

Chapter 38

Together We E-Export: Horizontal Cooperation Among Austrian Food Companies in Global Supply Chains and the Role of Electronic Business Tools

Ilias P. Vlachos

Northumbria University, UK

Sandra Gutnik

Mayr-Melnhof Packaging International, Austria

ABSTRACT

This study examined the horizontal collaboration of small and medium companies (SMEs) in export food supply chains facilitated by the use of electronic business tools. A multi-case study of three best-practice Austrian food SMEs examined the practices of horizontal collaboration in global supply chain management. Then, a survey of Austrian food SMEs assessed the horizontal collaboration facilitators and inhibitors. Findings demonstrate that e-business tools foster the creation of virtual alliances and help SMEs to increase export sales to new and/or niche foreign markets. SMEs have limited resources to overcome obstacles like cost restrictions to use advanced yet expensive e-business tools, managing food safety risks in global supply chains, and meet legal requirements of international trade.

INTRODUCTION

In times of recession, companies search for ways to reduce cost without jeopardizing quality. Horizontal cooperation is one way of creating economies of scale and scope especially for small and medium enterprises (Zeng, Xie, & Tam, 2010; Schmitz, 1995). The need to cooperate is even greater for companies that export their products in order to create value jointly in terms of distribution, promotion, sales, logistics, warehousing, inventory keeping and more (Schmitz, 1999). Information and communication technologies and the Internet in particular facilitate exports. However, there is a gap on our knowledge

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how the Internet and web technologies impact horizontal cooperation across the global supply chain (Ibeh, Ibrahim, & Panayides, 2006; Vlachos, 2004).

This study aims to examine horizontal cooperation in global supply chains and the role of electronic business tools as an enabling technology especially for small and medium enterprises (SMEs). Our focus is on food supply chains and horizontal cooperation among food SMEs. The research questions were: which factors impact upon the adoption of electronic business tools by food export companies? In what ways e-business tools and applications impact upon horizontal collaboration of food companies, especially small and medium enterprises?

We reviewed the literature on global supply chains, horizontal cooperation, and the role of e-business applications in helping SMEs to sell their products globally. Then, we examined three best practice SMEs companies that successfully cooperated horizontally in clusters in order to export their products. A food business cluster refers to the partnership of food businesses, suppliers, and associated institutions located within the same region with the aim to increase the productivity and competitiveness of their member companies. Based on the findings from the case study research and the insights from the literature review, we did a survey of SMEs involved in horizontal cooperation. Findings demonstrate that e-business tools foster the creation of virtual alliances and help SMEs to increase export sales to new and/or niche foreign markets. However, SMEs have limited resources to overcome obstacles like cost restrictions to use advanced yet expensive e-business tools, managing food safety risks in global supply chains, and meet legal requirements of international trade.

Next section reviews the literature on e-business adoption in supply chains and food chains in particular. The methodology section describes the mixed method of this study which was a multi-case study research followed up by a survey. Then, the section presents the results of within-case and cross-case analysis as well as the survey findings. The final section discusses the results and their research limitations and provides recommendations for future research.

LITERATURE REVIEW

Companies in the agribusiness and food industries have to co-operate to achieve mutual benefits (Diabat, Govindan, & Panicker, 2012; Trienekens, Wognum, Beulens, & van der Vorst, 2012). As consumers are becoming increasingly knowledgeable about products and more demanding about price and food quality, organizations have turned to supply chain management in order to create and deliver value to customers as well as reduce cost (Van der Vorst, Dongen, Dongen, Nougier, & Hilhorst, 2002). Successful implementation of supply chain management implies that supply chain parties from fork to farm should cooperate in order to coordinate activities and gain mutual benefits (Bezuidenhout, Bodhanya, & Brenchley, 2012).

E-Business in Global Supply Chains

There are several factors influencing the adoption of information and communication technology by small and medium sized companies (Kenyon, Neureuther, 2010; Akyuz, Rehan, 2009; Chugh & Gupta, 2010; Matopoulos, Vlachopoulou, & Manthou, 2007). We focused on the literature regarding food companies and we classified research within the following research streams: (a) Environmental and industry factors, (b) Company factors, (c) Managerial factors, and (d) ICT related factors.

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