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E-MARKETPLACE AND TRANSACTION COST THEORY: A POSSIBLE SET OF NEW IDEAS

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Abstract

Aim of this paper is to analyse electronic marketplaces from an organisational point of view. The marketplaces are herein considered as a particular form of electronic network and are analysed in the light of transaction cost theory. Besides considering the three classical effects identified by Malone et al. (the communication effect, the electronic integration effect, the electronic mediation effect), the paper, on the ground of empirical evidences, also evaluated a fourth effect defined by Wigand as "the strategic electronic network effect". Analysis two cases the paper describes how ICT affects the market organisation of marketplaces and the relationships among the actors that are involved in this particular electronic networks.

Keywords: Transaction Cost Theory, Marketplace, Networking.

1. Introduction

This paper analyses electronic marketplaces as particular electronic networks and studies their characteristics as an organisational form emerging as consequence of the diffusion of information and communication technology (ICT, *Information and Communication Technologies*).

We consider e-marketplaces as an ICT based organizational form that mixes markets coordination mechanisms (prices) and networks coordination mechanisms (trust and common values).

This paper focus on three main aspects. First how ICTs favour the establishment of more competitive markets, second how the power exercise by the individual actors in the network chain is redefined inside the e-marketplace, finally the impact on the organizational boundaries

Building upon Kallinikos's idea of "*Networks as an alternative form of organizations*" (Kallinikos, 2003), this study aims at highlighting how the network that supports electronic marketplaces is a structure connected by links of a different nature compared to the links of institutional and social nature which tight together formal organisations and markets.

These electronic networks can in fact be described as a strategic configurations able to support and foster specific economic opportunities in determined contexts of time and space that are contingent to specific decisions. Therefore, these strategic configurations cannot be considered as stable in the long term. The configurations of these strategic networks aimed at developing an e-marketplaces are often the result of temporary configurations meant to defend particular economic interests. Given the strategic nature of these configurations, they are designed not to last in the medium term since their survival largely depends on the contingency of the strategic interests of the involved agents.

These new organisational configurations, designed to provide a smoother functioning of market mechanisms are however modifying the underpinning logic that commonly drives the use of human resources and skills: the economic driver of an efficient use of resources is substituted by the a configuration designed to satisfy the communication needs of the agents . This change in the logic of the allocative mechanism, should be studied to better understand the interests that leads the different actors to participate to the network of exchanges.

This new perspective in the analysis of the logic that leads economic actors to participates to network of exchanges, needs to be better analyse to understand the dynamics that characterise e-marketplaces

This implies that the attention, traditionally focused on hierarchical relationships and standard contracts evaluation must refocus on those aspects that are more closely related to the production and distribution of information and the relative strategic implications.

Following this path it becomes clear that different and alternative forms of transaction management can be identified while studying electronic networks and e-marketplaces. These forms emerge as the result of the modalities of interaction

between the network participants, who are often associated to innovative work organisation and new strategic configurations.

The use of Internet represents a fundamental element in this reconfiguration of the interactions among agents in the economic system. The internet provides the premise to cross institutional and geographical boundaries and hence facilitates new forms of collaboration and partnership. This however requires that the ICT platforms are developed to support inter-operational systems based on principles of "electronic transitivity". These platforms then become the central element of the new organisational forms based on networks of interaction.

The paper investigates if the electronic network, which is at the base of electronic marketplaces, can represent a new organisational form or rather, a new form of transaction management that tends to modify or replace intra-organisational and inter-organisational relations characterised by social relationships that were previously governed by other institutional models. How do the relationships between the participants change? Is it a temporary structure with weak connections or is it a stable and long term configuration?

The reference theory used to interpret this phenomenon is transaction cost theory (Williamson, 1975; 1981; 1991) tangled with the idea of *networking*, as an expression of an emerging organisational phenomenon and fundamental form of competition in the new global economy (Ernst, 1994; Ciborra, 1993; Cordella 2001).

