



Research article

A Transaction Cost Economics View on Outsourcing Decision in Spanish Publishing Industry

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Abstract:

Purpose: The present study analyzes, through the online survey method, the role of KIBS in the processes of digital transformation and technological change of Spanish publishing companies. The general goal of this research is to explore the effects produced over Spanish publishing companies in interacting with KIBS as facilitators, bearers, and generators of innovation. Some other more specific objectives linked to this general goal are the following ones: a) to determine the role of transaction costs as drivers of the outsourcing of knowledge management systems through KIBS; and b) to understand to what extent the interaction of publishers with KIBS promotes in those the introduction of new business models.

Methodology: Through the survey conducted among 310 Spanish publishers from a universe of 992 companies pertaining to DILVE, the only platform and database of Spanish publishers used for any approach to this sector, and using open and closed questions, the study tries to answer the stated research questions.

Findings/Contribution: it is concluded that: i) the extension of the relationship between publishers and KIBS moves from the production subsystem to the distribution one; ii) the link between their respective value chains is perceived as profound enough to turn KIBS into facilitators, bearers and generators of the innovation required by the Spanish publishing companies; and iii) KIBS are the fundamental axes for the adoption of new business models.

Keywords: KIBS; Transaction Costs Economics; Spanish Publishing Industry; Innovation.

1. Introduction

The publishing industry, like other creative industries, is experiencing a significant process of technological change (Carreiro, 2010; Donoughue, 2010; Lichtenberg (2011); Protogerou, Kontolaimou & Caloghirou, 2017). It is undergoing a profound transformation as a result of the transition to the digital world (Martin & Tian, 2016) throughout the entire value chain: from the very conception of what we call 'book' to its forms of production and distribution (Magadán, 2017).

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Publishers are adapting their respective strategies, both to the new needs of digital demand and the newly emerging technological devices, but not leading this evolutionary process with a convincing strategy (Aylen, 2010; Magadán, 2017). New players emerge offering innovative solutions to add and distribute content, designing original marketing, and transaction terms adapted to this new framework (Magadán, 2017). Therefore, the weight and influence of these new intermediaries come from growing information, communication, and knowledge technologies (Benghozi, Salvador & Simon, 2018).

The Transaction Costs Theory (Coase, 1937; Wilkinson, 2005; Williamson, 2008) constitutes the theoretical framework that will allow knowing the moment in which publishing companies must internalize or, on the contrary, to outsource certain processes (Anderson, Glenn & Sedatole, 2000; Masten, Meehan & Snyder 1989; Monteverde & Teece, 1982; Walker & Weber, 1987), to those suppliers that have competitive advantages, despite being subject to limited rationality and opportunist behavior (Klein, Frazier & Roth, 1990).

The analysis of the value chain of a publishing company allows identifying the associated transaction costs (Magadán, 2017): i) on the production side, transaction costs appear in the author-publisher relationship (or agent-publisher, if this one acts on behalf of the author) and in the printer-publisher relationship; and ii) on the distribution and marketing side of paper books, transaction costs originate in the publisher-distributor relationship and the distributor-bookseller relationship. In the case of the distribution and commercialization of e-books, transaction costs take place in the digital publisher-distributor relationship, in the digital publisher-platform relationship, and the digital distributor-bookseller relationship.

In this entire process of transformation and change within the publishing industry, there is an aspect not yet investigated and it is related to the role of the Knowledge-Intensive Business Services (KIBS) as innovation sources or facilitators of it. The few existing studies have focused on the consequences of innovation and technology, especially afterward the digital revolution in the publishing sector (Benghozi & Salvador, 2015; Magadán, 2017; Magadán y Rivas, 2018a), concluding that publishing companies are generally known for their limited bets on investment in innovation, and underlining that most R & D and technological innovation take place outside the publishing industry and comes mainly from the technology industry.

KIBS can be considered organizations offering and carrying out - mainly for others - a set of services of high added knowledge value, depending on it and the experience related to a specific discipline (Hertog, 2000; Miles, 2005). KIBS - as bearers and generators of new technologies - transform the uncertainty and demand of knowledge of other organizations in a comparative advantage that justifies their emergence as providers of such kind of services (Toivonen, 2007).

KIBS companies can be important users of new technology, but more importantly, they are often producers and bearers of new ones, and frequently follow aggressive innovation strategies feed on the demands for knowledge generated by the uncertainties caused by the performance from new emerging technologies and their development trends (Miles, 2005).

The present study analyzes the function of KIBS on the processes of digital transformation and technological change of publishing companies. The general goal of this research is to explore the effects produced over publishing companies in interacting with KIBS as facilitators, bearers, and generators of innovation. Some other more specific objectives linked to this general goal are the following ones: a) to determine the role of transaction costs as drivers of the outsourcing of knowledge management systems through KIBS; and b) to understand how the interaction of publishers with KIBS promotes in those the introduction of new business models.

The Spanish publishing industry is chosen to carry out this research due to the transformation process that cultural industries are undergoing in recent years, caused both by technological innovations and by changes in consumer habits (Bustanza, Parry & Vendrell, 2015; Magadán y Rivas, 2018a; Schulze, Hess & Eggers, 2004).

The document will be structured as follows. Section 2 offers a brief description of the theoretical framework. Section 3 refers to the relevance of the Spanish publishing sector. Section 4 presents the research methodology and sample design. Section 5 deals with the discussion of findings. Section 6 presents the final considerations

2. Theoretical framework

2.1. Business models

Today, the socialization of the use of information and communication technologies (ICTs) by both individuals and companies, has articulated an exponential interaction between suppliers and demanders of very diverse products and services (Dutta & Segev, 1999), favoring the development of virtual markets: i) with almost zero information costs (Shapiro & Varian, 2013); ii) with virtually no physical barriers to get products and reach customers, and iii) with a growing role of direct distribution channels and Micromarketing, due to the progressive disappearance of intermediaries (Amit & Zott, 2001). The joint result of all these changes for organizations is the need to adapt their respective business models to make the changes derived from technological innovations profitable (Chesbrough, 2010; Sabatier, Mangematin & Rousselle, 2010; Teece, 1986; Teece, 2010).

A business model defines how organizations create and deliver value to their clients (Amit & Zott, 2001; Teece, 2010), articulates the market in which operates, placing itself within a valuable network of suppliers, middlemen –wholesalers, and retailers- and customers. In short, a business model: i) represents the operational architecture behind both the value and supply chains of a product and ii) eases the understanding and response by companies to markets and their needs (Chesbrough, 2010; Øiestad & Bugge, 2014).

The phenomenon of digitization is seen by publishers as one of the paramount threats that are shaping both the publishing industry value chain and company business models (Magadán & Rivas, 2019a). Publishing companies increasingly react to ever-changing customer demands to digital content and formats (Daidj, 2020). Digital transformation and technological change in the publishing sector, not only promote new ways of presenting their contents (Rayna & Striukova, 2016; Shatzkin, 2008) but also favors the development of new business models (Peng, 2016; Rayport & Sviokla, 1995; Sabatier & Fitzelle, 2011), among which can be highlighted: the fragmented content model, the payment for consumption or content on-demand, the subscription model, membership, crowdfunding, gamification, direct sales and self-publishing (Magadán, 2017; Magadán y Rivas, 2018a). Besides, crowdfunding campaigns in the publishing industry open up their business models to customers, co-creating together with the value propositions (Magadán y Rivas, 2018a; Magadán & Rivas, 2019a; Magadán & Rivas, 2019b; Zott & Amit, 2010).

