

The Collaborative Advantage in Management

Seyed Jafar Hosseinipour¹, Bijan Ganji Jamehshooran²⁺ and Navid Reza Boroomandalipour³

^{1,3}University Technology Malaysia (UTM), Management

²University Technology Malaysia (UTM), Industrial Engineering

Abstract. Today competitive advantage of a company is increasingly dependent on making relationship with customer, suppliers, and also dependent on the ability to establish collaborative advantage through participating into different collaborative processes. Thus, in this paper we try to present a review of collaborative advantage in strategic management. And we answer to these questions:

- What is definition of collaboration?
- What is strategic collaboration and what are its advantages?
- Is there a framework for relationships and networks?

Keywords: collaborative advantage, business network, supply chain, and supply management.

1. Introduction

At first is tried to define some keywords such as collaboration, collaborative advantage, business network, supply chain, and supply management. The term of collaboration is used when individuals or firms work together towards a common purpose. (Bititci, Martinez, Albores and Parung, 2004)

Vangen and Huxham, 2006, defined collaborative advantage as “that synergy can be achieved by integrating the resources and expertise of one organization with that of others”. One way from different ways of competing, delivering customer value, and growing is that top manager chooses approach of being collaborative. (Abraham, 2005) A business network can be any group of small to medium sized businesses with common interests and goals. Companies within a business network collaborate with one another in order to pool their resources and capitalize on shared assets.

Every collaborative relationship between organizations makes a network that is called collaborative network and dependent on level of relationship. A collaborative network is defined as a system that concludes of input, activity, mechanism, control, and output. (Parung, Bititci, 2008) For instance, the supply chain is the important collaborative network in businesses.

According to Christopher, 1992, supply chain is the network of organizations interlinking suppliers, manufacturers and distributors in the different processes and activities that produce value in the form of products and services delivered to end consumer.

2. Literature Review

Kanter, 1994, presented five type of integration for the most generative collaborative relationships that include: Strategic integration; Tactical integration; Operational integration; Interpersonal integration; Cultural integration. (Coughlan, Coughlan, Lombard, Brennan, McNichols, Nolan, 2003)

Todeva, Knoke, 2005, classified 13 forms of relations as strategic collaboration between organizations that they include:

⁺ E-mail address: bijan_dei2011@yahoo.com

(1) Hierarchical relations, (2) Joint ventures, (3) Equity investments, (4) Cooperatives, (5) R&D consortia, (6) Strategic cooperative agreements, (7) Cartels, (8) Franchising, (9) Licensing, (10) Subcontractor networks, (11) Industry standards groups, (12) Action sets, (13) Market relations

There are several factors as motives and benefits to motivate companies or organizations for collaborating with other companies that include: market seeking; acquiring means of distribution; gaining access to new technology, and converging technology; learning and internalization of tacit, collective and embedded skills; obtaining economies of scale; achieving vertical integration, recreating and extending supply links in order to adjust to environmental changes; diversifying into new businesses; restructuring, improving performance; cost sharing, pooling of resources; developing products, technologies, resources; risk reduction and risk diversification; developing technical standards; achieving competitive advantage; cooperation of potential rivals, or pre-empting competitors; complementarity of goods and services to markets; co-specialization; overcoming legal/regulatory barriers; and legitimation, bandwagon effect, following industry trends. (Todeva, Knoke, 2005). Based on Lehtonen (2006) and his research, attributes of collaborative relationships are Commitment, Continuous development, Involvement of different organizational levels, Mutual trust, Openness, and Promise of mutual benefits.

Veludo, 2005, has presented a conceptual framework for partnering. In this framework the dimensions point out the defining features of partnering, which in turn can be defined through a number of characteristics; these can be evaluated through a number of indicators.

Table 1: A conceptual framework for understanding partnering (Veludo, 2005)

Dimension (s)	Characteristic (s)	Indicator (s)
Commitment	Formal commitment	Type of contracts
Trust	An inherent trust	Type of contracts
		Negotiation
		Ordering procedure
		Technology transfer
		Quality inspection
		Information disclosure
Win-Win	Sharing of risks	
	Sharing of benefits	
	Increase in joint competitiveness	
Long-term orientation	Expectation of continuity	Type of contracts
		Substitutability of suppliers
		Length of contracts
	A continuous improvement focus	Information disclosure on long-term forecasting
		Assessment schemes
		Multi-functional teams Assessment schemes Payment performance Cost reduction projects
Supplier development	Supplier development programme	
Co-ordination	Joint strategy setting	
	Joint planning	Planning product mix Management of capacity Joint cost planning
	Joint R&D	Joint design Prototyping Joint product development Joint process definition
	Two-way communication	Channels of communication Frequency of interaction
Joint problem solving	Willingness to help one another	
	Personnel allocation	

Barratt, 2004, divides the collaboration in supply chain into two dimensions: vertical collaboration and

horizontal collaboration. Below figure explain these two dimensions of collaboration.