2. ELECTRONIC NETWORKS: LOOKING FOR A THEORETICAL APPROACH

Despite the existent knowledge regarding the nature, functions and rules that regulate markets, there is not yet a dominant theory on the role of electronic networks and the effects the strategic configurations underpinning these forms are affecting the traditional organisation forms of hierarchy and market.

The traditional approach to the study of transaction costs does not appear to be sufficient to highlight and therefore study and evaluate the strategic factors the information exchange processes that characterise these new organisation forms. It seems therefore necessary to widen the investigation scope by focusing attention on the relational mechanisms that lead to the proliferation of strategic networks. But is there a true strategic network theory? Kallinikos (Kallinikos, 2003) maintains that there is not.

Strategic network theory originates from the work by Ouchi (Ouchi, 1980) who made a distinction of hierarchical organisational structures into two types: bureaucracies and clans. This distinction is, based, on the consideration that different degrees of uncertainty in reference to the exchange, and different levels of congruency between the objectives that individual persons and organisations pursue require alternative organisational forms to be efficiently managed. The concept of a clan was mainly applied to study intra-company relations and conceived as one of the possible organisational structures designed to reduce trans-

action costs under specific circumstances. Similarly, the same rationale has been followed to study inter-organisational relations, and hence to frame the concept of the networks. According to Thorelli (Thorelli, 1986), networks are “two or more companies that, thanks to the intensity of their interaction, make up a sub-system of one or more markets”. Jarillo (Jarillo, 1988), however, defines those networks where there are long-term links between different organisations as strategic. Companies in fact can form networks of relationships to achieve a competitive advantage over their competitors. Strategic networks are different to vertical integration because of the relative independence of the participating companies.

Strategic network theory enriches transaction cost theory in explaining the emergence of long term relations between various companies, emphasising the lowering of transaction costs associated to the network’s internal coordination effect and the transaction costs that must be faced when closing a transaction between the network and any external agents. When the level of goal congruency is high, and there is therefore high compatibility of objectives, collaboration between several companies in a network relationship leads to optimisation of the various activities at a lower total cost than that of vertical integration. From this point of view, e-marketplaces can also be analysed as strategic networks.

Strategic network theory substantially shifts the analytical focus to the elements that govern the integration of strategic relationships rather than the traditional effects discussed by Malone et al (1987) that discuss the role of ICT on the speed of communication among economic agents.

It is however necessary to bear in mind how Thorelli and Jarillo faced the question of strategic networks in an historical-environmental context where Internet had not yet favoured the development of new types of electronically mediated relations between companies.

Malone *et al* (Malone, Yates, Benjamin, 1987) identified the three “famous” effects of ICT on transaction costs looking at the ability of organisations to coordinate economic activities:

1. *communication effect*: the possibility of transmitting information increasingly more quickly favours a reduction in transaction costs;
2. *electronic integration effect*: ICT makes closer electronic connections between suppliers and buyers easier;
3. *electronic mediation effect*: buyers and sellers can compare offers much more easily on the electronic market.

Wigand (Wigand, 1996) adds another effect to these three called the *strategic electronic network effect*: ICT allows for the designing and strategically planned formation of links between companies who cooperate to achieve strategic objectives, the final aim being to obtain competitive advantages (Wigand, 1997). This latter aspect is often underestimated but becomes fundamental to explain the strategic implications of network relations, not only those involving relations within the network itself, but also those outside the network. This topic will be discussed further when analysing the case of TileSquare.

Castells, referring to the studies of Cohendet and Llerena (Cohendet, Llerena, 1989), underlines how the organisational change, which led to the phenomenon

of company networks, occurred independently from technological progress but rather as a necessary answer to survive and face an increasingly complex environmental context.

When the operational feasibility became apparent, the new technologies facilitated or even enhanced the tendency towards networked organisational forms (Boyett, Conn, 1991).

