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Cooperative relationships in the supply chain on the example of a selected company

Abstract

Nowadays, companies fighting for their competitive position are looking for solutions optimizing their activity. This goal can be achieved by modifying the supply chains and making a decision about partnership, i.e. positive cooperation. Such practices are becoming more common on global markets. An example of this are the cooperative relations of the enterprise presented in the article. An important feature of this type of cooperation is above all trust, which allows free flow of information. It is necessary to reduce the risk in the supply chain to a minimum. Through partnership and cooperation, suppliers have reliable and long-term customers, increase their competitiveness and are always ready for any changes on the market.

Keywords: cooperative relations, supply chain, companies

Introduction

It is becoming increasingly common to see that modern entrepreneurs show willingness to cooperate. Through cooperation, enterprises can improve their competitive position on the market and achieve greater profits. The integration of companies in various industries is a more and more frequent phenomenon today. Cooperation is also visible in the process of producing goods and services, and can also be the main slogan of logistics strategies referring to the idea of partnership. The purpose of the article is to present the cooperative relationships between enterprises in the supply chain and to examine the partnership relations between distributors of the selected enterprise.

1. Cooperative relationships between enterprises in the supply chain

Cooperation is used by enterprises as a strategic tool. The image of an entrepreneur who independently overcomes barriers related to the development of his company goes down in history. Very often in the global economy, entrepreneurs see the possibility of cooperation with other companies that were their competitors not so long ago (Guzdek 2016).

The concept of cooperation is most often defined as the ability to create bonds and interact with other entities to achieve a specific goal and the benefits associated with it. Modern enterprises, in order to increase their development potential, should have the ability to establish relationships not only with customers, but also with suppliers and entities included in the company's competitive environment (Drews 2017).

Each form of joint operations developed by individual market participants is specific and difficult to repeat. Cooperation stands out among other types of partnership (Figure 1).

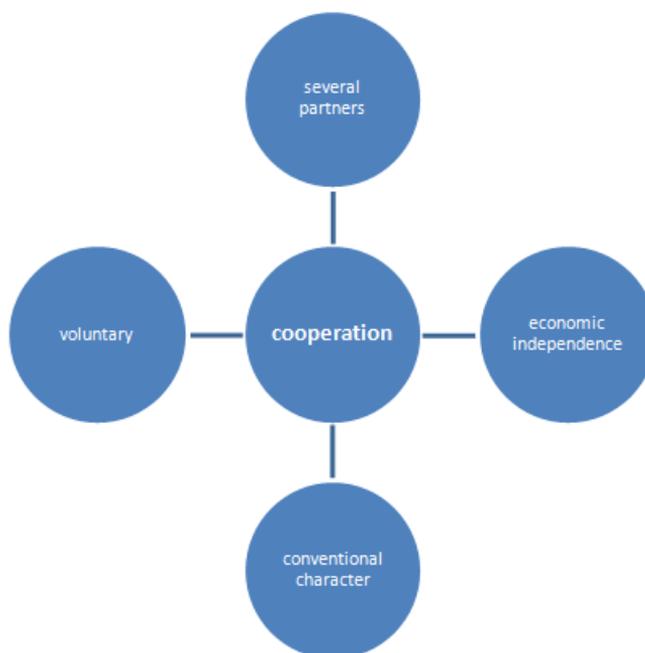


Figure 1 Features of cooperation

Source: own elaboration based on: Piorunowska-Kokoszko. (2018), Grupa zakupowa jako przykład pozytywnej kooperacji w łańcuchu dostaw, Prace naukowe Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław.

The specificity of cooperative relationships in the supply chain takes on special significance at a time of increasing uncertainty and variable demand. In addition to cost and risk reduction, companies establish cooperation to gain new knowledge and experience, as well as to acquire new skills and competences. Achievement of supply chain goals depends on the type of cooperation based on trust and good communication.

