

Collaborative Business: The Game Changer in the Global Economy



Sameer Virani

Associate Professor,
MET Institute of Management, Mumbai
sameerv_iom@met.edu

ABSTRACT

Over **the** recent years, there has been an increasing interest among researchers to understand the need and importance and effect of collaborative businesses, within a Business community and role of policymakers' circles in the notion of Business collaboration. The adoption of the Internet, the developments of the information and communication technologies (ICTs), the growth of the Web and its ubiquity and affordability, and economic factors have compelled organizations to examine their strategies and adapt their ways of undertaking business in a global environment. As a consequence, businesses have migrated from traditional practices to e-business, and new forms of collaboration have emerged, such as collaborative networks (CNs) and collaborative businesses (CBs). The CNs and CB have appeared in a large variety of forms, such as virtual organizations, virtual enterprises (VEs), industry clusters, virtual communities, collaborative virtual laboratories and virtual organization breeding environments (e.g., Abreu and Camarinha-Matos 2008, Camarinha-Matos and Afsarmanesh 2008). CNs represents collections of heterogeneous organizations, which pool their resources for a determined period of time cause in order to achieve a common objective.

The idea of CNs/VEs is not new and has been used in several industry sectors for many years. But the need has only increased due to Globalization of the economy.

Collaboration is the name of the game when it comes to successful research and development in all business functions to meet and anticipate customers' needs. "We want to get closer to customer; we want to do things so the customers don't go anywhere else". "We can't afford an R & D department although we want to be innovative and known for innovations in our businesses. We are excellent in few business functions but lack innovations. Is it necessary to be involved in all business functions? Microsoft, one of the most successful organizations does R&D in USA, software development in India and Manufacturing in China and sells through various agents throughout world. Had they been managing all the functions they would be burning all the energies it and may have lacked in innovations. Another Classical example of collaborative success is joint production of Bramhos by India and Russia. Both (above) are examples of success stories due to collaboration, in both of the above cases results wouldn't necessary have been same if they wouldn't be in collaborative business. This Paper focuses on need and importance of international collaborations within governments and within Businesses in the Era of Global economy.

Introduction

Agency Group 9 (2009) *Achieving better results by working together*: For a considerable time now, it is widely accepted that new firms and established businesses and countries compete successfully by innovating. The very success of the Western economies and corporates lie in their abilities to innovate, Facebook, Google, Microsoft and the list will continue. Nevertheless, in the current global and hyper-competitive economy where consumers' tastes and preferences change fast, concept of consumer loyalty is diminishing slowly, and product life cycle is shrinking faster than ever before, Innovation has become a necessary condition, not only for increasing firms' competitiveness, but also primarily to ensure their survival. Continuous innovation has been viewed as the new driver of the economy and the capacity to continuously innovate determines the crucial capacity for organizational success. What are the areas in which innovations are necessary? The answer is, All. Can a firm, individual or Government do it alone? Clearly the answer is NO.

Easier said than done. On the one hand you have Giant enterprises investing Billions of Dollars in R& D. On the other hand most small enterprises don't even have R& D centres. Both essentially cater to the same customer needs. Even larger organizations who had been known for their innovations are finding it increasingly difficult to continuously innovate and remain dominant in markets, for eg reducing market share of Orkut and Microsoft which is now been taken by players like Facebook and Apple respectively.

Both Facebook and Microsoft led by legends like Mark Zuckerberg and Apple previously led by Steve Jobs have done exceptionally well under their leadership. THE question that arises is (DROP since both these organizations are a result of dynamic leaders will) whether these organizations survive their positions if these dynamic men were to QUIT? Only time will answer this question. But it has been recognized that there is a need to develop an organizational process that fosters (NOT enables) continuous innovations i.e where innovations are not HERO driven but CULTURE driven. But the real question that arises is how can the companies develop a culture of being innovative (eg Sony). B. Nelson (2009). Businesses must create a culture that teaches, endorses and practices innovation as a tradition without the fear that often hampers its ability to see results rather than being imitative.

