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**Chapter 1**

# **Globalisation and partnerships: an overview**

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## **1. INTRODUCTION**

Growing economic globalisation has increased international business competition and international economic interdependence. From this perspective, many firms have formed business partnerships and most nations have had to re-evaluate their economic interdependence (Aurifeille, Svizzero and Tisdell, 2006). This book explores changes that have occurred or have been proposed in this regard. It provides new insights into business partnerships and international economic interdependence, given growing economic globalisation, and explores the managerial and socio-economic consequences of those ideas.

The contributions in this book have been divided into four parts. Those in Part II concentrate on the specification of partnerships and reasons for business partnerships in the context of a globalisation. The idea of global networks in which some "hard" and "soft" forms of partnerships

would appear and mix is introduced and discussed according to the partners involved (nations, unions, firms and consumers) and the economic activities (whether tangible or abstract).

Globalisation also has a number of consequences for business coordination, in particular when they are based on outsourcing strategies in which cost reduction is balanced with knowledge transfers. These are amongst the issues explored in Part III. The difficulty to monitor and predict the effects of global partnerships tends to increase the importance of cultural and psychological variables such as trust and commitment. Therefore the role of attitudes and perceptions is very important. Whatever the agreement and the conjoined management among partner firms, the attitude of the other agents can produce asymmetric affects on these firms and considerably bias their partnership strategy. Such biases are particularly likely from consumers. Their attitude towards globalisation is not the only bias that may occur. Their loyalty is also an important issue in a globalising world, particularly in the service sector where lots of partnerships have been made on a global scale (eg banks, airlines, leisure). These are amongst the relationship marketing issues explored in Part IV.

In Part V, the factors introduced in the previous chapters are considered from a regional and cultural perspective, where nations and regions themselves are engaged in global partnership. In this context, discrepancy often develops between the domestic and the international globalisation strategies, as well as between the capital and labour markets. The resulting complexity is particularly problematic for the developing and peripheral economies. Novel insights about partnership emerge, as studied in this concluding part of the book.

## **2. AN OVERVIEW OF PART II. GLOBALISATION AND PARTNERSHIPS: TOWARDS A GLOBAL NETWORK**

There are four contributions in this part. In the first (Chapter 2), Clem Tisdell differentiates partnerships according to their purpose, either defensive or offensive. The correlation of the globalisation and the partnership's growth is then discussed taking into account the greater difficulty of international partnerships in comparison with the domestic ones. Jacques Rojot, in Chapter 3, analyses the influence of globalisation on working conditions, the social classes and

the unions. While some differences are observed among countries, the differentiation between social classes in each country increases. The consequences of this evolution and government influences are discussed from a macroeconomic perspective in which globalisation is a major factor.

In Chapter 4, Ian Wilkinson and Louise Young, propose to reverse the usual perspective on partnerships. The authors claim that the relationships mostly pre-exist and determine a global network. Partners are managing within these relationships rather than managing the relationships. The importance and the imminence of the implicit relationships embedded in this framework are stressed with several examples of firm-consumer interaction and interdependence. Following the same approach, in Chapter 5, Gordon Boyce analyses four cases of industrial firms from which a distinction between hard (explicit) and soft (implicit) partnerships is drawn. How these hard and soft relations influence the performance of firms is discussed and a new interpretative scheme of partnership management is provided.

In Chapter 6, Gillian Johnston and Marilyn Healy's approach of globalisation and partnerships concerns a fundamental element of globalisation: the supply chains. In such cases, partnerships can be viewed as a series of two-partner links rather than a concentric global network. After recalling that objective and convergent procedures are often lacking in the process of building supply-chains, the authors present and compare three means-end chain methods for understanding and improving the partnerships at work in a global supply chain.

### **3. AN OVERVIEW OF PART III: BUSINESS TO BUSINESS COOPERATION**

One of the most stressed consequences of globalisation on business partnerships is outsourcing. After decades when most outsourcing was based on industrial production, it is getting clear that the service sector could become even more engaged in outsourcing. The classical concern for the coordination problems and the technical transfers involved in industrial outsourcing applies also to the service sector. However, another major issue is also at stake: "Customer Relationship Management" (CRM). In Chapter 7, Christine Jaeger and Jean-Louis Paucelle analyse the processes that lead a firm to entrust its CRM to outsourcers and consider the devices that enable the outsourced remote services to be managed. Their analysis is based on a game theoretic

approach and empirically tested in the case of call centres, a domain where communication and information are essential and highly reactive. This analysis results in a taxonomy of partnerships where trust plays a major role. In Chapter 8, Jacques-Marie Aurifeille and Christopher John Medlin raise both methodological and theoretical issues on how the management of partnerships influences partners' performance. Following a clusterwise regression approach (Aurifeille and Medlin, 2001), the analysis leads also to the conclusion that trust is critical in explaining partnership performance. Marilyn Healey and Gillian Johnston complement and qualify this result in Chapter 9, by insisting on the bi-factoriality of trust which, as the authors demonstrate is not the contrary of distrust in business partnerships. Therefore, unpredictability appears to be the key factor, with a corresponding importance to be given to factors of a more sociological and geographical nature than trust. In Chapter 10, R. R. Ramsaram-Fowdar and M.N.S. Labiche analyse the roles of satisfaction and trust in the building of a lasting partnership. Their empirical study of 41 firms in the textile industry indicates that both factors are not correlated and that steady partnerships rely more on satisfaction than trust.