The supply chain is the highest form of evolution of goods flow management. It means perceiving all companies involved in delivering the product to the final recipient as a part of the enterprise. The process of cooperation in the supply chain is not the easiest. Partners can cooperate with each other in various ways and at different levels of relationship. Relationships between supply chain companies can vary in intensity, type of bond, and level of collaboration (Piorunowska-Kokoszko 2018).

There are three types of cooperation in supplier-recipient relations, which are presented in the figure below.

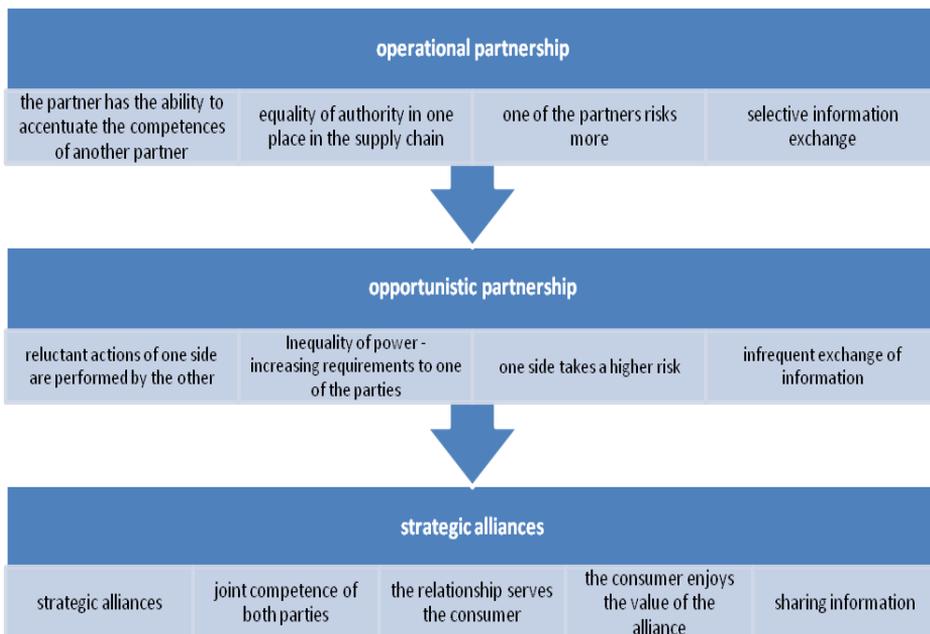


Figure 2. Types of cooperation in the supplier-recipient relationship

Source: own elaboration based on: Hines. (2004), Supply Chain Strategies. Customer-driven and Customer focused, Elsevier Butterworth-Heinemann, Oxford

Cooperation within the strategic alliance leads to more efficient operation of the supply chain. The effect of operational partnership is to shift efficiency and costs within the supply chain. As a result of the opportunistic partnership, there is no cost reduction or supply chain efficiency (Hines 2004).

relationship length	<ul style="list-style-type: none"> •duration of relationship between partners
information sharing	<ul style="list-style-type: none"> •degree of openness of information systems
quality of communication	<ul style="list-style-type: none"> •effectiveness of the mutual agreement system
Cooperate work	<ul style="list-style-type: none"> •degree of extension of borders
commitment	<ul style="list-style-type: none"> •degree of partners' commitment in development
profit and risk distribution	<ul style="list-style-type: none"> •compliance to the sharing of benefits and risks
trust	<ul style="list-style-type: none"> •degree of trust between partners
balance of authority	<ul style="list-style-type: none"> •balance of authority degree of both partners
leadership support	<ul style="list-style-type: none"> •degree of understanding of both partners by leadership
coordination	<ul style="list-style-type: none"> •degree of harmonious interaction
interdependence	<ul style="list-style-type: none"> •degree of influence on decisions made by the partner
compatibility	<ul style="list-style-type: none"> •degree of compatibility in each area

Figure 3. Factors affecting cooperation in the supply chain

Source: own elaboration based on: Łupicka. (2010), *Strategie łańcuchów dostaw*, Polskie Wydawnictwo Ekonomiczne, Warszawa

Cooperation in the supplier-recipient relationship brings potential benefits to recipients. Cooperation mainly reduces their uncertainty related to quality, material costs, speed of response and order fulfillment.

