing clusters in the state of São Paulo, significantly impacting coffee producers.

The contribution of this work lies in scrutinizing the variables that shape clusters, their governance, and the resultant outcomes. Similarly, the hypothesis posits that the organization of clusters has contributed to the emergence of novel association models, with a more comprehensive understanding of the true meaning of "collaboration" among stakeholders. Notably, the participation of local and/or regional public and private entities, not necessarily linked to the production process, is underscored.

The concept employed aligns with Cassiolato, Lastres, and Stallivieri (2008), encompassing "agents linked to the focus activity: public and private organizations; organizations in the production process; organizations in human resources; institutions associated with R&D; and those focused on policy, financing, and promotion actions". In this context, governance mechanisms become pivotal for the success of clusters in advancing rural producers, justifying this research that involves the examination of two coffee clusters in the state of São Paulo.

The objective was to analyze the selected clusters based on Roehrich et al., (2020) multidimensional model of interorganizational governance, applying it to the governance of Clusters in the coffee agribusiness sector in the interior of the State of São Paulo. The multidimensional structure is categorized into three dimensions scrutinized in this work.

The first dimension, governance, is referenced as antecedents of governance (historical factors), determining the conditions for the initial construction of interorganizational governance. Second dimension, governance construction, titled the conceptualization of

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governance mechanisms, is segmented into two structuring axes: contractual governance and relational governance, representing the two forms of management analyzed.

The third dimension, the multidimensional structure, is defined as performance implications, examining how the management of interorganizational governance in an ecosystem, classified as Relational or Contractual Governance, is verified.

The research assumed the form of interviews with leaders of coffee clusters, selected for their representativity in the State of São Paulo, notable prominence in their organization with active representation in this segment, and technical recognition of their projects by São Paulo Local Productive Arrangements Promotion Program.

This article is structured into five sections: the first is the introduction; the second presents the theoretical framework; the third outlines the methodological procedures; the fourth presents the results and discussions, and finally, the fifth section provides concluding remarks.

II. THEORETICAL FRAMEWORKS

To deepen comprehension of the research subject and furnish a contextual backdrop for the findings, this section introduces the notion of local productive arrangements and governance, elucidating facets of relational and contractual governance.

A. Clusters

The concept of clusters in Brazil draws inspiration from the Italian industrial districts of the 1950s and 1960s, which were characterized by heightened productivity and contributed to economic growth, competitiveness, and social development. These clusters consist of small and micro-enterprises, like the networks of Italian enterprises, and operate within a distinctive territorial dynamic marked by specialized production and leveraging synergies and socio-institutional structures existing in the region (Silva, 2002, p.254).

These industrial districts, a term introduced by Marshall in the 19th century, highlight an organizational pattern where small companies focusing on manufacturing specific products are geographically clustered (Lastres et al., 1999; Silva, 2007).

Supported by R&D institutions, including universities, research and technology institutes, and governmental support, Brazilian clusters can tout competitiveness as a prominent attribute. The 2017 PINTEC survey (IBGE, 2020) emphasizes that companies draw from diverse information sources, absorbing and integrating this information into their innovative processes through the creation, dissemination, and absorption of knowledge identified in these sources.

Since 2000, the Ministry of Development, Industry, and Foreign Trade (MDIC) in Brazil has identified and supported 957 clusters acknowledged at the state level, involving the private sector and civil society to stimulate local development. In the state of São Paulo, the recognition process is overseen by the Secretariat of Economic Development of the State of São Paulo (SED-SP), guided by the basic principles of collective organization with attributes of cooperation, continuous learning, and governance acknowledged by participants in the arrangement within that geographical space (São Paulo State, 2022).

Intergovernmental actions have integrated improvements in associative models, such as consortia, societal articulation, local territorial arrangements, metropolitan regions, integrated development regions (RIDE), watershed committees, governmental associations, and local productive arrangements (Abrucio; Sano; Sydow, 2010). In the models presented by Abrucio; Sano; Sydow (2010), as well as noted by Roehrich (2020), opportunistic behaviors may exist. However, cooperative relationships and the adopted governance model can be decisive factors for mitigating or eliminating such behaviors.

According to Bartz et al. (2018), in the context of stimulating discussions in collaborative governance as open innovation ecosystems, research conducted in a cluster in the state of Rio Grande do Sul, in the metal-mechanical field, asserts that collaborative governance constitutes a developmental process with successful stages such as "face-to-face" communication, commitment to the process, and a shared vision of the future. The authors note that the trust-building process is still evolving and presents itself as a challenge to be overcome. Additionally, they conclude that information sharing is fragmented, and innovation occurs incrementally, precluding the classification of the studied cluster as an innovative ecosystem.

In this context, studying a cluster requires an investigation of significant variables that can determine the classification of certain arrangements, as well as identifying weaknesses within the process that require improvement. This research specifically analyzes clusters from the governance perspective, requiring a delineation of the concept adopted in this study.

B. Governance

The structural changes in society, administrative reform, reshaping of the role of the State, strengthening of participative democracy, and decentralization in processes have significantly propelled studies on governance. Generally, governance is associated with governing interorganizational relations within a context of collective action through jointly determined norms and rules designed to regulate individual behavior in a group context (Ostrom, 2000).

The increased use of the governance concept arose in response to changes in political practices that required the government to manage increasingly complex situations (Hirst; Thompson, 1995). Despite controversies surrounding the concept, the discussion persists (Olowu, 2002). Governance extends beyond the notion of government, reflecting on the political implications of social change towards a renewed focus on political institutions and their roles in the face of changes (Kjaer, 2004). The continuous

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debates on the practices and organizational forms that govern our lives have been the motivating factors behind the emergence of governance (Ezzamel; Reed, 2008).

