

# Cooperation and development of enterprises with the example of a strategic business network

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# COOPERATION AND DEVELOPMENT OF ENTERPRISES WITH THE EXAMPLE OF A STRATEGIC BUSINESS NETWORK

The purposefulness of the conducted research presented in this article results from the need to learn about the degree of involvement of enterprises as well as factors affecting the level of cooperation of business entities belonging to a common business network. In the article, an attempt was made to specify the determinants for the development of cooperation of partner companies with the network leader, dependent upon the degree of cooperation as well as development stages of a partner company within the business network. Empirical research results were preceded by theoretical introduction with regard to the concerned issue referring to the characteristics of network relations. The research results were presented based on the conducted interviews with employees of the business network leader, analysis of the documents of the enterprise, as well as own observations in the period of three months of stay in the audited unit belonging to the IT sector. The analysis of the survey questionnaire sent electronically to the owners or members of the Board of Directors of the examined entities.

Keywords: Development of enterprises, network organization, enterprises' development factors

# Introduction

As a result of dynamic development of organizations on the global market, more and more importance is attributed to mutual partner relations concluded between companies, as well as enterprises and research and development units. These relations have been specified in the literature on the subject as network connections or network organizations. Cooperation between business entities affects the proper growth in the whole branch, as well as particular units, and thus the enterprises are more and more often interested in participation in business networks.

The purpose of the article is to define how entrepreneurship assessed in the context of behaviour of entrepreneurs is affected by mutual relations between entrepreneurs and their business partners. The article will discuss the factors affecting relations between entities on the "Business – to – Business" market within a business network, as well as the resulting process of development of enterprises belonging to this form of cooperation.

The analysis has been conducted based on the conducted empirical research in the group of 210 enterprises belonging to a business network, as well as interviews with employees hired on positions of the regional supervisor in the central enterprise managing this network, as well as based on own observations in the company of the network leader.

### 1. Characteristics of network relations

Paying attention to various definitions occurring in the subject literature, describing the issue concerning network relations, it can be stated that they refer mainly to relations of entities independent in terms of capital based on cooperation linkages <sup>1</sup>. They can assume the forms of: strategic alliances, virtual organizations, joint venture, integrated supply chains, holdings, acquisitions and clusters of enterprises.

Selected definitions of network relations have been presented below:

- a business network means "multi-level connection within the <learning> structure aiming at implementation of the common long-term strategic goal, which is development, based on qualitative changes" <sup>2</sup>,

- "a network is a set of measures and principles enabling entities which are to gain access to them to undertake and pursue common projects" <sup>3</sup>,

- cooperation of "many enterprises in the network in order to achieve certain benefits, including competitive advantage. Cooperation takes place in the form of cooperation relations between economically and legally independent enterprises"<sup>4</sup>.

Thanks to the formula formed by network organizations, enterprises belonging to them gain the ability to build or maintain competitive advantage in relation to enterprises which remain beyond the network thanks to unique characteristics and areas of operation, which include<sup>5</sup>:

- significant share of informal relations,

- independence and autonomy of operations of subsidiaries,
- centrally established the manner of transferring information,
- allocation of resources between entities inside the network on the central level,

- hierarchical subordination of partners and network management by its the leader, but not in every organizational form.

Based on various available sources describing the structure of network relations, as well as listing characteristics for this type of relations, allowing to specify a given relationship as network, Fig. 1 presents the most characteristic elements of such relations, including: continuous interaction, interdependence and infinity.

The example of a business network described herein is based on the strategic approach, according to which within the network there is one central entity, supervising and managing the whole structure. The network leader, referred to further in the article as the producer pursues its development strategy by intentional selection of partners meeting the preliminary requirements, providing the basis for establishing cooperation within partner agreement, creating, in this way, a network of partners.

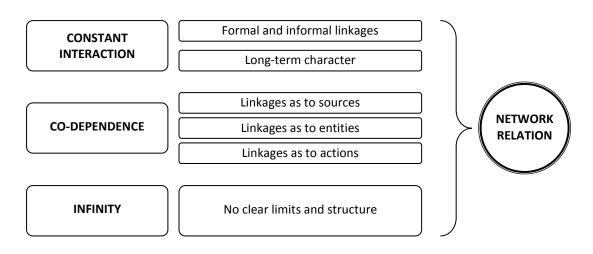
<sup>&</sup>lt;sup>1</sup> M. Górzyński, W. Pander, P. Koć, *Tworzenie związków kooperacyjnych między MŚP oraz MŚP i instytucjami otoczenia biznesu*, PARP, Warsaw 2006, p. 16.

