

Innovative Approaches for SME's Sector

Cătălin Răzvan DOBREA

The Bucharest Academy of Economic Studies, Romania

E-mail: razvan.dobrea@man.ase.ro

Florin ANGHEL

The Bucharest Academy of Economic Studies, Romania

E-mail: florin.anghel@ase.ro

Abstract

Ensuring an adequate economic and social competitiveness level is a major priority of the SMEs on medium and long term. Success, in such a global competition, is conditioned by the degree of innovation and flexibility, by efforts in terms of financial, human and material resources and also by the effectiveness of their use.

This paper presents a number of relevant issues in terms of implementing collaborative working environments in the SMEs work in order to enhance competitiveness at the microeconomic level.

Keywords: *competitiveness, SME's, collaborative work environment, flexibility*

JEL classification: M14, L26

1. Introduction

International trade agreements made between different regions of the world, eliminating tariff barriers within specific geo-political strategic alliances, standardization of the currency within the states of a union, but also removing territorial boundaries are conspicuous features of the contemporary society dominated by the presence of the globalization phenomenon.

Under the impact of globalization, companies moves to increase the level of competitiveness and efficiency rates that characterize the entire business done. According to studies conducted by the European Commission, the ability to respond flexibly and proactively to frequent and constant changes of the environment represents the competitive advantage that must be explored by entrepreneurs.

The evolution of multinational companies directly influences the small and medium businesses sector (hereinafter referred to as SMEs), by limiting the development opportunities through increased expression of the difficulties occurring in the financing process or even by full employment in some market segments.

The ability to collaborate in time and space, with and between organizations or communities is essential for obtaining the required degree of flexibility, by the best use of knowledge and skills available.

2. The need to ensure competitiveness at the microeconomic and macroeconomic level

In the context of globalization, seen as an economic process, strategic investments and the speed with which a company responds to change in order to develop a competitive advantage represent the most important issues.

The evolution of organizations and civil society, in terms of competitiveness, subjects SMEs to overcome many difficulties such as the tendency according to which, although their number is increasing every year, the average life time is diminishing gradually. The specialization of processes, and also of the resources involved in various activities, frequently causes confusion among the management of SMEs. Often, there are difficulties in choosing the contact persons, the type of information that needs to be inquired, the manner in which to distinguish / select between products / services available.

The SME's face a more challenging environment that requires leaders able to develop specific competencies¹ for dealing both with internal and external pressures.

Small and medium entrepreneurs were unable to penetrate and resist on markets dominated by international companies. Therefore, solutions to ensure existence came from the field of identifying market niches or groups of consumers defined by a demand higher than the offer. In the current economic circumstances, SMEs can recover the existing gaps by:

- Innovation in the research – development process;
- Strategic alliances between organizations in the same industry, built on agile and flexible business models;
- applying the strategic and operational reorganising process in terms of used informational structures, by reducing the time needed to identify the necessary information, regardless the source of origin, optimizing the operating system of decisions and actions, ensuring an optimum connection of various applications used;
- developing coherent information strategies, in relation to the organization's strategy.

In most cases, policy makers perceive the evolution of the business that they lead, as a way to meet immediate needs, without understanding clearly, the benefits of developing, distribution / sharing of the infrastructure and the logic of the business that they control. They develop information systems with similar functionality, but which contain algorithms that complicate any attempt of

¹ CNCSIS Project, Idei Program, contract no. 899/2009

integration and consolidation. The conflict between reaching the business goals and using IT solutions can be solved by implementing collaborative environments.

3. The evolution of the services sector, at a global level

Economic growth and stability represent key factors that increase the services sector, in terms of adaptation conditions imposed by the globalization phenomenon.

In the year 2007, the umbrella organization for 19 national consulting associations, FEACO, has revealed that the European market for management consulting services is worth 81 billion Euros, implying an average increase of 9.7% compared to the year 2006.

The market was observed in terms of total sales and turnover made only from advisory services. Germany is the country with the most developed consultancy sector, followed by the United Kingdom, France and Spain.

Management consulting services contribute in proportion of 0.64% to the European GDP, but analysts foresee a slow growth of this sector. They are limited to business and IT consulting accounted to 57% of the total turnover, outsourcing 20% and 20% development and systems integration.

The most developed services are operational / organizational and strategic management. Industry, banking and public still represent developing engines in most Eastern and Western European countries; accounting services amounting to 70% of total turnover.

Currently, worldwide, the major IT and software companies have shown an increased interest in entering the telecommunications sector. Also, the decrease of marginal profit from the sale of software or hardware products and the increase of maintenance and administration costs of the IT infrastructure, is forcing companies to specialize on providing services on request.

ICT collaboration tools combined with remote management techniques offer new prospects for the boundless cooperation between corporations and employees with potential. Properly managed, the new technological tools oriented at the individual can lead to increased productivity with high employment rate and economic growth.

Globalization requires companies to focus on the use of collaborative environments in daily work as an engine of steady growth. The information-based society promotes an open and competitive economy, which emphasizes the role of information and communication technologies (ICT) in the labour field and in the process of involving all citizens in a cohesive society.

