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## Cooperation management in Slovak enterprises

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### Abstract

Cooperation management, as a scientific topic, is still not very elaborated yet. There are significant interest, from theory and praxis, to create a model approach, which could be used for building and managing of effective cooperation processes. Main goal of the study is to present actual knowledge about cooperation management conditions in Slovak companies and assign these in order to create a model of key elements, which have an important impact on effective cooperation in corporate praxis. Another important result of the study is recommendations for praxis considering effective cooperation management.

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*Keywords:* cooperation, cooperation management, cooperative potential, cooperative climate;

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### 1. Introduction

Recently, a number of theoretical and practical experts became interested in cooperation management. The area of cooperation management is not yet well explored. One of the areas that received more attention is the effort to create a model of successful use of cooperation management in a company in order to ensure its competitiveness. In practice, we may identify multiple unsuccessful approaches when applying cooperation management. The reason for a lack of success is mainly lack of clear plan of activities, division of competencies for implementation and company strategy for establishing and maintaining cooperation. Managers are often the source of such errors, since they often misinterpret the concept of cooperation management and insufficiently utilize its potential in companies.

The goal of this paper is to provide a fair image of the use of cooperation management in Slovak enterprises, based on thorough analysis of theoretical sources in the area of strategic management, cooperation management, marketing and performed research. The paper also aims to transform these results into a proposed model of key aspects that influence the use of cooperation management in companies. Authors used the methods of document analysis, questionnaires and observations, i.e. visit of selected enterprises, to obtain the necessary data. For examining the data, authors used the methods of induction, deduction, synthesis, abstraction and modeling.

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## 2. The Current State of Dealing with the Issue

Among the professional public is currently debate about definition of cooperation management and allocation of areas of their operation. There are a few definitions of cooperation management in the literature, but each of these cover only a section of the overall role of cooperation management.

Wide explanation variability of the term cooperation management may be also documented by following theses. Lafleur (2005) understands cooperation management as way the management and development of cooperation are conducted in a competitive setting. In opinion of Ray (2002), cooperation management represents a term for framework for the integrated management of enterprise networks. Also Brown (1998) leans to this opinion by his thesis, that cooperation management is a partnership between government and industry. In opinion of Staatz (1983), cooperation management is about the cooperative decision making in the context of heterogeneous preferences, there is a need develop models that address this issue explicitly and in so doing suggest alternative ways of structuring cooperatives to deal with group choice. Zhang (2011) believes cooperation management as core of all management problems. In his opinion the cooperation management provides conditions of constructing a cooperation system are analysed which are the motivation of resource dependence, objective of effect enhancement, constraints of encouraging cooperation and possession of technology of cooperation.

Based on a thorough analysis of domestic and foreign literature, we can proceed to the following definition: *"Cooperation management is effective and pragmatic management of cooperative relations between independent organizations or individuals for purpose of raising of theirs competitiveness."*

## 3. Situation in Slovak enterprises – results of the empirical study

In order to explore the area of cooperation management further, an empirical study was realized between September 2012 and February 2013. The main goal of the study was to diagnose the level of use of cooperation management in Slovak enterprises. In total, 273 respondents were included in the study, including both mid-sized and large enterprises that are active in Slovak Republic.

Almost half of the respondents (48 %) plan to establish intense cooperation with another company or organization in the near future (less than 1 year). This finding can be considered to be positive. It could also be viewed positively that 46 % of included managers would repeatedly decide to cooperate with their main partner. This result indicates that the parties built a strong relationship, which can be seen as the main prerequisite for successful cooperation.

In the study we also explored the intensity of company cooperation with other companies and organizations. This was evaluated using a scale of 1 to 10, with 1 being "almost not at all" and 10 being "very intensively". One of the findings was that the companies included in the study are having the most intense cooperation with commercial companies – here 64.4 % of included managers indicated a very high intensity of cooperation (level 8, 9 and 10). As many as 55.2 % of the managers indicated very low cooperation (level 1) with non-profit organizations, suggesting that cooperation with this group is limited. Similarly, a very low intensity of company cooperation was also identified in relation to the European Union. Here 49.7 % of managers indicated only limited intensity of cooperation with this party. Similarly low intensity of cooperation was identified also in relation to self-governing regions and upper-tier territorial units (in Slovak entitled VÚC).

$\chi^2$  test of independence between qualitative attributes proved that a dependency exists between company satisfaction with a level of current cooperation (satisfaction index) and the size of the company.