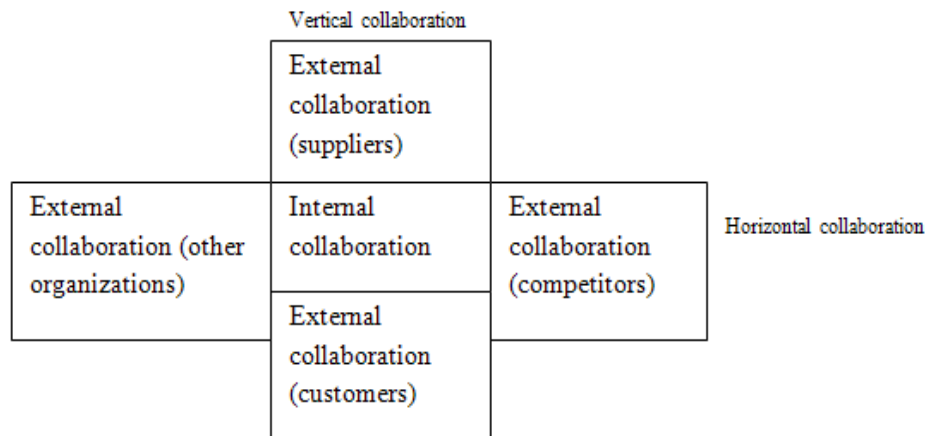


Fig.1: the scope of collaboration: generally

An supply chain management (SCM) network has certain fundamental attributes that include:

- open, low-cost connectivity;
- very large, flexible, multimedia data storage;
- system and channel integration;
- higher-level self service capabilities;
- intelligence gathering and analysis;
- supply chain collaboration exchanges;
- sophisticated security capabilities;
- new electronic commerce capabilities.(Horvath, 2001)

Bititci, Martinez, Albores and Parung, 2004, have said that value creation in collaborative organisations should be a win-win-win situation for all parties concerned. They presented two perspectives of value for understanding of value in the context of collaboration that includes:

- Internal value, (shareholder perspective)
- External value, (customer perspective)

Parung, Bititci, 2008, in their paper have presented a metric for collaborative network. In this metric managers should measure all elements of network as following for measuring collaborative network performance.

- Input to the collaboration, that is the contribution of each participant.
- Mechanism of the collaboration that is the health of the collaboration.
- Output of the collaboration, that is the results of the collaboration activities.

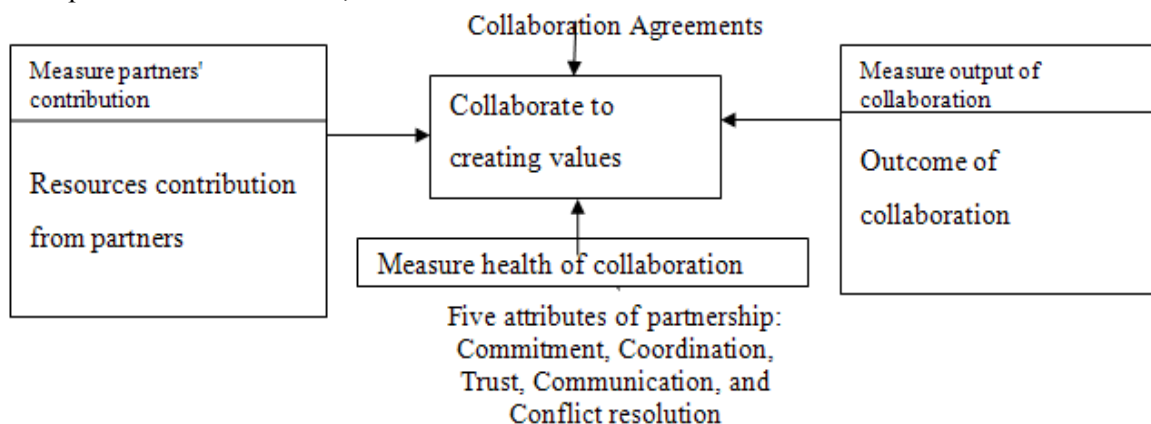


Fig.2: Interplay of element in collaborative network (Parung, Bititci, 2008).

