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THE IMPACT OF COOPERATION ON THE BEHAVIOR OF ENTREPRENEURIAL BUSINESSES

***Анотація.** В сучасному сильно конкурентному світі кожен суб'єкт підприємництва має метою розвиток одного із джерел господарської діяльності. Ці ресурси розвитку не повинні розглядатися та забезпечуватися лише внутрішніми джерелами та діяльністю окремого підприємства. Для їх створення треба розглядати чисельні напрямки, пов'язані з процесами співпраці, які активно сприяють реалізації потенціалу підприємства і творчості підприємців. Дезінтеграція виробничих циклів і їх аутсорсинг є базовими причинами для цього процесу. Це дозволяє підприємству зосередити увагу на напрямках, які найбільш важливі для нього. Таким чином розуміння співпраці часто являє собою стимул для вищої вигоди, ніж та, що забезпечується звичайною діяльністю підприємства. Ця стаття представляє та інтерпретує результати емпіричних оцінок щодо зміни іновацій, які мають місце в процесах кооперації підприємств. Мотивом для проведеного дослідження є роль малих підприємств в економіці кожної країни, а також у їх співпраці.*

***Ключові слова:** співробітництво, підприємництво, вплив співробітництва, взаємозалежність.*

Introduction. The issue of entrepreneurship, being examined under cooperation and collaboration of companies, is relatively seldom addressed in scientific discourse. Meanwhile, the relationship between the companies, in which the joint, often complex and multifaceted undertakings are carried out, may contribute to the release and expansion of new thoughts and actions that can revolutionize the market and entities operating on it. Between cooperating companies there are developing interactive and creative relationships based on equity, resource and organizational relationships, relating to the dynamic flow of information, knowledge and technology. These relationships are the foundation of efforts to launch new projects in order to carry out a radical and profound changes in the existing organization. They may take on one hand, the form of simple activities to facilitate the joint implementation of specific projects, on the other hand can rely on making a number of complex projects connecting the individual departments of all participating organizations to create a multi-dimensional cooperative network.

The paper attempts to assess the impact of collaboration on entrepreneurship businesses, defined as their ability to permanently develop and implement new approaches, methods and processes, whose task is to improve the competitive position. In the paper is assumed that the cooperation between companies positively affects their entrepreneurship. As a measure of this kind of entrepreneurship there was considered the number of different types of projects implemented by an adaptive adjustment or pro-innovation, whose task was to adapt to changing conditions dictated by the environment. It was assumed that the quantity and quality of implemented activities determines the nature and form of cooperation.

Verifying the above assumption there were carried out as part of own studies the questionnaire surveys in the years 2012–2014 among 193 companies, which, in accordance with the NACE classification belong to a group of industrial manufacturing companies. The study was conducted across the Poland.

The nature of cooperation. The term of cooperation among enterprises has been variously characterized as “collaboration”, “partnership”, “joint production”, “joint activity” and so on. As a consequence of this varied terminology, there is no consensus on a formal construct of “cooperation” [6, p. 75].

The most simplified definition is that it is joint activity of entities in order to realize the individual or mutual aims. Cooperation is an effort by two or more organizations to achieve results that they cannot achieve by working in isolation [9, p. 16]. It should be understood as joint action, collaboration, the form of the work organization, the supply, the suppliers, the production cooperation of enterprises.

Similarly, J. C. Anderson and J. Narus [2, p. 45] treat cooperation as similar or supplementing coordinated actions taken by companies in interdependent relations in order to achieve shared or individual results with simultaneous expectation of repaying in the determined time. It is emphasized that it is practice which consist in the collaboration of two or more enterprises within the same or different, but connected with oneself, production processes in order to fulfill the determined task.

Cooperation is also considered as an opposite of competition and is described as coordinating activity [3, p. 27]. The coordination is understood as the standard of the collaboration and joint action, in the result of which the activity of the organization is adapted for itself with the maximum effectiveness and efficiency.

According to Metcalf [10, p. 27] cooperation is a product of the exchange episodes that take place between buyer and seller. Cooperation refers to the extent that the work of buyer and seller is coordinate, e.g. by intentionally seeking common goals and willingness to engage in behaviour that maintains a mutually beneficial relationship.

Interorganizational cooperation reflects the abilities of two or more firms to collaborate and work together in a joint fashion toward their respective goals [4, s. 181]. Cooperation could be defined as an agreement between firms about the appropriate role and scope of the both firms and the coordination of works so that activities are integrated for maximum effectiveness and efficiency for both parties [11, p. 63-85].

