CONCEPT NOTE

BACKGROUND

Partnerships and networking are at the core of successful services firms in all of the services sectors. Successful firms have partnerships with other firms, with industry associations, with government and with educational institutions and may be national or international in nature. At the same time, governments are involved in partnerships with other governments to advance the development of their national services sectors.

The globalisation of economic activity makes it imperative for firms in related lines of business to cooperate through partnerships in order to build competitiveness and export capacity in global markets. Working together firms extend their reach into input markets and broaden their access to final national and international markets for their products.

Inter-firm partnerships in the services sector are characterized by the expectation that the partners can achieve their objectives – with an emphasis on long-term objectives – more effectively and efficiently by means of strategic alliances with others, rather than if they were to act independently. In many developing countries, services firms work in partnerships with other firms to generate external economies and collective efficiency. These gains arise from collective actions and include improved availability and reduced costs of inputs, attracting a larger pool of skilled labour, shared innovation, and cooperation in meeting large orders too big for any one firm. Partnerships also allow participating firms to agree on schemes for specialization in distinct market niches. Firms also cooperate indirectly through industry associations. The latter allow for networking that can pool firms’ resources to support capacity-building and certification programmes, voice firms’ views to government, represent member firms in foreign trade fairs enhancing access to new markets, and serve as a neutral platform for inter-firm communications.

While inter-firm partnerships generally take place at the national level between firms operating in the same sector, with the rapid growth of global supply chains they are increasingly taking place across national borders, between firms in the same and different sectors. Many firms with inter-firm partnerships with firms in their supply chain experience higher growth rates than their unpartnered peers, suggesting that inter-firm partnerships can facilitate an enterprise’s rapid and sustained growth.

Services firms’ partnerships with government take on various forms. In a growing number of developing countries governments create dedicated policies and institutions to support services firms in those sectors where there is a national strategy to advance sectoral development and increase export capacity. Services firms also enter into cooperative partnerships with local governments to share costs in developing public infrastructure such as transportation, communications, energy and water. At the local and national levels infrastructure services partnerships...
may take the form of public–private partnerships (PPPs). In many emerging economies PPPs are the option of choice for the rapid development of energy, water and transport infrastructure needed to meet the demands of a growing national economy and supported by the rapidly rising ability to pay of national consumers for basic services.

Services firms are skill-intensive. They require a trained workforce possessing both professional and occupational skills. The growth of a services firm is often constrained by the limited depth of labour markets for personnel with specific skills. To avoid bottlenecks arising from labour scarcity, many services firms enter into partnerships with educational institutions – universities and vocational schools – to ensure an adequate supply of labour to support firms’ future growth, including their specialization into new business areas.

Services firms’ partnerships with government generally take place through informal collaborative arrangements between organizations in government, business and civil society. These “multi-stakeholder partnerships” facilitate dialogue and negotiation to address complex issues facing specific services sectors, as well as broader issues, such as trade negotiations, that may impact all services sectors. Finally, partnerships and networking between international organizations is also important in supporting developing countries services firms through capacity-building to enhance their access to and performance in global services market.

CREATIVE SERVICES – AN EXAMPLE OF PARTNERSHIPS

Partnerships fit the very nature of the creative economy which is built on the sharing and exchange of culture, tradition, knowledge and skills among producers in the sector, and between these producers and consumers. As producers in this sector are most often individuals and small businesses, it is critical to encourage producers to cooperate with other local producers in order to build their competitiveness, reduce costs and enhance income generation opportunities.

Successful creative services firms have partnerships with other firms, with relevant creative industry associations such as artists guilds and cooperatives, and with government and with educational institutions. Larger creative firms, particularly those in the tourism, information and communications technology and entertainment sectors, also enter into cooperative partnerships with local governments to share costs in developing public infrastructure such as transportation, communications and auditoriums.

Recognizing that trade plays an increasing role in promoting socioeconomic growth, employment and development, UNCTAD assists developing countries to accrue trade and development gains from the creative economy. Since 2000, UNCTAD has been advocating global partnerships and international policy actions to assist developing countries in advancing development of their creative economies and related production and export capacities.

ISSUES TO BE CONSIDERED

This Session will:
- Reveal how partnerships and networking can boost business prospects for services firms by reducing costs, increasing efficiency, enhancing information and skill sharing, and improving access to external markets;
- Examine requirements for successful partnerships for the services sector;
- Share national experiences in developing partnerships and networks to support services firms in their countries. Specific attention will be given to the creative services sector, examining how a variety of partnerships have been successfully used to support small enterprises in the arts, entertainment, cultural tourism, computer software and film industries.

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