Since the 1980s the phenomenon of networking, or rather strategic alliances, sub-supply agreements, decentralised decisional processes managed by large companies with the support of telematic systems, has developed progressively. Castells maintains that in this case it was the organisational innovation that to some degree induced the technological path (Castells, 2002).

Bar and Borrus (Bar, Borrus, 1993) have shown, by means of a series of empirical analyses, how information technology has favoured the establishment of flexible processes of management, production and distribution based on the use of informatics both at an inter-company level and in intra-company relations. Since the late 1990s Internet has favoured and accelerated the company network phenomenon. Ernst demonstrated in his research how networking, with the subsequent organisational and technological changes, is only another “fundamental form of competition in the new global economy” (Ernst, 1994).

Taking part in a network also means forming a barrier to entry for those who are outside as a result of the “strategic electronic network effect” (Wigand, 1996). Castells (2002) raises this theme in terms of network access, a phenomenon that can also be found in the analysis of the cases shown below. The purpose of the network is to defend the members from unfair competition and to give them more favourable strategic positions compared to those who are not members of the network. The questions that arise are numerous and do not only concern production costs. The real problem is: how strong is this barrier to entry? And, what happens if the unfair competitors also implement a much more efficient network? And what if some participants of the old network also become part of a competing network? The fundamental question changes and becomes: is it possible to defend rent seeking positions through the network? The answer is undoubtedly negative. But, is it possible to create new rent seeking opportunities through the network? Is it only a question of time? How does the role of the participants and their strategic position change? What are the implications for the protagonists who are either in or out of the network? As can be seen, the questions that arise are many and this study cannot answer all of them. Here we focus attention on the new challenges and opportunities that may be gained in the future from using the new transaction management forms in a more systematic and organised manner, strictly connected to the use of ICT.

In any case, the network seems to be the efficient solution to overcome the institutional and strategic restrictions of the other organisational forms such as markets and hierarchies. The network, if studied as an alternative form of transaction management, is a form of management where the four previously mentioned effects (communication, brokerage, integration and networking) play new roles and call for a redefinition of relations between the actors involved in the organisational network. The description of the cases below is good ground for analysis

for discussing how, and to what effect, the organisational networks, and particularly the e-marketplaces, are closely correlated to technological variables that sustain the activities concerned.

The research project required the analysis of two cases considered significant because of:

1. the experiences shown, although founded in Italy, have an international importance;
2. the electronic marketplaces have existed for more than two years. In this time, not only have the initiatives been founded, but they are in continual development and growth within a rather turbulent context;
3. the number of members in this digital market is particularly high;
4. the significant role of ICT in modifying the “function rules” and balance of power of the participants in the productive sector (especially in one of the two cases analysed).

The investigations carried out required qualitative data collection, mainly based on interviewing strategic and operational managers, system designers, managers and users of information systems of the marketplaces concerned.

The case study research method has been chosen because it is useful in order to examine a phenomenon in its natural settings (Benbasat, 1984). The table below shows the flow of major phases of the study. The case study research can be also an ideal vehicle for gaining a deeper understanding of implicit and explicit business processes, and of the roles of people and systems in organisations (Campbell, 1975; Dukes, 1965; Hamel et al., 1993; Lee, 1989; Stake, 1995).

The following case study is a qualitative research done using semi-structured interviews.

The samples were set up by the general managers of the two e-marketplaces, the IT managers, the project managers who responded to question regarding the development of the platforms, the project management and the organisational impacts.

Table 1. Major phases of the study

June 2004	Scanning and preliminary investigation
August 2004	Selecting the research topic and subject organisation
September 2004 – November 2004	Collecting and analysing secondary data
November 2004 - April 2005	Collecting and analysing primary data (case study one)
December 2004 – May 2005	Collecting and analysing primary data (case study two)
March 2005 – April 2005	Overall assessment
April 2005 – May 2005	Structuring the write-up
June 2005 – September/October 2005	Preparing the write-up

3. TILESQUARE

TileSquare was founded as a joint stock company in 2001.

