

MANAGING COLLABORATION IN THE 21ST CENTURY - A GLOBAL PERSPECTIVE

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Abstract

Recent studies underline the rethinking of the innovation model. The traditional approach, based on the creation of new ideas in a centralized Research – Development department and the implementation of results at small scale isn't at 21st century's level anymore. This research paper will present the innovation that is brought to market through networks of niche companies, with unique capabilities that operate in an organized way. This new model requires from the companies the development of different skills and the ability to collaborate with business partners for the creation of innovational synergy.

There are some less-inspired approaches of the issue, like: the approach focused on cutting costs (underestimating the strategic role of worldwide communication/collaboration); the approach of collaboration in an inefficient way (one way relationship) and the suboptimal capitalization of cooperation opportunities (direct translation to globally connected companies). In antithesis, companies situated at the peak of the innovation hierarchy develop strategies for the globalization of communication and collaboration for performance and to create new business opportunities.

Keywords: *business strategy, collaboration, economic advance, innovation management*

JEL classification: G02, M14, M21

1. Introduction

Innovation management is in continuous change. It is not followed to obtain innovation through a Research – Development department situated in the center of the organization. Innovations are brought to market by networks of companies, selected by supervising the comparative advantages and coordinated operation. In this new model, the organizations break the causal chain of innovation and re-discovering the source of innovational components from the

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business partners' frame at the smallest prices, better skills and access to knowledge that can help to obtain market differentiation. The purpose is to establish a win-win relation for new products and services developed with business partners. To sum up, companies follow superior performance through innovation and collaboration.

The new model is created through new trends that accelerate companies in rethinking the traditional approach of innovation. The beginning is given by the growth of the level of complexity of the products through the technology used for their creation. Only one company can't own all the needed skills under one umbrella. Following this idea, we have cheap labor through which products are obtained, this being found in emerging countries, replacing the technological and more expensive equivalent. Least we find geo-strategic skills, represented through skills and "unique" capabilities, exploited by companies that are positioned in geographical advantage (Bran et al., 2014, pp. 216-226). We could add continuous technological advantage combined with the new models of open source architecture and created standards for reducing costs of labor used in production (Bodislav, 2012, pp. 50-55).

2. Managing worldwide collaboration

Many companies have a simple strategy of worldwide collaboration: using global partners for cutting costs and do not have a collaborative effect only after the product' project is created.

In companies that are at the peak of innovational hierarchy are created collaboration strategies to maintain business objectives. These companies obtain high benefits from the strategic approach, from which we can mention the specification differentiation of high-tech products created by them. The success of strategic collaboration can result in obtaining access to the partner's superior know-how and access the knowledge on competitive advantages given by the geographic positioning of the partner.

2.1. Research and Development on the Budget

Companies focused on lowering costs through outsourcing will follow only after replacing own resources with global resources, but that are a lot cheaper. Innovative companies are focused on cutting costs, but through another model: not to change their resource obtaining model, they follow the optimization of performance through a type a configuration of business operations, even if some costs will rise because of the management changes or production structure, companies will have lower costs on a long term through the resulted innovation (Bodislav, 2012, pp. 50-55).

For creating a general example-model we'll take Apple, this company is the global leader in mainstream technologies for consumers with an average to high level of income and knowledge; developing high quality electronic products, and it

is a leader in worldwide collaboration with suppliers and with own software manufacturers (Bodislav et al., 2015, pp. 107-113). When Apple opened a LED/LCDs and semiconductors plant in China it had not done it only for lowering production costs (under the average cost from the US) and adopted a new management model, with local specificity, hiring supply-partners' employees from China.

While they observed the comparative advantages obtained through Chinese management, some parts being adopted at the production divisions from other plants in the world, but not in the US, because the syndication and American wage regulations do not allow this kind of management transfer, while the Chinese management was replaced (partially or totally, depending on the strategic importance of the plant/supply partner) this way (controlled) yielding costs in downsizing, Apple has imported in their new Chinese plants some observed facilities in the American production process. After putting in action production capabilities in the global plants framework, they wanted to hire a team of engineers with local specific, but trained in the US and specialized on problems linked to a better production process of the product itself. As a result a higher productivity at a network level was obtained. If we would substitute a worker with another (with a smaller wage) we have a singular yielding, that can't be continued because he can be replaced only with another cheaper worker, from the same area, because the cost with installing and developing the plant becomes a fixed cost that must be amortized and valued as a maturity of an investment. Apple benefited from the positioning of plants in transit areas, and in China in areas with lower costs in creating and developing a plant, this way it obtained a smaller time-maturity yield.

2.2. Higher yields and better knowledge management

Companies from the top of hierarchy are focused on maintaining some fluid relations with business partners. There is a way of bringing innovation faster by using the cybernetic capacities of new products, lowering the time for bringing to market new products and will rise market sensitivity (instant feedback) without using specialized teams for obtaining market response and there is another way to access unique competences, technical know-how and expertise that could not be obtained in the organization. Innovative companies will obtain a blend between the two ways that are going to give them a competitive extra-advantage despite other competitors. As an example we have the time gap needed to hire and train a new employee for a niche technical position, that is about nine months (period used on the Microsoft hiring platform), but by using specialized partners the period is as low as two weeks, through instant access at the hiring platform of supplier/producer that are already specialized in the new searched niche (Bodislav, 2012, Pascu et al., 2015).