In short, business models must be built on a logical plan to bring a product to market and make a profit (Magadán & Rivas, 2018a). Accordingly, companies must innovate in their respective business models with new ways of creating and capturing value for their stakeholders (Magadán & Rivas, 2019c).

2.1. Knowledge and innovation

Knowledge and innovation are key pieces for today's organizations since they represent the essence of their competitive advantage and foster changes in business models for better adaptation (Branstetter, 2006) to the market environment (Alegre & Chiva, 2013; Branstetter, 2006; Magadán, 2017; Pisano, 1990).

The implementation of knowledge management systems within organizations allows them: i) to increase the added-value of their products, ii) to boost the organization's value, and iii) to identify and develop new competitive advantages (Chun-Yao, Da & Chi-Hsia, 2011). Nevertheless, given the scale and capital limitations of some organizations, not all of them can develop and accumulate the knowledge they need (Chun-Yao, Da & Chi-Hsia, 2011). In these cases, companies are compelled to rely on external sources of knowledge (Leonard-Barton & Sinha, 1993).

In this new framework, the paradigm of open innovation arises, which postulates the need to establish internal and external flows of knowledge by organizations to extract the greatest possible value from their innovative potential (Chesbrough, 2003; Dahlander & Gann, 2010). Open innovation assumes that companies can and should maintain close relationships with third-party agents, both in the process of knowledge accumulation and marketing (Aylen, 2010; Chesbrough, 2006).

One of those external sources of knowledge that any organization can access is the derivative of the 'overflow effect' of knowledge that, in turn, can be horizontal -inter and intra enterprise-, or vertical -interindustry- (Bernstein & Nadiri, 1998; Chun-Yao, Da & Chi-Hsia, 2011). The other external source is related to the search of other organizations specialized in the generation and management of knowledge (Miles, 2005).

Knowledge and innovation in the publishing sector depend, increasingly, on technologies and rules external to this one, what will promote in publishing companies the searching for open innovation, as much via overflow of the knowledge as via agreements with specialized organizations (Benghozi & Salvador, 2016; Chapain *et al.*, 2010; Fleischmann, Daniel & Welters, 2017; Magadán, 2017).

2.3. KIBS

Outsourcing is the procurement of goods or services, usually intermediate, from other organizations outside the firm and that, although these goods and services could be generated and integrated vertically within the firm, this one decides not to internalize them, seeking to negotiate and agreeing to the provision of those with other companies (Miozzo & Grimshaw, 2005).

A particular case of outsourcing is related to KIBS whose purpose is to respond to the growth in outsourcing of activities and services requiring specific knowledge, both technological and market: i) offering highly qualified services with great added value for the contracting companies and ii) providing complementary services to productive processes of the organizations for which developed knowledge, advanced technologies and innovative strategies are required (Miles, 2005; Miozzo & Grimshaw, 2005). This industry is characterized by its high intensity of knowledge and high skill levels. It mainly produces services that are used as intermediate inputs by businesses.

The most important feature of KIBS' innovation is that it is usually linked to satisfying the specific demands of the clients (Miles, 2005). Nonetheless, KIBS not only plays the role of external knowledge sources for their clients but also participate independently in innovative activities (Chun-Yao, Da & Chi-Hsia, 2011).

KIBS fulfill, at least, three functions in innovation systems: i) facilitators of innovation when KIBS support their business clients in their innovation processes, but the current innovation does not originate in those; ii) innovation carriers, when KIBS transfer the existing innovation at inter-firm or inter-industry level (from a company or industry to another one), and iii) generators (sources) of innovation, when KIBS play a decisive role in the start and development of innovation in a client company (Gallouj, 2002; He & Wong, 2009).

Publishing companies depend on specialized knowledge, but also external resources and services. The publishing industry can be classified partway as a cultural and creative one, based on a symbolic knowledge foundation, but can also be seen as belonging to the knowledge-intensive business services (KIBS) sector, due to its role as an important supplier of educational services to the public sector (Bugge & Thune, 2016). In the European Union, for instance, creative service industries—such as publishing, audiovisual, radio and TV, architecture and engineering, research and development, advertising, design, photography, and the arts and entertainment—have a strong positive impact on regional labor productivity through their spillover effect on other industries (Boix & Soler, 2017). Nonetheless, the Spanish publishing industry is facing new technological challenges through the searching of KIBS, outsourcing these innovation processes (Magadán, 2017).

2.4. Transaction costs

Usually, the Transaction Cost Theory has been used to justify the use of outsourcing by business organizations, postulating that when the coordination and management costs of such an amount of functions within the firm overpass those of dealing with external companies, then the firm will set limits on its growth, using outsourcing instead (Coase, 1937; Williamson, 1985).

The production process of the book, following the value chain of a standard publishing company -author, literary agent, publisher, distributor and/or bookstore-, leads to different movements being possible, outsourcing processes and activities to third companies or, conversely, vertically integrating them into the firm (Magadán, 2017; Magadán & Rivas, 2019c). Amongst all the links in the production chain of the book mediate written contracts -inevitably incomplete- which, by definition, cannot include all possible contingencies and, therefore, carry a risk of conflict as to who should do what, when and by what (Magadán, 2017). As seen, the development of publishing activities requires proofreaders, layout designers, printers, distributors, and bookstores. All these processes must be interconnected in the best possible way, trying to minimize the associated transaction costs (Magadán, 2017).

Accordingly, this analytical framework will enable to identify the organizational strategy of publishing companies (Rindfleisch & Heide, 1997) and to determine when these companies should internalize or, on the contrary, outsourcing certain processes (Eggertsson, 1990; Klein, Frazier & Roth, 1990).

Figure 1 shows the linkages associated with transaction costs in the value chain of a standard publishing company (Magadán, 2017).

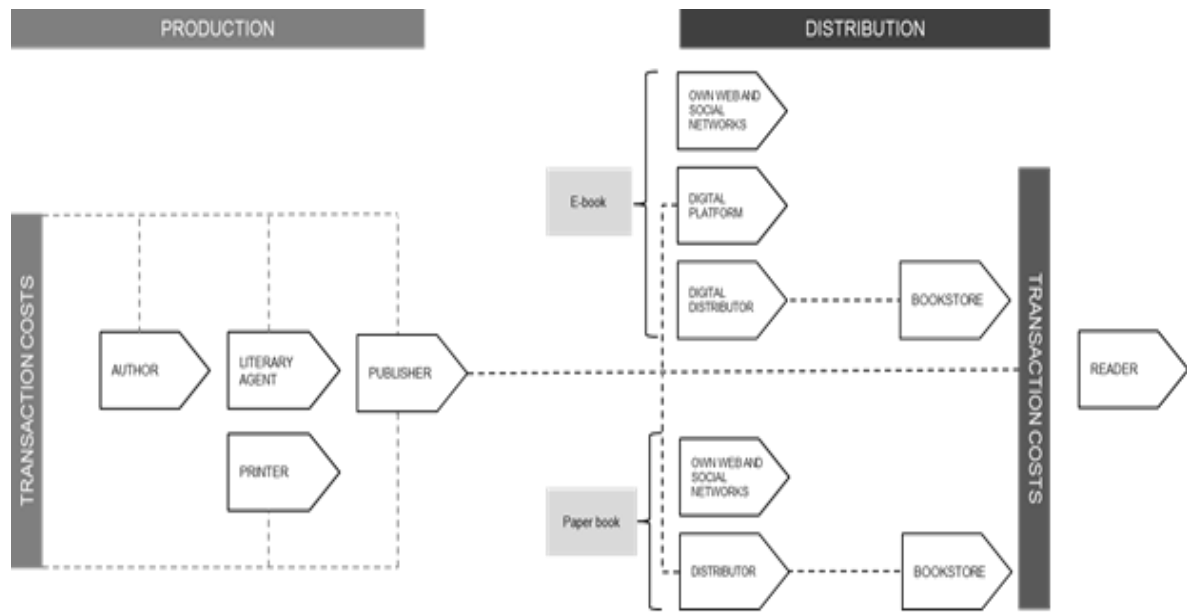


Figure 1: Transaction costs in the value chain of a standard publishing company (Magadán, 2017)

On the production side, transaction costs appear in the author-publisher relationship (or literary agent-publisher, whether an agent negotiates on behalf of the author), and in the printer-publisher relationship.