In addition to reducing uncertainty, integration also brings significant savings related to economics in production, transport, technology and administration. The advantage is also the reduction of process integration costs and increasing the usability of resources.

The joint development of processes and products also contributes to increasing ability to react (Łupnicka 2010). The following table shows the factors affecting cooperation in the supply chain.

Enterprises that cooperate with each other on a partnership basis not only look after their interests, but also all other partners in the supply chain.

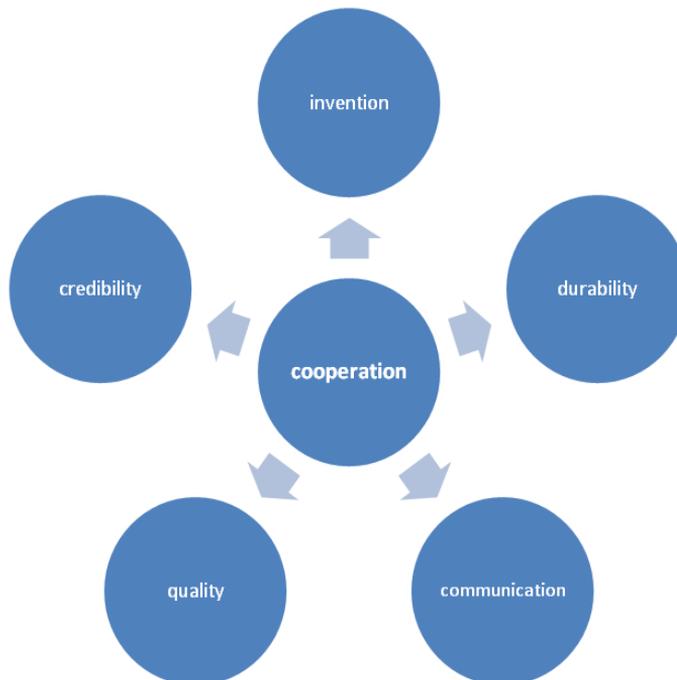


Figure 4. Elements of successful cooperation in the supply chain

Source: own elaboration based on : Wilding, Humphries (2006), Understanding collaborative supply chain relationships through the application of the Williamson organizational failure framework, *International Journal of Physical Distribution & Logistic Management*, Vol. 36

If the interests of one company diverge from the interests of other links, its activities will not increase the efficiency of the entire chain. Therefore, enterprises must cooperate in such a way that when one entrepreneur strives to maximize income, the results achieved by all links in the supply chain are simultaneously maximized. It is also important to define the tasks and responsibilities of recipients and suppliers, as well as fair sharing of profits, costs and risks (Lee. 2005).

Cooperation based on partner relations can be successful only if it is conditioned by the occurring sequence of events. This can be explained by a number of reactions affecting individual elements of cooperation. This cycle is shown in the figure below.

As the above drawing shows, the success of cooperation consists of several elements. The first of them is communication in cooperation, i.e. frequent and open dialogue between partners, and sharing information by them. Another element is the quality of cooperation, i.e. creating a relationship in which each party is satisfied. The durability of cooperation in the form of goal synchronization is also extremely important, as is inventiveness, i.e. striving to increase efficiency by supporting quality and innovation. The last element of the cooperation's success is credibility, i.e. focusing on the delivery of products and services, reducing the level of common costs and risk, as well as building trust (Wilding, Humphries 2006, s. 36).

2. Cooperative relationships of the examined company with competing enterprises

The examined company "X" conducts wholesale and retail sale of body and mechanical components for passenger cars, delivery vans

and trucks. The company has four branches located in the Silesian and Łódź voivodships. The surveyed company is a representative of many car brands, which means that it has a complete and wide range of car parts, as well as workshop equipment. The following figure shows the whole company assortment.