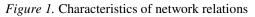
<sup>&</sup>lt;sup>2</sup> M. Rosińska, Sieci biznesowe jako forma integracji celu optymalizacji warunków działania na rynku globalnym – ujęcie teoretyczne, [in:] Biznes międzynarodowy a internacjonalizacja gospodarki narodowej, E. Najlepszy (ed.), Wyd. AE Poznań, Poznań 2005, p. 248.

<sup>&</sup>lt;sup>3</sup> J. Brilman, *Nowoczesne koncepcje i metody zarządzania*, PWE, Warsaw 2002, p. 432.

<sup>&</sup>lt;sup>4</sup> K. Santarek, A. Kosieradzka, R. Rafalski, *Struktury sieciowe przedsiębiorstw*, Wyd. Politechnika Warszawska, Warsaw 2005, p. 87.

<sup>&</sup>lt;sup>5</sup> J. Cygler, *Organizacje sieciowe jako forma współdziałania przedsiębiorstw*, [in:] *Przedsiębiorstwo partnerskie*, M. Romanowska, M. Trocki (ed.), Difin, Warsaw 2002, p. 148-150.





Source: M. Ratajczak-Mrozek, Sieci biznesowe a przewaga konkurencyjna przedsiębiorstw zawansowanych technologii na rynkach zagranicznych, Wyd. Uniwersytetu Ekonomicznego w Poznaniu, Poznań 2010, p. 23.

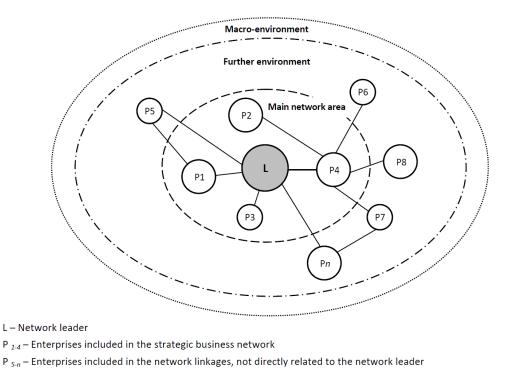
The central enterprise, in accordance with the indicated approach, performs, at the same time, the role of both a controlling entity, as well as an entity organizing flow of information and goods between partners from the network, being economic entities formally independent in terms of capital statutory activity (see Fig. 2)<sup>6</sup>. Under the explanation of the idea of the network using the strategic approach attention should be paid to creation of value added, which is determined by the network leader itself. This type of relations, referred to in the literature as the strategic networks is characterized by formal, long-term connections based on bilateral contracts between the leader (the producer), and the partner. This does not mean, however, that no informal relations can occur among the entities<sup>7</sup>.

The concept considered as complementary, on which the strategic network is based, is the network approach consistent with the trend of the IMP – Industrial Marketing and Purchasing Group. The representatives of this concept define a business network as a collection of long-term formal and informal relations between two or more entities where none of them have the management rights and they do not manage the network. A characteristic feature of the indicated perspective is building a network structure by its participants in a passive and unconscious manner as a result of established transactions as well as historical evolution, without intentional action based on strategic implementation of one entity<sup>8</sup>.

<sup>&</sup>lt;sup>6</sup> J.C. Jarillo, Strategic Networks. *Creating the Bordless Organization*, Butterworth Heinemann, Oxford 1995, p. 6.

<sup>&</sup>lt;sup>7</sup> M. Ratajczak-Mrozek, *Sieci biznesowe a...*, p. 13.

<sup>&</sup>lt;sup>8</sup> Ibidem, p. 9-11.



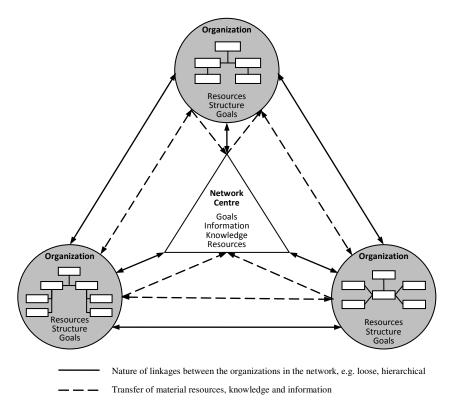
*Figure 2.* Organization scheme and levels of strategic analysis of a business network *Source:* Own study on the basis of M. Ratajczak-Mrozek, *Sieci biznesowe a...*, p. 28.

It is worth emphasizing that both approaches are defined as mutually complementary with respect to each other, regarding the networks as the structure within which, thanks to mutual exchange of resources and skills between enterprises, it comes to strengthening the competitive advantage of these entities.