In the author-publisher relationship, it can be mentioned, firstly, the search and evaluation costs (Robins, 1987; Williamson, 1985) of the author and his/her work to assure that both suit the publishing line (Magadán, 2017). If the author comes to the publisher spontaneously - either directly or through the literary agent - the search cost (Berthon, Ewing, Pitt, & Naude, 2003) disappears, but the evaluation cost is maintained. After the overcoming of the publishing filter by the author and his/her work, the negotiation of the publishing contract begins, which implies the appearance of negotiation costs to agree on the terms of the contract that will govern the author-publisher relationship. After the harmonization of positions, the document and legal formalization of the agreement (publishing contract) is required, involving the appearance of contracting costs. Finally, it must be verified that all the agreed is fulfilled, which also implies the appearance of the so-called control and guarantee costs.

In the printer-publisher relationship the process is similar to the description above. The publishing company, depending on the technical characteristics of the work, will be forced to look for the printing press that best suits the pre-set requirements, as well as the budget assigned to it (search costs). After the search costs, the negotiation costs emerge with the printing presses candidates to carry out the work. Once the publisher has decided which printing company will get the task, the budget will serve as a timely contract for said work. In this sense, it can be affirmed that - unlike what happens in the author-publisher relationship - there are no contracting costs, since the negotiation revolves around a budget that, if accepted, does not require more formalities. Once the budget is accepted, it must be verified that the agreement reached is fulfilled under the agreed conditions such as the delivery time and the quality of the work performed (control and guarantee costs).

On the distribution and the commercialization side of the paper book, the transaction costs originate in the publisher-distributor relationship and the distributor-bookseller relationship. In the case of the distribution and commercialization of the e-book, the transaction costs take place: in the

digital publisher-distributor relationship, in the digital publisher-platform relationship, and the digital distributor-bookseller relationship. In both cases –paper book and e-book–, transaction costs are the same: search, negotiation, contracting, control and guarantee (Alchian & Woodward, 1988; Magadán, 2017; Robins, 1987; Williamson, 1985), and each of the transaction costs linked with the different relationships in the value chain of any publishing company has associated key attributes: frequency of the transaction, degree, and type of uncertainty surrounding the transaction, small numbers, asymmetry of information and the condition of specificity of the asset required to support the transaction (Kulkarni & Heriot, 1999).

Summarizing, outsourcing in the publishing sector appears as a solution to the inefficiencies derived from the vertical integration of certain processes. So publishers can go to outsourcing in search not only for a more efficient way of running some of those but also for innovation and knowledge creation (Dyer & Nobeoka, 2000; Hagedoorn, 1990), in such a way that this trend is causing an increase in the number of KIBS collaborating with publishing companies in developed countries (Miles, 2005; Miozzo & Grimshaw, 2005).

3. The Spanish publishing sector

The Spanish publishing sector has an important weight within the so-called cultural industries, due to the turnover it generates, the number of jobs and its contribution to GDP, among other factors. The Spanish publishing industry is one of the most powerful in Europe and one of the most internationally renowned (Magadán & Rivas, 2018b; Magadán & Rivas, 2020). Spain remains one of the world's leading publishing industries, ranking as the fourth largest publishing power in the world (both in production and in turnover), behind the United States, the United Kingdom, and Germany (Magadán & Rivas, 2019b).

There are more than 3,000 publishing companies of private capital in Spain, although the vast majority publishes less than 10 titles per year and the industry structure is configured mainly by small and medium enterprises, where more than a quarter of which belongs to a business group (Magadán & Rivas, 2019b).

The Spanish publishing sector turnover in the domestic market exceeds 3,000 million euros and, whether it is taken into account the size of the publishing companies, it is observed that large publishers generate 61.5% of turnover, medium publishers reach 25, 9%, and the smallest publishers accumulate 12.6% (Magadán & Rivas, 2019b). The publishing companies created almost 13,000 direct jobs and, to this figure, it should be added the employment linked to the rest of the activities associated with the book value chain (Magadán & Rivas, 2018b).

During 2017, the Spanish publishing production was developed by 3,032 publishing agents (Magadán & Rivas, 2018b). However, throughout these last twenty years the abandonment of publishing companies is much higher than the new additions. This is since technological changes are challenging the existing business models up to now, encouraging publishers to reexamine their product portfolios and their basic competencies (Øiestad & Bugge, 2014), which implies that many of the publishing companies decide to leave the market and not to adapt themselves to the new changes (Magadán & Rivas, 2018b).

4. Method and Sample

4.1. Objective and research questions

The general objective of this research is to study the scope and depth of the impact of KIBS on Spanish publishers, identifying the drivers of this collaboration through the Transaction Costs Theory and determining the degree of support in their transition to new business models.

The research questions raised in this work are the following ones:

RQ1. What are the transaction costs driving the outsourcing of knowledge management systems through KIBS?

RQ2. Where are the KIBS located within the value chain of a publishing company?

RQ3. Are KIBS promoting the emergence of new business models in the Spanish publishing sector?

4.2. Method

As a research method, the survey method has been chosen. The survey has become a frequently used social research procedure or method (Evans & Mathur, 2018). E-surveys are increasingly common (Lazar & Preece, 1999; Couper, 2017) and their results are as valid as those of paper surveys, with the advantages of rapid distribution and a shorter time response (Evans & Mathur, 2018; Taylor, 2000; Yun & Trumbo, 2000). The survey method is non-experimental in nature and can be applied in both cross-sectional and relational-causal studies (Hernández, Fernández, & Baptista, 2006). Surveys allow collecting information from a sample of a population through structured questionnaires or a set of questions (Hueso & Cascant, 2012), respecting the anonymity of the respondents.

In this work an online survey has been carried out through the SurveyMonkey application to collect the empirical data and a basic descriptive statistical analysis has been developed, grouping the information obtained graphically to answer the questions asked. The online survey was chosen because its use: i) eliminates the limits of time and space; ii) reduce research costs; iii) prioritizes the comfort of the participants; iv) encourages iterative reflection throughout the entire survey process; v) expedites the development of the survey (Bowden & Galindo, 2015). The survey design, data characteristics, and analysis approach are set out in the following subsections.

4.3. Survey design

The survey contained five main parts: i) a first introductory part, providing definitions and examples of KIBS and transaction costs to ensure proper understanding of terms used; ii) a second part aimed at asking in detail about the processes carried out to produce paper books and e-books, which will allow researchers to make a comparison to establish a general pattern; iii) a third part devoted to knowing if they had contacted KIBS and, if so, what kind of services they required; iv) a fourth part focused on knowing the vision and perception of respondents on the emergence of new technologies and their impact on the publishing business, to assess whether the respondents saw the need to transform their current business models, and finally v) a fifth optional part where respondents had the opportunity to make comments or suggestions. Participants were also not required to answer all questions, to avoid forcing them to answer questions if not sure of the concepts involved.

