A LITERATURE SURVEY ON FORMS, ANTECEDENTS, AND OUTCOMES OF INTERORGANIZATIONAL RELATIONSHIPS

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Abstract

The partnership concept is extended by the philosophy of supply chain management into a multiform effort to manage the total flow of goods from the supplier to the final customer. To achieve efficiency and capture the target goals, different production activities are coordinated within the supply networks, as well as in different forms of interorganizational relationship. Regardless of the nature of relationship or types of business some external (uncertainty, global competition, etc.), interorganizational (interdependence, trust, commitment, goal congruency, etc.), and organizational (scarcity, associated cost, organizational capacity, etc.) factors influence the formation of interfirm relationships. The motive behind the formation of interorganizational relationships is to increase relational competitive advantages.

Keywords: Interorganizational Relationship, Antecedent, Outcome, Supply Chain Management.

บทคัดย่อ

แนวคิดการเป็นหุ้นส่วนได้ขยายออกไปตามปรัชญาของการจัดการโซ่อุปทาน ในหลายรูปแบบเพื่อบริหารจัดการการไหลเวียนของสินค้าจากผู้จำหน่ายสู่ผู้บริโภค เพื่อทำให้เกิดประสิทธิภาพและบรรลุเป้าหมาย จึงได้มีกิจกรรมการผลิตต่าง ๆ ที่เกิดขึ้นจากความร่วมมือระหว่างเครือข่ายการจัดหาสินค้า รวมทั้งรูปแบบต่าง ๆ ของความสัมพันธ์ระหว่างองค์กร ไม่ว่าธรรมชาติของความสัมพันธ์หรือประเภทของธุรกิจจะเป็นเช่นใด ปัจจัยภายนอกองค์กร (ความไม่แน่นอน การแข่งขันระดับโลก เป็นต้น) ปัจจัยระหว่างองค์กร (การพึ่งพาซึ่งกันและกัน ความไว้วางใจ ความมุ่งมั่น เป้าหมายที่สอดคล้อง เป็นต้น) และปัจจัยภายในองค์กร (การขาดแคลน ค่าใช้จ่ายที่เกี่ยวข้อง กำลังการผลิตขององค์กร เป็นต้น) ล้วนเป็นปัจจัยที่มีอิทธิพลต่อการก่อตัวของความสัมพันธ์ระหว่างธุรกิจทั้งสิ้น แรงจูงใจที่อยู่เบื้องหลังการก่อตัวของความสัมพันธ์ระหว่างองค์กรก็คือการเพิ่มความได้เปรียบในการแข่งขัน

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INTRODUCTION

The partnership concept is extended by the philosophy of supply chain management into a multiform effort to manage the total flow of goods from the supplier to the final customer. Supply chain management primarily focuses on internal integration to emphasize cost reduction. Although performance improvement, buffer inventory, initial evaluations of internal trade-offs and reactive customer services are not beginning issues, they finally achieve supply chain integration by extending the scope of integration outside to include suppliers and customers (Mentzer et al., 2001). This extension creates interorganizational relationships with customers and suppliers. Many authors have advocated factors that influence, facilitate, mediate, cause, and coordinate; and governance, control and the outcomes of interfirm relations in a collaborative approach (Abbeele et al., 2009; Artz and Brush, 2000; Baiman and Rajan, 2002; Buvik and Andersen, 2002; Christopher and Gattorna, 2005; Dekker, 2004).

The extent of interorganizational relationships depends on the relational bonding and organizational structure. Relational bonding, a measure of the relational strength between collaborating partners, reflects the extent to which they are fused together in their collaborative venture through formal and informal links. In a vertical relationship two independent organizations develop an interorganizational relationship that is defined as a partnership with the supply chain. Multiple partnerships are created in a supply chain (Mentzer et al., 2000). The motivating conditions influencing formation of interorganizational cooperation as well as relationships derive from benefits potentially associated with such activities (Schermerhorn, Jr. 1975). Interorganizational relationships are typically long-term and require considerable strategic and operational coordination (Mentzer et al., 2001). The motive behind the formation of interorganizational relationships is to increase relational competitive advantages.