All entities being part of the network, under the implementation of the economic goal, which includes quantitative growth and qualitative development, remain against each other in competitive relations. However, despite competing interests in unit perspective, under pursuit of their implementation, cooperative actions are taken by these enterprises, contributing to development of the whole network organization. Simultaneous presence in the competitors' group of relations of competition and cooperation nature is defined as "coopetition"<sup>9</sup>.

The graphic interpretation of interdependencies occurring among the entities belonging to the network organization has been presented in Fig. 3.

<sup>&</sup>lt;sup>9</sup> E. Skawińska, R.I. Zalewski, *Klastry biznesowe w rozwoju konkurencyjności i innowacyjności regionów. Świat* – *Europa – Polska.*, PWE, Warsaw 2009, p. 170-171.



#### Figure 3. Network organization scheme

Source: K. Owczarek (red.), Klastry w gospodarce regionu, Wyd. Politechniki Łódzkiej, Łódź 2010, p. 31.

#### 2. Subject and methodology of research

The purpose of the research was to determine the level of cooperation between enterprises belonging to the partner network<sup>10</sup> with the producer of software for systems supporting business management. Also factors affecting the effectiveness level of this cooperation between entities have been presented.

The research was conducted in two stages. The first stage conducted with the use of the Delphi method, also referred to as the so-called expert panel, included survey research supported by direct interview among 16 regional supervisors of partners in the company of the partner network leader. The second stage of research was performed by means of the web survey addressed to decision-makers in partner companies (owners, presidents of companies, representatives of the board of directors) cooperating with the producer with which a partner contract was signed.

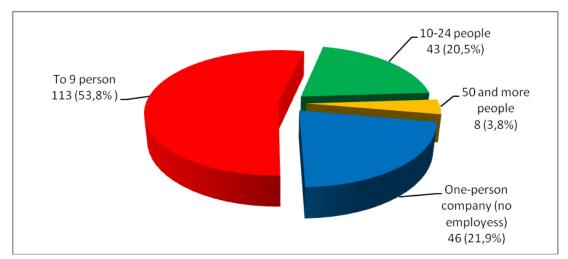
The research sample on the basis of which the phenomena were described is 210 enterprises, which is 26,5% of share of all the entities to which the questionnaire was sent, being in the structure of the partner network of the producer. Considering the level of turnover earned by all partner companies for the year 2010, further analysis is based on the enterprises belonging to the following groups<sup>11</sup>:

<sup>&</sup>lt;sup>10</sup> Business entities independent in statutory terms belonging to the partner network in the structure of the company-producer offer IT software supporting enterprise management dedicated to the SME sector as well as to large organizations. The software manufacturer is fully the producer that delivers the product to partner companies on the basis of mutual trade contracts.

<sup>&</sup>lt;sup>11</sup> It is a division or partners into groups due to the level of obtained turnover (e.g. TOP10 means 10 enterprises with the best turnover level, etc.)

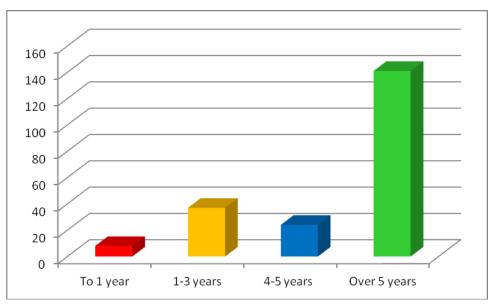
- TOP 10 9 enterprises
- TOP 50 34 enterprises (9 + 34)
- TOP 100 58 enterprises (34 + 24)
- TOP 200 92 enterprises (58 + 34)
- TOP 500 155 enterprises (92 + 63)
- TOP 500 and other -210 enterprises (155 + 55)

Each consecutive group contains enterprises belonging to groups with lower numbers. Companies belonging to the group of "Other" showed, for the year 2010, a low commercial activity or are companies created in 2011 (6 companies). Owing to the number of persons employed in the audited sample, microenterprises are the majority (159 - 75,7%), including 46 entities which are one-person enterprises not hiring employees. Every fifth respondent represented small enterprises (43 companies), and only 8 belonged to the medium companies group (Fig. 4)

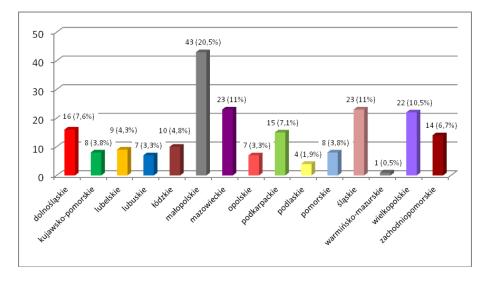


*Figure 4*. Structure of examined sample due to the number of persons employed in enterprises *Source:* own study on the basis of empirical studies

In the examined sample there are business entities located within the area 15 provinces, without Świętokrzyskie Province and only with one company from the Warmian-Masurian Province. Among 96% (201) of the surveyed partner enterprises, decision-makers are men, and women performed these functions only in 9 companies.