4.4. Sample and data collection

To carry out this research, the survey methodology was applied to the 992 publishers belonging to DILVE, the platform that facilitates the publishing sector the regulated and grouped management and distribution of bibliographic data, and the sale of books in Spain. This platform is an efficient and agile way to exchange bibliographic information among the different agents in the Spanish publishing industry.

The survey was launched by e-mail using the SurveyMonkey platform, which simplifies the data collection and its subsequent treatment, thus avoiding possible errors in the handling of the data. Finally, the response rate obtained was 31.25% of the total number of publishers surveyed, leaving the final analysis sample in 310 publishing companies (see Table 1).

Table 1. Survey technical data (Own elaboration)

Universe	992 publishing companies from DILVE
Initial sample	992 publishing companies
Response rate	31,25%
Final sample	310 publishing companies
Sampling error	±4,6%
Confidence level	95%
Survey	Semi-structured questionnaire
Timing	From January, the 10th to February, the 10th (2019)

A semi-structured survey was sent with open and closed questions. The Excel program was exclusively used as much for the analysis of statistical data as for their graphic representation. Timing of data collection was from January 10th to February 10th, 2019: i) on February 10th the survey was sent to 992 publishers by email with a request to answer the questionnaire online through SurveyMonkey, obtaining 103 answers; ii) on January 20th, a new reminder was sent by email, receiving 127 more replies, iii) on February 2nd, a new reminder was sent by email, receiving 80 more responses and iv) once the survey was closed on February 11th, a thank-you message was sent to all the respondents for their participation. The collected empirical data were relevant to obtain statistically valid results, within the confidence level and sampling error previously indicated (see table 1), allowing to answer the questions raised in this research.

Validity refers to the appropriate, correct, and significant inferences made by the researcher, while reliability refers to the consistency of the responses (Fraenkel, Norman, & Helen, 2012). To ensure validity, the survey was sent before its launch, to four experts - two academics with expertise in quantitative analysis and two CEOs from the Spanish publishing sector - to verify the suitability and the format of the questionnaire. After their reports, the required modifications were made to the items on the questionnaire. Finally, regarding the validity and reliability of the research instruments used, it should be stressed that DILVE is the only platform and database of Spanish publishers used for any approach to this sector, and the survey method is well-known and widely used in analyzing the Spanish publishing industry (Gaspar & Bustinza, 2014; Magadán & Rivas, 2018b; Magadán & Rivas, 2019a).

5.1. *The publishing production process*

Taking the reference theoretical framework, a business model determines how organizations manage their resources and skills to develop and hand customer value (Amit & Zott, 2001; Teece, 1986) through shaping the operational architecture behind both the value and supply chains of a product and supplying the comprehension and response from companies to target markets (Chesbrough, 2010; Øiestad & Bugge, 2014).

From the answers given by the publishers surveyed, it can be established that the starting point of their respective business models is in the process of editorial production, with the delivery of the original by the author to the publisher.

The publishing production process comprises several and complementary stages, coordinated by the publisher, responsible for the economic and time monitoring of the project, and for establishing the working rules (see figure 2).

Firstly, content creation consists of the preparation and presentation of the original by the author to the publisher, either directly or through a literary agent. In other cases, it is possible that even the publisher, single-handedly, may be looking for an author to propose the development of a specific work.

With the implementation of new technologies, it is becoming less frequent to receive originals through hard copy, which has been practically replaced by sending a digital file, containing the manuscript, through email. However, it is increasingly common and possible the use of online systems for the submission of manuscripts, the selection of evaluators, and the receipt by the publisher of the result of the evaluation.

Digital transformation and technological change in the publishing sector, promote a new way of presenting their contents: through the e-book (Rayna & Striukova, 2016; Shatzkin, 2008). Once the original has been received by the publisher, an evaluation process is carried out, which consists of assessing the quality of the manuscript through its critical reading, and carrying out a study or economic feasibility report on the possible publication.

If a positive evaluation is not obtained in both stages of the evaluation process, the manuscript is rejected and the return process is initiated. On the contrary, if the stages of the evaluation process are positively surpassed, the result is communicated to the author, and the negotiation process is initiated to close an agreement materialized in a publishing contract with the author or the owner of copyrights.

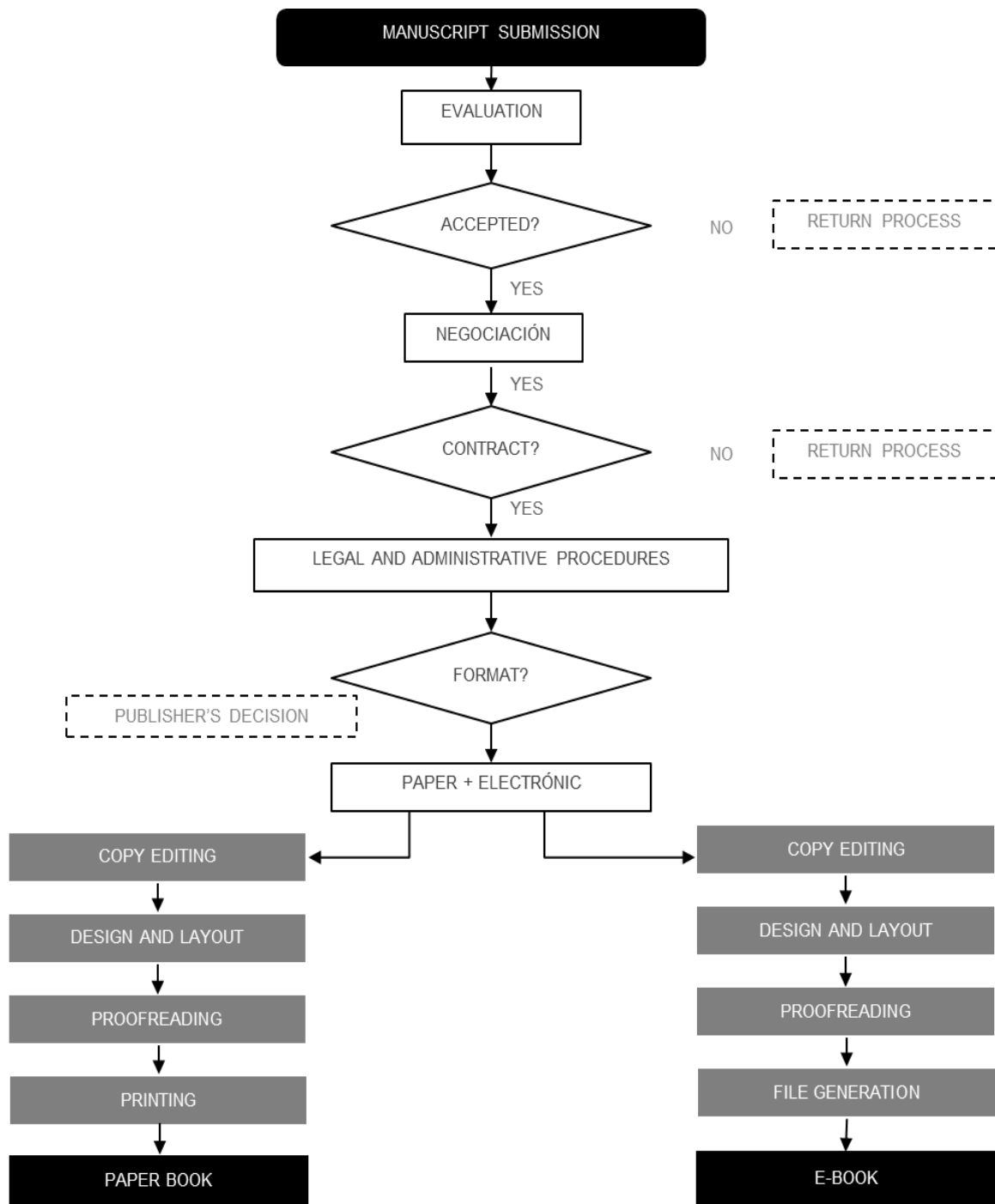


Figure 2. Publishing production process (Own elaboration)

