

Inter-Organizational Collaboration for Providing Training Program for New Employees

A Case of the Shipbuilding Industry in Japan

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Abstract

The purpose of this study is to clarify the process of establishing inter-organizational collaboration by focusing on the interaction among members from different organizations. Further, it aims to determine the implications of the place (“Ba” in Japanese), such as a convention, and the intervention in facilitating the process of collaboration.

As a case study, we examined an inter-organizational collaboration for conducting training programs for new employees in the shipbuilding industry in Hiroshima Prefecture, Japan. The study clarifies the process of collaboration and determines some implications about the function of place and the role of intervention in the collaboration process.

Introduction

A recent trend of inter-organizational collaborations between companies or between companies and the public sector for creating a new business, revitalizing the regional industry, etc. has been observed. Although previous studies have examined inter-organizational collaborations, the process of establishing collaboration has not been sufficiently investigated. In this study, inter-organizational collaboration is defined as the formation of a cooperative system among members from different organizations. Further, through the case study of an inter-organizational collaboration between private companies and the public sector in the shipbuilding industry, the study explores the function of place and the role of intervention in facilitating the process of establishing collaboration, by focusing on the formation of relationships through interaction among members in a collaboration.

First, to offer some background, an overview of the case study is presented. Then, the theoretical framework about the function of the place and the role of intervention is

introduced. After explaining the research design, the process of establishing collaboration, the function of the place and the role of intervention observed in the case are discussed. Finally, the findings are analyzed and interpreted.

Overview of the Case

The Innoshima area in the city of Onomichi,¹ Hiroshima-Prefecture, Japan, was developed as a shipbuilding town. However, Hitachi Zosen Corporation (hereinafter: Hitachi Innoshima), which had dominated the shipbuilding industry, was restructured, and it significantly reduced the operations in the late-1980s. As a result, the regional economy faced a crisis.

Before Hitachi Innoshima was restructured, the small and medium-sized shipbuilding companies, which did not have their own personnel training systems, were supposedly securing their employees through the mid-career recruitment of former employees of Hitachi Innoshima who had been trained under its internal training systems. However, regional human resources development started malfunctioning because of the restructuring of Hitachi Innoshima. Moreover, faced with recession in the industry, the small and medium-sized shipbuilding companies decreased recruiting new employees since the late-1980s. As a result, in the late-1990s, many of the companies suffered from aging workforce and were seriously concerned about transferring technological skills to young people.

In order to cope with this situation, small and medium-sized companies and the public sector collaboratively established the Innoshima Technical Center in April 1999 for nurturing new employees, aiming at future development of the industry. The center conducts training programs for new recruits in shipbuilding companies in Innoshima region or in companies in neighboring regions, which have a transactional relationship with Innoshima region².

Literature Review

This section reviews the precedent studies examining the places and intervention for promoting inter-organizational collaboration. Moreover, it discusses the conceptual model based on the studies.

Functions of Places

Regarding the place where people interact for establishing inter-organizational collaborations,

¹ Under the municipal merger in 2006, the city of Innoshima was absorbed by the city of Onomichi.

² The technical center was launched in 1998, and by 2011, more than 3000 trainees participated in the training program. The survey conducted by the head office in 2011 shows that more than 70% of the employees who participated in the training program remained in the shipbuilding industry. It also indicates that the training program helped the trainee employees from small and medium-sized shipbuilding companies in acquiring required skills.

Kanai (2005) describes the concept of “Ba (place)” as a social system that facilitates interaction among people, fills the “structural holes” (Burt, 1992), and encourages inter-organizational entrepreneurial activities for creating new businesses.

Furthermore, Gray (1989) explains that the function of the convener of a meeting is “to identify and bring all the legitimate stakeholders to the table (p. 71).” Gray also indicates that, in order to realize this, conveners must:

- have the power to gather stakeholders;
- have legitimacy and maintain authority and fairness;
- appreciate the potential value of collaborating and envision a purpose to organize the domain;
- have the skills for establishing a collaborative process and context; and
- identify the appropriate stakeholders.

