

COOPERATION STRUCTURES - PREMISES OF ECONOMIC REINDUSTRIALIZATION AND REGIONALIZATION

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Abstract

Romanian enterprises are looking for solutions to reduce the technological gap compared to the West of Europe, to increase competitiveness and their creative potential. Only a small fraction of them have the chance to be integrated into government programs complementary to their work, facilitating their progress. This publication describes some possible practical ways from which enterprises can gain access to the advanced research results and to technological potential of other evolved units through cooperative actions. The ideas and conclusions of our work can be useful both for economical entities management and also to institutions who develop national economic programs, as facilitating cooperation is a goal almost absent from these concerns.

Keywords : enterprise cooperation, integration, regionalization, competence, development

JEL Classification: L 24.

1. Introduction

In Romania are not created the premises for balanced territorial development and economic regionalization. Reindustrialization require resources and regionalization, competitiveness poles. In the attempt to reduce economic disparities with the advanced countries of the European Union, Romanian authorities don't understand that in a market economy, the money does not follow the logic of virtual paths, formal described by an administrative regionalization. The current dominant foreign capital from industry does not develop significant collateral markets and gives no chance in developing a national economic segment. Maybe the unique chance of reindustrialization, remains bound by domestic companies creating technological structures or commercial cooperations with other companies most advanced from the country or from abroad. Economic cooperation is a fundamental concept of capitalism, as well as competition.

This publication aims to analyze the ways and prospects of such a process, and to offer some possible solutions.

In our research we considered the first development programs elaborated by national government institutions, to identify and evaluate their concerns and the real forms to support businesses (Aysar, 2010). Then we studied the ways in which Romanian companies promote their technical capabilities, capacity surpluses or deficits. We have seen that there are no systematic concerns from companies or government institutions to facilitate knowing of the real production potential of

local entities. The only source of information on these issues remains the commercial offer of companies, their promotion, but they are naturally focused on products and services and not on technological methods used. This situation reduce local cooperation and encourage import operations or acquisitions, established with companies located at large geographical distances, generating unnecessary additional costs. Furthermore, asymmetric collaborations, with more powerful companies led in recent years to the destruction of Romanian companies rather than their progress.

Romanian economic literature addressed a limited extent to these issues, being mainly concerned with the debate of the ways to develop the programs offered by european or budget funding and the trends to economic regionalization. There is also a wide debate and interest for the concept of re-industrialization. Can not be denied the positive effects of these macro-economic trends, but lack of resources to rebuild the domestic industry is a feature that requires Romanian companies to adopt particular strategies primarily based on cooperation. Therefore, in this publication we tried to identify the main benefits of cooperation and to illustrate how to interfere this method of development with larger objectives of re-industrialization and regionalization.

2. Regionalization - not a propose but a way to development

The structure of an industry is not fully defined only by indicating a number of companies operating in a particular market or by showing strictly the characteristics of the products. On the market , in certain geographic regions, appear complex systems of relationships between different companies engaged either in competitive relationships, or in complementary actions, ready to establish different relations of cooperation . In recent years it received a clear outline "space economy", which deals with the study of economic operations in close connection with their ongoing space. (Barroso, 2012)

Economic reindustrialization and regionalization have become lately concern concepts, being on the agenda of political debates, academic area, and business circles. More and more economists have become aware that in the absence of a proper industrial economic sector, Romania has become a extremely vulnerable country. But simple theoretical reflections on this issue are not sufficient, they need practical actions. With an industry dominated by foreign capital, developing of a local industrial project is almost imposible . The solution is not to abandon it but looking realistically for accesible ways for a poor country. Cooperation seems an accesible way, maybe the only one.

