

Utopia of the Industrial Partnership in a Globalized World

Mostéfaoui Sofiane*, Saous Cheikh

Department of Management Sciences, University of Ahmed Draia, Adrar, Algeria

Abstract By hook or by crook, the industrial partnership becomes a critical instrument to expand investment and improve performance. It is by this meaning a mechanism by which the industry engages in technical and managerial procedures in an attempt to foster its dynamism and override the competitors. However, this partnership is not absolutely rosy as it embraces inside such factors that may inhibit the good processing of the partnership and the realization of the perceived advantages. This paper comes to shed light on the extent to which the industrial partnership would be considered as a panacea to the underdevelopment problems both at a micro (organizational level) or macro level (state of the economy at whole).

Keywords Partnership, Efficiency, Organization

1. Introduction

The partnership considered both as a mechanism and an aspect becomes the perennial feature of the international economies. This situation is borne out by the combination of several factors; to name a few: the economic factors, the ideological factors and the organizational ones (Henry, 1933; Derick et al, 1999; Anne et al, 2003; Chang-Bong et al, 2010; Graeme et al, 2016; Peter A. Petri et al, 2016). As the business of different territories are more intertwined and interwoven than before, the necessity to investigate the pros and cons of the different strategies that conduct the status quo and the development movement of them becomes a crucial issue. In fact, this importance is derived from a basic consideration that the partnership brings all sorts of knowledge, experience and the managerial know-how. These elements so significant for the development of any entity are shared between the partners in such an assumed way to create advantageous for both of them (T. Laky, 1985; Jason, 1994; Diane et al, 1995; André et al, 2000; Jae-Nam, 2001; Geneviève et al, 2004; Elizabeth, 2007; David, 2016). However, the utopia of the partnership is tainted by a suspicious touch as the advantageous that should be brought by this business mechanism are not always achieved; or at least the achievement of the intended targets is not compatible to the conditions and the requirements stated primarily. This inconvenience between the aspirations of the business partnership and its outcome are due to many reasons. These reasons could be arranged into three broad

categories: the economic category, the organization category and the environmental category.

2. The Economic Reason of Inconvenience

Under this heading, the partnership is conducted by a package of economic criteria including the quality of the product offered, the economic standing of the enterprise in the market and the economic growth level of the sector in which the enterprise operates (James, 1986; Richard, 1986; Charles, 2000; Satyaveer et al, 2005). For the first consideration, the partnership follows stages of development similar to those of the product life. In this context, we cite phases of partnership by which this process takes development; and through this trend it exercises distinguished effects on the results achievement. For instance, the introduction phase of partnership reveals a burden caused by the high cost of the partnership and in this stage the enterprise is not yet accustomed by the partnership network with its partners. During this phase, the entity could overcome this hurdle by managing the process according to the inner attributes of the other reason categories; namely the organizational and the environmental ones. The first stage is followed the growth magnitude of the partnership in which the enterprise is able to create an affinity network with the partnership inside the hierarchy of the entity and outside; i.e. the enterprise in this case can benefit from the economies of scale generated by the business partnership. In addition to the above stages, the partnership could be characterized by a maturity and here the enterprise strives to find out other effective and efficient niches of partnership. The causes behind this strategic movement are diverse but the most

* Corresponding author:

moste20@yahoo.fr (Mostéfaoui Sofiane)

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important one is to maintain the safety of the entity partnership (external reason) and to preserve the capacity of the entity of benefiting more from the outcome of this process. If the objective of capacity maintaining is not ensured for a considerable period; which is usually the case, the partnership mechanism starts a phase of waning in which the process loses its ability to generate positive outcome to the entity. Therefore, the firm in this case searches for another system of partnership that suits the evolving strategy of the firm. Through this sequence of the business partnership resulted from the evolution of the entity development, various discrepancies may occur. Generally, we can classify the discrepancy of the partnership lack to achieve the wanted results under two major parts: the inner discrepancy and the outer one. The former difficulty finds its causes from the inability of the firm to follow the evolution of the economic level of its partners and this situation leads to an inevitable case of a disturbance inside the organization (organizational problem of incompatibility). The second discrepancy is about the situation in which the enterprise suffers a downward pressure from the developed partners; and this may exercise hard effects on the smoothly trends of the entity strategy (organizational problem of dominance).