Do the governments have a Collaborative role to play here? The answer is clearly yes.

Reisman et al (2004). Much of what Israel has accomplished today is through institutionalized TT(Technology Transfer) from abroad and from indigenous innovations at its government and university laboratories using the US model as reviewed .

Collaborative Innovations will show strong positive correlation with Economic Development, Western Economies are Classical example of such correlations. Innovations are the corner stone of growth of any economic development. Businesses will require innovations in all functions of business to be competitive, but is it economically viable to innovate in all functions by a single organization? The answer is obviously no. The answer to this lies in Collaboration . [Miles et al (2005)" The power of Collaboration"].

Collaboration can be defined as "a general cooperative arrangement in which two or more parties (which may or may not have any previous relationship) work jointly towards a common goal." When applied to business this definition leads to coining of a new term collaborative businesses or may be collaborative development. Who all can collaborate for innovations in a society or an economy? Few of the collaborations that come to my mind when I think of collaborative relationships are as follows:

Business to Business collaborations; Government to Business collaborations; Business to Government collaborations, Government to Government collaborations; Individual to Business collaborations etc.

Hence it is apparent that future growth of the Firms and Economy at large will effectively depend upon the companies' ability to collaborate on various fronts for continuous innovations.

Business to Business Collaborations

Rinaldi et al (2010) Their article focuses on the **importance** and potential benefits of **collaboration in business** enterprises. Businesses have the capacity to form collaborative relationships. In collaboration, each party accepts responsibility for its own inputs as well as for the equitable sharing of returns on outputs. fore. g. Maruti and Suzuki success story in India has been known for quite some time now, In this sense, the origin of this collaborative phenomenon can be seen in certain examples involving strategic alliances among large organizations—a developmental partnership that can take various forms—or even industrial districts. Nevertheless, the emergence of collaborative entrepreneurship as a recent phenomenon of interest describes an organization composed of firms from different industries, whose collaborative abilities allow them to pursue a joint strategy of continuous innovation Miles et al. 2005. Moreover, in this description, two characteristics must be emphasized: (i) collaborative relationships are voluntary, and(ii) collaborative relationships facilitate knowledge creation, and, in turn, continuous innovation.

Business to Individual collaborations

Many organizations as a part of their CSR activities collaborate with an individual, fund their entrepreneurial activities, researches, education, health care, etc. E.g. TATAs have a range of CSR projects that work with individuals on personal level for their and societal upliftment.

Individual to Business Collaborations

Individual researchers within their capacities do take up projects from the companies and help companies in their research. Individual independent writers write for financial magazines all these prove that in today's era of Globalization it is difficult to deal without collaborations.

Continuous innovation can be achieved with in the confines of existing businesses, through collaboration among employees and groups Jassawalla and Sashittal (1999) .E.g. In Quality circles group of highly motivated employees sit together after their working hours and discuss how to do the work more efficiently and innovatively , this is again another example of continuous innovation through collaborations to survive the changing times in Global Economy. In this sense, the importance of teams in the innovation process is emphasized Stewart 1989. Therefore, building a business model to innovate in a continuous way also depends on how employees collectively understand their world, and how they function in collaborative activities, e.g., in making decisions, estimating the effects of possible actions, allocating appropriate resources etc.

The concept of Intrapreneurship or corporate Entrepreneurship have known to develop a lot of internal innovations .N. Subramaniam (2004). shows that a firm might tolerate or even encourage entrepreneurial activity if the complementarity is high and the innovation environment is favorable.

Nigel .et.al .In their findings indicate that a positive senior management attitude toward collaboration between sales and marketing, the reduction of interdepartmental conflict, the improvement of communications, the establishment of organizational learning, and effective market intelligence systems are important antecedents to effective collaboration between sales and marketing. Collaboration amongst Functional departments also have the power to produce a lot of innovative ideas as functions tend to understand each other's strength and weaknesses .Stummer etal (2010) in their article offers some tips for manufacturers on how to implement an effective environmental management solution including imposing collaboration among different departments and cross functional teams on the issue, utilizing ad hoc systems and considering future needs and applications.

