

WIESŁAW DANIELAK

**Formation of inter-
organizational
relationships on the
example of small
enterprise****1. Introduction**

The issue of forming inter-organizational relationships generates interest on the basis of science and practice due to the growing importance of intangible assets in business operations.

Inter-organizational relationships are crucial for the functioning and development of the company, and appropriately shaped give a value to the company and its cooperating entities. It is pointed out that inter-organizational relationships enable not only the access to valuable resources, but also are conducive to creating, connecting and exchanging resources. They require at the same time many activities ranging from their initiation, through the maintenance, development and improvement. The process of creating a relationship with a customer runs within certain phases and includes: the step to attract the customer with an attractive offer, the initial stage, development stage, the stage of long-term development, stage of relationship decay and stage of termination of the relationship (Ioannou, Żółkiewski 2009, p. 263). According to A. Adamik (2010, p. 21) the efficient relationship management

Prof. Wiesław Danielak
University of Zielona Góra
Faculty of Economics
and Management

significantly increases the effectiveness of learning from partners and protection of one's own key skills and knowledge. It enables to develop many specialized routines aimed at the transfer of knowledge and information, facilitating the shedding of the suspicion about a possible partner opportunistic behaviors, and thus improving the transmission and acquisition of explicit and tacit knowledge.

The efficiency of the processes associated with the formation of inter-organizational relationships is influenced by certain characteristics of employees directly responsible for relations with the given entity (their competence, relational abilities, motivation, and commitment) and the properties of the company relating to the business model and its components, i.e. the resources, structures, processes, strategies or organizational culture. Among the factors determining the number of inter-organizational relationships are the variables referring to the company itself (its size, strategic objectives, competence of staff, level of development) and the environment (access to markets, supply and sales, the intensity of competition in the market).

The aim of the article is to show the possibility of formation of inter-organizational relationships within the framework of a three-dimensional model including selected elements of human, structural and relational capital. Based on studies of literature and conducted analysis of the activities of a small enterprise actions were shown to facilitate the formation of inter-organizational relationships.

2. The value obtained from the inter-organizational relationships

In shaping bilateral relations crucial is the value obtained from the mutual relationships. Within the inter-organizational relationship the company provides individual stakeholders the predetermined value, receiving the value in return. According to T. Doligalski (2013, p. 75) the value, which the company obtains from the relationships with customers are: cash inflows, values for other groups of customers, data, information and knowledge, activities within the framework of co-creating values, economies of scale. While the company offers its customers the value in the form of individualization, belonging, safety, recommendations, the benefits of learning by observation, the benefits of convenience and time savings. Above-average value is gained by the companies that invest in inter-organizational relationships, share their knowledge, and have access to external complementary resources (Dyer, Singh 1998, p. 674). Thus the interest of the company is to ensure the continuity of acquisition of the desired value stream from the customer in the long term, thanks to which, the company will be able to

increase its value and create values for other stakeholders, i.e. owners, employees, suppliers, the state and society (Doligalski 2013, p. 134).

Each company is characterized by a unique combination of resources, at the same time in a specific way it exploits them as a whole (Battagello, Grimaldi, Cricelli 2015, p. 809). In the creation of value what gains in importance is the skillful linking of intangible resources and skills of the company with particular emphasis on the skills related to the conclusion and execution of transactions, skills in management, or innovation as well as technical skills (Demartini, Paoloni 2013, p. 75). Intangible resources are a key factor influencing the potential of value creation (Kianto et al. 2014, p. 365).

The fact should also be taken into account that not all relationships contribute to the creation of value and do not affect the growth of opportunities. Improper relationship management can reduce the value of relationships that may result in starting the steps towards their termination. What should also be taken into account is the risks associated with the relations, and in particular the risk of sudden interruption of the relations (under the influence of dependent and independent variables), the increase in operating costs, the decrease in income or loss of valuable resources involved in the process of building the relationships.

