

ADVANTAGES OF COLLABORATIVE APPROACH IN CUSTOMER SERVICE MANAGEMENT

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Abstract Supply chain management (SCM) is a very popular development area among companies. Collaboration approach creates significant benefits. The paper deals with issues of collaboration of SME supply chains. It present results of research of firms from Podkarpackie province. It seems that entrepreneurs can understand the logic of inegration behavior and they try to implement it although there are a lot of obstacles. The outcome of such an approach can be an improvement of customer service and better utilization of resources.

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1. INTRODUCTION

Supply chain management (SCM) is, still, a very popular development area among companies. Its importance is especially significant for small and medium enterprises. Supply chain is all inter-linked resources and activities needed to create and deliver products and services to customers. One of important issues in SCM is customer focus. Producing value for the ultimate customer and strategic partnerships are key aspects of modern supply chain management. SCM illustrates the increased importance of strong and close business relationships. The creation of strong relationships requires the interaction of channel members involving not only communication between sales and purchasing but integrated interaction at multiple levels of the organizations.

The paper deals with issues of collaboration of supply chain SMEs. The study was conducted in 2011 among small and medium enterprises (stratified random sampling with disproportionate allocation), employing from 10 to 49 (excluding micro-enterprises, employing up to 9 people) and from 50 to 249 people, broken down by industries: manufacturing, trade, services. Analysis was performed using descriptive statistics.

2. RELATIONSHIPS IN SUPPLY CHAIN MANAGEMENT

Mentzer describes a supply chain as “a set of three or more organizations directly linked by one or more of the upstream and downstream flows of products, services, finances, and information from a source to a customer.” (Mentzer, Dewitt, Keebler, Min, Nix & Smith, 2001, p. 4). Supply chain management is the process of decision-making, leading to the integration of its participants and coordination between them in terms of flows of products and information.

For the first time the term *supply chain management* appeared in the literature in 1982. The creators of this concept are considered to be R. Oliver and M. Webber, who have been writing about the supply chain, in the context of the role that top management of international companies should play in identifying conflicts of different functional areas of organizations, which cause uncoordinated movement of products, information and payments (Witkowski, 2003, pp. 4-5). According to other sources, the term supply chain management was introduced (also in 1982) by K. Oliver. The concept has been extended by J.B. Houlihan in 1985, in the article pointing to the benefits of information sharing and coordination in the chains (Russel, 2007, p. 58).

It can be stated that each supply chain has four main components:

- Production. Firms decide how much and where to produce as well as which suppliers to use.
- Inventory. Firms decide where and how much to store.

- Distribution. Firms decide how their products should be moved and stored.
- Payments. Firms look for best ways to pay suppliers and get paid by customers.

Is not possible for a company to closely work with all firms in the supply chain, because not every firm is equally capable of customer value creation. What is even more important, supply chain relations are costly to maintain. This is why each company must be selective in managing relationships with a limited number of partners (Soonhong, Mentzer & Ladd, 2007, p. 508).

There are different levels of relationships in SCM. First one is the internal supply chain that integrates business functions involved in the flow of materials and information from the inbound to outbound ends of the business. This level seems to be a prerequisite of other three levels: management of dyadic or two party relationships with immediate suppliers, management of a chain of businesses and management of a network of interconnected businesses.

3. COLLABORATION AND INTEGRATION IN SUPPLY CHAINS

Companies must be willing to work together, but this is not enough to ensure a success. It may also be required to share resources and plan joint investment. Effective integration requires mutual understanding, common vision, sharing of resources and achieving collective objectives (Stank, Keller & Daugherty, 2001, p. 31).

The development of logistics management has had a major impact on the trend of integration and thus strongly influenced the shape of the current organizational structures. Evolution of the management of individual logistics activities, by managing the logistics processes, to logistics management in the enterprise, proceeded gradually in the following phases (Witkowski, Saniuk & Woźniak, 2001, pp.10-13):

- integration of the material stream flowing into the company and the flow of products - physical distribution,
- merge of the sphere of material management and physical distribution and the inclusion of this concept hitherto exercised by the departments of marketing and production,
- integration of logistics processes outside the company, under the implemented supply chain with suppliers and customers.

Non-integrated supply chains are characterized by (National Academy Press, 2001, p. 27) adversarial relationships between customers and suppliers (win-lose situations); little regard for benefits and risks sharing; short-term focus, primary emphasis on cost and delivery, with little concern for added value; and limited communications. More recently, companies started adopting a strategic partnership approach, which recognizes that increased, sustainable benefits can stem from long-term relationships between participants in the supply chain (a win-win situation).