In its approach to reduce disparities as against developed countries in the European Union, Romania has to overcome the disability of low technological level and the poverty of financial resources. Unfortunately, in recent years, in Romania, the problems of reindustrialization and regionalization have entered a zone of easy approaches, without being treated essentially. Politics, especially contributed to this superficial and unrealistic approach ,making numerous projects of administrative reorganization focused on electoral objectives rather than economic and social. The

results of foreign investments in Romania should not be assessed solely in terms of volume, as most government ideologues and a big part of the economic literature does, because it can lead to false conclusions. We can easily notice that in our country, significant sites chosen by foreign capital have totally ignored so-called regionalization projects. Industrial parks, and real estate business were not the first temptation for investors from outside but rather cheap and skilled labor in a particular area and material resources, (especially the energy).

Faced with this situation, cooperation remains a more accessible way in terms of finances, in which each firm employs as many resources as it wants and incurs most appropriate development objectives.

It can be seen that after the 80s was a quantitative increase of cooperation relations between businesses at European level, being able to distinguish both so called 'vertical' agreements (franchise, concession business, distribution agreements, outsourcing, industrial partnership) and 'horizontal' agreements (joint ventures, research and development agreements, production sharing contracts, etc.).

Enterprises holding human, technical and information capital, are distinguished by some particular skills that we can synthesize: knowledge, experiences and qualification that, taken together, gives them the ability to perform specific activities.

Collective competencies are theoretical knowledge and practical skills to achieve certain goals by working to quickly generate some action scenarios and adopt new organizational solutions (Anzieu, 2003). It is not enough to create a human community or collective forms of work, even consisting of elite individuals to hold collective skills. Economic processes interfere in various models of organizing productive systems with different working groups. From this interaction have to result a certain level of performance, based on repeatable collective ability to achieve specific objectives. Collective competencies are not synonymous with the sum of individual competencies.

A company is based in its functioning internal operational structures that cooperate with each other. It has a range of knowledge and skills but acquires during the performance of work some collective capabilities, a separate production profile, a particular manner of action, even collective memory. The enterprise becomes a community practice always able to adopt new solutions able to align individual behaviors in order that individuals to relate to a common referential to take objectives and risks, to accept a single hierarchy and adopt best practices. Collective competencies are induced by interactions between internal structures and members of the community concerned. Businesses acquired during their operation new creational and organizational capabilities, become genuine practical communities, able to exploit knowledges and individual skills.

Romania's economic collapse after 1990 meant beside the destruction of numerous technical capabilities also irreparable loss of collective skills. Employees of thousands of closed units were dispersed, some of them emigrated or are inactive. Losses can not be expressed as a percentage of GDP but in terms of economic potential and competitiveness.

3. Relations of cooperation between enterprises

Economic cooperation is a fundamental concept of capitalism, as well as competition. It can be understood as a collective action with a common purpose. Cooperation is an alternative to the competitive process. Today in Romania there isn't a real culture of cooperation. In all markets, the competition between enterprises interfere with cooperation. Partnerships between companies can become sources of growth. Main actions for implementing the collaborations may concern: carrying out common actions, specialization of activities, development of new activities. Cooperation agreements must be balanced relations between enterprises and based on negotiation and consensus.

Comparative the activities of two or more enterprises may be "similar" if mobilizes same capacity or "complementary" if they make up the same production process (Richardson, 1972).

Romanian companies are characterized by a high asymmetry in terms of technological level and commercial potential. This is a strong argument in favor of achieving cooperation agreements. At the origin of some situations inciting cooperation may be other reasons related to market or price, or different opportunities to obtain certain material, information and personnel resources. Economic research has detected a very complex set of such enterprise strategic options.

By organizing and sustaining partnerships, a company can gain competitive advantages and the chance to cope better with market developments. From the point of view of enterprise the collaboration is essential, especially in the consolidation phase of its business model.

