Chapter 4
Literature Review

ABSTRACT

The main purpose of this chapter is to provide a comprehensive review of the related literature on inter-organizational collaboration, as well as the influencing environments that are e-business diffusion, organizational capacities and trust. In fact, these influencing factors and attributes are not really isolated but, rather, are interrelated. Via a brief review of collaboration literature, a few empirical studies exist, which have investigated the effect of collaboration on business performance, and the role of e-business diffusion posted in their trusted relationship. The chapter concludes that there is a gap in the literature dealing with the effect of collaboration on business performance, taking e-business diffusion and trust into consideration.

INTRODUCTION

This chapter is started with an ample discussion of the collaboration element from the perspectives of strategy, processes, structure and competence. A review of the inter-organizational relationships should be performed with the aim of analysing in depth all the elements that have to be considered for characterising and measuring such collaboration. The second section examines the impact of the information technology on collaboration and the role of e-business diffusion in collaboration. The impact of organizational capacities is discussed in the fourth section. The fifth section explains the business performance themes and measurements in the content of the present study. Business performance measurement (BPM) may support the management of such relationships by helping define and collect the necessary information.

Moreover, it chapter analyzes these related theories to integrate the whole variables, such as social-technical theory and interaction theory. The need for revising and developing of new theories is also discussed. The last section concludes the gaps in the literature, and provides a summary of the observations in the review of this chapter.

COLLABORATION ELEMENTS

Lack of the understanding of the main elements of collaboration and how they can be integrated within an inter-organizational collaboration network will cause a failure in collaborative initiatives. A discussion of collaboration elements with corresponding e-business innovation could be an important perspective for furthering the collaboration study in the era of globalization (Zheng, 2006; Verdechoa et al., 2009).

From the process perspective, collaboration can be generally found in every business area: input side, internal side and output side of an organization; on the contrary, some researchers have preferred to divide the depth of collaboration into three levels: strategic/ tactical, operational and management levels (Boddy et al., 2000; Barratt, 2004). Sabath and Fontanella (2002) identified the strategic value of collaboration relationships. Collaboration is differentiated as horizontal and vertical linkages in an organization's trading channels, and Gulati, Lawrence & Puranam (2005) also put technical linkages between organizations in the same industry. Moreover, Danese (2006) exposed collaboration based on the maturity of planning, forecasting and replenishment (CPFR) processes, ICT/IT (Information and Communication Technology/ Information Technology) and coordination mechanisms. In most cases, buyers and sellers have different comfort levels and seek varying degrees of collaboration (Wang & Archer, 2004; Spekman & Carraway, 2006).

The engagement in different collaboration levels depends on the specific environment in which collaboration is embedded, such as the people, processes, organizational structure, technology, trust, culture and resources developed by Boddy et al. (2000) and Lockamy & McCormack (2004). Besides commitment and mutual trust, Birnbirg (1998) and Spekman et al. (1998) pointed out the extent uncertainty, information sharing, Information and Communication Technology (ICT) infrastructure, and the symmetry of rewards would also affect the inter-organizational relationships. Handfield and Bechtel (2004) explored the role that the economy situation, power disciplines and dependency also play as environment influencers in these relationships. Researches on supply chain collaboration performed by Gabel & Pilnick (2002) and Zaklad et al. (2004) also mentioned that 50% of the supply chain performance depended on human factors, 30% is assessed by process, and cultural factors were considered as a powerful driver in business relationships.

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