Government to Business Collaborations and Business to Government Collaborations Donhaue etal 2010 In this article the author discusses aspects arising from the rival elements of collaboration between the private and public sector, and the issue of competition between the two. Today, Micro, Small & Medium Enterprises (MSMEs) and start-ups are viewed as major engines of job creation and inclusive growth, both in developed and developing countries. In 2010-11, MSMEs represented 45% of manufactured output and 40% of exports. India is also estimated to have 5,000 regional MSME clusters comprising of industrial, handicraft and handloom clusters such as gems cluster in Surat, brassware cluster in Moradabad and textile cluster at Tirupur. Innovation can play a pivotal role in driving growth in MSME clusters by creating new products, services and business models.

However, innovation in MSME clusters in India suffers from lack of access to technology, R&D, financing, skills, mentors and effective collaborative ecosystems, which in turn impacts their growth and productivity. In this context, the National Innovation Council (NInC) aims to create models for transforming regional MSME clusters into innovation ecosystems with collaborative partnerships among stakeholders. This section (gets) we discuss same previous question How will smaller businesses survive against the might of Giant Business organizations when it comes to serving ever dynamic customers needs, The rate at which the customers change their loyalty in the quest of getting their needssatisfied and the diminishing customer loyalty , shrinking of Product Life Cycle and increasing demand from customers to innovate and reinnovative puts pressure on MSMEs to constantly change . Which is difficult for them because of their inherently small Business size . The extent to which the MSMEs are important to the countries growth is profound for couple of reasons Cluster Innovation Centre

To kick-start an innovation ecosystem at the MSME cluster, NInC has proposed the creation of a Cluster Innovation Centre (CIC). This centre is envisaged as a small group of people who will manage the innovation ecosystem as an arm of the cluster association or as a virtual group. The CIC will actively seek relationships to address the needs of the cluster and establish frameworks for knowledge and best practice sharing. The CIC will play the role of a Connector:

- a. networking and sharing hub for members of the cluster and partners,
- b. Innovator : Catalyze and manage innovation initiatives within the cluster ,
- c. Channel : Facilitate inbound and outbound activities

The actions of the CIC could lead to technology transfers, business incubation, R&D, product design, venture financing and training. Such activities of the CIC should encompass a self-sustaining business model to ensure longevity of the CIC.

Business to Universities Collaborations: Kitson et. al. 2004 In their article explores the UK Government's response in terms of funding university-business collaborations, and then the breadth of services that are available from universities. In a case study it examines a collaboration between ten universities and colleges in the East of England designed to help business- university collaboration. Three case studies follow, examining the broad range of work of their member institutions in helping different growing businesses, to show the wide variety of different services available from the university sector.

Business to Government Collaboration: Governments may not have expertise in many areas such as policy making, project executions etc. Businesses to Government collaborations will help Government make right reforms and develop policies which are effective and executable. The recent Summit of G – 20 brought 13 G20 heads of government together with some 120 corporate chairmen and CEOs for up-close discussions on the most pressing challenges to the global economy:

- 1) Revitalizing trade and foreign direct investment
- 2) Enhancing financial stability and supporting economic activity
- 3) Harnessing green growth 4 Delivering on the promise of corporate social responsibility.

The role that companies can play in terms of community development can be of great value to society.

Individual to Government Collaborations: Work of Infosys Co-Founder Nandan Neelkanth is known to all specifically for his contribution to Government of India dream project of Unique Identification numbers. Creating a platform for 1.25 crores of Indians and giving them a unique biometric identity was an innovation in its type. Moreover this project has created a platform for various applications which can be used by Banks, Government bodies, Security agencies etc. Such collaborations have been a huge contribution to country.