Managers included in the study were given key aspects that are related to using cooperation management. They were then able to assign relative importance to the individual aspects. The highest priority was placed on mutual trust (9.35), adherence to contractual terms (9.35) and benefit of the cooperation (8.94). In contrast, the lowest priority was placed on the level of communication (8.52) and on the information system (7.62).

When asked about the main issues that occur during cooperation with other companies and organizations, managers identified the following: insufficient fulfillment of contractual terms (58.39 %), financial strain (35.04 %)

information distortion (34.31 %), low efficiency of cooperation (29.56 %) and unwillingness to provide internal information by the cooperating party, i.e. concern about providing internal company information (28.83 %).

#### 4. Proposed model of key aspects that influence the use of cooperation management in companies

Based on a thorough analysis of both domestic and international expert literature and the performed study, we are able to conclude that cooperation management is strongly influenced by four primary (key) aspects. This relationship can be recorded as a function with four variables that influence implementation and realization of cooperation management:

$$C_M = f(M_T, C_P, I_S, P_C) \quad (1)$$

$C_M$  – cooperation management,  $M_T$  – mutual trust,  $C_P$  – cooperation potential,  $I_S$  – information system,  $P_C$  – pro-cooperation climate.

The key aspects that influence implementation and consequent realization of cooperation management can be visualized in form of a four-sided star model. It is important that all connections and relationships between individual aspects of the model occur in accordance with the aim to reach common goals.

In terms of the five-sided star model, the cooperation management is seen as management that stems from initiatives and needs to cooperate, leaning on the cooperation potential of the company, using mutual trust as its main cooperation tool, and acting in the pro-cooperation climate, supported by suitable communication and information systems. In center of the five-sided star model is cooperation and effective work. The outcome of the model is the created value that improves competitiveness of the company and opens doors to new opportunities (on the market, in processes, and work approaches...). It is mainly comprised of knowledge.

The first important aspect that influences cooperation management is *mutual trust* ( $M_T$ ). It can be recorded in a form of a function with four variables:

$$M_T = f(A_{CT}, S, R_A, R) \quad (2)$$

Its purpose is to create such work environment that will support cooperation climate. In particular, this means to adhere to contractual terms ( $A_{CT}$ ), professional approach and seriousness of parties in cooperation ( $S$ ), responsible approach to dealing with issues during cooperation ( $R_A$ ) as well as reliability of parties in cooperation ( $R$ ).

The second aspect that we identified is *cooperation potential* ( $C_P$ ). It represents a degree of company cooperation that would be attained under optimal use of all cooperation resources of the enterprise. The level of company cooperation potential is dependent on the level and quality of individual subparts of the company cooperation resources. Company cooperation potential can be recorded in a form of a function with four variables, which influence its content and quality:

$$C_P = f(K_B, B_{CI}, B_{CO}, B_{CR}) \quad (3)$$

*Knowledge base* ( $K_B$ ) provides room for gathering of all knowledge (e.g. from experts), that can be used in the cooperation process. The knowledge gathered here mainly covers technological possibilities or suitable configurations that would suit company needs and the needs of its potential partners. The knowledge may take the form of experience that the enterprise accumulated during its existence, or may be a result of the process of exploration (technologies, market, competition...). The main purpose of the knowledge base is to provide room for suitable combination of the knowledge into successful cooperation.

*Base of cooperation ideas* ( $B_{CI}$ ) represents room for seeking, creation, evaluation and storing of cooperation ideas that may be used in the process of creation of cooperation relationships in the future. Cooperation idea represents a new finding that results in a change of structure on the level of knowledge. It is an idea about possible new cooperation or new cooperation solution. It covers impulses, ideas and thoughts of a certain cooperation solution.

*Base of cooperation opportunities* ( $B_{CO}$ ) represents room for storage of and work with identified cooperation opportunities. Cooperation idea is a necessary but not sufficient prerequisite. The idea needs to be possible to realize and it needs to meet the requirements of potential successfulness. This can be referred to as seeking of opportunity – a process of change from an idea to an opportunity. Re-evaluation of a cooperation idea into a cooperation opportunity is a complex process that may require assessment of a large number of ideas. Here it is possible for the

enterprise to create its own system of evaluation. During the process of evaluation, managers need to be aware and expect feedback in a form of corrections and improvements of ideas, their connecting, dividing etc. Base of cooperation opportunities also serves for storing such opportunities that do not have immediate significance for the company. The base thus gradually accumulates cooperation opportunities that may collectively in their evaluation create a synergetic effect.