Due to globalization, most of companies have tendency toward co-operation with other firms. Increasing global co-operation, allows companies to focus on core activities gives rise that organizations considered to

be a network organization. Savage (1990) contrasted organisational characteristics of bureaucratic organisations and network organisations, as shown in Table I. (Harland, Lamming and Cousins, 1999)

Table 3: Dimensions of bureaucratic and network organisations Source: Savage (1990)

Dimension	Bureaucratic organisation	Network organisation
Critical tasks	Physical	Mental
Relationships	Hierarchical	Peer-to-peer
Levels	Many	Few
Structures	Functional	Multi-disciplinary teams
Boundaries	Fixed	Permeable
Competitive thrust	Vertical integration	Outsourcing and alliances
Management style	Autocratic	Participative
Culture	Compliance and tradition	Commitment and results
People	Homogeneous	Diverse
Strategic focus	Efficiency	Innovation

3. Gaps in Literature

Researchers have done too many researches in several filed such as logistics management, marketing, human resources management and operations management between firms but they did not enough research about performance management (Busi, Bititci, 2006) in context of collaboration. And there is no system for measuring performance of collaborative enterprises. This gap will identify when managers want to design a system for managing performance in collaborative enterprises.

4. Conclusion

Today, collaborative advantage increasingly affects the competing and it is used as a competitive advantage. So, in this paper is tried to review the literature about collaboration perspective. Attributes of collaborative relationships are Commitment, Continuous development, Involvement of different organizational levels, Mutual trust, Openness, and Promise of mutual benefits. Collaborative advantage plays the important role in business networks and supply strategy.

5. References

- [1] Abraham, Stan, 2005, "Stretching strategic thinking" *Journal of STRATEGY & LEADERSHIP*, VOL. 33 NO. 5, pp. 5-12
- [2] Barratt, Mark, 2004, "Understanding the meaning of collaboration in the supply chain", *Supply Chain Management: An International Journal*, Vol.9, No.1, pp.30-42
- [3] Bititci, Umit S., Martinez, V., Albores, P. and Parung, J., 2004, "Creating and managing value in collaborative networks", *International Journal of Physical Distribution & Logistics Management*, Vol. 34 No. 3/4, pp. 251-268
- [4] Busi, Marco, and Bititci, Umit S., 2006, "Collaborative performance management: present gaps and future research", *International Journal of Productivity and Performance Management*, Vol. 55 No. 1, pp. 7-25
- [5] Christopher, M.L. (1992), *Logistics & Supply Chain Management*, Pitman Publishing, London.
- [6] Coughlan, P., Coughlan, D., Lombard, F., Brennan, L., McNichols, T., Nolan, R., 2003, "Managing collaborative relationships in a period of discontinuity" *International Journal of Operations & Production management*, Vol.23 No.10, Pp.1246-1259.
- [7] Harland, Christine M., Lamming, Richard C. and Cousins, Paul D., 1999, "Developing the concept of supply strategy", *International Journal of Operations & Production Management*, Vol. 19 No. 7, pp. 650-673.
- [8] Horvath, Laura, 2001, "collaboration: the key to value creation in supply chain management", *Supply Chain Management: An International Journal*, Vol.6, No.5, pp.205-207
- [9] Humphreys, P.K., Shiu, W.K., and Chan, F.T.S., 2001, "Collaborative buyer-supplier relationships in Hong Kong" *Supply Chain Management: An International Journal*, Vol.6, No.4, pp.152-162.

- [10] Lehtonen, Tero, 2006, "Collaborative relationships in facility services", *Leadership & Organization Development Journal* Vol. 27 No. 6, pp. 449-464
- [11] Parung, Joniarto, and Bititci, Umit S., 2008, "A metric for collaborative networks", *Business Process Management Journal* Vol. 14 No. 5, pp. 654-674
- [12] Todeva, Emanuela and Knoke, David, 2005, "Strategic alliances and models of collaboration", *Management Decision*, Vol. 43 No. 1, pp. 123-148