Moreover, Gray suggests the importance of involving major stakeholders with a strong interest in working collaboratively so that social norms can be established and enforced.

Role of Intervention

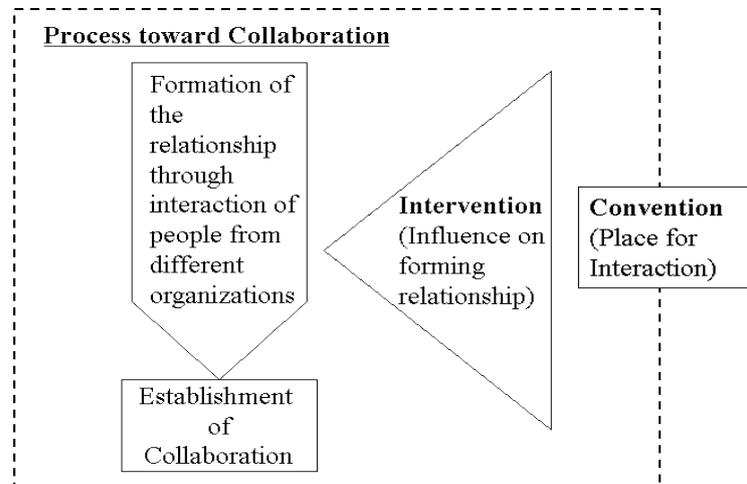
Gray (2008) explains that intervention aims to influence the process of interaction among alliance partners and argues that, within an inter-organizational system, intervention refers to the process of reducing the restraining factors or increasing the driving factors of interaction. Regarding interveners, Ring, Doz, and Olk (2005) introduce the role of “triggering entities” for “making the benefit of collaboration visible to potential partners, helping them along the formation process, securing their various contributions in a timely and harmonious fashion, and reassuring them about their respective motives” (p. 143). Furthermore, Sagawa and Segal (2000) introduce the role of a “relationship manager” who builds and enhances inter-organizational relationships. Williams (2002) also explains the role of “boundary spanners” who have the skill for building and sustaining inter-personal relationship among partners, playing the role of an honest broker, and managing interdependency among organizations to enhance the likelihood of collaboration. Henton et al. (1997) introduce the role of a “civic entrepreneur” who facilitates the collaboration between different entities such as companies and the government and contributes to vitalizing regional industries or provides support for creating new businesses. Henton indicates that the motivation for civil entrepreneurs is “to realize broad, enlightened, and long-term interests” (p. 152). Finally, Gray (2008) points out that an intervention is usually arranged by an alliance partner or a third party. Moreover, Radin (1996) suggests that the responsibility of boundary spanning does not rest with a single individual, and it can be assumed by others as well.

Conceptual Model

Based on the studies discussed above, we present the conceptual model, which is applied to

the case study as follows.

Figure 1. Conceptual Model



The model focuses on the formation of relationships through interaction among members from different organizations during the process of establishing inter-organizational collaboration. In the model, a “convention” refers to a place where stakeholders gather and interact for establishing inter-organizational collaboration. Further, intervention influences the interaction among the members with the aim of building relationships among them for establishing the collaboration.

Research Design

Research Theme and Research Questions

The purpose of this paper is to examine the functions of place and the role of intervention in facilitating the formation of relationships among the participating members through interaction during the process of establishing inter-organizational collaboration. The research questions are as follows:

- (1) In what form, when, where, by whom (including organizers and participating stakeholders), and for what is the place organized?
- (2) By whom and how is the interaction among members from different organizations intervened? What is the influence of the intervention?

