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Interorganizational situations – An explorative typology

Love Börjeson *

Graduate School of Education, Stanford University, CERAS Building, room 448, Stanford, CA 94305-3084, USA

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ABSTRACT

Firms tend to engage in interorganizational relationships (IORs) to an increasing extent, for various reasons, in different configurations and at different organizational levels. Identifying and describing types of IORs is therefore important. The research objective of this study is to synthesize earlier research on IORs and thereby develop a typology that is both coherent and nuanced. This is achieved by exploring qualitative interview material regarding IORs using correspondence analysis. The results show that IORs can be grouped into four distinct situations, each of which is characterized by a combination of relationships, and the content of the relationships. IOR situations are further shown to be distributed in a two-dimensional space that depends on both the immediacy level and the establishment level of the situation.

Introduction

Although the overall degree to which firms engage in interorganizational relationships (IORs) is surprisingly difficult to operationalize and measure, repeated studies all indicate that IOR is now considered an important phenomenon that continues to grow (Hagedoorn, 2002; Hagedoorn & Narula, 1996; Morris & Hergert, 1987; Narula & Hagedoorn, 1999; Schmiemann, 2006, 2007). Since IORs were first noticed by management scholars in the late 1980s (Hagedoorn, 2002; Hladik, 1985), attempts have been made to map the field by building typologies, sometimes deliberately and explicitly and sometimes by using auxiliary results from related intellectual endeavors. Previous research can be broadly divided into two strands: one is oriented toward comparable and coherent typologies, and the other is oriented toward extended and nuanced descriptions of IOR types.

In the first research strand, the basis for the individual types of IORs has typically been dependencies between independent and dependent variables, where *sets of causalities* form the different types. The methods used to analyze these causalities range from deductive reasoning (cf. Narula, 2001) to comprehensive empirical approaches, such as multinomial logistic regression analysis (cf. Teng & Das, 2008). The independent variables examined are diverse and range from strategic goals (Hagedoorn, 1993; Osborn & Baughn, 1990; Teng & Das, 2008), to earlier IOR experiences and the internationalization level (Kuo, Kao, Chang, & Chiu, 2012; Teng & Das, 2008), changes in the business environment (Auster, 1987), the competency profile of the firms involved (Amaldoss & Staelin, 2010), the technological profile of the firms (Narula, 2001), the inherent risk of the IOR (Das & Teng, 1996), and the size of the firms (Osborn & Baughn, 1990). The dependent variable is usually the *configuration of ownership* (Auster, 1987; Das & Teng, 1996; Hagedoorn, 1993; Narula, 2001; Osborn & Baughn, 1990; Teng & Das, 2008); however, the relation is occasionally reversed, with the ownership configuration as one of the independent variables (Amaldoss & Staelin, 2010; Ertuna & Yamak, 2011).

The consistency in the view of the ownership configuration as the dominating dependent and discriminating IOR variable in this first research strand has resulted in a largely comparable set of typologies and a subsequent coherent body of research. However, the depicted types are predisposed to repeat existing knowledge regarding firms rather than create new knowledge regarding IORs. This occurs because the ownership configuration (the commonly used dependent variable in the aforementioned studies) reflects the perspective of the firm involved, rather than the IOR itself. Previous IOR typologies thereby inherit knowledge regarding firms; this knowledge may have been thoroughly tested in an *intra*organizational context but taken for granted in the IOR context. From the participating organization's perspective, the ownership structure of an IOR may be its most distinctive characteristic; it may simultaneously, however, be a peripheral characteristic of the IOR for the individuals actively involved (Guo & Ng, 2011).

In accordance with the above objections a second and alternative research strand, which is qualitatively oriented and based chiefly, but not exclusively, on case studies, has extended the list of characteristics that may constitute an IOR. Additionally, in doing so, the alternative research strand correspondingly abandoned sets of causalities as the fundamental base for different types of IOR. In this research, ownership is only one of many possibly critical

* Stanford University, CERAS Building, room 448, Stanford, CA 94305-3084, USA. Tel.: +1 650 714 91 61; fax: +1 650 725 7395.
E-mail address: loveb@stanford.edu.

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contingencies, which also include the IOR's goal and the character of decision making processes (Spina, Verganti, & Zotteri, 2002); the IOR's scope and culture (De Man, Roijakkers, & de Graauw, 2010); the relative financial magnitude of the exchanged resources, criticality of the IOR, availability of alternatives and switching costs, and parties' expectations and potential (Hansen & Rasmussen, 2013); the character of interpersonal cooperation (Guo & Ng, 2011); the level of cooperation and competition on the strategic and operational levels (Kylanen & Rusko, 2011); sources of external knowledge and knowledge content (Arvanitis & Hollenstein, 1996, 1998); the direction of the relationship (vertical or horizontal) and the nature of the interdependency (Dowling, Roering, Carlin, & Wisnieski, 1996); the quality of the IOR as indicated by organizational and human assets and management capabilities (Lahiri & Kedia, 2011); and the different phases of cooperation (Coltman, Bru, Perm-Ajchariyawong, Devinney, & Benito, 2009; De Man et al., 2010; Guo & Ng, 2011; Hansen & Rasmussen, 2013; Kylanen & Rusko, 2011; Lehrer, Ordanini, DeFillippi, & Miozzo, 2012). In addition to illustrating the richness of contingencies that may influence IORs and inculcate the dynamic nature of IORs, this alternative research strand has adopted an interorganizational view on IORs. The extension of the list of contingencies is consequently both quantitative (in terms of an extended list of contingencies) and qualitative, representing a shift in the perspective from the participating firms to the actual IORs. Therefore, researchers have been able to break away from the *intra*organizational body of research and essentially produce novel insights regarding *inter*organizational organizing. However, in the absence of an integrating theory or common discriminating IOR variable, these advancements run the risk of being anecdotal and limited to specific cases. Similarly, the sheer number of identified contingencies makes them difficult to generalize and integrate in any overarching IOR typology.

