

## Investigating the Governance of Engineering Services in the Aerospace and Automotive Industries

**Authors :** Maria Jose Granero Paris, Ana Isabel Jimenez Zarco, Agustin Pablo Alvarez Herranz

**Abstract :** In the industrial sector collaboration with suppliers is key to the development of innovations in the field of processes. Access to resources and expertise that are not available in the business, obtaining a cost advantage, or the reduction of the time needed to carry out innovation are some of the benefits associated with the process. However, the success of this collaborative process is compromised, when from the beginning not clearly rules have been established that govern the relationship. Abundant studies developed in the field of innovation emphasize the strategic importance of the concept of "Governance". Despite this, there have been few papers that have analyzed how the governance process of the relationship must be designed and managed to ensure the success of the cooperation process. The lack of literature in this area responds to the wide diversity of contexts where collaborative processes to innovate take place. Thus, in sectors such as the car industry there is a strong collaborative tradition between manufacturers and suppliers being part of the value chain. In this case, it is common to establish mechanisms and procedures that fix formal and clear objectives to regulate the relationship, and establishes the rights and obligations of each of the parties involved. By contrast, in other sectors, collaborative relationships to innovate are not a common way of working, particularly when their aim is the development of process improvements. It is in this case, it is when the lack of mechanisms to establish and regulate the behavior of those involved, can give rise to conflicts, and the failure of the cooperative relationship. Because of this the present paper analyzes the similarities and differences in the processes of governance in collaboration with service providers in engineering R & D in the European aerospace industry. With these ideas in mind, we present research is twofold: - Understand the importance of governance as a key element of the success of the cooperation in the development of process innovations, - Establish the mechanisms and procedures to ensure the proper management of the processes of cooperation. Following the methodology of the case study, we analyze the way in which manufacturers and suppliers cooperate in the development of new processes in two industries with different levels of technological intensity and collaborative tradition: the automotive and aerospace. The identification of those elements playing a key role to establish a successful governance and relationship management and the compression of the mechanisms of regulation and control in place at the automotive sector can be use to propose solutions to some of the conflicts that currently arise in aerospace industry. The paper concludes by analyzing the strategic implications for the aerospace industry entails the adoption of some of the practices traditionally used in other industrial sectors. Finally, it is important to highlight that in this paper are presented the first results of a research project currently in progress describing a model of governance that explains the way to manage outsourced engineering services to suppliers in the European aerospace industry, through the analysis of companies in the sector located in Germany, France and Spain.

**Keywords :** innovation management, innovation governance, managing collaborative innovation, process innovation

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