Chapter XVI

Interorganizational Relationships, Strategic Alliances, and Networks: The Role of Communication Systems and Information Technologies

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ABSTRACT

This chapter deals with roles and ways of interorganizational communication systems. Prior to the subject, author refers to three topics related to the subject: what are interorganizational relationships, strategic alliances, and interorganizational networks.

In order to understand interorganizational networks, the author utilizes Barnard’s theory of cooperative system and formal organization, in which communication plays a significant role to formulate and to maintain interorganizational networks as organization of organizations. Furthermore, there are some problems for effective interorganizational communication systems – both human and machine: standardization of communication systems, impact of IT development, and interorganizational strategy using IT.
INTRODUCTION

Interorganizational relationship (IOR) is an interdisciplinary research theme that has been approached from various fields such as economics, game theory, strategic management theory, and organization theory, etc. (Child and Faulkner, 1998). In particular, IOR has both competition and cooperation – and they are dynamically changeable in accordance with the situation; therefore, it is the theme of competitive strategy in competition and the theme of interorganizational networks (ION) in cooperation on the contrary. Thus IOR is the domain spread over both theories of corporate strategies and organization theory.

On the other hand, on ION, there is another approach from information network system researchers. This is the perspective of how the information network system has to be utilized in order to enhance the effectiveness and efficiency of ION. In this chapter, I will refer to the concepts and perspectives of IOR, strategic alliance as cooperative relationships, strategic alliance models based on core-competence, and ION as cooperative IOR. Then I will present models of ION as communication systems, and refer to issues about utilizations of IT in ION.

The objectives of this chapter are to discuss IOR and ION, both in the managerial standpoint and that of the information network system.

BACKGROUND

The studies about IOR and ION are not new. On IOR, sociologists carried out a series of studies in the late 1950s to early 60s (Dill, 1958; Levine and White, 1961; Litwak and Hylton, 1962). And on ION, studies were also carried out in the mid-60s (Evan, 1966; Caplow, 1964).

However, the reason why IOR and ION have been becoming significant is primarily that the development of information technologies (IT) change the way IOR and ION are. Secondly, changes in organizational environments are so rapid and enormous. In other words, we are in an age of turbulence now. In such an environment, a flexible organization, such as network organization, is more suitable to meet its environment than legacy bureaucratic organization. The concept of network organization covers both intra- and inter-organization (Rockart and Short, 1991).

On the other hand, progress of globalization and development of IT competition keener. In order to survive against such an environment, an organization needs to ally with other organization(s), formulate an ION, and try to overcome the difficulties that a single organization cannot do.
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