Alliances and cooperation among enterprises plays an ambivalent role, contributing in part to the reorganization of the economy, and secondly to establish a new market structure. Collaboration of enterprises is not limited to legal issues (patents, licenses, industrial property, contracts, distribution of dividends) but also includes a broad set of collaboration between people. Implementation of partnerships can be achieved generally by two ways:

- by adopting contractual techniques: franchise contract, concession contract, outsourcing contract
- by creating legal structures for cooperation (consortia, economic interest groups (EIG), joint ventures, alliances, partnerships, etc..)

Organizing a partnership may follow an "additive logic" or a "complementarity" one (Heitz, 2000).

Additive logic has the meaning of installation of a new activity, gathering also external co-workers contribution by pooling resources available to each. The result of this reunion provides benefits to all participants. A category of producers in an area that has a certain homogeneity, can become united to sell their products.

Complementary logic of cooperation is based on joining to each sequence of obtaining added value, another one that in a specific manner compete to an increase of value. Following the logic of complementarity, are made the decisions such as

outsource or internal implementation of some activities. The result of the comparison "internal costs / external costs" plays a vital role in such decisions.

Interest for collaboration of enterprises is emphasized if minimum requirements below are satisfied:

- there is some convergence between the strategic objectives of companies
- possible cooperation projects are mutually beneficial
- the expected benefits of each participant are higher than when organizing a merger, acquisition or individual actions
- size and commercial potential of collaborating companies is lower than other companies that dominate the sector and only an alliance with other companies could make them competitive.
- access to certain resources is only possible through cooperation
- technological level can not be raised through equity investments, cooperation being a possibility.

Inter-enterprise collaboration (as an alternative or complementary policy of mergers-acquisitions) provides better flexibility and conditions for making together new products, to build a new "business model", to showcase innovations or for access new markets. Cooperation must become in Romania a method by which companies introduce innovation in their strategy. When we say that we do not think at any kind of cooperation, carried out under any circumstances. Many of failed or unfavorable cooperations developed in recent years in the Romanian economy did not benefit nor of a meaningful economic background or an expertise and adequate legal protection because until now in our country there isn't a genuine body of lawyers specialized in business.

Theoretically, cooperation can be seen as an exception to the logic of a market economy, based on competition. It attenuates strong competitive rivalry between suppliers, being under continuous attention of supervisors of competition, but remains instead a tool to promote efficiency in three forms: allocative, productive and dynamic (Gellhorn E, 1984).

Deformation risks of competition game are eliminated through a normative way, big companies operating in Europe are obliged to comply with the Treaty of Rome, which prohibits any agreement that would restrict or distort competition within the common European space. That way are prohibited practices regarding fixing prices, limiting production, market sharing and customer allocation.

The success of cooperation requires a better harmonization of very different "business culture" of the enterprises and individuals that compose them, diversity of nationality, profession, education, mode of organization etc. When an enterprise culture is contrary to openness to collaboration, but it will still be engaged in such a project, ignoring partners quality, complementarity of their expertise or competitive advantage of an alliance, the project in question has all the data of a future failure. It is therefore very important that all parties to a joint cooperation to be strongly involved since its start-up phase, to know and to recognize the opportunities that collaboration can offer. The inevitable relation of different

forces, by size and technological level of firms will also have to be stopped, ensuring for all employees space for expressing skills, willingness to innovate and risk taking.

Marcel Mauss (1872/1950), french anthropologist and sociologist, developed a theory according to which, all constructive relations between human groups are based on the cycle: to give, receive and make. A business relation also serves to build a relationship, whose dynamic respond to these three goals.

Evaluation parameters of cooperative relations are very different, depending on a wide spectrum of interests, but most companies expect that a cooperative relationship to be: cost effective, innovative, sustainable, balanced and fully secure. In the vision of firms engaged in cooperative processes, such actions may be inhibited by factors such as:

- sharing the costs and risks
- quite difficult implementation
- a partial loss of autonomy and authority divided
- putting into question and doubt the confidentiality of operations
- possible conflicts that may occur between the individuals involved.