In the perspective of network governance, four positive points deserve attention: 1. Governance networks have great potential for proactive governance, as multiple actors are more capable of quickly identifying new opportunities and problematic policies, as well as producing flexible responses that correspond to the complexity and variety of fixed conditions; 2. Governance networks have important tools for aggregating information, knowledge, and assessments that can qualify decisions, and the actors in these networks generally have relevant knowledge to make such decisions. When the knowledge of all actors involved is combined, it represents a significant basis for making intelligent choices among viable options; 3. Governance networks establish a framework for consensus-building or at least for dealing with conflicts among stakeholders; 4. Governance networks supposedly reduce the risk of implementation resistance because when actors are involved, they are more likely to support (Sorensen; Torfing, 2005).

The contributions of these authors were fundamental for a new scenario of discussions regarding network governance to emerge, such as discussions in the field of interorganizational relations, namely, self-organized interorganizational networks (autonomous and self-governed networks) characterized by interdependence, resource exchange, and significant government autonomy, not necessarily implying freedom but rather self-responsibility. Integrated networks are resistant to government control; therefore, they develop their own policies and shape their environments (Rhodes, 1997).

Considering interorganizational aspects, the strategy in the form of organizing governance in environments with different actors that relate in an interorganizational manner becomes decisive for the expansion of their interdependencies and is related to the coordination and control of actions and projects, with the purpose of developing and specializing their members, in order to promote the production of shared knowledge and stimulate cooperation and innovation (Amorim; Moreira; Ipiranga, 2004).

When combined with a network perspective, strategy is perceived as something people do, not something organizations have (Johnson et al., 2007). The active participation of the involved actors is fundamental for the development of networks that, by nature, require interaction, movement, and process.

Considering that the decision-making process involves activities carried out through links between actors and their demands continuously, the emphasis in the field of organizational studies and strategy has sparked discussions in these areas and expanded the focus on governance to the extent that actor-network theory, by including human and non-human actors in its scope, favored the understanding that human actors have played an important role in understanding social phenomena and organizations, as evidenced in studies on heterogeneous networks (Montenegro; Bulgacov, 2014).

Examining the governance of networks and its effectiveness, focusing on its structural properties, and based on the evolution of studies on the subject, two dimensions of governance have been identified for investigation: 1. Governance carried out entirely by organizations belonging to the network; 2. Governance management conducted by an external actor, also known as a Network Administrative Organization (NAO), which has allowed the identification of three basic governance models: 1. Networks governed by participants that rely exclusively on the involvement and commitment of all members; 2. Networks governed by a Leading Organization, wherein the key decision-making activities are coordinated by a single organization within the network, usually the one with the highest representation; 3. Network Administrative Organization - NAO, an administrative unit is created to conduct governance separately (Provan; Kenis, 2008).

Table 1 below presents the main predictors of the effectiveness of network governance forms proposed by Provan and Kenis (2008).

Table 1: Main predictors of effectiveness of network governance models.

Governance Models	Reliability	Number of Participants	Goals consensus	Network necessity – Level competencies
Shared governance	High density	Limited	High	Low
Leading organization	Low density, Highly centralized	Moderate	Moderately low	Moderate
Administrative network organization	Moderate density, NOT monitored by members	Moderate to high	Moderately high	High

Source: Adapted by Provan e Kenis (2008).

The effectiveness of interorganizational governance remains a subject of study, and over the past four decades, research related to the concepts of relational and contractual governance in interorganizational relationships has shown limitations in terms of review, analysis, and synthesis. This suggests the need for more in-depth literature reviews to develop and position a multidimensional

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governance framework (Roehrich, 2020). In this perspective, the proposed framework encompasses existing conceptualizations of shared governance, its various mechanisms, and environmental dimensions influencing the use of shared governance mechanisms and organizational performance implications.

Building on this context, contractual governance aims to propose formal controls with objectives, rules, and obligations specifying the expected behavior of the counterpart. Additionally, it outlines monitoring procedures, respective duties, rights, and contingencies among the involved actors. On the other hand, relational governance suggests that control be based on a social platform, specifying how commercial partnerships are governed by social relations. It involves parties and relies on endogenous relational norms of flexibility, efficiency, cooperation, information exchange, and a strong commitment to achieving shared goals in the relationship (Cao; Lumineau, 2015).

Thus, the main characteristic of relational governance is the development of trust, reciprocity, and the social embedding of actions that, through mutuality, continuous information exchange, and mechanisms preventing opportunism issues (Sachett; Bortolaso; Alievi, 2021).

The coordination of the presented governance structures is based on two main aspects. The first is the trust established between organizations as the foundation for interactions, information exchange, knowledge sharing, and facilitation of cooperative actions. The second relevant aspect concerns collaboration through a business project, involving clients, the execution of the work plan, and the definition of each party's activities based on a formal contract established as a security measure for the organization (Claus; Kesting, 2017). The interaction between companies is based on two dimensions: informal and formal.

In the relational dimension presented in the theory of social capital (Bourdieu, 1986; Coleman, 1988), an explanation is provided on how individuals within a stable network of social relations can benefit from their position or generate positive externalities for other members. Highlights include the individual's role and the function of trust within a governance structure of the clusters.

In the formal dimension, contractual governance emphasizes the importance of contracts between companies to safeguard parties against opportunism and conflict. For this contractual formalization, monitoring procedures, as well as respective duties, rights, and contingencies among the parties involved, are specified (Cao; Lumineau, 2015). Williamson (1985, 1991, and 1996) presented the analysis of Transaction Cost Economics (TCE) in existing contractual forms of company relationships through the New Institutional Economics (NEI). The analyzed dimensions include asset specificity, frequency, and uncertainty, and Azevedo (2000) classified formal and informal rules for agriculture. In the context of the institutional environment, companies seek contractual governance to minimize uncertainty and achieve lower costs.