According to T. K. Das and B. S. Tenga [5, p. 491-512] cooperation means that partners creating the cooperative arrangement are rather prone to carry out one another compatible undertakings than to act opportunistically. The term cooperation also suggests that partners are acting according to the truth and they are involved in the creation of the agreement.

Cooperation is also identified with the analogous or complementary coordinating activity, performed by the organizations in business relations in order to achieve individual or agreeable purposes with simultaneous expectation of repaying in the determined period [1, p. 428]. The presented definition emphasizes the reciprocity principle, i.e. expectation of the revenge of one side from the second side in return for the action carried out which they were profiting from and which the organization wouldn't obtain acting on its own.

Therefore, it is possible to define it as the cooperation of companies allowing them to obtain additional mutual benefits in the process of achieving different individual aims subordinated to achieve their superior goal for which the given agreement was appointed. Thus, it is ... “arrangement of relationships and relations between subjects, among which

one – as the producer of the manufactured product – use the help of different subjects. In this arrangement they are the cooperators contributing to the manufactured product their specialist input in the form of half-products, semi-finished products, aggregates, componentry or other components, or specialist technological operations essential to its production ...” [12, p. 446].

It is also underlined that in the context of the initial assumptions and decisions the managing of cooperative relations is very essential. The collaboration between partners is based on a mutual confidence and commitment which constitute the critical factors in formal and unofficial meetings and they enable to avoid post-contractual conflicts. And so the essential significance is given to the opened flow of information, the willingness to share the experience and abilities with the partner what in consequences contributes to the reduction in the IT asymmetry, contract monitoring costs and the possibility of opportunist action [7, p. 535].

Finally it could be emphasized that according Prasad cooperation is kind of philosophy of the enterprise and consist of seven elements, called “7c”: collaboration, commitment, communications, compromise, consensus, continues improvement and coordination [13, p. 143–144].

The results of the empirical studies. Empirical research on the determinants of the development of cooperating enterprises are run from 2012 as part of own research. The aim of the analysis and observation of selected results presented in this paper, was to show in cognitive and practical aspects, the relationships and cooperative relations occurring between companies rated in the group of the industrial manufacturing companies. An important problem discussed in the study, was to characterize the action the companies undertake to adjust their broad sense potential to the requirements and demands of suppliers. They may take both the nature of the adjustment, adaptation and widely understood innovation-oriented processes. The main goal of such action, in addition to strengthening its own competitive position, was to maintain and intensify the relationship between the firm and its counterparty. As part of the conducted analysis there was collected a series of information using the direct interview method, based on a questionnaire survey.

Examining the impact of cooperation on corporate entrepreneurship it was considered that its measure would be both the quantity and quality of the implemented changes resulting from the collaboration. It was considered that the companies that cooperate in a formal way, i.e. those that have an agreement on cooperation or their cooperation lasts over two years and take a number of adjustment, adaptation or pro-innovation actions to the requirements of a co-operator. It should be emphasized that formalized cooperation provides enterprise security, reduces the risk of action and increases the tendency to adopt often expensive pro-innovative projects.

Considering the data obtained in the survey research it should be noted that the most common the entrepreneurial nature activity, undertaken by companies in response to the demands of suppliers, is to expand or change the range of products offered in the production program. These activities are the manifestation of consciousness and creativity of entrepreneurs, who are aware that only a multi-territorial cooperation covering a wide range of products can provide success and business development. In the studied sample such undertakings, in response to co-operators’ requirements, are undertaken by 134 subjects (69.4% of the sample). Modification or extension of the assortment are associated with the general market trends in which the rapid development in technology and changing of customer demand and tastes take place. Quick response to these signals do not guarantee success, however, increases the chances of success and development.

Table 1

Ranking of entrepreneurial activities undertaken by industrial companies as a result of cooperation

Sample characteristics – industrial enterprises (N=193)		
Type of undertaken entrepreneurial activities	New, pro-innovation and adaptation activities ¹	
	LW	%
Changes in the assortment structure	134	69,4
Improvement of the quality of products offered	127	65,8
Changes in the quantitative structure	118	61,1
Investments in machinery	112	58,0
The reorganization of production processes	82	42,5
Implementation of procedures and processes as required by customers	75	38,9
Organization of training courses and workshops	71	36,8
Changes in work organization of warehouses	68	35,2
Changes in the organization of supply	64	33,2
Certification of manufactured products (the quality certificate)	62	32,2
Coordination of activities in accordance with the guidelines of contractors	52	26,9
Changes in the logistics processes	47	24,3
Changes in the communication system	42	21,8
Investments in non-productive assets	24	12,4
Investments in the image	24	12,4
Increasing the quantity and value of the finished goods inventory	24	12,4
Creation of normative and guarantee stocks	18	9,3
Changes in the organization of work	18	9,3

¹The percentage was calculated on the total study sample (N = 193), although in the study not all companies have responded to particular questions.

