



Relationship between multinationals and their suppliers in Brazil regarding management innovations

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Central question

To seek evidence as the multinationals contribute to improving value chain through relationship with their suppliers in Brazil.



The assumption

The implantation of global corporations in non-industrialized countries generates regional transformations and externalities which provoke new relational dynamic that involve companies, governments unions of research centers and society in general.

To analyze the relationship between multinational corporations and their suppliers and partners from the perspective of innovation production management, in an expanding economic pole in Brazil, in which there is a large concentration of multinationals, that are promoting relevant investments during the last 15 years.

The evolution of vertical corporations in network formations among companies has been consolidated in many ways: supplier networks, producer networks, client networks and technological cooperation networks which suggest management innovations throughout all of the companies involved in networks.

Scheme of Dimensions for Analysis

TERRITORIAL COMPETENCES	DIMENSIONS OF ANALYSIS	THEMES OF THE EMPIRICAL STUDY
<p>Deep commitment to work beyond the organizational frontiers</p>	<p>Effective relationships among companies</p> <p>Innovation in business model</p>	<ul style="list-style-type: none"> ✓ Contribution to innovation production; ✓ Disclosing by multinational of new management practices; ✓ Innovation in business model to meet the multinational; ✓ Barriers or difficulties to meet the request of the multinational.
<p>Skills to deal with unforeseen situations or uncertainties.</p>	<p>Flexibility in internal and external management practices</p>	<ul style="list-style-type: none"> ✓ Existence of the flexibility to new requests; ✓ Barriers or difficulties for partners to meet the request of multinational;
<p>Collective consciousness that exhausted resources should be preserved.</p>	<p>Innovation production aimed at preservation of exhausted resources and the environment</p>	<ul style="list-style-type: none"> ✓ Identification of the innovations promoted in companies for exhaustible resource's preservation.
<p>Simplicity and transparency in communications for persuading, negotiating, and teaching.</p>	<p>Interactive learning</p>	<ul style="list-style-type: none"> ✓ Generation and transference knowledge and learning among the partners; ✓ How does interactive learning occur?

- From a methodology perspective, it is a theoretical-empirical study, of an exploratory nature and essentially qualitative.
- There were **three phases**:
 - 1) Documentary research and semi-structured interviews;
 - 2) Empirical research with structured and open questions;
 - 3) Expansion of empirical research aimed at obtaining qualitative saturation.



Phase 1. Documentary research and semi-structured interviews

- They were selected 30 companies, extracted from the secondary data bases, such as industrial associations, innovation agencies, universities, materials published in journals, magazines and internet sites, among others.
- They were invited seven employees and owners of companies for interviews. The brief of content analysis formed the basis for the construction of the questionnaire structured with some open questions, used in phase 2.

Phase 2. Empirical research

- By sending personalized emails, the 30 professionals selected in phase 1 were invited to answer the questionnaire;
- There was a return of 40%, totaling 12 responders.
- Although the tendencies of the data had remained more or less constant in these 12 answers, it was necessary to expand the base of respondents to guarantee that there was a saturation of the data tendencies and commentaries in the open questions.

Phase 3. Expansion of empirical research

- The third phase of the study amplified the data bases of the responders because in the second phase, we observed that there were many companies, installed in São Paulo and neighboring cities, that had partnerships with companies installed in the region studied.
- Therefore, we obtained 32 answers in total and the saturations of the tendencies occurred when the database had 16 valid responses.

- ✓ Effective relations among companies
- ✓ Innovation in business models
- ✓ Flexibility in internal and external management practices
- ✓ Preservation of exhaustible resources and environment
- ✓ Interactive learning

- Regarding the contribution of the multinationals to the production of innovation in products, processes or services – there was no consensus in the empirical data.
- Half of those interviewed stated yes, however the rest stated that there did not occur or they were not sure if the innovations produced in their company resulted from the influence of multinationals.
- Nonetheless, some respondents said that multinationals have great participation in the process of building their Brazilian factories: they encourage the improvement of executive methods, quality controls and care with the environment.

- Of the 16 respondents, 10 stated that they promoted innovations in the business model to meet the needs of the multinationals
- In the second question, 12 responded affirmatively that innovations occurred from the work done together.



Flexibility in internal and external management practices

- The tendency pointed out in the empirical research is that internal and external flexibility to attend to the multinationals has been consolidated, in the opinion of the majority of those respondents.
- However, not all the companies have achieved the desired phase to attend to the new demands of the multinationals.



Preservation of exhaustible resources and environment

- Although most of the respondents had stated that their companies are **theoretically** engaged with this cause
- There are still no significant innovating projects that deal with this question.

- The tendencies of the empirical research confirm, in the view of the respondents, that the generation of knowledge and learning is a process that has been consolidating among the suppliers and multinationals for some time
- Only three respondents stated that they have learned much with the multinationals and have taught less.
- When the activities are more complex, the multinationals develop training centers to qualify their suppliers and partners.

- Going back to the central question of the study - that aimed to evaluate if multinational corporations contribute to innovation management of their partners.
- From the analysis done, it was possible to identify that the multinationals have contributed to innovation management of their partners.
- However, the partners also have contributed to the efficacy of the multinationals.