# Chapter 3 The Recognization of Collaboration

## ABSTRACT

With the phenomenon of information acquisitions and sharing, this section aims to drawn from experiences of collaboration for intellectual contributions. Especially in the recent global economic meltdown, there is increased complexity about how to optimize business resources on a worldwide scale. Hence, the role collaboration plays in business management is not only to facilitate information sharing but more importantly, to enhance business performance. This chapter reviews the current literature in the fields of collaboration, as well as the interaction between collaboration and business performance in the area of Wenzhou. Moreover, influences from political, legal, business forces, cultural, psycho-social and technology development would also affect the performance of collaboration. A detailed discussion of the importance of the trust underpinning inter-organizational collaboration is included from the psycho-social perspective. Currently, a research gap exists in the examination of the relationships between collaboration and business performance via diffusing e-business in this industry.

### INTRODUCTION

This chapter also reviews the current literature in the fields of collaboration. Collaboration encompasses some special characteristics (collaboration elements) and sound organizational capacities are required to manage them properly in order for organizations to succeed (e.g. Wong, 2008; Brown et al., 2010). When moving from

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an intraorganizational-oriented to an inter-organizational-oriented way of operation, organizations and their collaboration partners will widely benefit from sharing their sound organizational capacities, that is, cross-organizational collaboration (Hafeez et al., 2006; Peng & Woodlock, 2011).

The foundation of collaboration would be assessed in the flowing section. This section is aiming to present an assessment of the foundation of collaboration established in the electrical industries in China. It lays out the political, legal, business forces, cultural, psycho-social and technological foundations on which collaboration happens. A combination of literature review and the learning from Wenzhou industrial practical experiences will be the main methodology in producing this study. This study furthers the discussion in the context of electrical enterprises and their collaboration value in Wenzhou.

## VARIOUS FACETS OF COLLABORATION

Collaboration occurs when two or more organizations have made efforts to achieve results that they cannot achieve separately, and these synergistic efforts often result in innovations that benefit all partners (Wang & Archer, 2004). It is characterized by sharing information, knowledge, risk and profits in collaboration, especially supply chain collaboration (SCC) (Mentzer, 2001). Collaboration work has been developed from the focus of the interdependent resources exchanges (Fiske, 1990; Singh & Mitchell, 1996) to the enhancement of interaction in inter-organizational relationship network (Brown et al., 2010) and the synergistic efforts interrelated within inter-organizational environments (Zedtwitz & Gassmann, 2002; Simatupang & Sridharan, 2005). Oliver (1990) defined inter-organizational collaboration as a consistent flows and transactions among or between an organization and one or more organizations in its environment. Das & Teng (1998) considered mutually compatible interests and welfare in pursuing inter-organizational collaboration. Mohr & Spekman (1996) added commitment and trust, as well as coordination, to the elements of collaboration. They also studied the importance of the role of communication (participation and communication quality) in contributing to the successful collaboration. In recent research, more focus is directed to networked collaboration with the assistance of e-technologies (e.g Azadegan & Teich, 2010; Varda, Shoup & Miller, 2012). Williams (2005) developed these prior definitions and confirmed the importance of sustained legal connection, complementary goals, and social relationships among collaborative partners. In any case, the deeper the relationship becomes, the more potential benefits organizations can achieve (Matopoulos et al., 2007).

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