TileSquare is an e-marketplace, a business market that reproduces production modalities in the ceramics sector with the aim of favouring and developing relations between digital market participants, idealised for the operators but also available to the final consumers who have free access to a vast area of goods and services.

The company's mission is to build a reference marketplace for the sector by grouping together those who have commercial relations in the ceramics field, through the standardisation of more effective and efficient homogeneous procedures able to sustain all the operators in the sector, i.e. raw material suppliers, machinery producers, and retailers. These parties make up the e-marketplace members, presently about one thousand, partially operating abroad as well, with a particular concentration in East European countries. One of the fundamental aspects of the portal is its neutrality, an indispensable condition for the initiative's own survival. Neutrality means respect for the rules of the real market with no interference into the way the actors do their business. They can act with complete autonomy and with no intrusion into the affairs of their own activities.

The company shares are held by strategic partners, like InterAges.r.l., a company which develops Internet sites and portals. This company had gained consolidated experience in the ceramics field and presently carries out the role of coordinator.

3.1 The services offered by TileSquare

Initially founded as a digital platform at the service of tile producers, the system became more and more orientated in time towards assisting the new requirements of retailers. This was possible thanks to the use of three-dimensional display software, the 3Dweb system.

This software is installed at the retailers' who adhere to the e-marketplace. It is a sales support programme rather than a real design project instrument. Its main features are that it is extremely easy to use, in consideration of the fact that the reference target is the retailer, who is often not so computer literate, and the speed with which an initial approximation of an interior design project can be created.

With 3Dweb, once the materials have been selected and the parameters set, it is possible to have an immediate cost estimate also based on any discount policies that the individual retailer may obtain from the producers. Each individual retailer enjoys particular conditions for which it would be almost impossible, given the present situation, to establish standards from a management and ac-

counting point of view. The hypothetical final transaction, however, is made with the utmost reserve and with no interference whatsoever from the managers of the virtual market. TileSquare's price policy also tends towards this direction: there is no commission on the effective final transactions; instead there is a fixed cost regime in vigour in accordance with the service package the user has requested.

Another peculiarity of the software is that it allows the retailer to suggest a range of goods to his client, which are not typically part of the ceramic sector.

But the real strong point of the application is in homogenising and standardising the link between the individual producer and the retailer. There is no longer one programme for each individual producer, but one single procedure that manages the whole sector upstream of the retailer. Before this there was an ad hoc programme for each individual product with the inevitable management problems for the retailer.

Furthermore, the portal offers the possibility to update catalogues instantly, to introduce new products, not to mention new lines, to offer special conditions for end of range stocks (in the special offer section).

The retailers enlisted onto the e-marketplace can make exclusive offers to their clients for some product series that can only be found in their catalogue. In perspective, standard product packages can be put on offer with access to both enlisted retailers (by means of a password) and final consumers (free access). The exclusive right is a written and legally protected contract.

Another service that TileSquare offers to its members is the possibility to access the CWW site, the most authoritative on-line magazine in the ceramic sector, which guarantees its readers the latest news and updated statistical data concerning the sector.

A series of "applicative areas" are also available within the e-marketplace that can be personalised and eventually integrated with other realisations:

- directory service for the companies in the portal;
- a sophisticated motor for publishing catalogues and a product database that can be linked with external data sources;
- a well-developed content management system to create and review documents and to manage the publication process of data and applications;
- an e-learning system, including management and sales courses;
- an e-marketing section to divide, analyse and monitor the target over time with efficient instruments;
- a community system, or rather a mechanism that puts users of the same company or different companies in contact in order to achieve an aim;
- the possibility to add vertical applications integrating them with the rest of the portal;
- systems of e-commerce, both BtoB and BtoC;
- web services that allow the platform to exchange information with other systems;
- discussion forum.