Data

Data were collected with the purpose of conducting a qualitative analysis of the case study. First, since the study is about the establishment of inter-organizational collaboration for developing a training system, the collected data is from the period between June 1998, when

people started discussing about collaboration, and April 1999, when the Innoshima Technical Center was established. Second, the study primarily focuses on the members of organizations who developed relationships through interaction. Therefore, it uses the 5W1H approach to examine the process of establishing inter-organizational collaboration. Lastly, the data were collected using secondary source materials such as published articles and conference materials and through interviews. Management executives in the shipbuilding industry who had initiated a collaboration (hereafter, Mr. M and Mr. T)³ and the staff of the local government of Onomichi (hereafter, Mr. W)⁴ were interviewed in June and August 2011 and March 2012.

Analytical Method

A qualitative analytical method was adopted in this study. First, the steps in the process of establishing inter-organizational collaboration, the places, and the interventions were identified, and causal linkages between the events were clarified. Then, the place, which indirectly or directly facilitates inter-organizational collaboration, was reviewed to clarify the composition of organizers and participants, and the functions were examined. Moreover, the role of intervention was examined by focusing on how the process of interaction among people can be influenced to form relationships among them for establishing the collaboration. Lastly, interpretations were made on the basis of the analysis.

Case Study and Findings⁵

This section provides an account of the movement for revitalizing the shipbuilding industry between 1998, when people started discussing about collaboration, and April 1999, when the Innoshima Technical Center was established.

Regional Movement for Revitalizing the Shipbuilding Industry

After the decline of the shipbuilding industry, which had been the leading sector of the economy, the revival of the industry became a primary concern of not only shipbuilding companies but also the public sector.

In June 1998, a roundtable conference was convened by the local affiliate of Chugoku District Transport Bureau under the Ministry of Land, Infrastructure, Transport and Tourism, and representatives from 30 shipbuilding companies in the region participated in it. All the participants shared the idea that, since each company is small or medium sized, they do not

³ Mr. T is the president of a ship repairing company with approximately 400 employees. Mr. M has worked for Hitachi Zosen in the past and became the president of a company that was spun out after the restructuring of Hitachi Zosen. The company manufactures machines, such as diesel engines, for ships and vessels. He is currently retired.

⁴ Mr. W is working in the branch office of the city of Onomichi. He works in the Division of Commerce, Industry and Tourism, where the head office for the training program is located.

⁵ The case study is based on the data collected through interviews and secondary sources.

have enough resources in terms of personnel, facilities, money, and time to establish an internal training system. As a result, during this shipbuilding industry crisis, skill transfer from senior employees to new employees was inadequate, and companies faced a shortage of young skilled employees, which in turn caused a decline in productivity and weak cost competitiveness. However, during the conference, there was no further progress toward the inter-organizational collaboration. Since all the companies were small and medium sized, they probably thought they could not afford the expenditure on establishing collaboration. Moreover, many participants seemed to suspect that, if they contribute to solve the issue and collaborate with other companies, their own skills and technology might be leaked⁶.

Agreement on the Collaboration between Top Managers of Two Companies

In addition to the conference above, several other conferences were conducted where representative of companies, business associations, and the local government discussed the issue of revitalizing the shipbuilding industry and the regional economy⁷. The presidents of two (Mr. T and Mr. M) companies became acquainted with each other through these meetings. Outside the meeting, they talked about the situation of training systems in shipbuilding companies in Innoshima region. They acknowledged that industrial accumulation is necessary for increasing the competitive strength of the shipbuilding industry and establishing effective and efficient training systems, which can continue producing personnel who acquire basic technology and skills, is essential for it. Then, they agreed to establish a training center collaboratively for conducting training programs for new employees in shipbuilding companies in Innoshima region or in companies in neighboring regions.

Approaching the Local Government for the Collaboration

After making an agreement, Mr. T and Mr. M approached the mayor of Innoshima to seek support for the collaboration. The mayor also understood the importance of the shipbuilding industry for the regional economy and the problems faced by the industry. The mayor, Mr. T, and Mr. M agreed to plan and allocate a budget for the training center. Moreover, in order to involve more stakeholders and to discuss and establish the collaboration, they agreed to organize a preparatory committee.