Integrated supply chains tend to recognize that all parties should benefit from the relationship on a sustainable, long-term basis and are characterized by partnerships with extensive and open communications. Cooperation in the network occurs when two or more companies share responsibility for joint planning, management and direction and control of measurable actions. Companies cooperate with each other in planning and performing activities in order to create an integrated supply chain (Pramatari, 2007, p. 210).

Hertz defines integration as “the process of coordinating activities, resources and organization to function together” (Hertz, 2001, p.239). Trust and commitment has long been identified as one of the most important factors in creating integrated chains. Collaboration always requires commitment, and in multi-enterprise collaboration, it is even more important. Mutual trust at the top-management level and commitment to a common effort are essential. Lack of trust and commitment can be observed in cases where the decision to adapt collaborative approach is driven more by the trading partner’s pressure rather than a carefully chosen strategy. In this case, both enterprises face some barriers and misunderstandings.

4. ADVANTAGES OF COLLABORATIVE APPROACH

Collaboration approach creates significant benefits. Major relevant advantages are: (Kordha & Elmazi, 2009, pp. 9-10)

1. The increased efficiency and effectiveness,
2. The access of each actor involved in the relationship, to the resources and organizational capacities of the other partners involved,
3. The access of external knowledge of the partners,
4. The interaction with partners and development of collective learning processes,
5. The increase in innovation capacities,
6. The variety of strategic alternatives that can be achieved due to synergic combination of collective capacities not available for a single enterprise,
7. The raising capacity of involved subjects for adopting new ways of competitive advantage, leveraging integration and coordination of resources and complementary capacities.

But these benefits are not achieved automatically. As stated above trust and commitment are most often indicated as distinguishing features of relationships between companies. Trust is essential if we talk about enhanced cooperation and information exchange. Without it, it is impossible to adapt the orientation of the company to manage supply chains. From an economic point of view, trust seems to be the result of a cost/benefit of perceived risk, the perceived (economic) benefits from the interaction (Nielsen, 2004, p. 241). Commitment increases the chances of success in implementing the integration of supply chain relationships (Moberg, Whipple, Cutler & Speh, 2004, pp. 19-20). It seems that lack of commitment and

partnerships based on trust is a major obstacle in implementation of cooperation between enterprises and gaining significant outcomes.

Entering cooperation programs is also limited by cultural and structural barriers. There are significant differences between the American and European business environment (Christopher & Peck, 2005, p. 115). As pointed out by K. Rutkowski "(...) as a major barrier to be considered is a deep and irrational dislike of Polish managers to set up partnerships with suppliers or customers. It stems from a very low level of business culture of a typical Polish company which produces a strong concern about honesty of potential partners and their intentions" (Rutkowski, 2005, p. 305).

5. FACTORS INFLUENCING EXTERNAL INTEGRATION

External integration of companies in the supply chain is a very important issue that is inextricably linked with improvement of competitiveness and level of customer service. This is because the cooperation and integration activities in the long run enable faster response to changes on the market and reduce cost of operations in the management process. Table 1 characterizes main groups of activities that have impact on building cooperation with business partners and integration of activities in the supply chain. As it stems from the table, work on increasing product range is a very significant factor which in the opinion of manufacturing respondents (67.65%) is important in the construction of business relationships in the supply chain. Almost 69% of service companies declared that this is an important factor in improving and building lasting relationships with business partners. Among trade companies only 53.57% of respondents indicated the importance of this sphere of activity in the process of building stable economic relationships in the supply chain. However surprising is the fact that in the range of operational and strategic activities in each group of enterprises there are no significant differences only in a group of trade businesses. Surveyed companies have characterized the process of setting strategic goals (57.14%) as an important element of enhancing the ability to create business relationships in the supply chain. Among surveyed small and medium-sized enterprises it represented 57.73%.

A more complete picture of benefits available to businesses through cooperative action between enterprises is presented in Figure 1. There are characterized areas identified by businesses as considerably improving their ability to reach goals in the process of management (on a 10 point scale, where 1 – least, 10 most). The analysis of joint planning (Median 7, SD 2.01), preparing documentation (Median 7, SD 1.88), mastery of modern technologies (Median 7, SD 2.08) was of a big importance because of benefits derived from cooperation with companies on the market.