#### **4. AN OVERVIEW OF PART IV: RELATIONSHIP MARKETING**

The contributions in Part IV mostly address consumer perspectives on globalisation. Several marketing issues are raised in which consumers both contribute and arbitrate partnerships. An essential question is the consumer's attitude towards globalisation and how it influences purchasing behaviours. Stephane Manin and Virginie Villeneuve address this issue in Chapter 11. Using a causal model, these authors examine the determinants of consumers' sensitivity to globalisation in relation to fundamental product attributes like brand quality and price. Furthermore their structural model identifies a specific measure of consumer sensitivity to globalisation. In Chapter 12, Sinove Marde, Melissa Caid and Romain Cally analyse in more depth the influence of global partnerships on the perception of partner brands. Using an experimental approach, the authors observe that, while a global partnership tends to boost the performance of each partner, it has an asymmetrical effect, with the less appreciated partner

benefiting more than the other(s). Therefore the equality of gains from a partnership becomes an issue that does not depend only on trust and coordination. As a result of the influence of consumers on the success of a business partnership, firms are encouraged to target segments of consumers whose dispositions are in accordance with the type of partnership they intend to build. International segmentation variables must comply with several constraints such as personal meaning, insurability and cross-cultural operationality. As discussed in Chapter 13, some human values meet these requirements and, consequently, have often been considered in international segmentation. However, their predictivity was often found to be disappointing. The analysis by Aurifeille, Medlin and Gil-Lafuente sheds some light on this issue, by emphasizing the role of a specific kind of human values, often marginalised in the literature, namely instrumental values. Unlike terminal values, which describe a person's main goals in life (eg achievement), instrumental values refer to the qualities and assets a person employs to achieve these goals (eg intelligence, courage). After analysing their role in a globalising economy, the authors demonstrate empirically the validity of instrumental values for international segmentation. The emergence of a priority link between global partners and specific segments of consumers makes it possible to intensify their partnership. This is the assumption developed in Chapter 14, with Sanjay Parahoo, Jacques-Marie Aurifeille and Sanjeev Sobhee's study of consumer loyalty. Based on a study of firms' loyalty programs in the service sector (hotels, airlines), these authors illustrate how customer loyalty provides a powerful incentive to form and sustain global partnerships where a network of relations, like the one described in Chapter 4, extends to a variety of dimensions not all of them anticipated and formalized.

### **5. AN OVERVIEW OF PART V: REGIONAL AND CULTURAL STUDIES OF INTERDEPENDENCE**

The contributions in this part address globalisation and partnership from a geopolitical and a cultural perspective, with countries considered both as partners and spaces where partnerships can be ruled and encouraged. In Chapter 15, Sanjeev Sobhee analyses how the causal links between exports and economic growth influence the globalisation of the economy of the Mauritius Island. Indeed, in spite of its geographic isolation, the Mauritius Island has known decades of economic growth mainly based on its increasing integration with the world economy. In this process, the

author suggests a one-way causality, in which exports stimulate growth. In Chapter 16, Michel Dimou follows an interdisciplinary approach to study the industrial networks of the free-zones that peripheral countries create to take advantage of the globalising economy. The analysis is twofold. On the one hand, new technologies and industrial diversification have resulted in networks of activities whose complexity enables participating businesses to cope more readily with the turbulence of globalisation. Dimou points out that while in the early stages industrial firms in free-trade zones in developing countries, such as Mauritius, concentrate initially on labour-intensive industries paying low wages, they are forced to become technologically more sophisticated in the long-run due to global economic processes. Chapter 17 is dedicated to analysing the criteria underlying regional partnerships. Isabelle Soubaya analyses how investment flows amongst nations whose economic partnerships are formalized: the Indian Ocean Commission (IOC), the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). She finds that foreign investment flows to the South-West Indian Ocean region depend less on the usual determinants such as GDP and GDP per capita (indicators of the size of the local market) than on other factors, and that foreign investment in this region may have been adversely affected by growing globalisation.

### **5. CONCLUSION**

Associating growing globalisation with the increasing importance of partnerships might be seen by some as a paradox and by others as obvious. It was therefore appropriate to stimulate discussion among economists and management researchers from various countries on this subject. The resulting book reflects and justifies this debate by uncovering several aspects of the complex dynamics operating within the emerging globalisation/partnership assemblages. In each part of the book, the two concepts shed a specific light on each other, thus enabling identification of latent organizational forms and partnerships at work across markets and institutions that have evolved or are evolving as a result of growing globalisation. Of course, the contributions in this book cannot reflect all aspects of globalisation and partnership. However, by presenting a selection of

references and institutions the authors provide a lasting framework for investigating and understanding further the dialectic of globalisation and partnerships.

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