3. The Organization Reason of Inconvenience

The partnership inconsistency stems from the idea that the entity usually looks for creating partnership with the others in an attempt to boost the level of the technological know-how and the managerial expertise. However, this intention is not generally a subject of an undisputable realization. The reason of the organizational partnership inability is due fundamentally to the managerial development of the organization on one hand; and the nature of the entity on the other (George, 1919; Peter et al, 2002, John et al, 2005). The latter refers to make distinction between firms according to both property and sector paradigms. In fact, the description of the organization reason starts as a first phase by the primary adoption of the partnership requirements (codes and working process between partners). If codes are not perfectly suitable to the managerial structure of the firm, the situation may lead in a further stage of development to a tricky disturbance in managing the diverse resources of the firm and linking them to its overall strategy. In this context, many issues are questioned about the extent to which the organization in its structure is suitable to the partnership requirements and intentions (static problem dimension). Another inquiry is delimited by testing how far the organization can move steadily with the prerequisites of the partnership. By this sense, the scope and the width of the enterprise with which the partnership would be realized pose a serious challenge for both the partners. As a result of this situation, basic requirements for a successful partnership should to be fulfilled:

- A harmony of the partners in terms of strategy and the overall targets;
- A comprehensive platform of transmitting messages and executing orders for both the partners;
- A unified trend for envisaging the future of both the business partners

These three basic requirements seem to idealistic to some extent. The reason behind this judgment is due fundamentally to the nature of the partnership itself as the supremacy of one firm over the other in terms of technology, know-how and expertise is still existed or at least is the general tenet of the partnership forms. Accordingly, the paradigm dominant-constrained in managing the partnership and reaping its advantages persists.

4. The Environmental Reason of Inconvenience

Under this reason are considered the environmental disturbances that distort the smoothly function of the partnership business. In this context, many factors contribute to lessen the efficacy of the partnership. One of these reasons refers fundamentally to the difference in the economic ideology of the partners and the homogenization of both of them to deal with (Heather et al, 2008). This assumption is critical in the way that it can create different levels of gaining advantages from the partnership process. In this context, the infrastructure and the telecommunication progress in the country where the partnership is established play a great role in the success or the failure of the partnership in the business pure sense. The dissimilarity in the level of these conducting factors hurts evidently the smoothly functioning of the process itself and this causes negative impacts of the weaker side. At the other angle, the individuals' tradition towards this business setup matters most as the tolerability or the anxiety of the individuals to deal with foreign partners exercise a strong effect on the organizational efficiency of the created projects. In this context, various challenges should to be made on track as the efficient adaptability of the environment to the new business ideology and the creation of a fair atmosphere for a rational business partnership based fundamentally on sharing advantages and benefits.

5. Partnership and Business Efficiency

Under this heading, it is well recognized that the expansion of a business to a shareholding level brings with it various advantages represented generally by the performance and the efficiency paradigms. These two targets could not be under the possibility unless if a specified level of harmony and a perspective convenience is existed among shareholders. In cases of conflict or self-egoism in taking decisions or establishing goals, the harmony disappears and the capacity of reaping advantages diminishes accordingly. This issue is of prime concern if the enterprise wants to be aligned with the new prerogatives of the shareholding system.

Here, we talk about the outstanding position that the internal business communication must keep. It refers to how well the organization is able to convince its customers i.e. partners and shareholders about its general perspectives and goals. Contrary to this targeted situation, the partnership which lacks a sound communication system becomes a heavy hurdle to the well-functioning of the organization. In addition to this, it is worthwhile to mention that the nexus partnership-efficiency is relied upon the similarity and (or) dissimilarity of the partners' skills as well as the level of the partnership coalition. Let's consider an economy with N agents with different types denoted by $K \equiv \{N_1, N_2, \dots, N_k\}$. The agents by their different types are classified according to their skills by the following order $S \equiv \{S_1, S_2, \dots, S_k\}$ which means that the partnership is represented by types-skills pairs as follow:

$$P \subseteq \{P_1, P_2, P_3, \dots, P_k\} / P_1 = (N_1, S_1), \\ P_2 = (N_2, S_2), \dots, P_k = (N_k, S_k)$$