Along the negotiation process, the publisher sends a proposal of agreement or pre-contract, which must be read and valued by the author to reach an agreement by both parties, which, finally, will be reflected in the signing of the publishing contract. Whether an agreement to sign the editorial contract is not reached, the negotiation process is completed with the return of the manuscript. Conversely, if an agreement is reached, the process will begin with the legal procedures for the drafting of the publishing contract -previously to its signature by the parties- and other administrative procedures, such as the assignment of the ISBN.

Once the contract is signed, the publishing process begins. It is now when the publisher will decide in what format he will publish the manuscript: paper format, e-format, or both. Subsequently, a revision of the manuscript style is carried out, the work of which copy editors and style reviewers

are concerned, to then move on to the design and layout, following the guidelines and criteria set by the publisher or the publishing direction. Finally, after the design and layout of the content, proofreading (galley proofs) is sent to the author and the publisher for review and correction.

Whether the chosen format is paper, once the corrections have been introduced in the layout, the publisher sends the work for printing. The printing company is responsible for printing and creating the book on paper. All respondents agree that, for the last decade, printing times have been diminished, due to technological changes, mainly in the pre-press phase, which considerably reduces delivery timing and average costs per copy, according to print runs and the use of digital printing. Figure 3 compares the offset and digital printing processes.

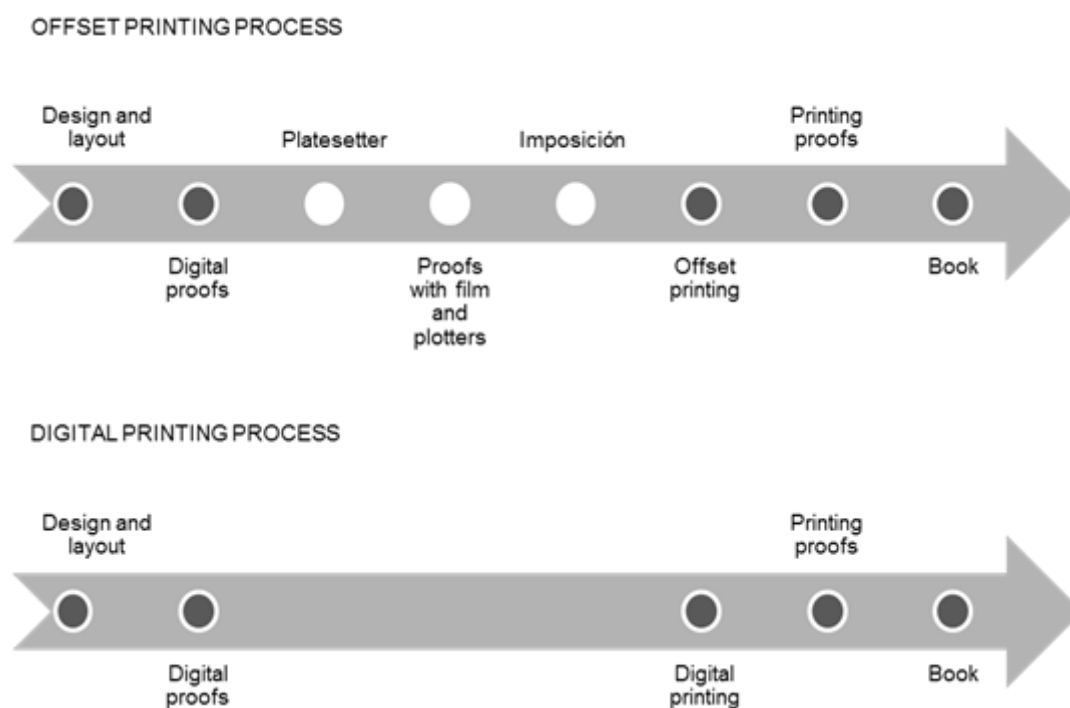


Figure 3. The offset and digital printing processes (Own elaboration)

Whether the chosen format is the e-book, the layout becomes a digital file that can be uploaded to a digital platform, to an e-book distributor, or uploaded to the publisher's website.

Although printing is suppressed in the digital edition, it is necessary to take into account the entire processes involved within the new technologies and within the development of the e-book, such as the creation of XML files and the structuring of formats integrating the metadata, amongst others. The chosen format must be compatible with the platform on which the e-book will be hosted.

In short, digital transformation and technological change in the publishing sector, not only has changed the production process but also has promoted new ways of presenting their contents (Rayna & Striukova, 2016; Shatzkin, 2008), favoring, encouraging and fostering the development of new business models (Peng, 2016; Rayport & Sviokla, 1995; Sabatier & Fitzelle, 2011).

5.2. The publishing distribution process

Nowadays, the generalized use of information and communication technologies (ICTs) has boosted an exponential interaction between suppliers and demanders of very diverse products and services (Dutta & Segev, 1999), fostering the emergence of virtual markets with barely information costs (Shapiro & Varian, 2013), with no physical barriers to get products and reach customers, and

with a rising role of direct distribution channels and Micromarketing, due to the gradual disappearance of intermediaries (Amit & Zott, 2001). The joint result of all these changes for organizations is the need to adapt their respective business models to make them profitable (Chesbrough, 2010; Sabatier, Mangematin & Rousselle, 2010; Teece, 1986; Teece, 2010).

From the information offered by the respondents it is deduced that the starting point of the distribution channel of the book is the publisher. The final point or destination is the client (reader) who acquires the book (see figure 4).

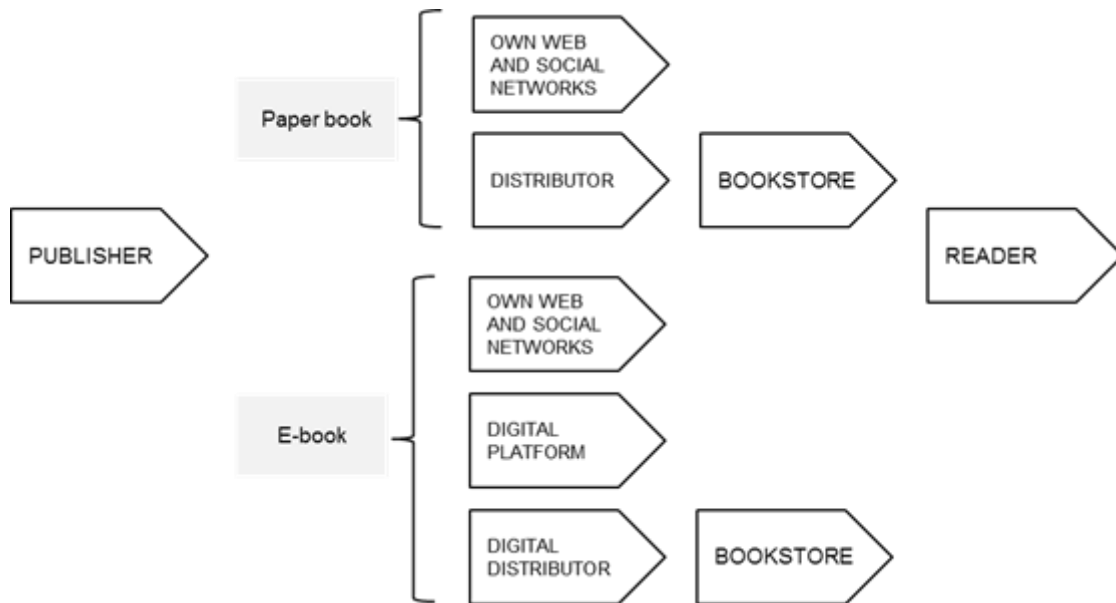


Figure 5. Publishing distribution processes (Own elaboration)