Table 1 Declared joint work with key business partners (Wierziński & Surmacz, 2011, p. 129)

Factors	Researched companies			
	Production	Trade	Services	Total
Work on increasing attractiveness of an offer	23	15	24	62
% from column	67.65%	53.57%	68.57%	
% from row	37.10%	24.19%	38.71%	
% from table	23.71%	15.46%	24.74%	63.92%
Total	34	28	35	97
% from table	35.05%	28.87%	36.08%	100.00%
Work on establishing operational aims	18	14	22	54
% from column	52.94%	50.00%	62.86%	
% from row	33.33%	25.93%	40.74%	
% from table	18.56%	14.43%	22.68%	55.67%
Total	34	28	35	97
% from table	35.05%	28.87%	36.08%	100.00%
Work on establishing strategic goals	18	16	22	56
% from column	52.94%	57.14%	62.86%	
% from row	32.14%	28.57%	39.29%	
% from table	18.56%	16.49%	22.68%	57.73%
Total	34	28	35	97
% from table	35.05%	28.87%	36.08%	100.00%

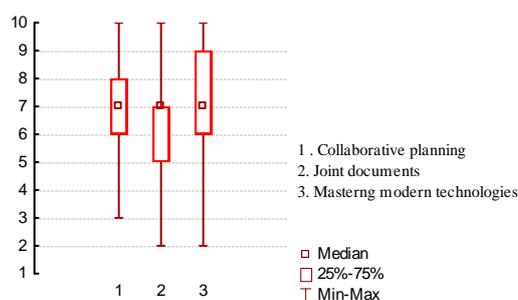


Fig. 1 Advantages related to cooperation between firms – total number of companies (1-smallest 10, biggest); own research

Analysing the graph it should be noted that assistance in mastering the technology is an important factor (Median 7, SD 2.08) which was stressed by companies. Though all the medians in the graph are equal, the answers between the lower quar-

tile (6) and upper one (9) and the largest SD 2.08 suggest that there is a high differentiation in access to modern technology used by entrepreneurs, because entrepreneurs not having modern technologies seeing their opportunity in cooperative activities indicated very high notes. On the other hand companies with very good IT infrastructure and modern technology, with the awareness of its importance in today's economy declare lower assessment. It stems from the fact that weaker companies try to overcome technology and information backwardness through learning process while companies not having this problem see their opportunity in cooperative activity which first symptom is IT integration.

6. LEVEL OF INTERNAL INTEGRATION IN RESEARCHED COMPANIES

Analysing Podkarpackie companies from the perspective of opportunities and willingness to cooperate between parties, attention should be paid to phenomenon of in-house cooperation, especially on the social level of organization. It is very important as people trained in building task-teams help to improve the ability to adapt to changes both on the social level but also from technical and organizational perspective, using benefits and opportunities resulting from collaboration within the enterprise and between enterprises operating in the same socio-economic space. Assessing cooperation in various areas of the company, attention should mainly be paid to ability of co-operation between employees in the vertical and horizontal configuration. These dimensions determine the feasibility of the company's strategic objectives but also increase the ability to achieve operational objectives.

It should be noted that respondents characterizing their organizations emphasized the importance of cooperation between employees. Taking into analysis opinions of business owners (Mean 7.90, SD 1.62) for horizontal cooperation, it appears that there is too much fragmentation among the companies surveyed in this area and there is a horizontal cooperation between employees in the company. It seems to be interesting observation however that vertical cooperation in the enterprise, in the opinion of entrepreneurs (Mean 6.89, SD 1.88) is considered as lower and SD suggests that there are greater variations in the assessment of this phenomenon. The average rating of this form of cooperation is lower. This suggests that line managers are probably not able to build the right environment and create barriers to the development of this kind of cooperation.

From the perspective of the medians of the analysed variables in the population of enterprises it should also be stressed that cooperation of operational activities (Mean 6.61, SD 1.62) obtained relatively lowest notes among respondents. It is perhaps surprising as it may appear that such cooperation should be most developed among companies due to direct involvement of staff in the achievement of

the current aims. The low rating of this type of activity may be dictated by a small trust for partners in the process of on-going operations.

7. ADVANTAGES OF COLLABORATIVE APPROACH IN CUSTOMER SERVICE MANAGEMENT

The concept of customer service is a central concept among the spheres of logistics operations. This stems from the purpose and principles of logistics, known as 6R rule (right amount, state, time, place, cost, client). Customer service is seen as a skill or ability to meet customers' requirements and expectations. Previous research show importance of cooperation within transactional elements of customer service but entrepreneurs pay also close attention to pre and post-transactional elements (Wierziński & Surmacz, 2010, pp. 5-6).

An important factor raising the competitiveness of the market activities is to understand the essence of philosophy of customer service on the market. Table 2 describes the importance of three basic activities in the context of customer service in the industry among the surveyed enterprises from Podkarpackie.