It can be seen from the analysis of the case how widespread alternative forms of transaction management can be compared to the traditional ones. These new forms of transaction management support innovative interaction modalities between the network participants as well as new modalities of production organisation. For example, take the way the retailers work: first of all they develop their projects and designs with 3D instruments, thus saving on designer costs. Secondly they create projects in a matter of minutes rather than days. It also emerges from studying the case how the retailers' collaboration gives rise to the so-called phenomenon of **community of peers**. Lastly, the retailers themselves are able to offer their clients simulations and alternative suggestions, which was not possible before.

3.2 TileSquare: an improper strategic network

The description of the characteristics of TileSquare has presented some food for thought concerning the development trends of the ceramics industry.

On a worldwide level there has been a rapid development in some countries (especially China) that are now able to offer products, which are qualitatively very similar to Italian ones at decidedly lower prices. Since the products involved are easy to make, especially since the technological gap has been breached in these emerging economies, it can be stated that the Italian product finds itself in the medium-high bracket of the market, more due to marketing reasons than a real difference in quality. The Asian products cannot find outlets in the internal market because there are obstacles in the traditional trading channels. For this reason, they could, for example, break into the Italian market exactly through electronic channels or digital markets, which would therefore become real alternative outlet channels.

Moreover, it has been seen how a portal, founded above all to satisfy the needs of the producers, has been particularly successful with retailers. The producers who enjoy competitive advantages in the traditional market generally cannot see the necessity of becoming part of a virtual market. Only those producers, who find themselves in a marginal position, understand the advantage of being able to erode market shares from the stronger producers. The balance of the ceramic market has thus been modified by the establishment of TileSquare, especially since there is now an excess of products on offer so that the retailer can choose the best combination of quality, quantity and price for his particular needs. The digital market tends to undermine the oligopoly positions of some producers, guaranteeing the retailer the necessary informative transparency for making a rational choice.

To date, TileSquare, as an e-marketplace, has not reached the objectives hoped for in terms of transactions concluded directly on the digital market. No contract has yet been finalised telematically, traditional channels still being used. Several reasons, in conflict between themselves, can probably explain this effect. On the one hand, purchases are not made on impulse, so that the final customer at the

retailer's feels the need to physically see the product and to evaluate the various possibilities before finalising the transaction. On the other hand, the presence of the portal itself may be seen as a restriction on the virtual market's development, particularly in BtoB. In fact, in some cases there is no requirement for physical distance between the producer and the seller, so the contract can be concluded in the traditional manner because the parties can meet in person. But this trend is changing. The constant increase in foreign retailers will, however force TileSquare to offer services aimed also at supporting, in an increasingly developed way, the final stages of a purchase or sale contract. In this way, TileSquare could become a disruptive channel for introducing foreign goods into Italy, and it is exactly in this environment that it could truly function as a virtual market.

To study the electronic network created by TileSquare, it is well to consider the three effects highlighted by Malone *et al.* i.e. the communication effect, the brokerage effect and the integration effect.

- *Communication effect*: this implies the creation of an efficient information flow. TileSquare definitely makes this effect possible, in the fact that the various participants in the ceramics productive chain are able to be seen by everyone else (and therefore to generate information) and, at the same time, they can receive information from the other subjects or through special links to specialised magazines, studies concerning the sector and other areas in the portal.
- *Brokerage effect*: this implies *matching* the needs of the buyer to the offers of the sellers. From this point of view, TileSquare, by means of the RFX method, potentially offers its clients the possibility to finalise a transaction on-line. In truth this has never happened because the various actors prefer to conduct such operations with traditional methods, particularly by meeting the other parties personally.
- *Integration effect*: this implies the creation of closer links. TileSquare is definitely one instrument that allows the agents in the ceramics sector to veer away from a strictly competitive logic and to favour instead the development of collaborative relations, both between subjects who hold a different hierarchical position and those at the same level.