III. METHODOLOGY

Concerning the approach, this study employed the qualitative analysis method, as advocated by Yin (2016), enabling in-depth investigations across a broad spectrum of topics. Qualitative research accommodates the collection of sensitive data pertaining to both individuals and the locations studied. It permits data analysis through inductive or deductive reasoning, while also allowing for the inclusion of interviewee narratives, researcher reflections, and facilitating the interpretation and interaction of the acquired data (Creswell, 2014). In this study, the primary focus was on qualitative and comparative analysis of two Coffee Agribusiness Production Systems located in the interior of the state of São Paulo, aiming to identify and describe the types of governance they employ. Thus, this study employed a descriptive qualitative research approach (Hair Jr, 2005).

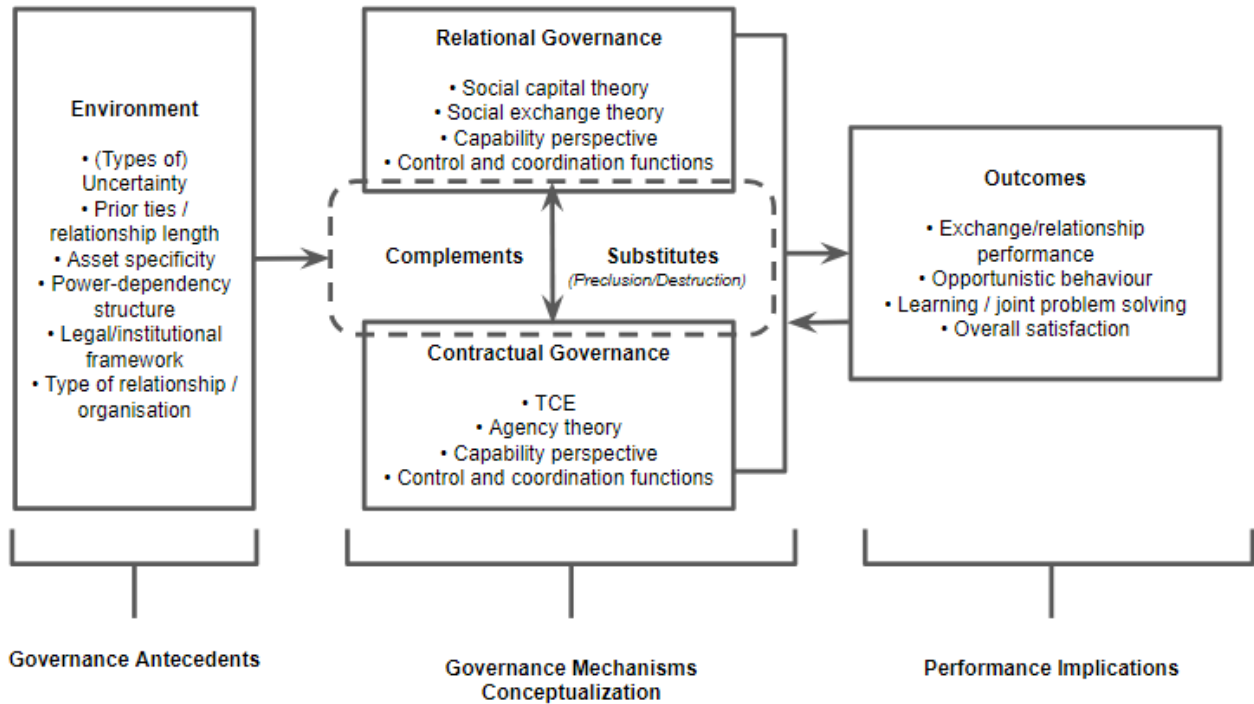
Regarding the technique, content analysis, as defined by Hair Jr (2005), was adopted, seeking data through the examination of textual content. In this case, the transcripts of conducted interviews were utilized, employing a systematic analysis to assess the frequency of word occurrence and thematic patterns. The assigned meaning was derived in accordance with the presented theory. The adopted categories were: Antecedents, Governance, and Outcomes (Roehrich, 2020). The comparative method was employed to analyze data and deduce consistent elements (Fachin, 2003) with the objective of delineating the similarities and differences between relational and contractual governance.

Data collection involved two semi-structured interviews with the managers of the Coffee clusters, both focusing on coffee production. Notably, these clusters represent the most significant coffee-producing groups in the State of São Paulo, justifying their selection for this study.

The interview content, as acquired data, was analyzed to comprehensively understand the presented discourses, aiming to capture information elucidating the governance structures in the respective clusters, according to the interviewees' perceptions (Bardin, 1977; Hair Jr, 2005). The analysis of interview content involved categorizing significant phrases related to predefined codes, aligning with the classification presented by Roehrich et al., (2020), as Figure 1.

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Figure 1 A Multidimensional Framework of Interorganizational Governance.



Source: Adapted by Roehrich et al., (2020).

With reference to Figure 1, a clustering of codes was undertaken, categorizing them into three distinct groups, aligning with the framework proposed by Roehrich et al. (2020). These groupings have been delineated in Table 2:

Table 2: Grouping codes into categories.

GOVERNANCE BACKGROUND	CLUSTERS GOVERNANCE	GOVERNANCE RESULTS
Uncertainty	Relational	Exchange/Relationship
Pre-existing ties/Relationships	Contractual	Opportunistic Behavior
Organization/Relationship types		Learning
Assets specificity		Joint Problem-Solving
Dependency structure		Overall satisfaction
Legal framework		

Fonte: Elaborated by the Authors.