Source: own study.

The significant entrepreneurial activities also occur in the quality of its products or services. Such actions are taken in 127 cases (65.8% of the sample) and rely on taking into account in the design of the product the requirements and wishes of the customer. It should be emphasized that nowadays the quality is one of the most important factors influencing and shaping cooperative relations, thus taking into account the requirements of business partners is an indispensable condition for further cooperation. It should be noted that all suppliers participate in the process of product development and thus they affect the final result. Infringement of procedures or agreed method of proceeding may undermine the activity of the entire system. Therefore, any derogations or exceptions are unacceptable (e.g. shortening the duration of the required technological operations). The consequence of improper or incorrect procedure may be a need to take corrective and remedial actions (e.g. the repair of defective goods), which appear in increasing overall costs of business. Therefore, there is required the full integration and synchronization of production based on mutual trust and commitment, which will enable the implementation of the project in accordance with the requirements and concluded agreements.

In addition to changes in quality, the relatively frequent undertaken efforts are aiming to adjust the quantity structure to the requirements of customers. This action is the result of the coordination and synchronization processes between partners and provides a relatively high correlation. In the studied sample up to 118 players, representing more than 61%, adapt its production in terms of quantity. Such actions, however, are mostly procedural in nature, consisting of taking into account in the production schedules the previously placed orders.

Other entrepreneurial activities, undertaken by the surveyed companies, occur in the field of work related to the adaptation of production processes running in the company (82 indications, representing 42.5% of the sample) to the co-operator requirements and in the field of investments in productive assets related to cooperation (112 indications, which are 58 % of the sample). These areas overlap each other, because the adjustment of the production assets to external requirements generally requires an investment. The aim of this investment is both aiming at increase in production volume, increase in quality of manufactured products, as well as improvement in their position in the market of active business partners. In case of making the adjustment processes in relationship based on the higher forms of cooperation, the collaboration is strengthened what is reflected in the need for synchronization and coordination of work.

Within other major activities, connected with the business partners requirements, undertaken by industrial enterprises there is also introducing of certain procedures, especially in the field of warehousing and storage of goods (75 responses), conducting of workshops and various kinds of training courses (71 responses), whose mission is to improve the skills and quality of service and compliance with specific standards and guidelines.

Relatively rare whereas the company have built normative and warranty warehouses (18 responses) and have engaged in changes in the organization of work (18 responses).

Presented above actions are most often forced, that is undertaken by firms as a result of the requirements and demands of the cooperator. Failure to set the work can contribute to breaking of collaboration or its limitations. It should be noted, however, that despite their relatively negative nature they impact the entrepreneurship, creativity and innovation activities, strengthen cooperative ties and contribute to the development of relationships and dependencies.

Conclusions. In study of the determinants and cooperative relations between businesses and their partners there are especially important these entrepreneurial activities that do not result from extortion or abuse of dominant bargaining power of the entity, but are the result of its own thoughts, experiences and behaviors. They relate to those areas which, according to entrepreneurs, may affect the formation of their businesses position, image, strength, and consequently the possibility of establishing the permanent and long-term cooperative relationship. The most common of these activities are customizing of their own logistics processes and schedules to the production processes and schedules of the recipient. Companies on their own initiative seek to comply with the standards and guidelines of recipients, even when this is not a requirement of cooperation. It should be noted, however, that most companies do not take no, or take a negligible number of activities and actions that result from their own initiative, activity and creativity. The presented behaviors are rather passive, within the established frameworks and procedures, which indeed allow for peaceful existence, however, preclude the development and effective competitive struggle.

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Summary. *In contemporary strongly competitive world every subject aims at development of which one sources is a business activity of enterprises. This development sources should not be seen only in the form of internal sources and enterprise activities. In its creation a number of subjects take part which through the process of cooperation actively contribute to release the enterprise potential and creativity of entrepreneurs. A disintegration of production cycles and their outsourcing are the base reason for this process. It lets the enterprise to focus on these areas which are most important for it and in frames of which it has crucial competence. This way understood cooperation often constitutes the stimulus to take more than standard undertakings and activities.*

This paper presents and interpret the results of empirical examinations concerning the changes taking place in collaborating enterprises initiated with the cooperation process. The motives for conducted examinations are both significance and role which small-sized enterprises have in the economy of everyone country as well as the phenomenon of cooperation.

Keywords: *cooperation, entrepreneurial, impact of collaboration, interdependency.*