A different but more complete understanding of the consequences associated to the development of the TileSquare's marketplace is given by the analysis of the *networking* effect as described by Wigand (1996): TileSquare reshapes the relations of the ceramic product market creating a competitive advantage in favour of the retailers that participate the marketplace. The e-marketplace therefore creates rent seeking opportunities for the actors involved in it. By reducing the transaction costs, the retailers are able to make their offers appearing on the e-marketplace more competitive, thus favouring those within the network rather than those outside of it. All this should urge producers to participate in the e-marketplace, even if this latter effect causes an increase in the level of competition in the industry, reducing the oligopolistic revenues. If producers should de-

side not to take part, theoretically they would be excluded from the market because the transaction costs for finalising economic activities with them would be higher compared to those that the retailers would face when finalising transactions with e-marketplace participants.

This effect should favour greater interest on the part of the retailers and producers in becoming part of the e-marketplace, thus creating positive *spin offs*, increasing the offer range within the e-marketplace, making it yet more advantageous for the retailers and, at the same time, increasing the disadvantages for those not participating. This virtuous/vicious circle, depending on which side it is looked at, creates a new strategic configuration of the ceramic product market as a result of the effects of ICT on the coordination costs within the network and the transaction costs between participating agents and those who interact with them through economical transactions.

In short, TileSquare allows for the creation of an *electronic, strategic and improper* network.

It can be called an improper strategic network since each member is present on the portal and also on the traditional market. If, on the one hand it is useful to be on TileSquare as a channel to access information, on the other, it can be seen how the actual transaction takes place externally. From an organisational point of view the retailers can install contacts and form, for example, purchase groups, through the instruments of communication that TileSquare places at disposal (e.g. direct contact or video-conference).

A brokerage effect is not created inside the network. At the moment there are only collaborative links.

Another interesting aspect, which emerges from the TileSquare case, is the role played by the network in terms of exceeding the traditional limits of market access for producers and suppliers. TileSquare proposes a new electronic market that superimposes the existing one, which is mainly limited to the boundaries of the area, thus permitting the development of new trading activities for the other actors involved in the network. In this case the electronic marketplace can be defined not only as a new organisational form to support relations between the institutional actors directly present on the digital market, but also as a mediation instrument that allows new economic relations to arise between the actors, who, in a market that is not mediated by ICT, certainly could not meet because of the high transaction costs. The case of the Chinese producers is a clear example of this point. TileSquare therefore, not only supports “existing” relations more efficiently, but also allows new relations to be created, which would otherwise not have been possible, given the high transaction costs: it therefore also plays the part of a market-maker.

4. ITALIANMODA.COM

ItalianModa is a vertical BtoB e-marketplace in English that is totally dedicated to the commercial promotion of Italian fashion companies and which, with the

information technologies available, favours the exportation of Italian products from the textile-clothing-leather-footwear sector.

4.1 The services offered by ItalianModa.com

ItalianModa has a dual function:

1. to help the international customer find new Italian suppliers quickly;
2. to give the participating Italian companies the possibility of being found easily in the Internet maze and consequently acquire new business opportunities.

About 400 small-to-medium and large-sized companies are members of ItalianModa.com at the moment. To become a member of the e-marketplace there is an annual enrolment fee which allows access to the many possibilities of a system that, besides providing high visibility, also supplies a series of services of a marketing-commercial character, useful for creating, improving and optimising the presence of companies in the Internet, thus offering greater competitiveness throughout the global market.

ItalianModa has developed on the global market where other e-marketplaces have failed: this proves that the strategic model adopted is a winning one, being strongly innovative, able to coordinate marketing, advertising, services, technological infrastructure, skills and strategic agreements, and to transfer the trade benefits to all the participating companies.

Moreover, the use of Internet as an instrument to increase its own business, has allowed it to overcome the financial and organisational restrictions that were the cause of a high level of transaction costs.

ItalianModa is a neutral e-marketplace in the sense that it does not receive any commission from the transactions made by its users, but a reduced annual fee instead.