The assignment of meanings to the codes listed in Table 2 followed the criteria outlined by Roehrich et al. (2020). According to the authors' interpretation, these criteria encompass the following aspects, as delineated in Table 3:

Table 3: Meaning of the codes according to the authors' interpretation in Roehrich et al. (2020).

Uncertainty: behavioral and environmental sources of uncertainty and doubts. They can influence the design of the contract and its functionality.
Pre-existing ties/long-lasting relationships: influence the detail of contractual agreements and the degree of relational governance mechanisms; previous ties/relationship duration moderate the interaction between contractual governance and relational governance.

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Legal Structure: Institutional, legal or regulatory configuration that impacts the effectiveness of governance mechanisms.
Organization/Relationship types: Strategic alliances, buyer-supplier relationships; cross-border exchanges. Exerts influence on governance mechanisms
Assets specificity: High levels of asset specificity require contractual safeguards to mitigate opportunism. Relational norms may be necessary to manage risks related to asset specificity.
Dependence structure: Relationship of strong dependence between the parties involved. It could be economic dependence. In organizational relationships they have a significant impact on the choice of governance mechanisms.
Relational Governance: Based on relationships of friendship and integration between participants.
Contractual Governance: Based on rules and regulations. Formalized constitution of governance
Exchange/Relationship: Carrying out exchanges and/or partners in terms of quality, cost and punctuality. The joint use of governance mechanisms can increase relationship performance.
Opportunist Behavior: Pursuit of self-interest with intent.
Learning: Exchange partners over time learn to contract and collaborate to solve problems or align their goals and incentives with specific knowledge derived from the exchange.
Joint Problem-Solving: exchange partners united in problem-solving.
Overall satisfaction: Perception of benefits arising from exchange and exchange between participants.

Fonte: Prepared by the Authors. Adapted from Roehrich et al., (2020).

A. Interviews

Semi-structured interviews conducted with leaders of coffee clusters in the state of São Paulo. The interviews were based on the theoretical model of Roehrich et al. (2020) and transcribed with the help of information and communication technology (ICT) tools. The identities of the interviewees were kept confidential, referred to as Interviewee #1 and Interviewee #2.

1) Interview #1:

Interviewee #1 highlighted that the formation of the clusters originated from a proposal promoted by the São Paulo State Department of Economic Development and mentioned that the Rural Union played a crucial role, facilitating communication with various institutions and promoting courses and training. He emphasized the importance of unity among producers to access promotion policies, credit lines, and financing: "with organization, there have been advancements, bringing hope". Additionally, the interviewee noted the excellent camaraderie among participants, with frequent social events: "instead of sitting down to solve problems, we sat down for socializing".

2) Interview #2:

The Interviewee discussed the constitution of the clusters, mentioning that the coffee producers' association joined the Fair-Trade program in 2012, which required strict adherence to rules and criteria. He highlighted the need for a well-formalized organization, with registered minutes, defined administrative election processes, and financial accountability. The interviewee stated that "the small producer needs to learn to work in a group" and that management is a limiting factor for rural producers: "when it comes to administration, it's a total disaster, very difficult, requiring a lot of patience". He also mentioned that many rural producers do not recognize the benefits of unity and organization for boosting coffee production businesses.

The interviews reveal differences in the management of the studied clusters, with Cluster #1 characterized by predominant social and informal relationships, while Cluster #2, in response to Fair Trade requirements, features more formal relationships with a well-defined legal structure.

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IV. RESULTS AND DISCUSSIONS

The research findings are presented in the form of tables and figures. Tables illustrate the number of occurrences of identified codes in the interviewees' discourses, in accordance with the meaning attribution adapted by the authors as demonstrated in Table 3. Subsequently, tables and figures related to each of the categories and their respective codes are presented, illustrated by selected phrases extracted from the interviews using the Atlas.ti 6.2 software tool.

Concerning the antecedents of the Clusters, Table 4 is presented, demonstrating the incidence of codes observed in the interviews:

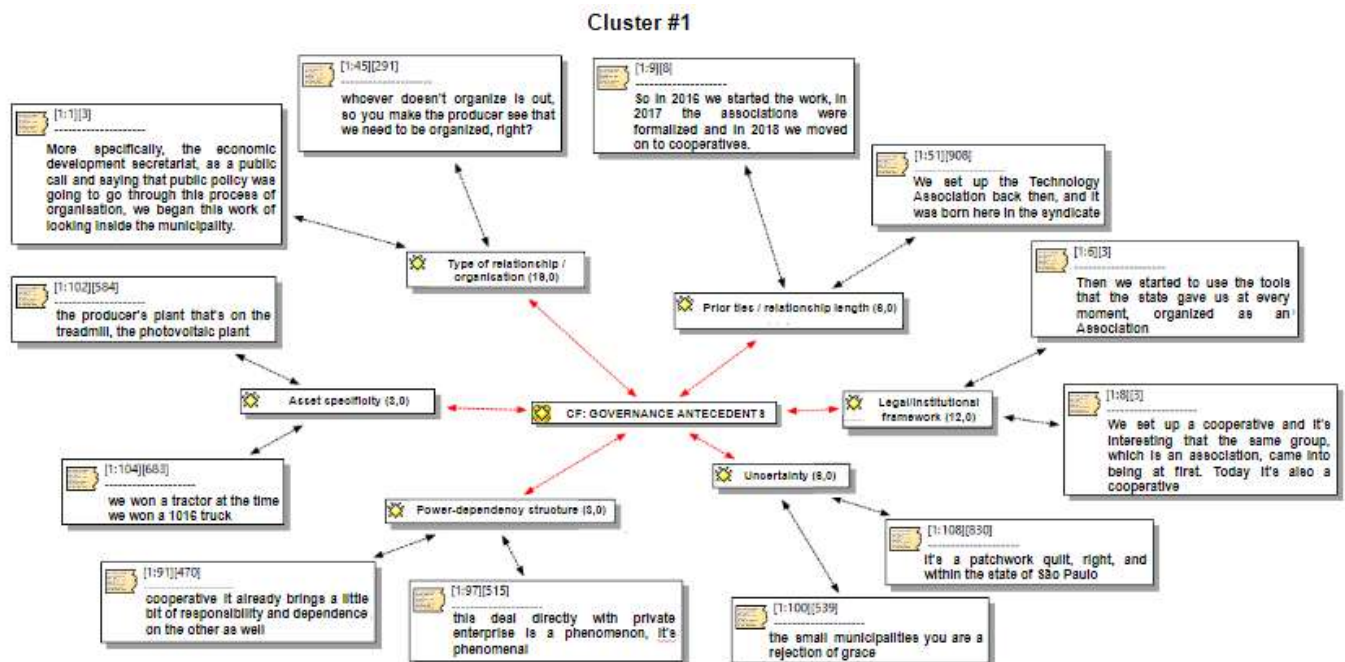
Table 4: Quantities of codes observed in the interviews in the Governance Background category.