Commonly, the publishing distribution channel is made up of a series of companies or individuals facilitating the circulation of the book from the publisher to the client. Once the publisher receives the book from the printing press, the publishing distribution process begins through the distributor (the traditional link between the publisher and the bookstore).

Concerning the distribution and marketing of the e-book, these begin when the publisher receives the digital file in the indicated format, according to the service platform used (digital distributor, digital platform, or own platform).

5.3. Outsourced production activities

The Transaction Cost Theory has been used to justify the use of outsourcing by business organizations (Coase, 1937; Williamson, 1985).

The production process of the book, according to the value chain of a standard publishing company, enables different strategic movements, such as the outsourcing of processes and activities to third companies or, conversely, their vertical integration into the firm (Magadán, 2017; Magadán & Rivas, 2019c). Nonetheless, whatever the choice, all these processes must be interconnected in the best possible way, trying to minimize the associated transaction costs (Magadán, 2017).

One of the outsourced production activities in paper book production is related to printing: 94,19% of the surveyed companies claim to have outsourced printing services, compared to 5,81% of the other publishers surveyed who still maintain such services vertically integrated (see figure 5).

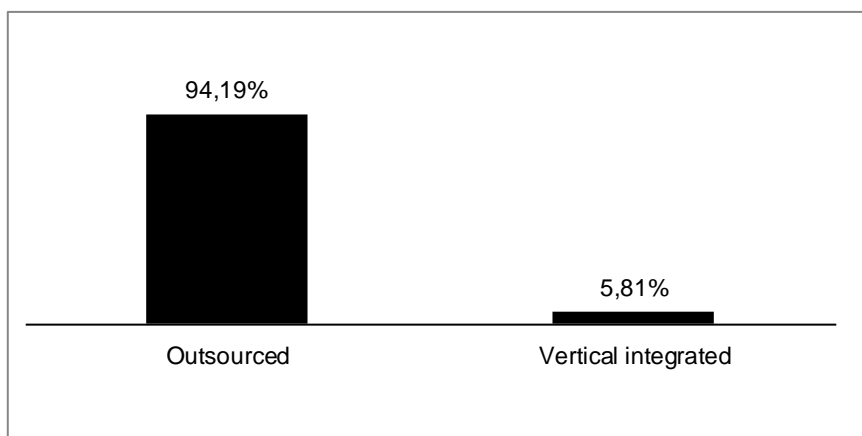


Figure 5. Outsourcing of printing services (Own elaboration)

From the argument provided in the open question regarding the motivations of outsourcing, it follows that the transaction costs associated with the outsourcing of printing services (see table 3) is significantly lower for publishers when compared with the option of their vertical integration ‘up-stream’.

Table 3. Transaction costs associated with the outsourcing of printing services (Own elaboration)

Printer-Publisher	Searching	Limited rationality
		Uncertainty
	Negotiation	Opportunistic behavior
		Asymmetry of information
		Frequency of occurrence of the transaction
		Degree of uncertainty to which the transaction is subject
		Specificity of assets
	Control and guarantee	Opportunistic behavior
		Asymmetry of information

In the case of the printer-publisher relationship, the transaction costs to which the editors pay the most attention are those associated with the negotiation.

Ultimately, the publishers surveyed prefer to outsource the production process of paper books to printers rather than integrating vertically this process.

5.4. Outsourced distribution activities

Regarding the distribution of paper books, the most widespread distribution channel is the long one (93,22%), thus reinforcing the idea of the survival of the traditional value chain of the paper book. Laterally, other channels such as the direct (35,16%) and the short ones (31,29%) complement the marketing channels of the paper book (see figure 6).

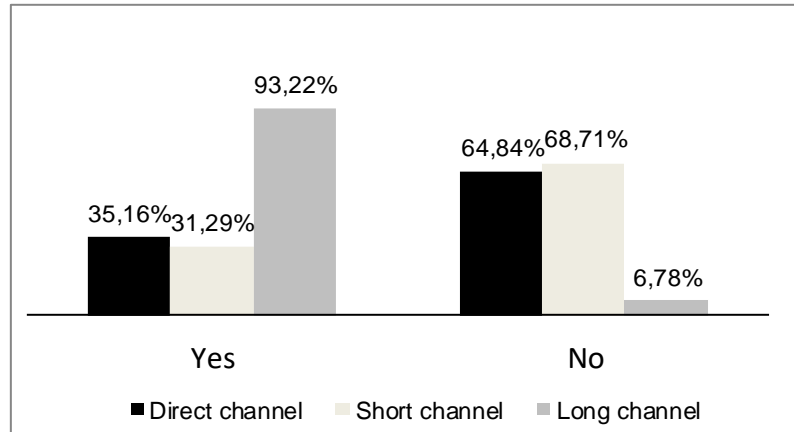


Figure 6. Distribution channels commonly used by publishers (Own elaboration)

Publishers have several options to market the book: a) using the long channel (publisher-distributor-bookstore-client); b) through the short channel (publisher-bookstore-client); and c) through the direct channel (publisher-client), either through their commercial structures or through new technologies and resources offered by the Internet.

Until a few years ago, publishers used a single channel to place their books on the market (pure or simple distribution systems). However, more and more publishing companies use several channels to serve their markets (hybrid or multiple systems). With this, they manage to increase their presence and visibility, thus reinforcing their competitive strategy through distribution.

On the distribution and the commercialization side of the paper book, the transaction costs originate in the publisher-distributor relationship and the distributor-bookseller relationship (Alchian & Woodward, 1988; Magadán, 2017; Robins, 1987; Williamson, 1985).

The open question regarding the motivations of outsourcing the distribution of the paper-based book sees that the transaction costs associated with the outsourcing of distribution services (see table 4) are relatively low for publishers when compared with the option of its vertical integration 'down-stream'.

Table 4. Transaction costs associated with the outsourcing of paper book distribution (Own elaboration)

Publisher-Paper book Distributor	Searching	Limited rationality
		Uncertainty
		Small numbers
	Negotiation	Opportunistic behavior
		Asymmetry of information
		Frequency of occurrence of the transaction
		Degree of uncertainty to which the transaction is subject
	Control and guarantee	Opportunistic behavior
		Asymmetry of information

In the case of the Publisher-Paper book distributor relationship, the transaction costs to which publishers devote most attention are those related to control and guarantee.

5.5. E-book distribution

Regarding the distribution of e-books, this process begins when the publisher receives the digital file in the indicated format, according to the service platform used (digital distributor, digital platform, or own platform). The distribution of e-books passes through three elements i) the content supplier (the publisher); ii) the platform service, where the files will be stored; and iii) the reading device. From the survey conducted it can be deduced that 73,22% of the respondents publish e-books (see figure 7).