3. The role of employees in shaping relationships and relational capital

The relationships with customers, suppliers, competitors and other stakeholders are shaped through employees. It is the employees, with the participation of whom, is created human capital, which allows the use of their competence, intellectual ability, motivation and predispositions to form inter-organizational relationships. The employees contribute to the creation of structural capital in the form of new products, patents, trademarks and solutions in the field of realized processes. It is thanks to the skills and competencies of employees the relational capital of the enterprise is built based on the valuable relationships with external stakeholders. Through the skillful use of elements of the capital, human, structural and relational there is a possibility of achieving goals, including the creation of value for the company itself and the stakeholders cooperating with it (fig. 1).

An example of actions conducive to the development of relational capital with the use of structural capital and human capital is the use of modern information and communication technologies supported by the competence of employees to maintain long-term relationships with customers or suppliers. Another

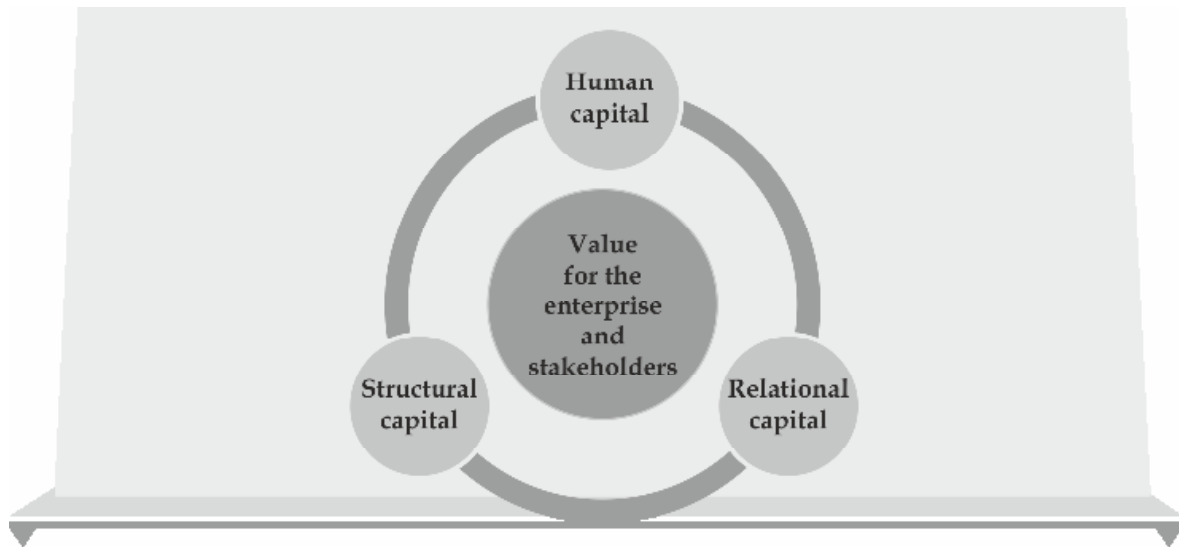


Figure 1. Linkages between human capital, structural and relational in value creation for the company and stakeholders

Source: own study

example of actions conducive to the development of structural capital with the use of human capital is rewarding employees' innovative ideas that allow for the improvement of existing solutions promoting the development of the company.

In the formation of inter-organizational relationships particularly relevant are the skills and competences, especially relational competencies associated with the use of knowledge, skills, abilities and attitudes in the sphere of cooperation. Direct and personal contacts (links) of employees and executives with stakeholders based on the ability to cooperate, core competencies, propensity to trust and credibility of their own favor the formation of relational capital (Grudzewski, et al. 2009, p. 75).

The relational capital itself is formed on the basis of relational resources, created between the company and external stakeholders. Relational Capital is formed as a result of interdependence and interaction between related entities (Danielak 2012, p. 16). It is based on personal contacts of employees and managers with customers and other external stakeholders, supported by their personal beliefs, ethical standards and knowledge (Adamik 2010, p. 21). Good relations with customers are a source of potential value. In particular, customer satisfaction and loyalty are important elements of relational capital.

Relational capital has the capacity to create and generate income. It also allows for the estimation of future income, conducive to improving economic and financial standing of entities involved in the relationship.

Relational capital does not occur alone, but in conjunction with the human capital and structural capital creating the intellectual. Compared with structural capital owned by the enterprise, relational capital, as an intangible resource is difficult to manage and unambiguously assess.