GOVERNANCE BACKGROUND	#1	#2
Uncertainty	6	9
Pre-existing ties/ Enduring relationships	6	2
Types of Relationship/Organization	19	4
Assets specificity	3	2
Dependency structure	3	1
Legal framework	12	14

Fonte: Prepared by the authors

The quantitative analysis of the interviews presented in Table 4 reveals that aspects related to Relationship Type/Organization and Legal Structure prominently feature in Cluster #1, while Uncertainty and Legal Structure are prevalent in Cluster #2.

Figure 2 Interaction of codes with the “Antecedents of Governance” category in Cluster #1.



Source: Survey data

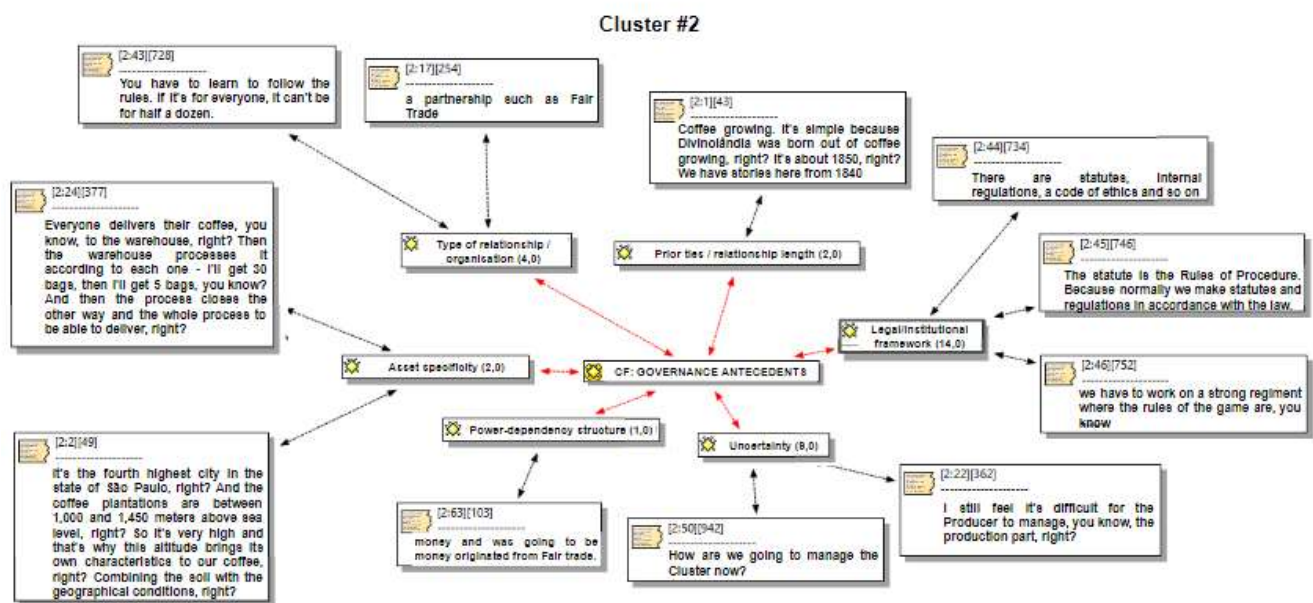
The analysis of Figure 2, supported by Table 4, indicates that Clusters #1 and #2 exhibited a high frequency of the Legal Structure code, suggesting that the organization arising from the legal structure required for cluster formation favors its establishment. Consequently, it can be asserted that there was a pre-existing and well-established organization within the coffee producers' group before the formalization.

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Another noteworthy observation is the recognition of the significance of association arising from a harmonious relationship among group members. This aligns with Roehrich et al., (2020) theory of Relational Governance and the existence of Governance Antecedents.

To analyze Cluster #2, Figure 3 was elaborated.

Figure 3 Interaction of codes with the “Governance Background” category in Cluster #2.



Source: Survey data.

Through analysis of Figure 3 complemented by the data presented in Table 4, Cluster #2 demonstrates the presence of codes for Uncertainty and Legal Structure, indicating that Uncertainty prompted cluster members to organize themselves to seize greater opportunities. Various issues generating uncertainty were identified, such as fluctuations in the coffee market, challenges in the export process, and a lack of financial resources.