Progress in the Preparatory Committee

In October 1998, the Chief of the Division of Commerce, Industry and Tourism, who was

⁶ Mr. M talked about the conference during an interview in March 2012. He also participated in the meeting convened by the affiliate.

⁷ For example, before the conference in June 1998, the affiliate of Chugoku District Transport Bureau under the Ministry of Land, Infrastructure, Transport and Tourism also held the annual convivial meeting where representatives from shipbuilding companies promote friendship and discuss a variety of issues in the region. (Interview with Mr. M in March 2012)

appointed by the mayor, organized the preparatory committee.

In the committee, Mr. M was appointed as the Chairperson, and Mr. T was appointed as the Vice Chairperson. Further, Mr. M, and Mr. T selected the committee members from shipbuilding companies, industrial associations, and other relevant authorities in the region⁸. In the process of selecting the committee members, Mr. M explained⁹, they considered the influence of the members on the shipbuilding industry in the region, willingness to contribute to the collaboration, balance of the composition of members to legitimate the committee as the representative organ to discuss the collaboration in the region.

The committee held several sessions from October 1998 to March 1999. The committee members discussed issues such as primary goal of the collaboration, the technology and skills to be transferred to the new employees, the contents of the training program¹⁰, and how to secure the facilities and other resources such as tools, trainers, etc. Table 1 gives a detailed account of their discussions.

During discussions in the preparatory committee, Mr. M and Mr. T sometimes intervened and directed the discussion.

For example, some members suggested including training for employees to acquire higher skills such as manipulation of the computer aided design (CAD) system in the program. However, the primary goal of the training center was to nurture new employees and help them acquire basic technology skills; therefore, Mr. M and Mr. T persuaded the members to focus on the goal and steered the discussion in the right direction.

Further, a proposal was made to establish a short-term training program for foreign employees who work in overseas subsidiaries of shipbuilding companies. However, this suggestion did not match the primary goal of the training center, which aimed to revitalize the shipbuilding industry in the region by nurturing new employees who would assume vital roles in the future. Therefore, persuaded by Mr. T and Mr. M, the members of the committee shifted their focus from the proposal to the training of new employees.

Table 1. Agendas of the Preparatory Committee

⁸ Eleven members were selected in the preparatory committee. Three members were from shipbuilding companies; three were from industrial associations; and two were from Innoshima region. Also, one member each was selected from the local affiliate of Chugoku District Transport Bureau under the Ministry of Land, Infrastructure, Transport and Tourism, the local affiliate of Public Employment Security Office, and Prefectural Industrial Art Center of Hiroshima (Details acquired from the conference materials of the preparatory committee)

⁹ Interview conducted in March, 2012.

¹⁰ Hitachi Innoshima allowed the preparatory committee to use its textbook which had been used for educating new employees to acquire basic skills before the period of restructuring in the late-1980s when the company had its own internal training systems. With some modification, the textbook could be used for teaching basic and common technology and skills under the training program. This allowed the committee members, especially shipbuilding companies, to agree on the contents of the training program, because they did not have to worry about leaking their own skills and technologies. (Interview with Mr. M in March 2012)

Agendas

- Primary goal of nurturing new employees for revitalizing shipbuilding industry in the region
- Object persons, targeted technologies and skills (Common technology and skills in the industry), contents of the training, attainment target of the training
- Manner of operation: minimizing the cost by accomodating spaces, facilities, tools etc. each other
- Role of selection of trainers (entrusted to Mr. M)
- Role of the members of preparatory committee (being members of the consortium after launch of the training center / providing spaces, facilities,and tools for the training program)
- Role of the city of Innoshima as the head office after launch of the training center
- Detail about the training program: contents, attainment target (including obtaining licenses), structure and period
- Detail about the budget structure
- Appointment of trainers
- Estimation of the scale of trainees
- Date to launch the training center

After sending a short advertisement for recruiting trainees to shipbuilding companies in and surrounding the region, on April 2, 1999, the inaugural meeting of the training center was held. The center implemented its first training program from April to June 1999. About 30 employees from shipbuilding companies undertook the 3-month program supervised by 15 trainers¹¹.