4. Benefits and limitations of relational capital of the enterprise

Among the benefits of relational capital there are mentioned the ability to multiply its value (which affects goodwill), the possibility of obtaining a relational pension, the use of synergistic effect, greater flexibility, thanks to the possibility of shaping relations within the network. In addition, the benefits are seen in the reduction of uncertainty as to the expected effects due to the continuity, stability, consistency, efficiency of operations; in relation to relational standards (honesty, loyalty) and expectations in emergency situations (care, protection, action in the defense of partner), and protecting the independence of the partners, their key resources and competences. Relational Capital gives a sense of safety and security and the prospect of long-term cooperation, increases resistance to crises occurring in the environment. The specific nature of relational capital is due to its immaterial form, hardly perceptible, which cannot be easily quantified and measured. Detailed arrangements between the relationships of the parties cause that they become unique for the cooperating entities and their acquisition (or copying) by other competitive entities may encountered a number of difficulties.

Despite the existence of a number of positive features associated with the existence of relational capital, the alliances can, according to G. Duysters and C. Lemmens (2003, p. 50) get paralyzed by parties that excessively depend on each other, creating a closed social system. Thus too close relationships may limit innovative activities which may be the result of cooperation with new partners, which could potentially reduce continuous development of intellectual capital (Pearse 2009, p. 376). Difficulties may arise from the conditions set out in the contracts (penalties) relationship binding the parties, which may hinder trouble-free end of the relationship. The weakening of relational capital is affected by adverse events, including the weakening possibilities of partners, their opportunistic attitudes, as well as the loss of confidence and credibility to them. There may occur an increase in the costs associated with the need to seek new partners. And with the loss of key partners there may occur a financial

crisis and the weakening of the company image. Also, disloyal employees can be the source of the leak of knowledge from the company, exposing it to problems (Olander, Hurmelinna-Laukkanen, Heilmann 2015, p. 756).

5. Shaping inter-organizational relationships on the example of a small enterprise

With regard to the activities of a small enterprise there have been described activities conducive to building valuable inter-organizational relationships. To obtain data and information an interview questionnaire was used.

A Production, Trade and Service Enterprise has been in business for over 12 years and employs 25 workers. It is engaged in manufacturing and trading of wooden garden architecture. The company has in its offer distinctive products, well-known trademarks, which is an asset in terms of attracting customers purchasing corporate products. The company has a well-established and recognizable brand. The company expands the range of products and services offered, also sells over the Internet.

The company has a group of regular individual and institutional customers, as well as commercial agents. Thanks to partner relationships mutually are set out targets, as well as individual cooperation arrangements. Customers have access to a special offer and can count on professional and qualified support from the company. High independence of employees is conducive to improving operational procedures and relationships with partners. Employees often act as a specialist, an advisor who provides professional assistance and advice to the customer. The improvement of the relations with customers is facilitated by fast and efficient service, and a wide range of price discounts, adjusting the offer to the customer's needs. Thanks to individual approach, each customer is treated as a special one. Employees of the company willingly share their knowledge with customers and solve problems together. Thanks to the new products the company offers value to current and potential customers. Qualified staff forms a positive image of the company. The staff's willingness to learn and acquire new expertise favors the improvement of relations with customers and suppliers. Provision of a wide range of services on favorable terms, consistent with the expectations of customers contributes to the strengthening of the customers' trust and satisfaction.

The main indicators that are used to evaluate the benefits derived from the long-lasting relationships with customers include the number of customers and sales value, the duration of the cooperation, increase in the sales to existing

customers, the percentage of regular customers, satisfaction rating, the number of complaints and the percentage of customers re-purchasing.

In the process of development of human resources the company formulates its strategic goals, takes action for their implementation, uses indicators for their assessment and estimates the potential benefits (tab. 1).

Long-term cooperation agreements with suppliers guarantee permanent access to sources of supply. Continuity of supply affects the implementation of the production process. The high quality of the obtained materials is closely related to the quality the products offered reputed to be interesting for customers. With the new certificates, the quality of products the company strengthens its position in the market.