The objectives of this literature survey are, firstly, to review the literature relating to interorganizational relationships as well as interfirm partnering. Secondly, identify the determinants and/or antecedents which influence the formation of interorganizational relationships. This paper, in the next section, discusses the outcomes (consequences) of interfirm relationships. The paper ends with a brief discussion regarding the three issues such as forms, antecedents, and outcomes of interorganizational relationships and concluding remarks.

FORMS OF INTERORGANIZATIONAL RELATIONSHIPS

To achieve efficiency and capture the target goals, different production activities are coordinated within the supply network, as well as in different forms of interorganizational relationship. Tightly coupled forms of organizing, such as joint ventures and network relationships, are those in which the participants are linked together by formal structure and may involve joint ownership. In contrast, loosely coupled forms of organizing, such as alliances and trade associations, involve less structural relationship and joint ownership (Barringer and Harrison, 2000).

Joint Venture - When two or more firms form a legally independent firm to share their collaborative capabilities and resources to achieve competitive advantages in the market this is termed joint venture under the form of strategic alliance. Joint ventures are effective in establishing long-term relationships and in transferring tacit knowledge. As it cannot be codified, tacit knowledge is learned through experiences (Berman et al, 2002) such as those taking place when people from partner firms work together in a joint venture. Joint ventures are an optimal form of alliance and different from what any firm independently does in the competitive market with its own resources by creating competitive advantages through sharing and combining resources and capabilities of firms, and overall evidence supports this statement. The coordination of manufacturing and marketing allows ready access to new markets, intelligence data, and reciprocal flows of technical information (Hoskinson and Busenitz, 2002).

Network - Networks are the form of businesses that are organized through social norms, rather than legal binding and contacts. All resources and activities become easily accessible and flexible to each other, their interconnection becomes more relative in a network structure and the performance appraisal has to be based on their relational context (Tomkins, 2001). In general, networks are considered when organizing the interdependencies of a complex array of firms, where networks are assumed as a center and wheel configuration with a focal organization at the center, organizing the interdependencies of a complex array of firms (Barringer and Harrison, 2000). Discovering new competitive advantage is the main motivating factor for networking. The mission of networking includes increasing freedom of change, speed of renovation, commitment to each other, decentralization and independency of units, and product and customer approach for system suppliers (Kulmala et al., 2002).

Consortia - Consortium is horizontal cooperation between independent organizations that pool their needs and band together to create a new entity to satisfy those needs for all of them in order to achieve various benefits (Tella and Virolainen, 2005). Consortia are specialized joint ventures which include different arrangements. The motive and success factors of consortia are evaluated by the research concentration of partnerships that are utilized by participating firms. But individual members have interests that may create conflict with the major two issues of consortia such as funding of selected projects, and share of benefits among the partners (Aloysius, 1999). Consortia typically focus on pre-competitive R&D, and include members that are competitors outside the consortium. The forms and governance structure of consortia vary widely. Some consortia are large, have formal governance structures, and produce proprietary knowledge for their members. Some are smaller and are organized for other purposes (Barringer and Harrison, 2000). Consortia are most popular in technological innovations. Different types of technological developments can be achieved through R&D consortia.

Alliance - To achieve competitive advantages firms combine their assets and capabilities in a cooperative policy that is termed a strategic alliance. Strategic alliance is considered an essential source of resource-sharing, learning, and thereby competitive advantage in the competitive business world. Management of alliance and value creation to attain competitive advantage in strategic alliance is very important (Ireland et al, 2002). Formations of alliances tend to form an informal relationship among the participating organizations not involved to form a central administrative body. Simple in nature and long-term oriented firms develop alliances referred to as partnerships among the firms are not as the tightly coupled form of interorganizational relationship (Barringer and Harrison, 2000). Interorganizational relationships create the opportunity to share the resources and capabilities of firms while working with partners to develop additional resources and capabilities as the function for new competitive advantages (Kuratko et al, 2001). An overall objective is to minimize total risk and ensure competitive advantages. A competitive advantage developed through a cooperative strategy is often called a collaborative or relational advantage (Das and Teng, 2001).