*Figure 5.* Period of cooperation of the examined partner companies with the producer (in the years) *Source:* own study on the basis of empirical studies



*Figure 6.* Location of the examined partner companies according to provinces *Source:* own study on the basis of empirical studies

Taking into account the criterion of the length of period of cooperation between partner companies with the producer, there is an unequal distribution of entities involved in the study with clear dominance of enterprises with period above 5 years constituting 67% (141) of the research sample. Only 21% (45) of the surveyed are enterprises whose period does not exceed 3 years. Information about location of the examined entities and distribution owing to the length of period of cooperation with the producer of the examined sample have been presented in figures 5 and 6.

# **3.** Determinants for the development of cooperation of partner companies with the producer

In the analysis of the level of cooperation of partner companies with the producer, factors were separated, on the basis of which partners are more willing to cooperate with the software producer, and also those that contribute to restricted level of involvement of a partner in cooperation with it. Grouping the factors mentioned above was done owing to the length of cooperation of the partner with the producer on the basis of the Delphi method (expert panel) supported by the survey conducted in the group of regional supervisors of the producer. Opinions of supervisors have been indicated on the basis of their own observation resulting from professional experience, and they depend on: the length of service in the producer's company; specific nature of the geographic area of the commercial branch which is subject to them; uneven level of economic development of the region and layout of sectors of operations on the given area; individual characteristics of persons managing the partner enterprise; commercial group to which the partner belongs and the product offer is has.

Factors affecting involvement of the partner in cooperation with the producer and the level of sales:	Factors affecting lack of involvement of the partner in cooperation with the producer and the level of sales:
<ul> <li>Commercial terms of cooperation,</li> <li>Active support on the part of the regional supervisor,</li> <li>Transfer of information on prospective customers by the regional supervisor,</li> <li>Complexity of the product offer (software, as well as implementation service of the product and maintenance services),</li> <li>Interest of the market in the producer's product offer,</li> <li>Orders of customers,</li> <li>Recognizable brand of the producer on the market,</li> <li>Level of competition on the local market.</li> </ul>	<ul> <li>Insufficient competences to implement a product on the part of the partner company,</li> <li>Lack of a dedicated person with regard to sales in the organizational structure of the company of the partner,</li> <li>Lack of idea for possible development activities and success of change;</li> <li>Having competitive products in the offer,</li> <li>Lack of the ability of active sales of software and the related discouragement,</li> <li>A Partner is not convinced as to the sold a product of the producer,</li> <li>No technical support on the part of the producer;</li> <li>Bad financial condition of the enterprises in small towns experiencing the crisis in the region.</li> </ul>

Table 1	Factors	affecting t	he level (	of coo	peration	of the	nartner	with the	nroducer
Tuble 1.	racions	anecting t		51 000		or the	partner	with the	producer

Source: own study on the basis of empirical studies

Table 2. Expectations of partner companies towards the producer resulting from business cooperation

#### Before establishing cooperation:

- Aid in finding new customers,
- Sales support: commercial and substantive,
- Technical support at first implementation projects of the product at the final customer's,
- Dedicated consultant for technical assistance,
- Financial support for marketing activities and supporting those actions,
- Access to training offer,
- Obtaining satisfactory margin on sales of the producer's products,
- Fast reaction to reported problems,
- Clear principles of cooperation.

#### After 3 years from initiating cooperation:

- Transfer of information on prospective customers by the regional supervisor,
- Aid in finding non-standard solutions,
- Informing about current promotions and events organized by the producer,
- Commercial, marketing and technical support,
- Possibility to participate in the process of development of the producer's products,
- Greater flexibility in negotiations of commercial contracts with final customers,
- Increase in the partner margin under sold products,
- Access to training offer,
- Regular meetings with the regional supervisor.

#### After 5 years from initiating cooperation:

- Transfer of information on prospective customers by the regional supervisor,
- Better commercial conditions at the sale of the producer's products,
- Higher share of the partner in the development of biotechnological products and creating new solutions for final customers,
- Financial support in implementation of own marketing activities (conferences, fairs) and participation in common marketing campaigns,
- Individual treatment in business relations on the partner producer line,
- Greater flexibility in negotiations of commercial contracts with final customers,
- Fast response to inquiries and efficient communication especially in emergency problematic situations,
- Commercial support,
- Access to training offer,
- Assistance in reaching appropriate technical persons.