*Base of cooperation relations* ( $B_{CR}$ ) stores all created cooperation relations and creates an environment for their effective management and successful projection into cooperation management. Cooperation relation stands for a practical transfer of cooperation ideas into communication and cooperation of individual organizations on their way to the common goal.

The third important aspect of cooperation management is *information system*. Cooperation management must be supported by a suitable information system that enables the use of company cooperation potential in its cooperation activities. This aspect can be also seen as a system of management that supports cooperation, including cooperation approaches, methods and management resources, management styles, initiatives that lead to improvement and better use of cooperation in the enterprise. We also include here the external and knowledge systems that were created with the goal of ensuring effective work with knowledge and data related to cooperation. This requires certain investment of company management into information systems, so that a free flow of information ( $I_T$ ) is ensured, together with appropriate technical ( $T_E$ ) and program equipment ( $P_E$ ). It is therefore possible to record the information system ( $I_S$ ) in a form of a function:

$$I_S = f(I_T, T_E, P_E) \quad (4)$$

Another key aspect of cooperation management is *pro-cooperation climate* ( $P_C$ ), which significantly influences realization of cooperation management in an enterprise. Pro-cooperation climate is characterized by changes, learning, flexibility, creativity and development. It distinctively influences creation of cooperation as well as their implementation. On the other hand, it should be emphasized that cooperation management influences the content of company culture. Pro-cooperation climate can be recorded in a form of a function with four variables. These variables are the ones that contribute to the creation of a suitable environment for implementation of cooperation and application of cooperation management:

$$P_C = f(E, M, F, C_C) \quad (5)$$

E – employees (on all levels of management), M – motivation, F – financial resources,  $C_C$  – cooperation culture

## 5. Recommendations for effective use of company cooperation management

The most common issue is *the lack of use of company cooperation potential*. The company is either not aware of its cooperation potential or it may be the case that suitable conditions for development and use of cooperation potential were not created within the company. This issue can be identified by occurrence of misunderstandings, costs and realization of non-efficient cooperation processes, often repeated multiple times.

Company managers need to focus their attention on a thorough analysis of company cooperation capacity. The company needs to have an overview of its knowledge, experience, resources, ownership and managerial skills and abilities that are available, so that it can fully use them in cooperation efforts. However, for this to happen, company top management needs to have a clear idea about building and managing company cooperation and to translate this into company strategy and support it by necessary human and financial resources. Managers therefore need to actively communicate with potential partners as well as with their employers and to engage them in the creation of cooperation. Similarly, company top management may consider creating a motivation program that would stimulate employees to contribute to cooperation processes.

Another risk is *the absence of information system to support effective exchange of information between partners in cooperation*. Information that comes from partners is often not kept on record in a suitable form so that it could be used later or it is not accessible to the relevant people. This leads to situations when managers and employees react insufficiently to information responses during cooperation.

Company managers should consider establishing such databases that are connected to the information system of the company. In case of a stimulus, everyone in the company should know how to react to it. This will only be enabled by effective work with information in cooperation. The information system needs to reflect the requirements and current situation in the area of information technologies of individual partners in cooperation.

A quite serious issue is the case of *missing suitable environment that supports creation of cooperation*. In this case, company managers should focus their efforts on creating company culture with a suitably calibrated motivation program. In addition to the abovementioned recommendations, the implementation of which will improve cooperation environment, it is also necessary to consider and to focus on the company employees. Top management ought to strive to stimulate their activity by creating suitable environment that will ensure open communication, discussion about cooperation options and work in teams. Company employees need to carry their excitement also into development of cooperation.

## 6. Conclusion

Analysis of expert literature together with the performed study confirm the fact that a key role in the area of cooperation management is held by mutual trust, cooperation potential, information system and pro-cooperation climate. Based on these findings, we can recommend to company managers to prepare a plan of creation and development of cooperation including a method of how to achieve it, revision of company strategy so that it also includes creation and development of cooperation relations, setting aside appropriate resources (both human and financial) for cooperation and identification of cooperation opportunities and finally, we recommend creation of a suitable climate/environment for building and development of cooperation relations. Business strategies that do not recognize the presence of complexity and uncertainty with related and future changes will be inflexible and unlikely to be correct (Varmus 2009).

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