Trade Association - Trade association includes individuals and firms in a specific business or industry organized to promote common interests. Firms in the same industry form a trade association that is a non-profit association. Trade associations are formed to provide legal and technical service, collect and spread information, collective lobbying, and deliver industry-related training to member organizations (Barringer and Harrison, 2000). For example, in Bangladesh, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is the apex body that represents the export oriented woven knit and sweater garment manufacturers and exporters of the country. International or domestic, whatever the boundary of trade association, the primary advantages of participation in trade associations are collective lobbying, operating efficiency, cost savings, and learning. Trade associations also help industries set consistent standards and provide product quality and safety guidelines to industry participants and customers (Barringer and Harrison, 2000).

Interlocking Directorates - A direct interlock occurs when an executive or director of one firm sits on the board of another firm, and an indirect interlock occurs when two firms have directors or executives who sit on the board of a third firm (Barringer and Harrison, 2000). The basic premise behind the formation of interlocking directorates is resource needs such as, capital, innovation, human resources overall dissemination of information. Contemporary research on interlocking directorates provides an area of research in which it seems reasonable to apply the bipartite model, (The study of bipartite networks is central to social science. Furthermore, the dynamics of these processes suggests that bipartite networks should not be considered static structures, but rather be studied over time) that addresses the question of how tie formation, i.e. director recruitment, contributes to the structural properties of the interlocking directorate network (Koskinen and Edling, 2010).

ANTECEDENTS OF INTERORGANIZATIONAL RELATIONSHIPS

Interorganizational relationships between firms are increasingly common for the firms to find and maintain competitive advantages (Mentzer et al., 2000). The motivating conditions influencing formation of interorganizational cooperation as well as relationships derive from benefits potentially associated with such activities (Schermerhorn, Jr. 1975). A growing literature deals with interorganizational cooperation and antecedents of interorganizational relationships under the purview of interorganizational analysis (Hawkins et al., 2008; Kim et al., 2010; Mentzer et al., 2000; Mentzer et al., 2001; Oliver, 1990; Schermerhorn, Jr. 1975; Zaheer and Venkatraman, 1995). This section reviews pertinent literature regarding factors influencing interorganizational relationships and organizes its insights to support decision-making and scientific research on this fast growing important organizational phenomenon.

External Environmental Factors

Regardless of whether organizational or interorganizational, some other external factors influence for interorganizational relationships. The primary reasons for influencing derive from markets becoming more competitive, dynamic and customer oriented. Organizations will seek out or be receptive to interorganizational cooperation when faced with pressures from environmental factors (Schermerhorn, Jr. 1975). Uncertainty, time and quality based competition, and global competition are the three external factors that encourage the formation of relationships (Mentzer et al., 2000).

Uncertainty - Behavioral uncertainty arises from the difficulty in predicting the actions of the counterpart in the interorganizational relationship because of opportunistic behavior and bounded rationality precludes the writing of a complete contingent contract (Zaheer and Venkatraman, 1995). When contractors cannot match with conditions or are in the situation of losing money or schedule, they use flawed design or a differing site condition as an opportunity to manage their profit position (Hawkins et al., 2008). With a high level of risk, i.e. high uncertainty, if either party is dependent very much on its contempt opportunistic behavior will be followed, or either a traditional relationship will exist depending on the dependency condition of the whole environment. Therefore, increase of interdependency, i.e. mutual dependency and level of certainty is required by differentiation strategy like interfirm collaboration for a firm, which is in a weaker position (Cousins, 2002). Since individual firms cannot control the issue of uncertainty and technological changes (Mentzer et al., 2000), by encouraging collective strategies to reinforce collaborative coordination and recognizing resources dependency, firms engage in interfirm relationships to reduce technological changes and uncertainty (Kim et al., 2010).

Global Competition - Globalization increases the range of opportunities to compete in the business world (Mentzer et al., 2000). Access of resources of other companies that enable them to share risks and costs interfirm collaborations strengthen the strategic position of companies in competitive markets. Such opportunities of resources sharing ensure more and even expected resources flow and provide a support to business depression and other difficulties. Firms in highly competitive markets have vulnerable strategic positions because margins are low and product differentiation is difficult. Interfirm alliances can enable the firms to gain differentiable product technologies and to share costs which balance the disadvantages of interorganizational relationship formation through resource sharing among the partners. Therefore, by resource sharing and cost sharing in a global competition perspective firms get influence to form relationships with other firms (Schermerhorn, Jr., 1975).