The competitive forces of globalization require companies the implementation of ICT collaborative environments that are able to use, in the best way possible, the opportunities created by the new service and knowledge based economy.

4. Collaborative Work Environments

Collaborative work environments are indispensable to increase both productivity and creativity by providing new ways of organizing production and knowledge-based businesses.

Basically oriented towards the communication between 2 people, collaborative work environments allow the user to participate in many projects and assume more responsibilities through: increased availability for ad hoc meeting, amplified possibility to keep track of collaborative activities, access to collaborations with people and experts previously unknown.

Developing and implementing collaborative environments involves a major commitment in concrete actions that receive support from all the decision-makers. The starting point in such an initiative lies in the understanding of the business processes by all the decision makers, followed by the development of an information strategy that identifies key performance indicators. Next, decision makers can shape the architectural reference map and "rapid benefits" of the service built. Browsing through all the previous steps represents the moment in which the IT department must identify the most adequate infrastructure for the services that provide business solutions which fold on the needs identified by decision-makers.

Collaborative environments are technological tools that support the organizations degree of flexibility to unpredictable changes of the international economic environment, by integrating technologies and information resources stored on virtual media, based on which the linking between the various areas of interest of the SMEs related through complementary activities is ensured.

The adoption of collaborative environments as working practices is a consequence of the globalization process. Collaboration tools developed in agreement with the information and communication technologies field, combined with remote management techniques offer new opportunities for eliminating global cooperation boundaries between SMEs and employees. Managed effectively, they participate to the progress of the research and development area, and therefore to the productivity growth, by a higher share of employed population and an economic growth in Europe.

With some emerging competitive forces from the globalization, the other companies can promote and implement collaborative environments as a strategic advantage, by integrating the new technologies in specific business processes. The globalization process is forcing Europe to focus on identifying a way to create better opportunities for companies to establish new collaborative environments, driven by strong technological integration, the use of ICT tools, implementing the approach focused on the individual in order to meet the intense progress of countries such as China, India or Brazil.

Collaborative environments that use information and communication technology tools, but are focused on the individual, will allow a better exploitation of the opportunities offered by the global market. Furthermore, instead of

considering the global powers a threat, European companies could take advantage of their existence and create more innovative products or services.

Online Cooperation, facilitated through collaborative tools and suitable working environments, will promote common knowledge within work teams and will lead them towards fulfilling common objectives. Through this collaboration, files and documents relating to current issues can be shared, and voting characteristics can be used through the intranet or internet network.

Currently used collaborative environments are software applications that allow work teams to operate together and to document their work under the name of one author, to be notified about events via a group calendar and work with suppliers and partners on a secure web server.

These tools can be hosted or cannot focus on real-time activities (conferences, communication programs) or asynchronous in time activities (calendars, schedules, forums). Many of the small and medium companies opt to have their collaborative work spaces hosted by the software vendors, while large companies want to install the collaborative environment on their own server.

eRoom provides collaboration solutions for businesses of any size. Small businesses would use its hosting solutions, and large businesses would use its enterprise content management platform (ECM), which fits into the corporate IT structure.

Features for small businesses - eRoom includes collaboration tools, such as Application Xtender which administrates, stores and organises critical information of the project, while the eRoom work space offers discussion possibilities on several areas, acquisition of documents from other destinations than their own, and also information exchange in real time or scheduled.

Features for large companies - eRoom helps businesses in banking, pharmaceutical, medical and architectural with project management and resources from the client. Some features of the Documentation 5 program include information authorization so that teams can create and maintain content and integration sites, which disseminate information towards team members and link team members with questions to those who have the answers.

The Facility 8.5 instrument can improve the online meeting section of the company. Facility 8.5 is a tool that allows online meeting and the feasibility of some questionnaires, on which a small or medium sized company can accommodate its actions or one that an enterprise can implement on its own server in order to allow rapid achievement of the decision making process.

This tool can build online consensus among team members with collaboration tools, including online chat rooms, voting and prioritization, action plans to keep track of the team's progress, different templates, surveying instruments, and the daily working agenda. Facility 8.5 is flexible enough to manage from a small regional meeting to a large international conference. Also, this online software solution provides advisory services and additional resource training.

When deciding what collaborative tool should be used, initially a software application must be identified that best meets the requirements of the operating industry, the companies' size and communication standards, so that the cost of system integration is covered in long-term savings.

References

1. *Success factors Inc.* - The secret to effective, no-hassle performance reviews
2. *European Commission* (2006), – Collaboration @ work The 2006 report on new working environments and practices, Luxembourg: Office for Official Publications of the European Communities
3. *The International Council of Management Consulting Institutes* (2009)– Meridian newsletter
4. *European Commission* (2006), – New Collaborative Working Environments 2020, Report on industry-led FP7 consultations and 3rd Report of the Experts Group on Collaboration @ work, European Commission Information Society and Media
5. *European Commission*, (2006), - DG - Information Society, Future and Emerging Technologies and Paradigms for Collaborative Working Environments, 5th Collaboration@Work Expert Group Report