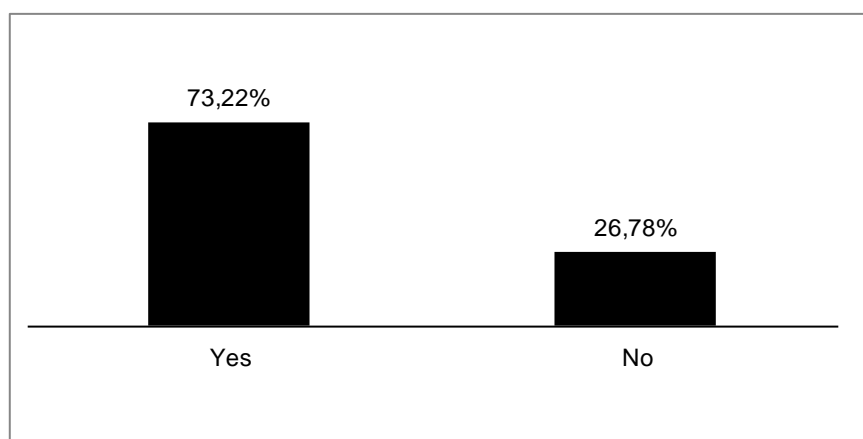


Figure 7. E-books within the publishers' portfolio of products (Own elaboration)

Knowledge and innovation in the publishing sector are linking to technologies and procedures external to this one, which is encouraging the searching for open innovation, mainly via agreements with specialized organizations (Benghozi & Salvador, 2016; Chapain *et al.*, 2010; Fleischmann, Daniel & Welters, 2017; Magadán, 2017).

Publishers distribute e-books mainly through specific platforms of digital distribution (e-distributors), external to the publisher, and that, generally, they are organizations linked to the technology industry (see figure 8).

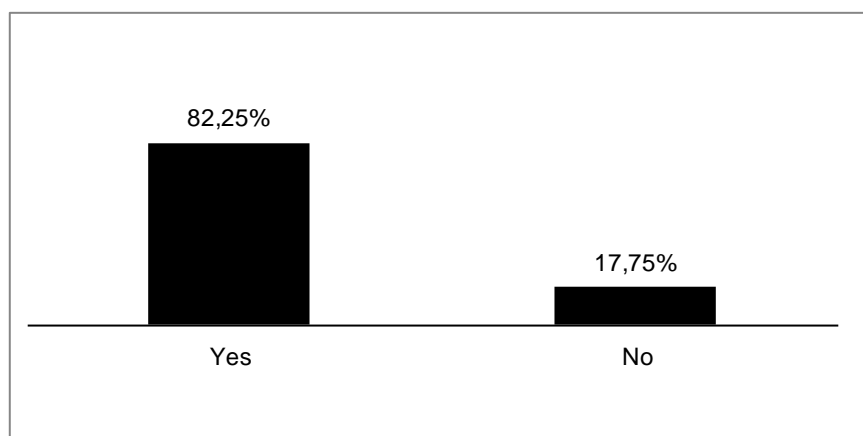


Figure 8. E-book distribution via e-distributors (Own elaboration)

Knowledge and innovation are key pieces for any organization, due to those shape their competitive advantage and encourage the review of their business models for a better fit to the market environment (Alegre & Chiva, 2013; Branstetter, 2006; Magadán, 2017; Pisano, 1990).

As seen above in figure 8, 82,25% of the publishers surveyed distribute e-books through external platforms. The reason given by publishers is that the distribution of e-books implies high learning and adaptation costs to the new file formats that arise, as well as heavy investments in technology to prevent piracy and preserve intellectual property (copyright), and publishers consider that all these costs are unable to be amortized in the short and medium-term.

Regarding the open question related to the motivations for the outsourcing of the e-book distribution, it is observed that the transaction costs associated with the outsourcing of the distribution services via digital platforms (see table 5) are significantly lower for publishers when comparing them with the alternative of its vertical integration 'down-stream'.

Table 5. Transaction costs associated with the outsourcing of the e-book distribution (Own elaboration)

Publisher-E-distribution	Searching	Limited rationality
		Uncertainty
		Small numbers
	Negotiation	Opportunistic behavior
		Asymmetry of information
		Frequency of occurrence of the transaction
		Degree of uncertainty to which the transaction is subject
		Specificity of assets
	Control and guarantee	Opportunistic behavior
		Asymmetry of information

In the case of the publisher-e-distributor relationship, the transaction costs to which publishers devote more attention are those related to negotiation as well as control and guarantee.

The publishers analyzed have been acquiring digital knowledge and have tried to position themselves to be able to respond to changes in markets and changing technologies, but digital products and services are still considered secondary to the 'analogical' book. The distribution systems developed around the e-book replicate the traditional chain of the paper book.

5.6. Business models

Concerning publishing business models, 95.16% of the publishers surveyed indicate that the arrival of information technologies has modified their publishing business model (see figure 9). Nonetheless, most of the publishers surveyed (73,22%) admit the coexistence in their business models of both products -digital and paper-.

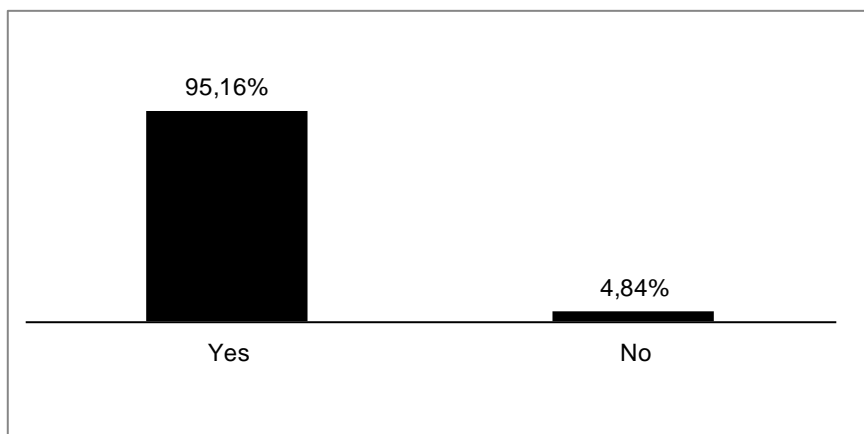


Figure 9. Business model modifying (Own elaboration)

For the time being, the publishing companies studied are simply selling digital versions of their best-seller books (in paper format) on digital distribution platforms, in an attempt to minimize risks. This phenomenon is called retro-digitization (Evans & Mathur, 2018). This strategic decision eases, at least in the short term, to technology companies -with enough financial resources and specialized knowledge- the leading control of distribution and sale of e-books.

Regarding the new business models emerging from the digitization of the book industry, between 70,96% and 99,03% choose to develop them with the external support of technology-based companies that facilitate access to different models emerging markets: subscription (99,03%), fragmented content (91,29%), payment for consumption (97,74%), open access (81,29%) and crowdfunding (70,96). On the contrary, those other publishers that try to internalize the innovation to develop their adaptations of these different models barely reach 30% (see figure 10).