Time and Quality based Competition - Time and quality based competition eliminates wasted time, effort, defective units, and inventory. Firms that compete effectively on time tend to be good at such things as quality, gain market share by focusing customers needs, and generate new ideas, and incorporate them into innovations (Mentzer et al., 2000). The popularity and use of scientific managerial tools are closely related to formation of interorganizational relationships in companies (Hakansson and Lind, 2007). Increases in return on assets or reductions in unit costs, waste, downtime, or cost per unit or client are some incentives for establishing interfirm relationships for the purposes of improving competence (Oliver, 1990).

Interorganizational Factors

With the greater pressure from external factors firms intend to join in interfirm relationships (Mentzer et al., 2000). Many empirical investigations of interorganizational relationships within channel dyads investigate the interorganizational factors to build an interfirm relationship. Kim et al. (2010) identified some factors, out of them goal consistency and trust are interorganizational. On the other hand, interdependence, conflict, trust, commitment, communication, cooperation, networking, resource sharing, necessity, asymmetry, reciprocity are critical for interfirm alliances (Hawkins et al., 2008; Mentzer et al., 2000; 2001; Oliver, 1990; Schermerhorn, Jr., 1975; Tomkins, 2001). I review interdependence, trust, commitment, goal congruency, collaboration and networking, and conflict as the interorganizational antecedents of interorganizational relationships in this section.

Interdependence - Interdependence encompasses each partner's dependence, the magnitude of the firms' total interdependence, and the degree of interdependence asymmetry between the firms (Mentzer et al., 2000). Uncertainty and interorganizational collaboration have a positive relationship because of recognition of resource dependence (Kim et al., 2010). Dependence is created by two factors: the importance or criticality of the resources provided by the source firm, the number of alternate sources available to the target firm for the needed resources (Andaleeb, 1995). In a long-term orientation, while interorganizational relationships create dependence, level of trust and relational norms transform dependence to interdependence and foster interfirm relationships (Andaleeb, 1995; Hawkins et al., 2008).

Trust - Trust involves a belief or a manner, it happens step-by-step in the dealings of both parties. The basic ground behind the success of long-term relationships is considered the establishment of trust (Su et al., 2008). For internationalization of business trust is considered a key to successful international interfirm alliances (Parkhe, 1998). A relationship will not develop without the growth of trust (Tomkins, 2001), and without trust, the relationship may still continue with uncertainty (Andaleeb, 1995). In hierarchy and network relationships a considerable amount of interfirm trust is required thereby a classical example of interdependent and risky relationship (Bharadwaj and Matsuno, 2006; Laaksonen et al. 2009).

Commitment - Agreement to work collectively, promise to support each other, and share the associated risks with their relationship are the inputs of a relationship (Lettice et al., 2010). Interfirm commitment is the relationship between or among firms, but interpersonal commitment may be considered incidental to interfirm commitment and not formal. By contractual obligations (obligation may be tightly or loosely mentioned in the contract) interorganizational commitment is often formalized (Mavondo and Rodrigo, 2001). Commitment implies the significance of the relationship to the partners and organizations surrender short-term gain to achieve long-term benefits; thereby it is a crucial success issue for long-term interfirm relationships ((Mentzer et al., 2000; Mentzer et al., 2001).

Goal Congruency - Goal congruency refers to the consistency between partners in organizational goals, agreed upon properties, and a mutual understanding of their relationship. If the goals of firms are compatible with one another, then their goals become more defined (Kim et al., 2010). Interorganizational cooperation appears more likely in situations where organizational domains are not sensitive issues and where mutual performance objectives are perceived (Schermerhorn, Jr., 1975). Research has shown that the greater the degree of domain consensus among or between public sector or social service sector organizations, the higher the probability that these organizations will establish relations (Oliver, 1990).