Microsoft uses the hiring model of partners with the searched specialty integrated in their used business model this way lowering the time for implementing, this way they are sharpening their agility and quality of the new

business that is wanted to be developed. For example we can give the hiring of third party for offering an update to clients, testing updates for an operating system, new hardware components developed that are compatible with existing Microsoft products and the certification of ad-on apps or third party apps (Bodislav, 2011, pp. 34-41). In a practical manner, the outside business partner covers a related business component that would have cost more and would have a longer time to be implemented and solved internally (this solution has its own model of solving problem-tickets – testing fluidization and prioritizing and tasks redesigning). In the Microsoft framework, the obtained results lowered the work time for related components with 90% and cost with 70%, and the failure rate is similar with the work process obtained by “The Six Sigma” qualitative method – zero defects/failures, approx. 3 defects at 1 million manufactured products (Brue, 2005, Hamel, Prahalad, 1994).

Access to knowledge is found in the specific business objectives of innovative companies. We can consider the new company (the company that has under management the Apple production plants in China). The new company creates its own partnerships with other under-third party suppliers from Taiwan and India to produce equipments composed from global parts (for MacBook notebooks we have the unibody molded in China and India, CPUs, hard-disks and memories made in Taiwan). At Apple the next project idea is followed: a product that can solve a necessity (existent or future-existent), it has some general characteristics and a maximum price it can be reached for that product. This way the new company must value its vision not only in smaller production costs (that are now a given fact in the equation) and through the way of solving the production problem (innovation of the production model or of the vision on the targeted product). In the situation in which the cost is bigger than the target-cost for the desired product, than we have to use superior knowledge to solve the problem of relocating production capacity (a fact that can't be done without knowledge on the local market – geographic competitive advantage kept).

3. Managing collaboration involves reconfiguring business paths

The gap between performers and the rest of companies is given by their organizing model. Here we have the “merchant” model of observing collaboration, from which results the outsourcing of services and production (Pascu et al., 2015). This way are created deliverables that are obtained from breaking the innovational value chain, partner firms being treated as “classic suppliers” and are approached in this manner (McCormack et al., 2007). The model of innovative companies can be named as the “collaborative” model, that is focused on a product before it's created and on the production process, before this process is linearized - the idea of creating an entire production process, from entering raw materials to the exit of the product from the company's plant for selling (Figure 1).

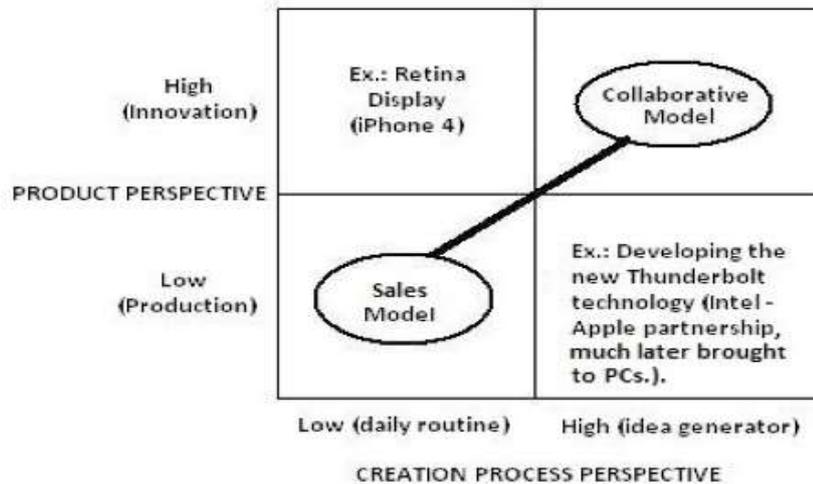


Figure 1 Managing collaboration from the relationship between Production and Innovation

Source: the authors, starting from Bodislav (2012)

Imitating a product has low risks (implies only production) despite creating a product (implies innovation) that includes high risks, not only economic ones but physical and environmental ones (Bodislav, 2015). When the company has to deal with low uncertainty it can approach the idea of outsourcing production (being a merchandising problem), but as the uncertainty level rises, the collaborative model is better in approach – the „Perfect contracts theory” between companies (Williamson, 1998, Teece, 1986).

Companies that adopt the collaborative model include in the way of approach future visions on work teams’ structure, internal and external contracts’ structure and of collaboration and managing intellectual property.

4. Conclusion

The overview, oversight and insight of managing collaboration through business relations and obtaining new specific business knowledge are the new technical paths for obtaining an edge in front of the competitors. Companies that are based on strategy, organizing and development of capabilities have had a great success in creating a more efficient collaboration. During this article it was observed that some companies obtain through managing collaboration and new opportunities that create higher and higher added value.

Technical case cases are represented by some companies that have an evolution of collaboration in the translation method of the competitive advantage that is based on possessing technical skills in many domains. The moment when a company owns the necessary knowledge for transformation through 21st century management practices it enters a competitive advantage progress model on the

same market, but the unique characteristics of assets and skills are linked with their management model and with coordinating the global business partners network. We can see through collaboration of companies the chance to prevent future conflicts between countries, especially between countries that collaborate at an economic level, because the social costs for both nations could be the factor that keeps all tensions in normal limits.

In the 21st century managing collaboration results in a broader perspective on economics and soon to come future crises, especially when it comes to the businesses that only offer services or intangible goods that aren't 100% part of the real economy and could lead to another economic crisis in the years to follow, but now with a deeper social impact because all macroeconomic solutions being used in the crisis started in 2007.

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