Source: own study on the basis of empirical studies

Factors essential for a new partner intending to undertake cooperation with the producer:

- a. Commercial terms of the producer resulting from "the partner program",
- b. Recognizable brand of the producer on the market,
- c. Business support of producer on at the beginning of cooperation in the areas of , among others: commerce and marketing,
- d. Wish to extend the scope of activity by new products and services,
- e. Interest, on the part of customers, in the producer's product offer,
- f. Cost of initiating cooperation (among others, cost of mandatory training),
- g. Expectations in the scope of development of own company after establishing cooperation,
- h. Maintenance service of systems at the previous customers', after establishing own business as the former employee of the partner,
- i. Takeover of customers of a different partner.

Results concerning the partners' expectations and factors necessary for cooperation with the producer specified in this chapter were used to prepare a consistent analysis describing development stages of partner companies within the business network presented in chapter 4.

#### 4. Development stages of partner company within the business network

#### 4.1. Stage of "Learning" (1-3 years from initiating cooperation)

At this stage the partner still does not have appropriate knowledge on running business based on the partner network system. Due to the fact that these are mostly microenterprises with the majority of one-man companies not hiring employees (see. Fig. 4), they do not have a sales department, not to mention a dedicated person in the scope of sales. Such a role is normally performed by the owner. An enterprise at this stage is a learning organization, therefore it gladly participates in various kinds of trainings and courses in order to obtain knowledge concerning commercial and marketing activity. The owner after beginning cooperation and in the first year of its duration, does not feel confident at first implementation projects of the product at the final customers', and thus at this stage, it expects support in these activities. It wants to fulfil its tasks correctly, therefore it is easier for to do it with the presence of an experienced person, offering his/her support, delegated by the producer. Since it is not completely sure as to appropriate actions towards customers, it more often contacts people with regard to technical support and consults various issues with the region supervisor. As a result of initiating cooperation with the producer and simultaneous lack of experience in the acquisition of customers, the partner wants that at the beginning of cooperation, this part of operations was, to a greater extent, in a way, redirected to the regional supervisor, who will indicate to it probable recipients (final customers) of the producer's software. In the event of acquiring by the partner of a more significant customer for cooperation, in order to show its best towards the customer, it will expect quick feedback to the reported problems on the part of technical assistance or by the regional supervisor on the part of the producer. At this stage, the partner wants to brag, to the greatest extent, about cooperation with the producer in order to acquire more customers and to raise the prestige of its own company. It is engaged in the marketing area and hopes for high support of the producer, which will also subsidize these activities. At the same time, it expects the producer to provide assistance for it and enables the fastest development possible for it.

## **4.2.** Stage of "Growth" (3 years from initiating cooperation)

The partner being at this stage is already properly oriented as to functioning of the sales market based on products it has under the partnership agreement and as to actions it must make so that both it and the producer were satisfied with its work. In spite of the fact that the time from initiating cooperation exceeded the period of 3 years, the entrepreneur still has problems with effective search for customers. This is caused by the fact that usually it still has no sales department, and, at the same time, its employees do not have proper skills with regard to active sales. In the event when in the given area there are several representatives of the same producer, additionally such an entrepreneur has a problem with promoting its offer, as usually it competes only in terms of quality of service because the products offered are the same. The partner, at this stage, knows that it has not gained complete knowledge yet in the commercial, marketing and technical area, therefore it gladly participates in trainings as to these elements, being support for it in current work. Since it has been operating within the partner agreement already for 3 years, it sometimes reached the customers who are interested in non-standard product solutions. In this area however, it does not have much experience and will expect support on the part of the producer. The partner already knows that as opposed to a situation it experienced in the first stage, fight for a customer is much harder than it seemed. In view of the foregoing, it starts aiming at increasing its competitive advantage by participation in trainings, and it is interested in acquisition of information concerning events or promotions organized by the producer. It is aware that reaching important information faster than other companies constitutes a vital element of competitive advantage. Such behaviour on the part of the partner affects the desire to take part in regular meetings with the regional supervisor, from whom it could acquire information concerning current activities on the part of the producer as to development of products. It is also interested in its participation in development of these products. The entrepreneur expects from producer that, as a result of increase in the length of cooperation period, there will be also a change in trade terms for its benefit as a result of increased level of the partner margin on sale of products. It is understandable that it would like to earn more, as it has been linked with a contract with the producer for a longer time. The partner must, however, realize that this results mainly from turnover based on the provisions of the partner program, and not on duration of the agreement.