Interpretation

Through the case study, we clarified the process of building relationships among people through interaction. In the process of establishing inter-organizational collaboration, the place and intervention assumed pivotal roles.

Further, although the places were not consistent, each place served a different purpose. First, at the roundtable conference, the participants identified and shared the problems faced by the shipbuilding industry in the region. The conference also provided an opportunity to unite the people who initiated the establishment of the collaboration. Although the conference did not directly lead to the establishment of the collaboration, it built a momentum for it. Second, the preparatory committee functioned to summon stakeholders who were willing to work in collaboration and influential in the region. It also secured its legitimacy to enter into partnership. Moreover, the committee also served as a place for interaction among the members, understanding the value of the collaboration, and sharing and discussing the agenda, ultimately leading to the collaboration for conducting the training program.

¹¹ After the first round of the training program, the local affiliate of Chugoku District Transport Bureau under the Ministry of Land, Infrastructure, Transport and Tourism conducted a survey on the effects of training on companies in August 1999. All the companies whose employees participated in the training program responded that the program helped their workforce in acquiring basic skills. (Chugoku Shinbun, October 23, 1999)

Moreover, interventions were arranged by the alliance partners. Here, Mr. M and Mr. T influenced the process of interaction among members from different organizations for the interest of the region. First, the intervention helped building relationships among people to establish the inter-organizational collaboration. After Mr. M and Mr. T agreed to collaborate, they enlisted cooperation from the mayor and then initiated the discussion in the preparatory committee. Second, they directed the discussion and obtained consent from the members for establishing the collaboration as intended. Thus, we can conclude that they undertook the role of “civil entrepreneurs,” as suggested by Henton et al.

Figure 2. Process toward the Collaboration, Place, and Intervention

Place		Roundtable Conference Summoned by the local affiliate of M. of Land, Infrastructure, Transport and Tourism	Preparatory Committee Summoned by Innoshima City (with consideration of the conditions)		
Intervention			Intervention Mr. M & T	Intervention Mr. M & T	Intervention Mr. M & T
Process toward the Collaboration	Participants	Representatives from 30 shipbuilding companies, staffs of the affiliate	Mr. M & T	Mr. M & T, Mayor (and the chief of Division) of Innoshima City	Members of the Preparatory Committee
	Interaction	Discussion by the participants	Approach and discussion by Mr. M & T	Approach and persuasion to the Mayor by Mr. M & T	*Discussion by the members *Influence by Mr. M & T on the discussion
	Relationship	Sharing the problems of shipbuilding industry in the region Bringing the two persons who initiated the collaboration together	Agreement on establishment of the collaboration for the training program	Agreement on the budget allocation and establishment of the preparatory committee	Agreement on the goal of the collaboration and agendas

Establishment of the Collaboration for the Training Program

Conclusion

Through the study, we confirmed the validity of the conceptual model. The place and intervention were found to have an influence on the process of establishing inter-organizational collaboration. First, conventions provided the opportunity for members from different organizations to interact, discuss, and share the issues and arrive at a decision. It also functioned as a place for discussion and initiation of the collaboration process. Through the case study, we found that the place is not necessary to be continuous one toward the establishment of the collaboration. Second, intervention played an important role in developing relationships among members participating in the meeting and influenced shared recognition, understanding, and agreement among them. Moreover, it focused on the benefit of the region and encouraged the participants to think beyond personal interests. Moreover, we also found that it is not necessary to arrange interventions along with places; they can be

arranged separately.

Although the study identified several key findings, these are based on a single case study. In order to obtain more profound implications, we need to conduct a comparative analysis of several cases, for example, by focusing on the difference of the following factors and examining their influence on the process of establishing inter-organizational collaboration:

- Difference in the initial conditions such as original relationship among people, and managerial resources, including the information from experiences of others.
- Types of the place such as continuous one, temporal one.
- Types of interveners such as third party, party involved in the collaboration, etc.

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