This research objective of the study presented in this paper is to develop a typology of IORs (defined as any formal or informal cooperation between firms, each of which has its own formal hierarchy) by combining the strength of comparable and coherent typologies with the richness and nuances of the extended list of contingencies produced in case studies.

This paper begins by describing how the ownership configuration has been perceived as a pivotal variable to discriminate between IORs and the effect that this perception has had on previously developed typologies. The alternative and primarily case-based means of typologizing IORs is then described, before concluding with the strengths and weaknesses of the respective approaches. A synthesized approach is subsequently suggested, shifting the focus from the single IOR to situations of IORs. This shift is explained, justified, and related to earlier research. The combination of the dense qualitative data and explorative statistics that were used to arrive at a finite set of IOR situations are then described in detail. The results are presented with support in the statistical model and in interview excerpts, before ultimately determining the developed typology. The results are then discussed in relation to earlier research and methodological considerations and limitations. Finally, the main results of the study are summarized.

The (alleged) importance of ownership configuration of IORs

In previous research oriented toward comparable and coherent typologies, the scale along which different types of IORs are typically located ranges from contractual arrangements to joint ventures (Teng & Das, 2008); however, it occasionally stretches further into full ownership (Pisano, 1991). The scale is an expression of ownership configuration. The types along the scale, typically referred to as "form" (Parmigiani & Rivera-Santos, 2011) or "structure" (Teng & Das, 2008), include joint ventures, vertical relationships (buyer–supplier agreements, licensing and co-branding), franchising, project-based strategic alliances, cross-sector partnerships, networks, trade associations, and consortia (Parmigiani & Rivera-Santos, 2011). The IOR ownership configuration is recognized by both practitioners (i.e., managers) and scholars as having a decisive effect on the IOR performance (Teng & Das, 2008; Yoshino & Rangan, 1995). However, performance is not the sole aspect of IORs that is affected by the IOR's ownership configuration. Das and Teng (1996) extend the argument and suggest that ownership configuration influences nearly every aspect of IORs, including control mechanisms, operation processes, and exit possibilities. Consequently, the choice of form or structure, i.e., the choice of the ownership configuration, in this earlier research strand has been considered one of the most important decisions that the firms participating in an IOR must make (Killing, 1983; Teece, 1992). Given the alleged importance of the ownership configuration, it is no surprise that this is the overriding variable used to discriminate between types of IORs in previous research. What is surprising, given the alleged *effects* of the choice of the ownership configuration, is that the ownership configuration is repeatedly treated as a *dependent* variable (Auster, 1987; Das & Teng, 1996; Hagedoorn, 1993; Kuo et al., 2012; Narula, 2001; Osborn & Baughn, 1990; Teng & Das, 2008), thus limiting the analysis to explaining the IOR's ownership configuration. However, this does not explain the effects on IORs that the ownership configuration may, in turn, have. In other words, many researchers consider the implications of the ownership configuration to be important; however, these implications are rarely empirically investigated, despite a few exceptions where the dependency is reversed (Amaldoss & Staelin, 2010; Ertuna & Yamak, 2011). Ownership configuration thus emerges as an integrating component and, subsequently, a natural point of comparison among different typologies.

Although researchers have been significantly more inventive when creating independent variables, the focus on ownership configuration and dependencies limits and streamlines the scope of previous attempts at typologies. However, there is a more fundamental criticism to be invoked against the ownership configuration as a discriminating variable for IORs. First, the ownership configuration is not only a property but also an expression of a *firm perspective*, examining the IOR from the participating firms' perspective. However, what is important from the firm's perspective is not necessarily important from the IOR's perspective. Ownership configuration thus runs the risk of being more of a mirror than a peep-hole; what it truly reflects is firms' degree of financial involvement in the IORs rather than IOR properties (Guo & Ng, 2011). Consequently, examining the IOR from the firm perspective is likely to produce images of firms instead of IORs. Second (and closely related), cooperation within and between firms is a destabilizing activity that jeopardizes established norms, knowledge, roles, strategies and forms (Browning, Beyer, & Shetler, 1995). The one-dimensional, angular types that follow the focus on ownership configuration are therefore less suitable for delineating the elusive character of IORs; IORs commonly change ownership configuration as they evolve, and many important IORs are devoid of ownership altogether (Bidault & Cummings, 1994; Werr & Linnarsson, 2004). In fact, many IORs are unknown to management in the participating firms (Marshall, 2004). A typology that takes ownership configuration as an *a priori* discriminating variable is consequently likely to mirror the firms involved rather than the IORs. Furthermore, this typology is likely to fail to discriminate between the subtleties of many IORs; it may completely fail to include important variants of IORs.

Finding comparability among a plethora of contingencies

If the IOR from the firm's perspective can have different ownership configurations and be more or less profitable, the IOR from