# **4.3.** Stage of "Maturity" (5 years from initiating cooperation)

The partner being at this stage should have extensive knowledge about types of products being in the offer of the producer, and it should know their functionality. The entrepreneur tries to be independent and expects the right to take unassisted actions without interference on the part of the producer. He sees the clear role in promotion of its image on the market and wants to implement its own marketing activities, while it sees the role of the producer in support for these actions that should be focused on a greater scale. Because it is an enterprise with advanced period of cooperation and earned turnover, it expects much better trade terms on sale of products. More than in any other development phases, it wants to access participation in development of products

and creating new solutions and functionalities of the product. Having an accordingly high level of turnover resulting with partner cooperation, it would like to be treated individually with access to the dedicated supervisors offering immediate answer in exceptional situations. It is aware that the wasted time for reaching appropriate people (especially technical) with regard to the problem which it wants explain means expense for it, therefore efficient communication and exchange of information between the partner and the producer is important for it. Participation in trainings is no longer so significant for it, because it has appropriate basic knowledge on the sold products. It no longer has to be informed about current events and promotions on the part of the producer, as it can operate in the platform of sites dedicated to partner companies and search for the most beneficial information for it. The partner being in this phase of development does not expect great interest on the part of the regional supervisor, while it wants specific supporting activities on the part of the producer, under its development, promotion, product sale, and it itself wants to play an important role in this product building. It knows that the developed level of trade gives it the basis to apply for respect for its opinion in the scope of development of products it sells.

# 5. Success factors for development of partner enterprises in the business network

Data contained in table 3 show factors connected by the entrepreneurs with the success their company on the market which, contribute to the long-term strategy formulated by the producer with regard to the partners as well as under current management of the partner network. Tables 4 and 5 show the extent to which particular factors contribute to establishing and continuing cooperation of partner companies with the producer.

Factors having highest importance for the company's success	Total significance*	Indicated quantity of the factor's presence at a given place in the importance criterion							
		Sum	1	2	3	4	5		
Quality of products	589	151	74	34	13	14	16		
Satisfaction of end recipients with our products (services).	472	137	49	27	18	22	21		
Complexity of the offer and innovative solutions in the offer	374	111	19	39	28	14	11		
Active search for customers	295	95	18	22	22	18	15		
Improvement in the system of services and customer service	242	86	9	12	29	26	10		
Financial liquidity	201	71	13	15	12	9	22		
Own costs	142	56	4	10	12	16	14		
Expanding the scope of activity	129	51	2	8	17	12	12		
New sales markets	110	39	4	8	12	7	8		
Brand recognition	109	48	1	6	11	17	13		
Knowledge about customers' needs and about competitors	108	41	6	7	8	6	14		

*Table 3.* Factors having highest importance for the success of the partner's company, arranged according to degree of importance from the most important one - 1, to the least important one - 5 (quantitatively).

			-				
Local market share	106	45	3	7	8	12	15
Price policy	101	41	3	6	9	12	11
Advertising and promotion	96	47	2	3	9	14	19
Employment optimization	60	26	1	6	1	10	8

\* The significance has been determined by multiplying the frequency of occurring of each factor according to the importance criterion by the reverse of their position in the scale within this criterion. *Source:* own study on the basis of empirical studies, n = 210.

From the partner's position, among success factors indicated by the respondents are the most important are the quality of the products and the satisfaction of end recipients of products or services. These factors are directly connected with customer satisfaction and influence the consumer decisions. The third place is occupied by the complexity of the offer along with innovative solutions used in the offer, which mentions an important element being connection of the sold product with simultaneous provision of its implementation, as well as technical support in the case of any problems with its operation. On the basis of the conducted surveys, it can be concluded that the highest value having influence on the success of partner companies is the image of the product they sell, along with the process of its implementation and service at the final customer's.

Further factors, located in the middle part of the table apply to problems of current management of an enterprise and elements affecting its further development. Search for new sales markets and expansion of the previous scope of operations is included, from the point of view of the respondents, in less significant issues of the areas than improvement in the system of services and customer service. Bearing in mind the special character of the IT industry in which the examined companies operate, competing with each other under the business network, mostly in the area of quality of the services provided, this is the element which they care about most, because they influence only the quality of services.

It should be emphasized that active search for customers plays an important role in functioning of enterprises and has been included in key success factors for companies occupying the fourth position. This shows increased awareness of entrepreneurs who know that they cannot stop in the development and they cannot expect the source of income only from current servicing of products delivered to the customers or technical support as to software operation. A pessimistic issue is, however, that knowledge about customers' needs and about competitors is in the end part of the concerned table. It is probably due to the fact that partners, owing to the fact that they mostly belong to the group of microenterprises, do not have specialized employee staff dedicated specially to this task to acquire such knowledge. Nonetheless, this element should be on a higher position, which would mean that entrepreneurs aim at acquisition of this knowledge.

