

**THE ROLE OF CO-OPERATION IN BUSINESS
PRODUCTION AND SOURCE OF MATERIALS: THE CASE
OF THE PORTUGUESE FURNITURE AND EVENTS
ORGANISATION INDUSTRIES**

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■ Outline

- Aims
- Methodology
- Results
- Conclusions: Similarities and Differences

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■ **Aims:**

- This paper investigates the role of co-operation regarding production and the sources of materials in two contrasting industries – the furniture and the events organisation industries.

Furniture	Events Organisation
Manufacturing	Services
First and second generation entrepreneurs	Educated young entrepreneurs
Co-localised around smaller cities	Located in large cities
Traditional industry	Modern Industry
Rural and semi-rural areas	Urban areas
Informal co-operation	Formal co-operation

■ Methodology

- 29 Indepth, semi-structured interviews, with entrepreneurs and business associations representatives (both sectoral and local);
- Grounded theory
- Results based on the coding from the interviews with some extracts of these interviews;
- Interviews conducted in Portuguese, with some extracts translated into English.

■ The importance of production: Two different views

- “Furniture firms are, nowadays, still very production focused. You can still hear very often – “I don’t want to be in the marketing department, I just want to produce because that’s what I know how to do properly” – as a result of the experience entrepreneurs have, because they entered this industry and only later on they became entrepreneurs. Thus they still have a great knowledge of the productive process and of the technology. Younger generations started devoting themselves more to sales and to contact with the market... They created some linkages which resulted in co-operation processes later on, but if production was still based on their own firm, co-operation can only take place in the marketing and sales activities.”
[AIMMP: 357]
- “Having a computer, fax and telephone from home is enough to become my competitor.”
[AP: 39]

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- “For example, if I need a machine to work frames for furniture, I talk to him [the production manager of the PT firm (also interviewed)] and he helps me with what I need. He is a very helpful person” [PJ:93]
- “Yes, we have suppliers for the finishing tasks only, who we rely on when we have too much work to be done, for example. And despite that there is also some co-operation going on - sometimes, a machine of one of my competitors breaks down and he comes here and we sort that out for him.” [AM: 330]
- “We do have good relations. We don’t discuss prices, quality and innovation... of course, but we do have partners, friends of the firm. We swap information, impressions and feelings. We even do international exhibitions together and then we discuss them...what each one thinks about the market. For example, a few days ago, the exhibition in Italy, we went with another partner and at the end of the exhibition we discussed it...” [PP: 149]

■ Similarities and Differences:

Events organisation and 2nd generation Furniture entrepreneurs

- production is of relatively little importance in the context of business
- Are part of the same age group
- Added emphasis on the role of R&D as a way to strengthen production (furniture)
- Sharing resources is generally done on a formal basis in the events organisation sector

Furniture 1st generation

- the processes involved in the production seem to be of major importance
- Sharing resources is generally done on an informal basis (both generations).
- power and reputation can be gained from a production perspective in the furniture industry (both generations).

Furniture:

- The shift that management experiments as it goes from first to second generation;
- Formal co-operation seems to be avoided in production, but entrepreneurs are open to formal co-operation when it comes to market access;
- The higher willingness of the younger generation to enter co-operative relationships;
- The connection between both previous items leads to the conclusion that furniture firms are more open to co-operation in the marketing and sales activities, because these are the activities reserved for the second generation. If the younger generation were responsible for production activities, then co-operation could possibly happen in this activity;
- The shift of concern from production to sales (as management changes from one generation to other) suggests that firms may not be able to create differentiation in terms of production anymore. It is in the firm's contact with the market that innovation provides a lasting advantage;

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- The shift of focus from production to other activities is partially explained by generational differences, as the furniture second generation and events organisers are about the same age. However it also reflects a general tendency across the industries that are not exclusively explained by sectoral differences.
- It also indicates a change in the industry views on how to be competitive/profitable suggesting that the 'new' industry perspective of strategic management represents a new perspective on co-operative relationships
- In both sectors outsourcing seems to play a central role in production and in both of them it is made on a formal basis.
- Although it was not clear that information exchange was pursued on the basis of reciprocity expectations, it was very evident that it took place on an informal basis most of the time.

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Thank you!

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