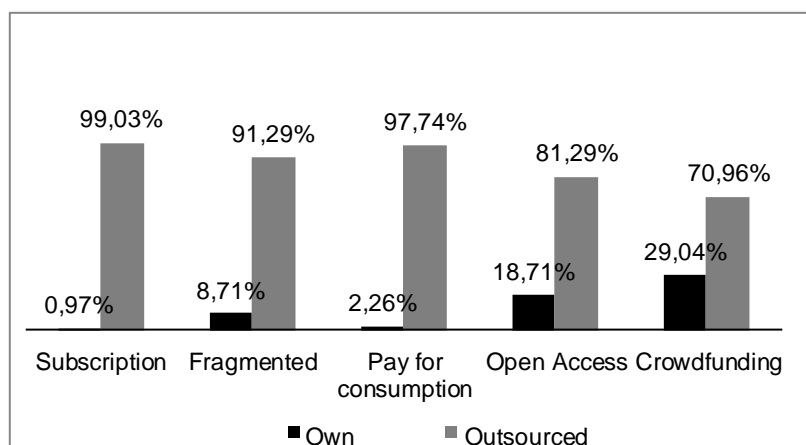


Figure 10. Publishing business models (Own elaboration)

KIBS' innovation is usually tied to satisfying the specific demands of their clients (Miles, 2005), mainly: i) playing the role of external knowledge sources for these, and ii) collaborating independently in innovative activities (Chun-Yao, Da & Chi-Hsia, 2011). Furthermore, KIBS are seen as: i) facilitators of innovation; ii) innovation carriers, and iii) generators (sources) of innovation (Gallouj, 2002; He & Wong, 2009).

From the survey conducted, it is observed that both innovation in products (e-book) and the business models of publishers are mainly done through KIBS, thus outsourcing their innovation processes by perceiving the transaction costs associated with the agreement as significantly lower with those related to the development of an own (internal) knowledge management system. In the value system derived from the relations between the publisher and the different agents that link their value chains with that one, KIBS have found two clearly defined spaces of interaction, as much in the production stage as in the distribution one (see figure 11).

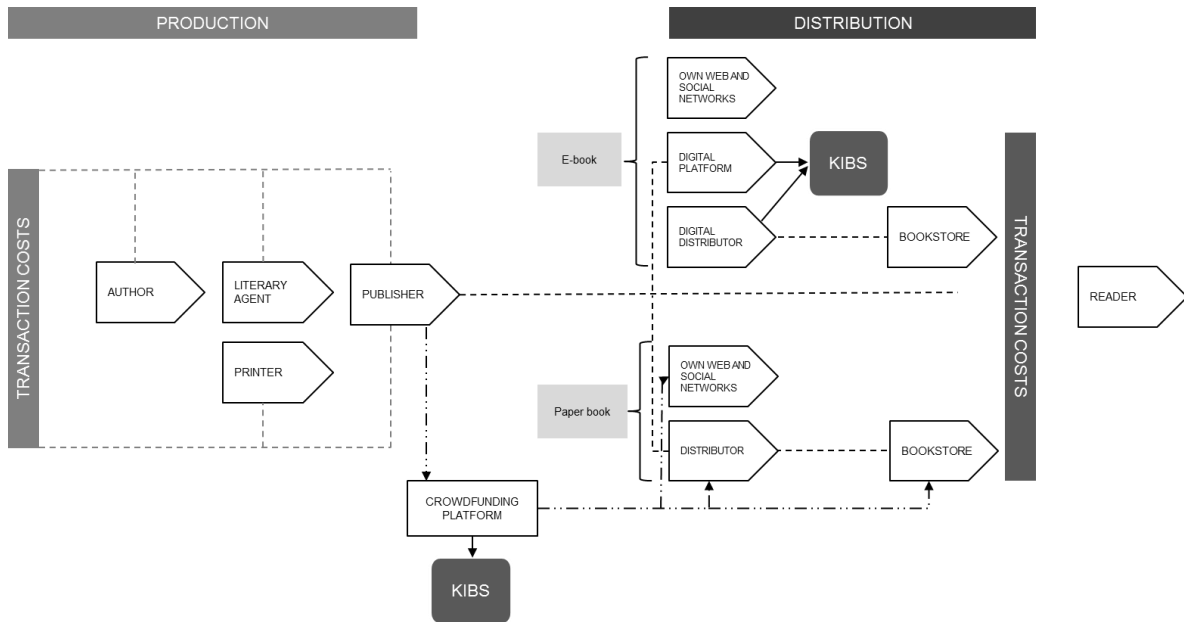


Figure 11. KIBS within the publishing value system (Own elaboration)

The Spanish publishing industry is facing new technological challenges through the outsourcing of their own innovation processes (Magadán, 2017). The presence of KIBS is evident in the development of crowdfunding platforms, specially oriented to book production in paper format, and the development of digital distribution of e-books through digital platforms (Magadán & Rivas, 2019c).

6. Conclusions

The general goal of this research was to investigate the extent and depth of the impact of KIBS on the Spanish publishing companies, identifying the drivers of this collaboration through the Transaction Costs Theory and determining the degree of support in their transition to new business models.

Through the survey conducted, it is determined that: i) the extension of the relationship between publishers and KIBS moves from the production subsystem to the distribution one; ii) the linkage between their respective value chains is perceived as profound enough to convert KIBS into facilitators, carriers and generators of the innovation required by the publishing companies; and iii) KIBS are the fundamental axes for the adoption of new business models.

Firstly, the Spanish publishers surveyed linked with KIBS to discover the crowdfunding platforms that allowed them to tackle complex publishing projects: through these, publishers were able to test the market interest in a project, materializing it in financial support. But the appearance of e-books as new content support pushed the Spanish publishers to connect with KIBS, this time, in the form of digital distributors and marketing platforms.

Secondly, the Spanish publishers surveyed argue that the high costs associated (transaction costs) to the development of their platforms -both crowdfunding and digital distribution- are the main reason for the outsourcing to KIBS of these services against the option of vertical integration "downstream". Thus, KIBS are seen by the Spanish publishers surveyed as the solution to their knowledge and innovation needs.

Thirdly, the Spanish publishers surveyed recognize the maintenance of a traditional business model that tries to replicate in the new digital environment, although the adoption of new alternative business models, given their lack of knowledge and resources, has come from the hands of the KIBS. The structure of the Spanish publishing sector, made up mostly of small and medium-sized companies, does not allow to advance in isolation in the development of a knowledge management system able to lead the sectoral progress, materializing their innovations, due to the need of significant investments and highly specialized knowledge. Thus, thanks to KIBS, Spanish publishers can carry out their respective digital transformations.

From the results obtained, it is concluded that the role of KIBS in the evolution and progress of the publishing sector, both in its digital transformation and in its modernization and competitive improvement, is not seen as a threat, but as an opportunity to access all those innovations that would, otherwise, be difficult for publishers to achieve in isolation. The results obtained in this research may help both publishing companies and KIBS to deepen their strategic relationships by co-creating innovation and useful knowledge for the progress of the Spanish publishing sector.

The theoretical contribution of this research implies: i) detailed knowledge about how transaction costs operate in the decision-making of Spanish publishing companies to outsource processes and not assume their vertical integration; ii) the detection of KIBS as new players in the Spanish publishing sector that extend their scope of action on different key points of the value chain of publishing organizations analyzed, and iii) the role of KIBS as drivers of change in traditional business models existing in the Spanish publishing sector.

Finally, future research should: i) explain the relationship of KIBS, servitization and new business models emerged in the Spanish publishing industry; ii) determine to what extent these three variables can affect the outcomes of the Spanish publishing companies, in terms of added value, and iii) study both the role of value co-creation between KIBS and publishing companies and the amplifying factor of this value co-creation by the new business models emerged in the Spanish publishing sector.

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