It should be noted that pricing policy, as well as advertisement and promotion belong to the group of factors which play the least important role from the point of view of the partners having influence on the success of the company. The pricing policy of sold products does not depend on the partners but on the producer, so the partner has no impact on it, therefore, this factor is so low. The difference in software prices between the offers of competitive companies also does not depend on the entrepreneurs. The only area where a partner may compete pricewise with other economic entities is the area of offered services accompanying the sold product. However, low location of the factor which is advertisement and promotion means definitely that partners are not aware of the role

that they play in enterprise development, which usually affects the level of acquired customers. In this situation, an important role is played by the producer in the form of regional supervisors who in current contacts with the partners and, above all, at the beginning of cooperation with them, should indicate the essence of this issue in the company's development.

From the data contained in table 4 it can be seen that the group of the most crucial factors taken into consideration by the partners at establishing partner cooperation with the producer included producer's brand recognition and interest, on the part of customers, in its products. This is a very important information for entrepreneurs who, as can be seen from the research results, are aware that the degree of the producer's brand recognition to a large extent has a significant impact on the level of turnover obtained by them after establishing partner cooperation, which they indicate by marking on the next place in the table "the level of trade terms".

*Table 4.* Factors taken into account by the partner when undertaking cooperation with the producer arranged according to degree of importance from the most important one - 1, to the least important one - 8 (quantitatively).

Factors taken into account by the partner when undertaking cooperation with the producer		Total significance*	Indicated quantity of the factor's presence at a given place in the importance criterion								
			Sum	1	2	3	4	5	6	7	8
1.	Producer' brand recognition on the market	938	148	34	45	32	18	13	5	1	0
2.	Interest, on the part of customers, in the producer's products	907	138	42	42	28	13	7	4	2	0
3.	Commercial terms and conditions resulting from partner cooperation	778	125	32	24	34	19	10	4	1	1
4.	Introducing the new product to the offer/expansion of activity	761	121	43	25	14	18	10	6	5	0
5.	Guarantee of revenues on implemented and updated product and supporting services	689	123	10	29	30	27	12	13	2	0
6.	Wish to use the proven business model	553	98	16	19	23	13	14	7	6	0
7.	Takeover of customers of a different partner	259	60	6	7	9	4	9	5	17	3
8.	Others, among others: - knowledge of the product - software functionality	258	36	27	5	0	0	1	0	0	3

\* The significance has been determined by multiplying the frequency of occurring of each factor according to the importance criterion by the reverse of their position in the scale within this criterion. *Source:* own study on the basis of empirical studies, n = 210.

The smallest role for a beginning partner is played by the desire to use the proven business model. This can be interpreted in such a way that entrepreneurs do not see one partner development model, being most optimum, which, each of them is able to follow. An important issue in this respect is the variability of environment, which is not influenced by the enterprises functioning in it. It is the environment that decides in some parts on the success and the failures of business operations. This is dependent on the size of the enterprise, the resources which the enterprise has: personal, financial, material resources.

An important role is played by the location of the enterprise owing to the geographical area, making it possible in this way to determine the maximum absorbency of the market of sold products and services in a given area which a partner is able to cover with its scope. The geographical area where enterprises operate and the level of obtained turnover result, among others, from socio-economic development of these regions and the location of academic centres. An important issue is of course the time of functioning of the company on market and involvement of the partner itself.

Paying attention to the factors which are of the greatest importance from the point of view of the partner at its current cooperation with the producer (see Table 5), again in the first place, we can see the image of the software producer. Partners to the greatest extent create the level of sales based on comprehensive image of the producer's brand and sold products, hence such a high position of this factor.

*Table 5.* Factors having biggest importance from the point of view of the partner at current cooperation with the producer arranged according to degree of importance from the most important one - 1, to the least important one -7 (quantitatively).

Factors having biggest importance for the partner at current cooperation with the producer		Total significance*	Indicated quantity of the factor's presence at a given place in the importance criterion								
		Significance	Sum	1	2	3	4	5	6	7	
1.	Image/reputation of the software producer	1011	171	86	32	28	10	7	8	0	
2.	Quality of technical assistance	710	136	27	40	33	17	10	9	0	
3.	Substantive support in consulting	632	121	27	34	24	19	9	8	0	
4.	Level of offered discounts	620	124	25	32	19	24	16	6	2	
5.	Scope of support in the process of sales	523	109	20	26	17	15	20	11	0	
6.	Assistance with regard to obtaining new customers	487	104	15	20	24	19	14	12	0	
7.	Other	103	18	10	3	2	0	1	0	2	

\* The significance has been determined by multiplying the frequency of occurring of each factor according to the importance criterion by the reverse of their position in the scale within this criterion. *Source:* own study on the basis of empirical studies, n = 210.