It is quite difficult to create a homogenous collective of people that both enterprises mandates them to work in the joint project . They are not accustomed to work together, they take part of competitors and were educated very differently. However, creating a climate of trust and cooperation is essential.

4. Business formulas and types of innovative partnerships

Two current developments, transforming effect on businesses and markets, both regarding innovation, manifested in the economy in recent years. On one side is a phenomenon of global specialization and concentration, on the other hand other of cooperation which target is renovation of creating new technologies . The latter generates a specific form of partnership, called "creation" or co-development. From the creation processes , the most important concerns : business strategy, knowledge management and coordination of product development.

Technological partnership can be achieved in practice through various forms of business:

- conventions based on licensing of industrial property rights (patents, licenses, copyrights, industrial designs, trademarks, or trade, etc.)
- communication agreements "know-how"
- technical assistance and training agreements
- conventions of achieving some industrial complexes, partial or full
- through control of direct investments or co-participation.

The most common practical objectives of enterprise cooperation agreements are:

1. research and development (not production)
2. joint manufacture of a product or a range of products
3. manufacturing and selling products
4. research plus manufacturing plus trading

5. sales or purchases in common
6. specialization and rationalization of processes, technologies
7. information exchange

Viability of cooperation depends on the inherent characteristics of technology used, the difficulties of coordination and market reactions. One of the most necessary formulas of partnership at Romanian enterprises is the technology that should bring together businesses with technical centers and public or private research laboratories and university research environments. In a cooperation relation, hierarchy should go second, being necessary to create a homogeneous teams, composed of individuals of both companies (Goursand, 2013).

Innovation is a phenomena that creates the dynamic of competitive factor, is changing technological and organizational structures of economics. It has the ability to distort the balance and change competitive positions.

Innovation processes involve research and experiment, leading to the emergence of new technical options and new productive structures. Any project of cooperation, especially in technology have vulnerabilities in the privacy area. The partners will have to compromise between solidarity, transparency and maintaining a zone of privacy while ensuring the preservation of competitive advantage.

An equally sensitive area is the management of knowledge and results because all partners will have the temptation to make the most from them.

It is common for companies engaged in cooperation to behave opportunistically. Therefore, to conclude the collaboration agreements must provide guarantees both solidarity and ethics.

Choosing optimal cooperation structures usually follow the logic of minimizing production and transactions cost (Williamson, 1991). Engaging in cooperative relationships especially given opportunities to reduce transaction costs that are generated by the "limited rationality" of economic actors who have the ability to anticipate and identify events that may affect in time the course of business. In cooperation, better informed agent will capitalize and exploit this situation in his interest.

Failures in cooperation operations are often blamed by "cultural differences" between units and individuals involved.

Computerization has opened the way to information and knowledge sharing, to easily use the experience of others outside the company. Under the influence of a number of technological factors (hardware and software consumption, the use of video-voice, hosted applications, etc.). employee of a company with openness to cooperation will exceed the Class of its own "job" basically entering into a "space work" helped by virtual facilities.

Information and communication technologies have the potential to induce changes in the organizational structure of enterprises to boost links between them, to integrate physical exchange of goods with the information. These technologies have an important role in the mobility of resources on which cooperation depends, making visible and transparent these resources. Equipping enterpricess with such capabilities highlights:

- basic information about companies, their locations, their structure;
- essential information on assets, markets and transactions
- technical competence held by companies in production
- information, aggregate, leading to what we call "image".

Through information technology, companies reveal on one hand their strong points, but both have access to additional data provided by the other companies in the sector, and could build options for potential cooperation.

Business models built using modern communication and information technologies have obvious technological support different from the traditional one. This removes the difficulties that may occur due to territorial dispersion of companies involved in cooperation.

Enterprises can access the information or sequences of activity aimed at the production process before or after the process (about the market and customers). Such databases create major strategic resources that allow the company to avoid desynchronization that may occur between acquisition of resources, production and use of it. Also, these stocks of information are the main source of new cooperation either vertical with new suppliers and customers, either horizontally along the chain of capitalization of complex products.