Collaboration and Networking - As regards the external environment, intense competition causing a pressure to continuously reduce costs and gain competitive advantages are common characteristics of industries in which collaborative approaches could be observed (Kajuter and Kulmala, 2005). The objectives of collaborations of firms are to reduce costs, improve quality and build better relationships with trading partners or it might be as a result of being forced into an electronic based relationship (collaboration) by larger customers and suppliers (Holland, 1995). Electronic collaboration consists of product development and distribution activities on line such as collaborative product design, forecasting and production planning, and logistic planning (Rosenzweig, 2009). By networking, firms are said to get access to resources in a flexible way and typically by interacting with other firms non-hierarchically, directly and based on trust (Mouritsen and Thrane, 2006).

Organizational Factors

With the impact of environmental and interorganizational factors there are some internal, i.e. organizational factors that foster the formation of interfirm relationships. In the internal side of an organization, decision makers' need and demand, organizational implementation capacity, and strategy decision of top management influence the interorganizational cooperation (Schermerhorn, Jr., 1975). This section reviews resource scarcity, associated cost, organizational capacity, and top management vision as organizational influencing factors for interfirm relationship formation.

Resource Scarcity - Organizations will seek out or be receptive to interfirm relation when they face with situations of scarcity of resources or performance distress (Schermerhorn, Jr., 1975). To obtain the accessibility of important resources firms associate with other firms and to enhance their power comparative to other organizations (Barringer and Harrison, 2000). Economies of scope, operational synergies, and development of new resources and subsequent skill can be made by complementary resources; they may be different, but ensure new competitive advantages (Ireland et al., 2002). This resource dependence perspective suggests the bilateral relationships emerge as individual organizations attempt to secure necessary resources (Kim, et al., 2010).

Associated Costs - Interorganizational relationships have some potential related costs. While the costs are high, the intention to join in interorganizational cooperation is low. Organizational participation in interorganizational cooperation may involve a loss of decision-making autonomy, i.e. joint planning and decision-making may result is a loss of decision autonomy (Barringer and Harrison, 2000; Schermerhorn, Jr., 1975). Again, Schermerhorn, Jr. (1975) stated that participation in interorganizational relationship may create unfavorable ramifications for organizational image or identity and create costs by requiring the direct expenditure of scare organizational resources. Proprietary information can be lost to a partner who is already a competitor or will eventually become one (Barringer and Harrison, 2000).

Organizational Compatibility - In a supply chain, each firm should have compatible corporate culture or philosophy and management that enable firms to be successful in supply chain management (Mentzer et al., 2001). To develop interfirm relationships an interorganizational analysis of level centers may influence by focusing on organizational attributes and internal characteristics (Schermerhorn, Jr., 1975). Organizational compatibility refers to corresponding goals and objectives, as well as parallels in operating viewpoint and corporate customs. The effectiveness of relationship in an interfirm alliance is positively affected by organizational compatibility of participating firms in that alliance (Mentzer et al., 2001). Compatible corporate culture is essential in long-term customer supplier relationships (Mentzer et al., 2000) and therefore, organizational compatibility is positively related to a strategic partnering orientation.

Top Management Vision - Determining an organization's values, views, and orientation, top management vision acts a significant role. A new sort of leadership from top management is required to allow a new model of interfirm collaboration (Mentzer et al., 2000). The members of top management perform a significant role on organizational performance (Mentzer et al., 2001). Not only formation of a relation, but also successful implementation of a new relationship depend on top management vision as well as require top management support (Oliver, 1990; Schermerhorn, Jr., 1975).

EFFECTS OF INTERORGANIZATIONAL RELATIONSHIPS

It is proposed that the implementation of supply chain management enhances customer value and satisfaction, which in turn leads to enhanced competitive advantage for the supply chain (Mentzer et al., 2001). Competitive advantage from strategic partnering cannot be sustained automatically, but must be valuable to customers, hard for the competition to find out and durable and not vulnerable. Mutual trust based interfirm relationships result in trust to customer's goodwill and trust to supplier's competence, decrease of transaction cost and increase relational effectiveness (Laaksonen et al., 2008). This section reviews the related literature regarding the consequences of interorganizational relationships.

