

Collaboration: The Key to Competing In The Global Era?

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ABSTRACT

The emergence of Collaborative Enterprises (CEs) has received considerable attention in the academic world and among practitioners. However, there are many unanswered questions regarding the dynamics of collaborations. Even though collaboration is broadly known as one of the ways to improve companies' competitive edge in the global era, it is reported in the literature that about 70% of collaborations fail. Therefore this paper addresses some issues behind the CEs, including how CEs are developed, the benefits and risks of CEs, and the key factors behind their success.

This paper will contribute to the body of knowledge by developing a better understanding of the advantage and disadvantages of globalization and the concept of collaboration between enterprises.

Keywords: Collaborative enterprise, key factors

INTRODUCTION

The globalization of the economy has changed companies' efforts to compete throughout the world. Nowadays, competition among companies has increased rapidly. A company not only competes locally with local partners, but also with foreign companies. Moreover, local companies have been pushed to compete overseas as well in an attempt to capture new markets. This situation has produced contrasting effects. On the one hand competition has pushed local companies to improve their competencies in order to become world-class companies. On the other hand this has caused many small and local companies to collapse due to the lack of capital and resources.

With reference to the situation mentioned above, companies have to rethink their strategies to compete in the global era. One of the crucial issues that have been suggested by academics is collaboration. Collaboration literally means working together. The term is often used when individuals or organizations work together towards some common aim.

Rapid changes in information and computer technology (ICT) have eased the way to collaborate. Collaborative companies can communicate and exchange information easily and cheaply using advanced technology. Evidently the number of CEs is growing. However, it was found that many CEs failed in their implementation. Studies of CEs cite high failure rates (Lewis, 1990). Considerable works regarding the links between CE failures and companies focusing on their individual aims have been undertaken (Huxham, 1996). Studies indicate that companies fail to collaborate because they focus on gaining individual advantage through CEs and giving less attention to partners and customers.