Table 2 Relating Parameters of location in text the schedules; own research

Factors	Researched companies			
	Production	Trade	Services	Total
Increasing quality of products	19	12	23	54
% from column	55.88%	42.86%	65.71%	
% from row	35.19%	22.22%	42.59%	
% from table	19.59%	12.37%	23.71%	55.67%
Total	34	28	35	97
% from table	35.05%	28.87%	36.08%	100.00%
Increasing quality of additional services	20	16	24	60
% from column	58.82%	57.14%	68.57%	
% from row	33.33%	26.67%	40.00%	
% from table	20.62%	16.49%	24.74%	61.86%
Total	34	28	35	97
% from table	35.05%	28.87%	36.08%	100.00%
Increasing effectiveness of marketing activities	25	17	25	67
% from column	73.53%	60.71%	71.43%	
% from row	37.31%	25.37%	37.31%	
% from table	25.77%	17.53%	25.77%	69.07%
Total	34	28	35	97
% from table	35.05%	28.87%	36.08%	100.00%

Analysing opinions about specific benefits for consumers arising from cooperative activities in opinion of entrepreneurs it should be noted that three groups of benefits have been articulated. It is surprising that in the general population of studied firms only 55.67% of companies declared that cooperative actions are relevant in the context of improving product quality. It might seem that entrepreneurs do not fully understand the importance of product quality and in this context generation of quality is directly achieved through cooperative processes. It seems that the greatest awareness in each group occurs among service companies where 65.71% (representing 23.71% of the total population surveyed) enterprises declared high importance of cooperation in the process of improving the quality of products. Note, however, that service is a specific type of intangible product and is consumed at the time of acquisition which may constitute the essence of understanding of this issue among studied service firms. Improving the quality of additional services resulting from the implementation of joint activities in the process of cooperation is a vital factor increasing the benefit to consumers particularly in the context of service activity in the test population. Service companies (68.57%) identified that cooperation with partners improves quality of additional activities directly related to the core business and expand the offer of the company (among the entire population of companies increase in quality of supporting activities was declared by 61.86%). Definitely the greatest awareness of entrepreneurs (69.07% in the entire studied population) occurs in the context of increasing efficiency benefits in marketing activities. Also in this aspect service companies answer very high because 71.43% of the respondents declared improved marketing capabilities in the process of generating value through cooperative activities which directly increase the possibility of marketing impact on consumer. It should be noted that increasing efficiency of marketing activities in the context of cooperation was also suggested by representatives of manufacturing companies (73.53%). According to research (fig 2.) is also a crucial factor for increasing customer value to stimulate transfer of knowledge in cooperative processes that directly translate into satisfaction and improve quality of activities in the context of customer service (Median 7, SD 2.00). Almost 50% of the surveyed population declared themselves among the bottom quartile (6) and the upper quartile (8) on a 10 point scale, where 1 – least, 10 most. This suggests that it is an essential factor in raising the quality of customer service on the market. To succeed, a company must identify and integrate resources that stimulate identification, development and management of alliances. Knowledge management plays an important role here.

At the same time, which was highlighted in research, making employees aware of their role and importance in influencing customer satisfaction (Median 8, SD 1.98) translates to significant increase in quality of contacts (as illustrated in Fig. 2.). These actions cannot be implemented effectively without the broader context of functioning in the structure of companies cooperating with each other, possessing the ability to generate market value, decreasing operational costs and creating new solutions using resources of organizations cooperating with each other on the market.

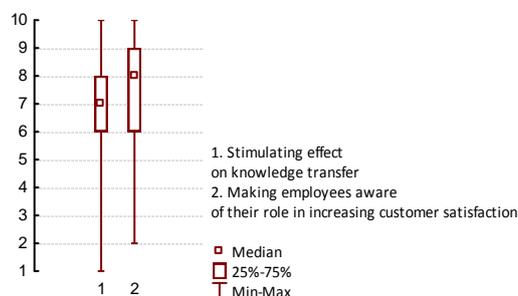


Fig. 2 Cooperation in the context of increasing value for the customer (1-smallest, 10 biggest); own research

8. CONCLUSION

Summarizing the above considerations on the importance of cooperation in the process of better meeting customer needs, it should be noted that this is a very important form in the process of providing value and it is not directly correlated with the capital acquisition but with building relationships ((Wierzbński & Surmacz, 2011, p. 131).

Factors that directly increase the degree of integration between participants in the value chain and contribute to a better understanding of the consumer, by offering him a product of acceptable quality are mainly joint action plans to create or implement the common objectives. Creating value through relationships should emphasize the importance of additional services resulting from the implementation of joint activities in the process of cooperation. It seems that cooperation in the creation and transmission of market value is correlated with better use of resources and understanding of its essence translates into direct benefits for all participants in the transmission of values.

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BIOGRAPHICAL NOTES

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