The aspect of legal structure also receives prominence, compelling entrepreneurs to organize themselves into unions, associations, and cooperatives before the formal constitution.

In terms of Governance, Table 5 quantifies the codes observed in the interviews conducted.

Table 5: Quantities of codes observed in the interviews in the Cluster Governance category.

CLUSTER GOVERNANCE	# 1	#2
Relational	11	4
Contractual	2	4

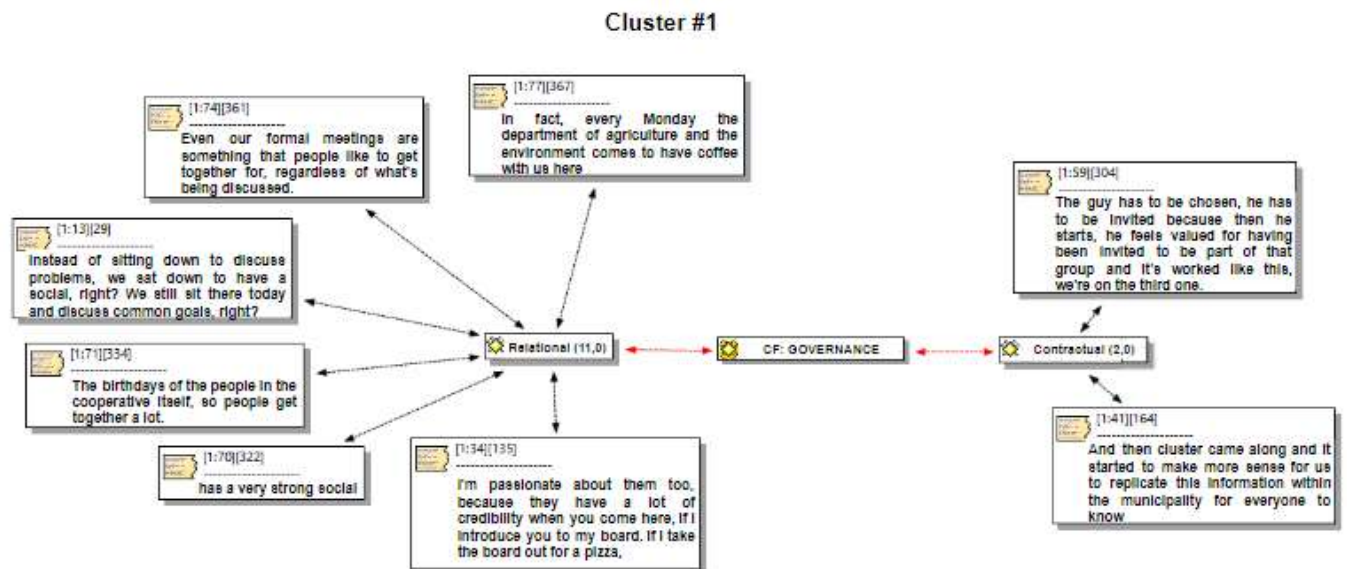
Fonte: Elaborated by the Authors.

Analyzing Table 5, Relational Governance is significantly more prevalent in Cluster #1 than in Cluster #2. Contractual Governance is present in both, albeit with low intensity, indicating the prevalence of informal relationships in #1. Contractual governance is still not significant for either of them.

Thus, Figure 4 was constructed to assess the intensity of code interactions with the created categories.

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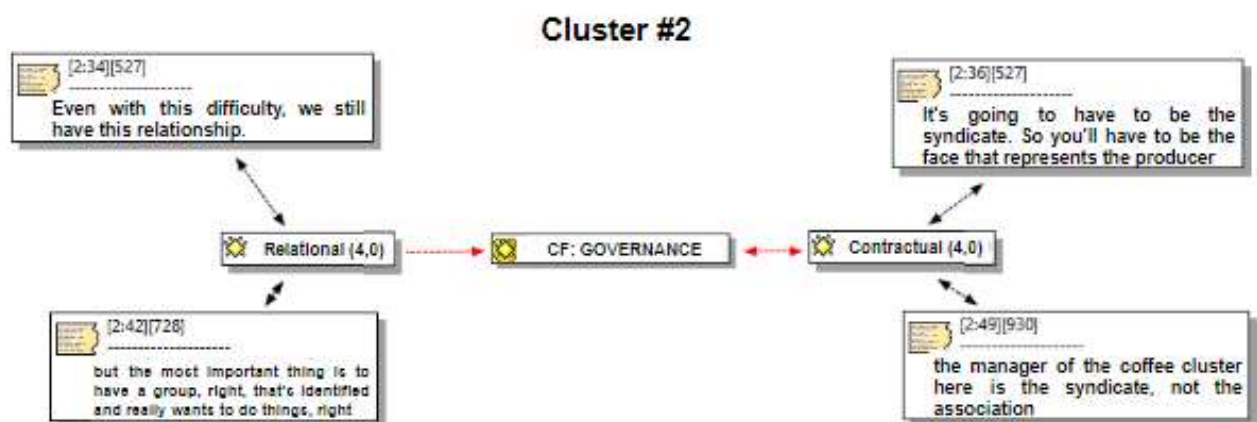
Figure 4 Analysis of the interaction of codes with the category “Cluster Governance” in Cluster #1.



Source: Survey data.

When associating the data presented in Table 5 with Figure 4, it becomes evident and affirmable that "Relational Governance" takes precedence in Cluster #1. Furthermore, for Cluster #2, Figure 5 has been devised to illustrate this assertion.

Figure 5 Analysis of the interaction of codes with the category “Cluster Governance” in Cluster #2.



Source: Survey data.

