

Chapter 1

Introduction

ABSTRACT

The explosion of the Internet and other telecommunication technology facilitates the interaction between trading partners using wireless communications. E-collaboration considerably facilitates inter-organisational sharing of knowledge and information and subsequently improves business performance. The level of wireless technology used to manage commercial transactions between partners is regarded as the 'e-commerce diffusion'. Effective information sharing among trading partners heavily depends on trust outside organization and organisational capacity inside organization, which form two critical factors to successful inter-organisational collaboration. The research question cannot be answered without thorough investigation of the impact of e-collaboration and e-commerce diffusion on business performance as practiced by industry. The survey was addressed to CEOs and senior managers from 500 organisations in China manufacturing electrical products. This chapter give an overview of the key definitions, research questions, research methodology, research significance and limitations of scope of the book.

INTRODUCTION

Being competitive in a globalized environment requires a holistic perspective on the proactive **integration** and **synergy** from all business partners' activities (such as manufacturers, supplier, distributors, buyers, service agencies and so on) and their trading systems (Zheng, 2006). Collaboration refers to joint actions that two or more organizations carry out to achieve reciprocal **benefits**, involving the fields of manufacturing, product and services, R&D, logistics and distribution, and

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higher marketing/promotion force etc. (Wang & Archer, 2004). As emphasized by the President of China Mr. HU Jintao in the G20 summit in Toronto, Canada, the manufacturing industry in China recognizes the increasing importance of inter-organizational collaboration and collaborative innovation, and increasingly engages in globalized partnerships with their business partners to survive (World Bank, 2006; Newell et al., 2009). Manufacturers and their partners are working together in close collaboration to gain benefits from resource sharing, e-technologies, risk management, information sharing and so on (e.g. Zedtwitz & Gassmann, 2002; Brown et al., 2010). To increase competition advantages, many researchers have examined the concepts put forth in the area of collaboration relationships, especially the inter-organizational collaboration, with its emphasis on its benefits to business success (e.g. Chen, 2003; Simatupang et al., 2004).

From the late of 1980s, 'Wenzhou model' is well known throughout China (ZNNES, 2010). Wenzhou mode refers to the pattern of developing big market by small commodities (ZPPGRC). These small commodities mean these low-voltage and high-voltage electrical products which have low production scale, technical content and transport costs, such as dynamos, electromotor, transformers, lighting, rectifiers, inductance, insulation conductors and other electric machinery and equipments apparatus. According to the vertical development of those specialty markets, a lot of products industries clusters and professional markets are established by Wenzhou entrepreneurs in worldwide, called as 'Wenzhou mall' or 'Wenzhou Street' or even 'Wenzhou Town' by local people. In China, the electrical industry forms 6.08% of the total manufacturers and contributes 6.2% of the gross industrial output value in China (NBSC, 2010) and is regarded as one of China's largest export earners (ZNNES, 2010). The success factor of the Wenzhou model is the well recognized culture of trust and 'grouping'. The trust philosophy and reciprocity norm is a highlighted value which facilitates the open attitude and collaboration in Wenzhou enterprises. This part will be further discussed in Chapter 2 (Brief Introduction of Wenzhou Electrical Industry Cluster).

China's electrical industry has gone through a period of restorative development since 2008, achieving approximately 20% growth rate (ZNNES, 2010). More than 25 thousand electrical companies are located in Wenzhou which forms 80% of total SEP manufacturers in China. It produces more than 20 thousand electrical products which occupy 67% of total electrical products in China. Wenzhou city contributes about US\$ 16 billion in manufacturing forming approximately 5% of total electrical products value in China and around 0.15% of total gross national products in China. It is expected that an 8% increase rate in Wenzhou electrical industry and will reach 20 billion in next five years. The number of manufacturers in Wenzhou city and the value of their products make the city as a perfect industrial cluster for researching and answering our research question, which in turn can be generalised over the manufacturers in China.

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