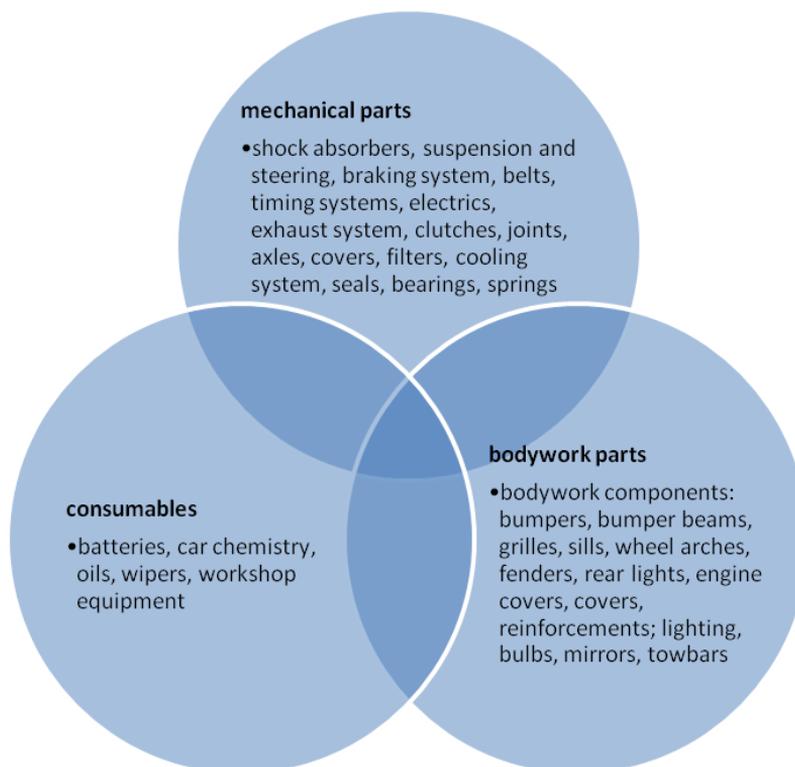


Figure 5. The assortment of the examined enterprise

Source: own elaboration

Distributors of the examined enterprise cooperate with each other as well as with the company "X". The figure below shows the type of relationships between enterprises and the degree of cooperation between these competitors.

Type of cooperation	Frequency of order	Company name
Trade exchange in the event of a shortages in stock	Sporadically (depending on the order)	Opoltrans
Constant trade	Regular orders once a week	Rodon
Constant trade	Regular orders once or twice a week on special commercial terms and frequent replenishment of goods as a result of shortages in stock	Motorol
Constant trade	Regular orders once or twice a week on special commercial terms and frequent replenishment of goods as a result of shortages in stock	Inter-Parts
Joint purchases in pallet quantities and sales of selected products	Once a week	Auto-Partner
Constant trade	At least once a week	BHMD
Occasional trade in the event of a shortage in stock	Rarely	Auto-Zatoka
Sporadic sale of engine components	Sporadically (depending on the order)	Autorak

Source: own elaboration based on data from the company

As the table above shows, the distributors who are most related to the company "X" are Auto-Partner, BHMD, Inter-Parts, Rodon and Motorol. Through mutual cooperation, both parties gain material benefits and also experience the loyalty of their partner. Thanks to such relationships, companies can be sure that they will not disappoint the

customer, even when the customer order a product that is not available at the enterprise at the moment. What's more, companies jointly purchase large quantities of products, where the price depends on the size of the order. Individually, none of the distribution companies would have such sales opportunities. The examined company cooperates sporadically with other distributors, mainly when there is an urgent need to use mutual relations. This is a rare phenomenon, but partners can also rely on each other.

Conclusion

Nowadays, companies fighting for their competitive position are looking for solutions optimizing their activity. This goal can be achieved by modifying the supply chains and making a decision about partnership, i.e. positive cooperation. Such practices are becoming more common on global markets. An example of this are the cooperative relations of the enterprise presented in the article. An important feature of this type of cooperation is above all trust, which allows free flow of information. It is necessary to reduce the risk in the supply chain to a minimum. Through partnership and cooperation, suppliers have reliable and long-term customers, increase their competitiveness and are always ready for any changes on the market.

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