Now, by analyzing the data presented in Table 5 alongside Figure 5, a balance between Relational and Contractual governance is observed. This phenomenon arises due to the necessity for Cluster #2 to align with Fair Trade requirements. In other words, it engages in this trade modality that aims to establish direct contact between producers and buyers, eliminating intermediaries and mitigating uncertainties in the global commodities market. To adhere to Fair Trade, Cluster #2 must fulfill certain criteria, including the establishment of governance.

Considering this, and to comprehend the Governance Results, Table 6 has been formulated to depict the outcomes derived from the interviews conducted.

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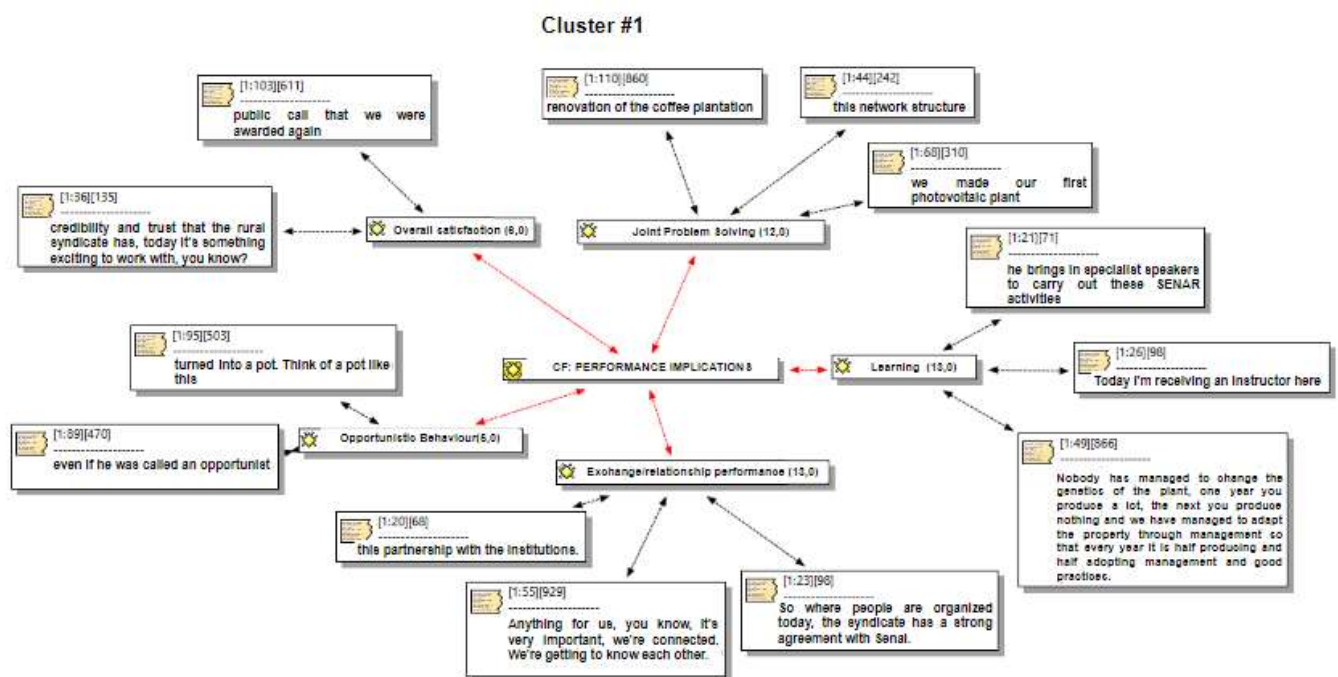
Table 6: Quantities of codes observed in the interviews in the Cluster Governance Results category.

GOVERNANCE RESULTS	#1	#2
Exchange/Relationship	13	3
Opportunistic Behavior	5	3
Learning	13	9
Joint Problem-solving	12	3
Overall satisfaction	6	5

Fonte: Elaborated by the Authors.

Table 6 allows for the observation of a significant emphasis on the aspects of "Exchange/Relationship," "Learning," and "Joint Problem-Solving" highlighted in the interview with the manager of Cluster #1. This underscores the prevalence of relational dynamics among the members of this cluster, particularly evident in the frequent references to "Joint Problem-Solving." These occurrences are linked to the emphasis on fostering positive relationships and problem resolution through the learning process. To complement the analysis of Cluster #1, Figure 6 has been developed.

