Chapter 10
Interorganizational Relationships:
Theoretical Evolution and Success Attributes

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ABSTRACT

Since the 1990s, the subject of "Interorganizational Relationships" (IORs) has gained the interest of academics in several fields (Donnan & Comer, 2001), such as strategic marketing, Management Information Systems (MIS), operation management and logistics, and strategic management. The diversity of approaches related to IOR conceptualization has led to fragmented knowledge bases (Mohr & Nevin, 1990; Claro, et al., 2003; Durand, et al., 2006). The present chapter discusses this concept and proposes an integrated view of IOR evolution in a network context. Furthermore, a presentation of IOR governance typologies is exposed to emphasize the hierarchy-market dichotomy and the hybrid form as the combination of the two perspectives. Last, based on a literature review, the chapter exposes the attributes characterizing interorganizational relationships climate success to demonstrate the informal aspect of interorganizational context.

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1. INTERORGANIZATIONAL RELATIONSHIPS: CONCEPT ORIGIN AND THEORETICAL FRAME

New economic rules (Shapiro & Varian, 1999) have motivated the attention of academics to explore the field of organizational networks. Thus, they have been determined over the past 50 years to establish coherent theoretical bases to interorganizational interactions (i.e., alliances, partnerships, collaboration, networks) (Evan, 1965; Jarillo, 1988; Ring & Van de Ven, 1992; Mohr & Spekman, 1994; Bensaou & Venkatraman, 1995; Blankenburg & al., 1996; Kauser & Shaw, 2004; Medlin & al., 2005; Duffy, 2008). This stream was emphasized in the 1990s with the move from the analysis of individual firms towards interactions between firms (Ritter & Gemünden, 2003). *Organizational set* analysis (Evan, 1965; Galaskiewicz, 1985) is quite complex (Håkansson & Snehota, 1994). This issue is associated with several fields of organizational sciences (Holden & O'Toole, 2004). Hence, aiming at studying IORs development, we opt to begin with a review of the traditional research paradigms from marketing channels literature. In the following section, we are interested in studying the concept of "interorganizational relationships" and its evolution.

1.1 Economics, Power, and Uncertainty

Based on the traditional economic view, many researchers supposed that organizations are seen as actors striving for their own goals through small decisions at a level of interorganizational dyad (Galaskiewicz, 1985, Reve & Stern, 1979; 1980, Holden & O'Toole, 2004). This stream was widely criticized (Reve & Stern, 1979; Stern & Reve, 1980; Zaheer & Venkatraman, 1995) since it does not include all governance modes. Hence, the need to recognize the behavioral aspect of the distribution channel and either considering it as *social action system manifesting collective behavior* was felt (Reve & Stern, 1979). In fact, Reve & Stern, (1979, 1980) called this complex social organizations' channel as *superorganizations*[1].

The behavior of such social systems is influenced by many factors. In fact, researchers considered "power" as an effective governance mechanism to control channel members or as intermediate governance mode. Power is generally associated with the symmetry or asymmetry of information (Schmidt & Kochan, 1977; Mohr & Nevin, 1990) and it is used to manage conflict and specify roles in a given institutional structure (Reve & Stern, 1979). In fact, power symmetry underlies higher frequency and more bidirectional flows and informal mode of communication (Mohr & Nevin, 1990), whereas power asymmetry indicates the opposite.

The power level used by relationship members indicates whether the dominance is complete or partial. For example, as the power differences between parties in a relationship increase, formal rather than informal forms of cooperation may be required. It depends on the exchange strategies, in occurrence; coercive strategy (See; Durand & al., 2006) "do without" strategy or concentration of inputs (Oliver, 1990). For that purpose, organizations are dealing with a serious trade-off between power dependence and autonomy in transactions.

Pfeffer & Salancik, (1987) have also studied power as a determinant influencing organizational decision-making. The uncertainty is either identified as a key concept of organizational influence analyses. They have asserted that power derives from the capacity to cope with organizational uncertainty. Furthermore, they have demonstrated the nature of uncertainty being faced should shift power and influence in the organization. Beside power and uncertainty, extant IOR literature distinguishes six contingencies relevant to interorganizational relationships formation: necessity, asymmetry, reciprocity, efficiency, stability, and legitimacy (Oliver, 1990).

For the purpose of efficiency, Williamson (1985) advances that IOR formation is a response

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