Economic Performance - In an increasingly challenging and complex competitive environment interfirm relationships are a crucial option to achieve and/or develop resources, capabilities, knowledge, and subsequent skills that are required to compete successfully. Integration between two or more firms achieve higher operational performance such as cost reductions, improved product/service performance, improved manufacturing reliability, and more responsive supply chains that leads to achieving higher economic performances (Ellram and Stanley, 2008). Interfirm relationships focus on buyer-supplier cost awareness and more economic batch sizes, and ultimately concern about improved operational performance (Kulmala, 2004). Therefore, interfirm relationships improve business performances of both partners and organize mutual trust and interdependence (Laaksonen et al., 2008).

Customer Satisfaction - The motive behind the formation of an interfirm relationship is to increase relational competitive advantages that can be achieved through customer satisfaction. Customer service intentions are to produce exclusive, individualized supply of customer service value through a customer-enriching supply arrangement emphasizing the making inventive solutions and coordinating the flow of products, services, and information (Mentzer et al., 2001). Mentzer et al. (2000) stated that the highest level of competitive achievement directs to customer satisfaction and loyalty, and relationship efficacy. For increasing customer focus a customer-centric orientation needs to be created. This includes focusing on the best solution for the customer in contrast to the best product for the customer. That means that the five organizational dimensions: strategy, structure, processes, people and rewards need to be customer-centric (Windhal and Lakemond, 2006).

Effective Relationship - When there

is more cooperation in an interorganizational relationship, there is more relational effectiveness. Relationship effectiveness is the extent to which both firms are committed to the relationship and find it productive and worthwhile (Mentzer et al., 2000). Effective relationship depends upon persistence, frequency, and diversity of relationship (Su et al., 2008). An interfirm relationship adjusts over time. As the closer relationships and transaction period between partners increases, firms must adapt to one another, which increases the chances of future transactions (Kim et al., 2010).

Competitive Advantages - Interfirm dependence results in cooperative relations and gaining of competitive position (Wilkinson and Young, 2002). Through strategic partnerships firms can increase the possibility of continuing competitive advantages, and can efficiently manage with environmental uncertainty and insecurity, proactively move in competitive markets and reduce transaction costs (Ireland et al., 2002). The competitive advantages of partnerships can be categorized as investments in relation-specific assets; substantial knowledge exchange; the combining of complementary, but scare resources or capabilities, lower production costs, improved conformance quality; material/location substitution; and lower transaction cost (Dyer and Singh, 1998; Stuart and McCutcheon, 2000). Thus, buying firm trust in a supplier should minimize the sum of the acquisition and possession costs, thereby providing the buying firm with a perceived transaction cost advantage (Bharadwaj and Matsuno, 2006).

Equity Ownership - Two or more firms own the shares of the newly formed company differently according to their contribution in resources and capability sharing with the ultimate goal of developing competitive advantages. Many foreign direct investments such as those made by Japanese and U.S. companies in China are completed through equity strategic alliances (Harzing, 2002). As the connection between two companies becomes nearer, this type of connection involves equity ownership increases. Equity ownership is considered a dimension of the governance structure that consequently affects the interfirm buyer-supplier cooperation (Kim et al., 2010).

Reciprocal Relationship - Reciprocity of the relationship means the degree of justice that the partnering firms recognize about sharing risk, repayment, and burdens. If companies perceive that risk sharing, cost sharing and profit distribution are reciprocal, each partner seeks to maintain the cooperative relationship (Kim et al., 2010). Interorganizational relationships occur for the purpose of pursuing common or mutually beneficial goals or interests (Oliver, 1990). When there is mutual trust existing in the interfirm relationships a two-way exchange of information occurs which feeds on a reciprocity in information exchange (Sako and Helper, 1998).

