Chapter 5

Critical and Inhibiting Success Factors in Interorganizational Networks: A Case Study

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ABSTRACT

This chapter, based on a single case study, has as its main objective to analyze a real example of creating an inter-organizational network and to perceive what was done for the selection and creation of the strategic partnerships and inter-organizational network and what factors or conditions can inhibit these partnerships from having long-term success and throughout its life cycle. For this, a qualitative study based on action research and semi-structured interviews was conducted. Results show although many companies settle in inter-organizational networks to gain competitive advantage, cases of failure are still quite high. In this case, upstream partnerships have not been based on long-term trust and commitment, which has jeopardized the continuity of the network, although there is an express desire to re-establish contacts. The partnership established downstream did not show the same commitment to continue the partnership with a total termination of the relationship.

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INTRODUCTION

In a world increasingly influenced by globalization, broad markets make it difficult for companies to cope with rapid change and increasing competition based only on their skills, capabilities and resources. As such, it is crucial to establish long-term relationships with other organizations, thus entering networks to cope with any gaps or difficulties encountered in the markets.

The establishment of partnerships and the creation of inter-organizational networks (IONs) is increasingly common so that organizations can compete in a dynamic, global and competitive market. In order to create an ION, companies have to establish relationships with other entities in order to generate competitive advantage (Zakrzewska-Bielawska, 2019), being anchored in dyadic relations or in a network (Li, Jiang, Pei, & Jiang, 2017). These networks allow companies to specialize in their core business, carry out outsourcing activities more easily, be faster than their competitors and gain competitive advantage (Wong, 2011; Ribau, Moreira, & Raposo, 2019; Zimmermann, Ferreira, & Moreira, 2019). Thus, it is essential that IONs are composed of strategic partnerships, since together, companies can achieve goals that alone would not be able to. However, if IONs represent a relevant economic phenomena in a number of industries, the tourism sector is clearly underrepresented (Dagnino, Levanti, Minà, & Picone, 2015; Chim-Miki & Batista-Canino, 2017; 2018).

Although there is an increasing number of entities that establish relationships in global markets, failures among partnerships in IONs are quite high (Russo & Cesarani, 2017). In this way, it becomes important to understand the impeding/inhibiting factors for the long-term success of an ION. For this, it is necessary to identify and structure the key success factors (KSFs). Although there are some ambiguities regarding the definition of KSFs, most authors consider that they represent a significant way of influencing the position and competitive performance of an organization (Colauto, Gonçalves, Beuren, & dos Santos, 2004). Some of these KSFs are related to the history and culture of companies, the sharing of knowledge, trust and commitment among partner organizations (Resende et al., 2017; Ring, & Van de Ven, 1994).

This chapter has as main objective to analyze a real example involving the creation of an ION in the tourism industry and to perceive (a) what was done when implementing the strategic partnerships and (b) what factors inhibit these partnerships from having a long-term success throughout its life cycle. In addition, through a case study it is analyzed how upstream and downstream partners were selected, the challenges and opportunities encountered, since the expectations were found to be different upstream (complementary resources) and downstream (service provision).

Three phases of the development of an ION are compared, namely its design, operationalization and evaluation regarding which KSFs inhibited its success. For this, an action research method was followed based on the participation in a curricular internship during six months in a Portuguese travel agency. Complementarily, semi-structured interviews were conducted. The results show that although many companies establish IONs in order to gain competitive advantage, the cases of failure are still quite high. In this case, upstream partnerships have not been based on long-term trust and commitment, which has jeopardized the continuity of the network, although there is an express desire to re-establish contacts. On the other hand, the partnership established downstream did not show the same commitment to continue the partnership, which led to the termination of the relationship.

Some studies show that the networks failure rate is 50% (Russo & Cesarani, 2017; Li et al., 2017; Madhok, Keyhani, & Bossink, 2015), in this way this study responds to the reason for the continuity of