Furthermore, it is not a chain e-marketplace, typical of an industrial sector that telematically manages all the production stages. The interdependence inside ItalianModa is purely of a collaborative type with no form of hierarchy between its members, who are all placed on the same level in terms of collaboration or exchange. A company that wants to be more competitive therefore has no entry barriers into this e-marketplace as it only has to enrol into this new business model by paying the entry fee.

To achieve this, one of the most innovative services of the portal was thus created: the Business-to-Business electronic catalogue, an additional service which, as well as each individual company having autonomous management of its own product catalogue, and therefore the display of its goods on an international level, also gives the possibility for taking orders and selling to clients worldwide by means of an alternative channel to the traditional one.

ItalianModa is also interested in consolidating trust between Italian companies and international clients. This occurs through a rating system which requires the

filling out of a form to evaluate the experience gained by a foreign company from dealing with an Italian one and the automatic association of these evaluations to the Italian companies with which business has been carried out.

That such a marketplace is positive can also be seen in the rate that the users renew their subscriptions, around 85% a year, indicative of high stability and showing that being part of this new model, which takes advantage of technology to increase in an exponential manner transaction opportunities, is the necessary condition for being competitive in the world market.

5. CRITICAL REMARKS ON THE NETWORK: CONCLUSIONS

The research topic of this paper is to discuss if:

1. e-marketplaces are an organisational network and what role ICT plays in this organisational configuration;
2. ICTs favour new and/or alternative organisational forms;
3. ICTs change the definition and the nature of organisational boundaries.

From the analysis of the two cases it can be seen how ICTs favour the establishment of more competitive markets, as they are more transparent. A particularly important fact is that the power exercised by the individual actors in the network is redefined inside the e-marketplace. This fact is very evident in the case of TileSquare. The producers intervene on the e-marketplace not to be excluded in favour of other producers who are available and ready to supply the relative information on their own goods, catalogues and directly on-line warehouses. It is obvious how all of this could, over time, modify the competitive relations between medium to large-sized producers and less known ones. The latter, in fact, in the digital market do not have to invest highly in fixed costs to be widely visible, as it is necessary in the brick and mortar market. Therefore, rent seeking opportunities are reduced, as they are not closely connected to real competitive factors.

Lastly, it becomes easier to widen the organisational boundaries of the virtual market by involving participants from countries that otherwise would find it difficult to integrate through structures with high fixed costs: the case of member retailers originating in the Eastern countries being present on the digital market is typical.

From the analysis of ItalianModa.com, it also emerges how the development of a completely new type of market is possible, which, before the existence of Internet, was not feasible. How much this network can be considered as a market, even if improper, poses new research questions. Where are the organisational boundaries?

The two cases therefore present interesting food for thought particularly regarding the role played by technology, not only in defining the inter-organisational networks that are at the base of e-marketplaces, but also in the redefinition of

traditional organisational boundaries (always according to the transaction cost model) making the distinct boundaries between markets, electronic markets and traditional hierarchical organisational forms less clear. E-marketplaces are a supporting instrument for traditional markets, electronic markets or relational networks with specific characteristics, which require further analysis.

This paper has tried to answer some of the questions on the basis of the empirical evidence resulting from the two cases presented.

However, it is obvious how e-marketplaces are a true form of transaction management with particular characteristics that require looking into more deeply.

In recent years, literature has shown a growing interest in these organisational forms, but we are certainly only at the beginning of a more general phenomenon, which will see organisational planning increasingly more closely correlated to the development of ICT. New organisational paths and new organisational forms cannot ignore the implications that ICTs determine for them. At the same time, there is no point in studying the new technologies without considering the organisational content that every technological decision subtends and implies. The research questions posed by Straub and Watson (Straub e Watson, 2001¹) when considering the new ICTs as “facilitators” of new organisational forms or modalities, can be placed in this direction.

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¹ In a well-known article published on Information System Research, Straub and Watson made an analysis layout relating to the key factors: 1. strategy, 2. organisational planning, 3. metrics, 4. ICT functions with which Net Enabled Organizations should be compared. For further details see also (Rossignoli, Mola, 2004).

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