An important element belonging to this group of factors is technical support, which results from ongoing learning by producers about the functionality of software, as well as creation of new innovative solutions. It also results from the fact that customers of partner companies with the period of cooperation with the producer above 5 years, belonging to group TOP 10, TOP 50 and TOP 100, to a greater extent have individualized, non-repeating demand for products in the scope of enterprise management.

The level of offered discounts as a factor significant in cooperation with the producer was indicated by 124 partners from groups with further positions in terms of earned turnover. Half of them chose this element on the first or the second place. This means that 50% of the partners in the studied group pay attention to this factor, but it does not have such a large effect on current cooperation.

However, attention should be paid to a very important element which is the fact that the partners in the studied sample did not mark all available factors located in the table which are

important for them in cooperation with the producer. None of the factors was marked by each of the entrepreneurs in full quantity<sup>12</sup>. This means that each of partner companies perceives cooperation with the producer differently. Thus, it determines increase in efforts on the part of the producer for very concrete and individualized cooperation with each partner.

#### 6. Model of a partner company in the business network

The research conducted based on the so-called expert panel made it possible to create a model from the point of view of supervisors point the partners being representatives of the producer in the field. Convergence of the vision of the partner's model and its development on the part of the producer with individual concepts of running business by partner companies, gives the possibility to build proper relations within business network, and thus it affects increase in the share in the market in the scope of sales of ERP software<sup>13</sup>.

The model partner company belonging to the examined network market in the IT sector is managed by the owner(s) aged from 35 to 45 years, employing no more than 10 employees. It does not offer competitive systems for management of a company, it is strongly focused on sales and professional service of customers. Within the structure of organization, it has separated departments for: sales, consulting, implementation, marketing, as well as sales support (telemarketing). The company with experience as to implementation of software in which there is a clear division of obligations and responsibilities. Having actively operating sales department dedicated only within sales of ERP systems, focused on searching for new customers. Having a competent implementation team and its programmers who will be able to propose to the customer a dedicated solution, adjusted to his or her needs. A company understanding the market needs, showing individual approach to the customer, and at the same time having good knowledge of the product is offers and being able to skilfully show to the customer the benefits he/she will obtain after implementation.

A partner who is open to cooperation and gladly involves in common, consistent marketing and commercial actions initiated on the part of the producer, and aims at undertaking its own activities aiming at consolidation and increase in the producer's brand recognition.

It understands the need for introduction of products to the market, it is active in sales, it invests in knowledge and expressly identifies itself with brand and the product strategy of the producer, it willingly cooperates with the regional supervisor, analyzing situations of customers with him/her. It is open and sincere, it reports its objections but also often shares successes. Being aware that better cooperation with the producer also means better development of its company. In time, more and more independent, it has an innovative approach to the business whose purpose is clearly identified, and it consistently aims at it.

<sup>&</sup>lt;sup>12</sup> The entrepreneurs could indicate from 1 to 7 factors.

<sup>&</sup>lt;sup>13</sup> ERP (Enterprise Resource Planning) – advanced resource management, IT systems used for the assistance of company management, collecting data enabling performing operations on the collected data.

# Summary<sup>14</sup>

To sum up the above analyses, it should be remembered that relations between enterprises, which include connection of cooperating parties with the producer in the form of a business network will be burdened with the human factor and turbulence of the environment in which an enterprise operates. This research shows the role of motivation and training directed to the partners, which they sometimes request themselves, which results from continuous willingness to be enriched with new experience. It also indicates an important role of regional supervisors who are the ambassadors of the producer's company in the field. Creating a strategy of cooperation with the partners, it is certainly important to be aware of the existing factors that contribute to or limit possibilities of the development of partner cooperation with the producer and adequately aim at strengthening positive factors and at eliminating barriers.

In the process of establishing business contacts a key issue is mutual awareness of both entities intending to cooperate, the effect of which is to be achieving a common business goal. The future co-operators intending to enter into a partner contract with the producer should be aware the essence of the issue they face. However, not every owner of enterprises, has the knowledge on the resources it has and on the challenges it will face. The awareness of the current position in the economic environment is a significant issue on the basis of which the owner should build the enterprise development strategy, especially within a business network.

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