Table 1. Improvement of human resources

| Strategic objective | Actions | Evaluation indicators | Potential benefits |
|--|---|--|---|
| <ul style="list-style-type: none"> • Improving staff competences, • Increasing productivity, • Owner's good relations with employees. | <ul style="list-style-type: none"> • Implementation of incentive systems, • Courses and training, • Improvement of working conditions, • Inclusion of employees in the decision-making process. | <ul style="list-style-type: none"> • Number of skilled workers, • Number of employees with long work experience, • The level of staff turnover, • Productivity of the employees. | <ul style="list-style-type: none"> • Educated and competent staff, • Improving the quality of work and productivity, • Involvement in the affairs of the company, • Improving relations between employees and management, • Increase in sales. |

Source: own study

With the support of information systems (CRM) company has a constant control of current orders and coordinates logistics operations on a regular basis. Integrated software allows for sending information about sales (including Internet sales) for the purchasing department, and effective warehouse management. The process of communication with the supplier runs through the electronic exchange of information, which ensures efficient data flow in both directions. The company in the framework of business model adopted makes every effort to shape partnerships enabling direct cooperation with manufacturers (omission of intermediary companies) and offering high quality products and implementation of on-time delivery to the customer.

Table 2. Improvement of structural resources

| Strategic objective | Actions | Evaluation indicators | Potential benefits |
|--|---|--|---|
| <ul style="list-style-type: none"> • Offering high-quality products and services, • Development of new products, • Possession of modern technology, • Development of own commercial brand. | <ul style="list-style-type: none"> • Implementation of innovative solutions, • Automation and computerization of workplaces, • Improving and expanding the range of products, Improving the system of communication. | <ul style="list-style-type: none"> • Number of new products, • Level of computerization, • Sales volume, • Improvement level, • The flow rate of information. | <ul style="list-style-type: none"> • Reduction of production costs, • The increase in income, • Improvement of information and decision-making systems |

Source: own study

In the framework of cooperation with suppliers the continuity of delivery is conducive by updated procurement plans, negotiating the terms of cooperation and joint improvement of supply logistics in order to streamline processes and reduce costs. Mutual exchange of experience with partners favors a flexible response to changing needs and expectations.

Among the strategic objectives for the improvement of structural resources the company implements measures to improve the products and expand the product range, automate and computerize work stations, as well as to implement innovative solutions (tab. 2).

Information systems improving decision-making and problem-solving are conducive to access to data. Modern technologies in the form of instant messaging are conducive to faster and more efficient communication with partners.

Among the strategic objectives for the improvement of the relational resources the managers plan to consolidate existing good relationships with customers, gain new contractual partners to mutually work out the objectives and strategies of cooperation and build the brand value (tab. 3).

The building of lasting relationships is favored by the efficient flow of information and expertise and knowledge of the parties involved. The resulting gains facilitate the realization of investment projects in new technologies and favor actions in the field of promotion, allowing an increase in the value of the company. Employees shape the company's image as a reliable and competent partner. They relate their work to the development of the company, and their activity is appreciated by the management. Relational Capital of businesses is created by strategic relationships with customers and suppliers, the company's

reputation as a competent person. Both employees and partners are involved in the decision-making process. Problems are solved collectively so that both parties are satisfied. The reported observations and customer problems inspire the company to seek innovative solutions. The development of cooperation with customers and suppliers is conducive to the formulation of clear objectives and principles of cooperation resulting from the mission and strategy of the company.

Table 3. Improvement of relational resources

| Strategic objective | Actions | Evaluation indicators | Potential benefits |
|---|--|---|---|
| <ul style="list-style-type: none"> • Building a positive image of the company, • Strengthening relations of cooperation, • Recognized brand, • Building satisfaction and loyalty of customers and suppliers, • Building partnership relations. | <ul style="list-style-type: none"> • Participation in trade fairs, • Integration meetings, • Personalized relationships, informal meetings, • The use of modern technology to build lasting relationships, • Flexible responding to customer needs, | <ul style="list-style-type: none"> • The number of co-operating partners, • The number of contracts concluded with new partners, • Willingness of partners to develop cooperation, • Number of satisfied customers, • Brand recognition, | <ul style="list-style-type: none"> • Market expansion, • Acquisition of new partners, • Extensive network of contacts, • Development of virtual relationships, • Increase in sales, • Increased trust and loyalty to the company, • Strengthening the position in the market, • Increase in goodwill. |

Source: own study

The main assessment indicator of the benefits obtained from the long-lasting relationships with customers is the number of regular satisfied customers and new customers. The analysis of marketing activities and strategic plans of competing firms often form the basis for the creation of competitive marketing programs conducive to maintaining the existing customers and attracting new ones.