Government to Government Collaborations, Regional Collaborations. Joshua (1989) studies the role of an endogenous switch from a competitive to a bargaining international equilibrium. Consider two trading Blocks, which can engage in a free-market determined trade, or a bargaining dictated trade. Trading Blocks are formation of groups of countries for mutual benefits, they indicate regional economic integration of countries for mutual benefits. These Trading blocks collaborate with each other to reduce trade barriers, maintain cordial relations and do collective bargaining. There are various types of trading blocks like Free Trade Areas, Customs Union etc. Few of Important Trading Blocks are NAFTA, ECM, ASEAN, SAARC, OPEC, CACM. etc (M.F.N) Most Favored Nation is another type OF Govt to Govt collaboration which helps both the countries.

Global Innovation Roundtable

A Global Innovation Roundtable was organized by the National Innovation Council chaired by Mr Sam Pitroda, Adviser to PM on Public Information Infrastructure and Innovations, in New Delhi on 14th – 15th November 2011. It was conceived as a closed-door event where heads of innovation policy from around 15 Governments across the world were invited to discuss and analyze innovation perspectives, with a focus on inclusive growth. The Roundtable included sessions on specific themes spread over two days and a public lecture on 'Gandhi and Social innovation'

Collaborative Networks:

Neito et al (2007) Competition today is driving firms to introduce products with a higher degree of novelty. Consequently, there is a growing need to understand the critical success factors behind more novel product innovations. Their paper theoretically and empirically analyzes the role of different types of collaborative networks in achieving product innovations and their degree of novelty. Using data from a longitudinal sample of Spanish manufacturing firms, their results show that technological collaborative networks are of crucial importance in achieving a higher degree of novelty in product innovation. Continuity of collaboration and the composition of the collaborative network are highly significant dimensions. Collaboration with suppliers, clients and research organizations—in this order—have a positive impact on the novelty of innovation, while collaboration with competitors has a negative impact. The greatest positive impact on the degree of innovation novelty comes from collaborative networks comprising different types of partners. A collaborative network, is a network consisting of a variety of entities (e.g. organizations and people) that are largely autonomous, geographically distributed, and heterogeneous in terms of their operating environment, culture, social capital and goals, but that collaborate to better achieve common or compatible goals, and whose interactions are supported by computer networks. The discipline of collaborative networks focuses on the structure, behavior, and evolving dynamics of networks of autonomous entities that collaborate to better achieve common or compatible goals. There are several manifestations of collaborative networks, e.g. : Virtual enterprise (VE). Virtual Organization (VO). Dynamic Virtual Organization. Extended Enterprise. VO Breeding environment (VBE). Professional virtual community (PVC). Business Ecosystem

Content of Special Issues on Various Researches on Collaborative Successes

1. Reisman and Cytraus, (2004). Until 1948 the year Israel gained independence from Britain, its land was mostly barren, sparsely populated, and its agriculture performed by small communes of inexperienced farmers. Its manufacturing was cottage industry in format. Over the years, Israeli universities and institutes have researched various aspects of agriculture and agricultural engineering needs for arid and semi- arid zones of the globe. Like in the U.S. such developments were immediately transferred to the agricultural communes and to private farmers on a gratis basis. As a matter of government policy it has shared much of its agricultural knowledge with developing countries. Eight years after independence, the first University/Institute technology transfer (TT) unit (YEDA) was established by the Weizmann Institute of Science. This organization is still operational and has amassed a long track record of successful TT to the private sector.

Since early 1980s all other universities, medical research institutions, and government laboratories have followed suit with their own TT organizations. Israel has over a dozen each, of high tech business incubators and techno parks. Israel ? As per capita exports in 2002 were 16.58 greater than in 1970 despite the fact that its population has more than doubled during that period. Today, Israel is an R&D pioneer in software, telecommunications, biotechnology and the life sciences ? It is an undeclared nuclear power, and the world?s 5th largest exporter of advanced weapons systems. Much of that was accomplished through institutionalized TT from abroad and from indigenous innovations at its government and university laboratories using the US model as reviewed

