Cooperation management on construction business market in the Slovak republic – an Insight from a Company

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Abstract

Continuous research in the area of cooperation, its theory and practice, gradually moves us closer towards the applicability of cooperation management in specific environments. In the Slovak Republic one such environment is the construction business market, which is characterized by various cooperation networks. Statistics of the construction business indicate slow economic growth, which is in fact lower compared to the time period before 2007. The main challenge is to stay competitive in the environment where supply of construction services is considerably higher than the demand for such services. Companies that are competitive and have a strong cooperation basis are characterized by frequent activity, long-term interactions, high performance, and adherence to the supply & construction terms. In the discussion part of this article we focus in detail on a model of cooperation management for this specific environment. The main part of the model is a managing unit, which coordinates cooperation activities of the collaborating and competitive companies. Successful cooperation is one of the elementary activities of cooperation management suitable for strategic management of a group of companies. Competitive environment at this construction market can be generalized and the results of this study can be used for applying cooperation management in other industries and collaborative settings.

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1. Introduction

In this article we focus on a concrete manifestation of cooperation management in a specific environment – construction business market in the Slovak Republic, and in a concrete company active at this market. We concluded that the construction business market in the Slovak Republic is characterized by established cooperation networks, e.g. various strategic alliances and sub-contractor networks. Through secondary sources and the method of content analysis we identified main characteristics of the construction business market in Slovakia. As a next step we analyzed in detail the environment and collaborative relationships of a concrete company active at this market (SIPE, Ltd.). The company selection was based on the willingness of the company to share information with us. We analyzed collaborative relationships of this company, their purpose, main effects and the way they are managed. We studied these aspects directly in the company through the methods of observation, interview and document content analysis. We study the topic of cooperation management relatively for a long time. Our research can be broadly categorized into three areas: 1) theoretical basis of cooperation management, 2) study of concrete cases of cooperation management and subsequent creation of case studies (clusters, strategic alliances etc.), 3) quantitative analysis of the state of cooperation management in Slovak enterprises (questionnaires, interviews etc.). This article is part of the second category. The results of our research are typically published, as an example we include below two texts where we focus on the results from the third and the first category. The evaluation system proposal of the businesses preparedness for cooperative management implementation” [16]; “Proposal of model for effective management of cooperation activities in Slovak companies” [17]. Theoretical basis of cooperation management is extensive. A major part is represented by the work of M. Porter. Considering inter-firm cooperation and economic clusters efficiency, Michael Porter claims that these processes, when managed effectively, have significant impact on overall competitiveness and innovation potential of cooperating entities. Furthermore, Porter underlines the potential of these processes as positive externalities for wider environment [10]. Key characteristics of cooperation management were summarized by Veerakumaran [15] in his work: Cooperation management is a complex decision making process and the decisions are made on all managerial levels; Primary goal of cooperation management is to satisfy the needs of the members of cooperation; All activities need to occur according to the agreed principles of management and cooperation; Suitable balance needs to be established between the efforts for commercial success and maintaining goals of the cooperating parties; Management focused on reaching a goal via effective use of resources. We add here further characteristics: Mutual trust between the cooperating parties [3,19,20]. Common goals that are attractive and significant for the cooperating parties – in certain cases the common goals may actually change the competitive nature of the relationship between the parties (e.g. clusters, strategic alliances) [1,6,10]. Serious attitude towards the cooperation relationship, reciprocity in redistribution of the benefits arising from the cooperation [4,6]. Efficient cooperation between organizations can represent a major factor in the process of establishing a competitive advantage, e.g. enabling access to goods and services that would be difficult to obtain by a single company [10,16,17], efficient supplier-customer relationships in development, supply and implementation of a project management system to a company [14], or in sport [18]. Based on the results of our research as well as the study of theoretical background we created a definition of cooperation management. This definition characterizes our research and what we primarily focus on. “Cooperation management is effective and efficient management of relationships in a cooperation between separate and relatively independent organizations or individuals, with the goal of improving their competitiveness.” [12]. Main goals of this article are: to establish a high level definition of the construction business market in the Slovak Republic in light of the effects of cooperation management; to present the main findings and conclusions of the construction company case study, which may be considered to be representative of the usual cooperation relationships in the construction business; based on the results to offer a brief discussion where we highlight the main conclusions and their significance.

2. Situation on the Slovak market

Globalization of the 90s has supported the phenomenon of establishing connections between companies in order to reach certain goals, such as increased productivity, improved manufacturing efficiency, reduced costs, and strengthened competitive position. [12] Construction business is an important part of the Slovak economy as it enables construction necessary for various sectors such as business, trade, public sector, logistics, manufacturing and others. It is evident that the construction business creates and supports tangible environment needed to cater to the various
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