DOES COOPERATION ENHANCE COMPETITIVENESS?
ASSESSING THE IMPACTS OF INTER-FIRM COLLABORATION
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Synopsis
Collaboration among small and medium sized enterprises (SMEs) is an emerging approach to industrial competitiveness. Since first noted in Western Europe, government's agencies and private foundations have experimented with policies to stimulate and accelerate forms of inter-firm collaboration - commonly called manufacturing networks. The assumption behind such policies is that cooperative behaviour will help SMEs firms compete, and therefore the goal is to alter the behaviour of enterprises and to facilitate co-operation. This article draws on two evaluations of network initiatives, one sponsored by a state and one by a private foundation, to discuss issues, methodologies, evidence of impacts, and challenges. The first evaluation requested by for the Oregon Economic Development Department, occurred at an early stage in the process and therefore was limited to the process and early industry responses. The second, requested by the Northwest Area Foundation, was over the 3-year grant period, and also included some measures of change among participating SMEs.

Both the evaluations shed some light not only on the challenges in assessing its values but also the potential for cooperation. They suggest that businesses are more open to cooperation than cooperation's sceptics contend. The evaluations also reveal barriers that must be overcome in order to establish networks as a conventional way of doing business - both to brokers and businesses, such as high start-up investment, defining practical projects that appeal to self-interest, broker compensation, critical mass of the 'right' people, distrust of government, concern that the benefits will not justify the investment of time and money, and lack of vision. Both illustrate the need for additional research on measures and methodologies.