6. Conclusion

Corporate success increasingly depends on the value of intangible assets. In an increasingly competitive and changing environment, entrepreneurs and managers seek new success factors in appropriately shaped inter-organizational relationships.

To be successful entrepreneurs and managers need to know what type of resources the company and its related stakeholders possess, and how to configure them in order to create values for the entities involved in the relationship. A key role in shaping the relations is played by employees. The knowledge and skills of employees can be used to generate valuable relationships. Building valuable inter-organizational relationships is tailored to the company's activities, especially the objectives pursued, processes, strategies, in such a way they are the key to creating the value for the company and related stakeholders.

Inter-organizational relationships are valuable for the company, if they allow access to the resources and can be activated if necessary. Appropriately shaped inter-organizational relationships contribute to the improvement of competitiveness of the company. To achieve the company's goals and gain a competitive edge could be supported by inter-organizational projects jointly implemented with other enterprises (Areias, Eiriz 2013, p. 33).

The mere value of the company is the result of systematic improvement of the size and structure of resources and its adaptation to the anticipated changes in the environment (Janik 2007, p. 595). The resulting value from the relation is subject to assessment by the parties involved, which analyze both the costs of initiating, establishing and shaping of the relations, their benefits, tangible and intangible, and possible risk of impairment of relationships, as well as the possibility to increase their value.

In the presented case study analysis there was shown a skillful development of relations of cooperation with market participants. The possibilities were characterized of forming inter-organizational relationships as part of a three-dimensional model including selected elements of human, structural and relational capital. Examples have been given of applied solutions for the improvement of human, structural and relational resources. With respect to individual resources, strategic goals have been set, actions to achieve them, and the used indicators to assess the potential benefits have been indicated. Management staff, using a variety of indicators, measure and describe various aspects in the process of inter-organizational relationships. They form the basis for decision-making regarding commitment of additional resources to strengthen the development of valuable relationships. Determinants of value are not only the quality of relationships and customer satisfaction, but also improvement of the competence of employees. Building stable and lasting inter-organizational relationships often requires overcoming many obstacles arising from the parties' behavior. Lack of trust or inappropriate involvement may hinder the exchange of knowledge and information, and thus adversely

affect the development of relations. Businesses see the value of properly shaped relationships giving relational competitive advantage. The value obtained from partner relationships with customers and suppliers should facilitate the creation and maintenance of competitive advantage.

Summary

Formation of inter-organizational relationships on the example of small enterprise

Inter-organizational relationships are crucial for the functioning and development of the company, and appropriately shaped give the value of the company and its cooperating entities.

The aim of the article is to show the possibility of formation of inter-organizational relationships as part of a three-dimensional model including selected elements of human capital, structural and relational. Based on studies of literature and conducted analysis of the activities of a small enterprise there were shown measures conducive to the formation of inter-organizational relationships.

Keywords: *Inter-organizational relationships, human capital, structural capital, relational capital.*

Streszczenie

Kształtowanie relacji międzyorganizacyjnych na przykładzie działalności małego przedsiębiorstwa

Relacje międzyorganizacyjne mają kluczowe znaczenie dla funkcjonowania i rozwoju przedsiębiorstwa, a odpowiednio ukształtowane dają wartość przedsiębiorstwu i współpracującym z nim podmiotom.

Celem artykułu jest ukazanie możliwości kształtowania relacji międzyorganizacyjnych w ramach trójwymiarowego modelu obejmującego wybrane elementy kapitału ludzkiego, strukturalnego i relacyjnego. Bazując na studiach literatury oraz przeprowadzonej analizie działalności małego przedsiębiorstwa ukazano działania sprzyjające kształtowaniu relacji międzyorganizacyjnych.

Słowa klucze:

relacje międzyorganizacyjne, kapitał ludzki, kapitał strukturalny, kapitał relacyjny.

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