2. Rivista (1985) Rural development of LDCs calls for an overall strategy aiming at an economic and social improvement of peasants. The advancement of this process relies on capital formation and on efficiency with which capital is used in agriculture. Domestic savings mobilization and resource allocation play a crucial role at the moment when inflow of foreign capital has dropped. Conventional views on rural finance of these countries underestimate the savings potential and concentrate on the need to supply farmers with funds at concessional terms through institutional channels. An empirical analysis shows, however, that rural areas of LDCs have a positive, and by no means negligible, saving capacity. Hoarding is a widespread phenomenon in African and Asian peasant societies. Hoarding is assumed to be a measure of the gap between savings and productive investments. Where the economy has attained a certain degree of monetization and cash crops are produced in addition to subsistence crops, a surplus in money may emerge. At this stage household savings may be mobilized. Efficient rural financial markets would greatly contribute to achieve the two objectives: savings mobilization and improvement of the quality of investments. The performance of these markets in LDCs is however poor. The development of rural financial markets requires specific measures and appropriate action. Financial innovation is the driving force behind financial development and may be defined as any qualitative change that has a decisive impact on the structure and the performance of the financial sector. A whole range of financial innovations, some of which may even seem banal, is required on both sides of the activity of financial intermediaries: the deposit taking and the lending functions. Institutional innovations as well as new financial technologies are recommended.
3. Nirvirkar Singh (2006) .This monograph compares the methodologies and progress of the different existing models of information and communication technology (ICT) use for broad-based development and economic growth in India. It will examine the role of complementary reforms in government administration and policies. The focus is chiefly on the rural economy, where the developmental needs are the greatest, and the use of ICTs presents the most challenges. It examines the nature of benefits in areas such as education, health, market efficiency, and democratic participation, the channels through which impacts can be realized, and the practical means for realizing potential benefits, including organizational innovations and government policy as well as structural changes.

References

1. Arnold Reisman ,Reisman and Associates February 3, 2005, <http://ssrn.com/abstract=579883>.
2. 2.Donhaue 2010 .<http://blogs.lse.ac.uk/politicsandpolicy/2012/02/19/book-review-collaborative-governance-private-roles/>
3. Innovationcouncil.gov.in* MSME Annual Report 2010-11, Ministry of MSME, Government of India ** <http://clusterobservatory.in>
4. Maria Manuela Cunha (Idea Group), ISBN: 978-1-59904-885-7, Jan 2008. □. Abreu, A.; Camarinha-Matos, L. M. - Fair Distribution of Collaboration Benefits. Posted by Michele Heffner on June 19, 2009 at 03:02 PM EDT
B.neilson 2009,Santiago, EAR –Q.Corp in Focus magazine,2009
Rivista Internazinaile di Scienze Econonmiche e Commerciali , Vol 32 ,pp,989-1002
5. Material Handling & Logistics; Nov2010, Vol. 65 Issue 11, p49-52, 3p, 3 Color Photographs,ISSN:21570302
6. N.Subramaniyam 2004, Cornerstone Research - Boston Office , <http://ssrn.com/abstract=272324> Stummer, Rob. Manufacturers' Monthly, Nov2010, p31-31, 1/2p
7. Neito etal (2007)Journal of Small Business Management ,Vol 48 ,issue1, pages 44-68, jan 2010
8. Nirvikar Singh ,University of California, Santa Cruz - Department of Economics ,October 16, 2006JEL Classifications: O12, O3, L31, P2
9. Nuria Toledano, David Urbano, Marc Bernadich, (2010) "Networks and corporate entrepreneurship: A comparative case study on family business in Catalonia", Journal of Organizational Change Management, Vol. 23 Iss: 4, pp.396 – 412
10. Material Handling & Logistics; Nov2010, Vol. 65 Issue 11, p49-52, 3p, 3 Color Photographs,ISSN:21570302Accession Number: 62251653
11. By: Jassawalla, Avan R.; Sashittal, Hemant C.; Malshe, Avinash. Decision Sciences Journal of Innovative Education, Jan2010, Vol. 8 Issue 1, p35-53, 19p, 3 Diagrams, 2 Charts; DOI: 10.1111/j.1540-4609.2009.00242.x
12. Paul Kitson, (2004) "Getting the best out of the best: how businesses can use universities to their benefit", Industrial and Commercial Training, Vol. 36 Iss: 7, pp.282 – 285.