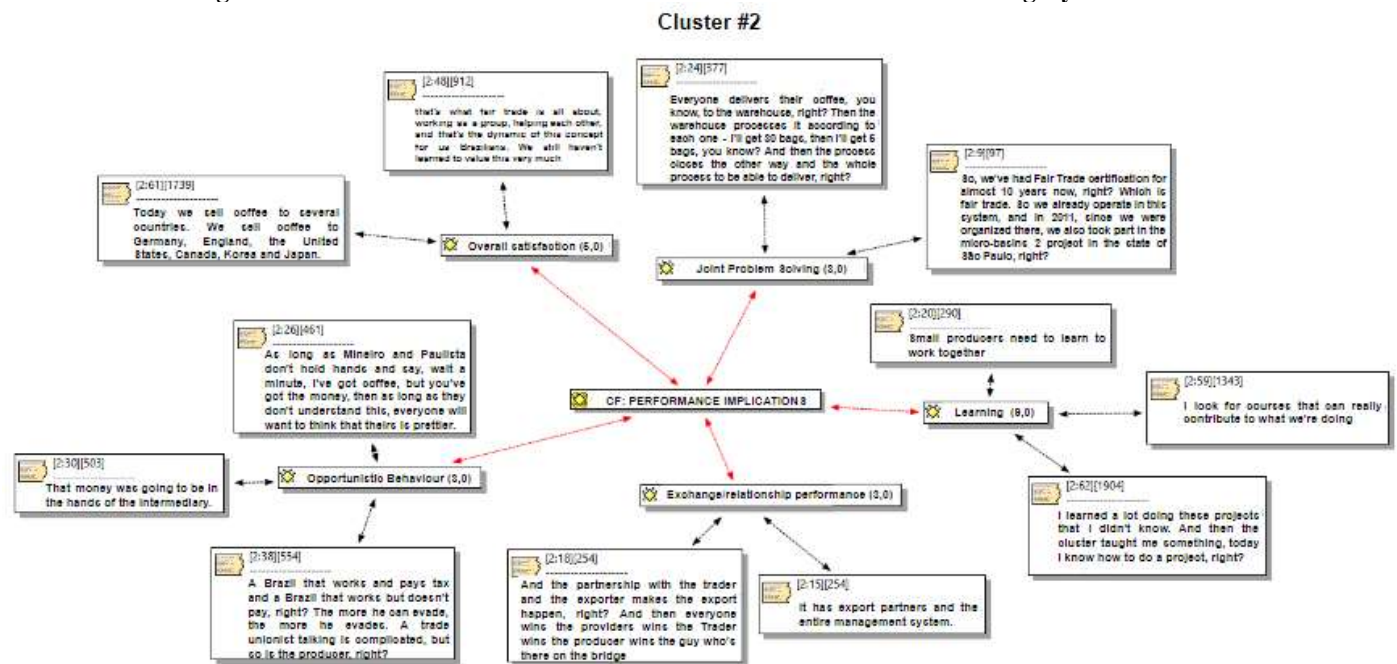
Figure 6 Interaction of codes with the "Cluster Governance Results" category in Cluster #1.



Source: Survey data.

Therefore, when Figure 6 is analyzed in conjunction with Table 6, it is evident that Cluster #1 places significant emphasis on learning and undertakes actions that contribute to overall satisfaction. This is notably observed in the value attributed by the entrepreneurs to personal relationships among members, highlighting the indispensable nature of a harmonious group dynamic for effective problem-solving. "Exchange/Relationship," "Learning," and "Joint Problem-Solving" emerge as the primary identified outcomes achieved by Cluster #1 throughout its existence. To conduct a similar analysis for Cluster #2, Figure 7 has been devised.

Figure 7 Interaction of codes with the “Cluster Governance Results” category in Cluster #2.



Source: Survey data.

Table 6 and Figure 7 collectively indicate that Cluster #2 places emphasis on Learning and overall Satisfaction. This allows for the inference that the entrepreneurs within this cluster highly value personal relationships among its members, recognizing that a harmonious group dynamic is essential for effective problem-solving. Therefore, Learning and Overall Satisfaction emerge as positive outcomes in the establishment and formalization of Cluster #2.

Respondents from both clusters highlighted that the knowledge shared within the group, through exchanges or consultations, played a pivotal role in providing access to various benefits. These benefits encompass specific lines of credit, financing options, and opportunities offered by public institutions. Furthermore, the interviews revealed a sense of satisfaction among the interviewed managers, stemming from the advantages derived simply from organizational cohesion and collaborative learning within the team.

V. CONCLUSIONS

The present study aimed to analyze the Local Productive Arrangements (Clusters) within the coffee sector in the State of São Paulo, focusing on the perspectives of relational and contractual governance using Roehrich et al., (2020) multidimensional model of Interorganizational Governance. The research employed content analysis of interviews conducted with two representatives from the most significant coffee production clusters in the State of São Paulo.

The findings indicated a significant presence of relational governance in the analyzed clusters, as articulated by the interviewees. Factors such as personal relationships, cultural ties, trust, reputation, and the shared experience among participants were identified, characterizing the existence of informal relational governance in both studied clusters.

Nevertheless, according to Roehrich et al. (2020), "Relational Governance" surfaced more prominently in the interview with the manager of Cluster #1, highlighting the prevalence of personal relationships over contractual formalization. Aspects related to "previous ties/long-term relationships" and "type of relationship/organization" exhibited high incidence during content analysis, suggesting a strong connection to factors related to leadership, trust, cooperation, and information exchange. Additionally, Cluster #1 displayed a high incidence of themes related to "exchange/relationship," "learning," and "joint problem-solving," aligning with Clauss and Kesting (2017) theory, emphasizing trust as a facilitator of interactions, information exchange, knowledge, and cooperative actions.

In Cluster #2, a balance between relational and contractual governance, as per Roehrich et al., (2020), was observed. Aspects related to "uncertainty" and "legal structure" had higher incidence, closely associated with contractual governance. This involved the need for business project development, customer participation, work plan creation, and activity definition through a formal contract, aiming to establish security in commercial agreements, as pointed out by Clauss and Kesting (2017).

It can be inferred from the balance between relational and contractual governance that Cluster #2 exhibits a higher level of maturity compared to Cluster #1. On the other hand, Cluster #1 demonstrates significant characteristics indicative of more informal relationships.

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This study does not allow for the conclusion of the superior governance type for a cluster. However, it underscores the importance of governance for development and subsequent local/regional growth. The respondents recognize the significance of governance in their clusters, possessing a sound understanding of the concept and governance techniques. Opportunistic behavior was not identified in either cluster post-formation. Thus, the formation of groups proves advantageous for members, as organized cooperation can garner government incentives, reinforcing the idea highlighted in the introduction regarding the importance of associativism in the agribusiness sector as a mechanism for development and growth.

In conclusion, for the refinement of governance concepts applied to clusters, future research is suggested to conduct a comparative study between the two types, considering factors such as production, sales, exportation, productivity, public policies, contract forms, and others.

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