To expand the new market segments, firms may engage in cooperation with other local units, in the formula of joint venture. This kind of cooperation is always ran on a contractual basis, which provides the essential data of cooperation. Though Romania hasn't a precise legal determination, cooperation based on joint venture may have a very diversified content. When partners provide a long lasting collaboration, it may materialize into a new legal structure (company or economic interest group (EIG)). Associative nature of cooperation involves joint management of resources and risk sharing. Control over business is exercised in a collegial manner, according to the contract. Cooperation agreements of this type, which lead to mergers have in Europe a regulatory basis (Reglement, 2004).

Businesses engage in local cooperation projects after the same criteria guiding cooperation in general, plus one, geographical proximity. This last criteria is one territorial and has a special additional interest due to the advantages that it gives: reduced transport costs, better knowledge of partners, facilitating inter-personal relations. We do not believe that this kind of cooperation is initiated only in the spirit of collaboration and local solidarity.

Often local cooperation objectives have particular aspects, so we will meet:

- local consortia, to achieve larger or complex contracts as typology
- associations for the purchase and then the exploitation of joint expensive equipment
- cooperation for the exploitation of local resources, based on complementary areas

Some conclusions:

In Romania there isn't a statistic of contractual forms of cooperation between enterprises, beside the traditional collaboration between supplier- client, which can be inferred from the data of invoices, collected by the Ministry of Finance, for tax

purposes. Therefore non relevant considerations can be drawn about the effectiveness of these bonds other than empirical sequential studies. However, national statistics are tracked, cooperation that take institutional forms, particularly those formed by foreign capital flows.

Expanding cooperative relations seems to be a much more accessible way for Romania in achieving objectives regarding reindustrialization and balanced regional development. Hope to increase foreign direct investment is not currently at high levels, and their amount, although it led to an increase in GDP statistics, the growth of industrial activity and exports did not materialize also in increasing the standard of adequate living. Romania's right way is its own effort, the Romanian capital in cooperation with foreign capital through appropriate methods to stop the destruction of what is left of the industry and allow restoration of some of its parts. There are no unique and ideal methods of recovery. Our plea for cooperation crossed into account the particular context of the economy and the current model used by other states, holding resources even lower than Romania, consolidated industrial sectors choosing to work with highly evolved entities.

- Romanian capital enterprises must learn to protect themselves from the wave of globalization, develop beneficial cooperation between them and foreign, to develop and implement cooperation management;
- Romanian companies, even in the vicinity do not know only vaguely and incidentally their technical capabilities, bottlenecks and excess capacity. Developing virtual platform to flaunt this information could significantly stimulate cooperation both locally and internationally;
 - it requires playing an incentive role to cooperate by Public entities and territorial actors, creation of structures and infrastructures favoring towards deepening cooperation processes
- Develop funding programs aimed at supporting cooperation innovative lens is assumed, included in government programs, but still reduced;
 - avoid strongly asymmetric cooperations, ie organized with too advanced enterprises. Asymmetries between the technological level of firms is a serious argument to initiate cooperation, but when they are too high can lead to full monopolization of final good production by the most powerful company. Ignoring this issue led in recent years to the collapse of many Romanian companies.
- Romanian enterprises must first understand the specific risks induced by cooperation and then apply mitigation measures. Some of the specific forms of risk that affect units engaged in these processes are:
 - the risk of dependence
 - the risk of resource depletion
 - risk of alliance instability and unilateral withdrawal from the business
 - recruitment of key personnel risk
 - environmental risk
 - the risk of litigation legal treatment
 - the risk arising from the irreversibility of investment
 - risk of opportunist technology vendor

- the agro-industrial domain remains one insufficiently addressed, although Romania holds important resources in this area. But the chance to exploit this potential is the recapture of the internal market and identify market segments outside the European Union.

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