Relational Governance - Relational governance implies interfirm exchange which includes considerable relationship-specific assets, shared with a high-level of interorganizational trust (Zaheer and Venkatraman, 1995). Governance performs a key role to influence operation costs as well as the desire of relationship partners to engage in value construction schemes by creating relational rents (Dyer and

Singh, 1998). There are three forms of governance in interfirm relationships such as: market, hierarchical, and bilateral including three dimensions of interfirm governance namely, relationship initiation, relationship maintenance, and relationship termination (Heide, 1994). On the other hand, Dyer and Singh (1998) distinguished two classes of governance used by alliance partners: third-party enforcement agreements, and self-enforcing agreements. Thus, interfirm relational governance is the consequence of trust based interfirm relationship that lowers costs and facilitates in superior incentive for value creation initiatives.

Competitive Disadvantage - A competitive disadvantage may happen when rival firms form alliances to achieve competitive advantages through lower costs and/or products or services differentiation, but a firm does not decide to develop partnerships with other firms in their supply chain (Mentzer et al., 2000). On the other hand, a power imbalance arises if one partner becomes overly dependent on the other. A power imbalance also increases the chances that alliance will lead to an acquisition. Again, the benefits of an interorganizational relationship can be severely affected if it is challenged on antitrust grounds (Barringer and Harrison, 2000).

DISCUSSION AND CONCLUSION

The majority of the research that has focused on the value of interorganizational relationships has focused on the effect that interorganizational relationships have on some type of aggregate performance measure or outcome. Based on the above discussion regarding forms of interorganizational relationships, I would like to make some observations. Firstly, most of the studies emphasized the causes of formation of interfirm relationships and how they are governed. Very little research has been focused on management issues of interfirm relationships. Though governance issue was touched on, the merits or demerits of any governance structure are not clearly mentioned. So, researchers should give more focus on the management aspects of interorganizational relationships. Secondly, the outcomes of interorganizational relationships are identified as aggregate benefits of participating firms. The researchers did not focus on the benefits of a single alliance or single firm. Thirdly, few studies stated when relationships need to be taken into consideration, but what types of relationships are perfect is not mentioned clearly. There was no broader comparison of forms of interorganizational relationships regarding their effectiveness, implementation, continuation, and extension issues.

This study categorized the influencing factors of formation of interorganizational relationships into three broad categories such as external, interorganizational, and internal factors. External factors are not exactly influencing factors; they show only the contemporary existing environment of the business world. The studies (Hawkins et al., 2008; Mentzer et al., 2000; Oliver, 1990, etc.) did not clearly mention the effects of external factors on organizational or interorganizational factors of interfirm relationships formation. Future research should focus not only on impact on external factors of interfirm relationships formation, but on interorganizational and organizational factors as well. Interorganizational and organizational factors were mentioned in several studies, but not clearly focused on the relationship between the forms of interfirm relationships and antecedents of interfirm relationships. The impact of the organizational factors on interorganizational factors also was not mentioned in the existing literature. Thus, interrelationships among external, interorganizational and organizational influencing factors of interorganizational relationships should be taken into consideration.

The effects or consequences of interorganizational relationships were briefly discussed in many studies. Most of the studies focused on economic or financial benefits of interfirm relationships. Though they mentioned financial or economic benefits, it was in aggregate form as the performance measures of participating firms. No study clearly mentioned the benefits of a single alliance or firm. Many researchers such as Bharadwaj and Matsuno (2006), Ellram and Stanley (2008), Mentzer et al. (2001), Wilkinson and Young (2002) focused on competitive advantages as outcome of interfirm relationship, but very few stated about competitive disadvantages. Kim et al. (2010), Su et al. (2008), and Zaheer and Venkatraman, (1995) argued about atmosphere, reciprocal relationship, and relational governance as the consequences of interfirm relationships and these are influenced by interorganizational factors such as trust, dependency, and cooperation, etc. but they did not point out anything about organizational capability or organizational internal factors. Organizational internal factors are responsible at the same time with interorganizational factors for interfirm relational outcomes.

The existence of strategic partnering depends on some conditions such as when it is important to develop a partnership with partners, when it is necessary to form a strong cooperative partnership with partners to achieve competitive position in the industry, and when a firm's long-term strategy matches with a good, healthy relationship with its partner (Mentzer, et al., 2000). Partners are considered the extension of one's own firm relating with the partners' long-term planning initiatives in a strategic partnering. To improve operational efficiency and effectiveness an operational relationship is developed by participating firms.

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