Therefore, the objective to engage in a partnership process is to ensure a good a rational correlation between the type of the partner and his skills. Formally, the goals of the partnership are reached when the pairs are at their highest level of efficiency. Let's consider the optimum efficiency level denoted by $E^* = \max_{i=1,2,\dots,k} \{P_1, P_2, \dots, P_k\}$. To maximize the partnership efficiency, one should distinguish between the homogeneity positions of the partners and their heterogeneity. By this sense, the partners look for the best allocation of type to skill or vice versa in attempt to gain more partnership advantages. Then, the partners strive to accomplish the target of the following model:

$$E^* =$$

$$\max_{i=1,2,\dots,k} i_s \left\{ \begin{array}{l} P_i / i_N = i_s \text{ (maximizing homogeneity)} \\ P_i / i_N \neq i_s \text{ (maximizing heterogeneity)} \end{array} \right\}$$

In accordance with this assumption, we have to distinguish between the homogeneous or heterogeneous partitions of the different pairs as follow:

$$E^* = \max_{i_N=i_k} \{(P(N_i, S_k))\} + \max_{i_N \neq i_k} \{(P(N_i, S_k))\}$$

At this level, the efficiency of the partnership process refers to both the gains and the losses incurred by the partners. These advantages and disadvantages are related to the correlation between the type of the partners and his skills. Let's consider ∂ the efficiency of a single partner. For any partner:

$$\partial_{i_{Nk}} = \frac{S_k}{N_k} / 0 \leq \partial_{i_{Nk}} \leq 1 \text{ (Coefficient of efficiency),}$$

then the partnership process endeavors the maximization of the following model:

$E^* = \max E_1 + \max E_2 + \dots + \max E_k$, that is the partnership ensures that each optimum of efficiency for each partners is reached:

$$E^* = \partial_{i_{Nk}} \int_{i=1}^{i=k} \varphi_i P(N_i, S_k) dN_i / 0 \leq \varphi_i \leq 1:$$

Organizational behavior of the partner

As a result, two scenarios are suggested:

Proposition 1:

The organizational behavior of the partner is irrational, the fact that hurts negatively his efficiency in taking advantage from the partnership process. In this case, the maximization model has the following characteristics:

$(\partial_{i_{Nk}} \leq 0) \wedge (\varphi_i \leq 0) \Rightarrow E_{i_{Nk}} \leq E^*$ (The partnership is under efficiency and the losses are measured by the difference between $E_{i_{Nk}}$ and E^* as:

Partnership Inefficiency = $E^* - E$. This situation is due either to the inaptitude of the partner to deal with the requisites of the partnership process or he has not the capacities to come up with the required skills that ensure the advantages of the partnership process.

Proposition 2:

The organizational behavior of the partner is rational, the fact that results in positive efficiency and an increase in taking advantages from the partnership process. By this sense, the gap between the optimum point of the efficiency and the realized efficiency becomes smaller. Formally, the partners try to decrease the gap between the two kinds of efficiencies as:

Partnership efficiency = $\min_{i_{Nk}} \{(E^* - E)\}$. The propositions are illustrated in the following table:

Partnership Degree	Partners' Attitudes	
	Suitable skill-type partner	Non-suitable
Efficient	Good partnership	Partner Dilemma
Inefficient	Sector Dilemma	Bad partnership

6. Conclusions

The paper addresses the issue of the compatibility between the partner and the partnership process. The relationship existed between them is not clear cut. This is due to two basic reasons: the intentions of the partner through his engagement and the patterns of the partnership process. In this context, we distinguish four interrelated cases. The ultimate goal of the partners in sewing their business operation is to reach the point at which the suitability is guaranteed between the aspirations of the partner and the advantages gained from the partnership process. The three other cases represent a kind or more of the partnership disturbance. The latter refers either to organizational disturbance and here we mean the incapability of the organization to absorb the positive spillovers of partnership and overcome its negative one (sector dilemma); or the inability of the partners to be aligned

with the prerogatives of the process. Therefore, the success or the failure of any partnership business operation depends intrinsically on how to manage efficiently or (inefficiently) the remaining three cases.

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