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Interfirm relationships – a literature review

Nagy Judit

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Nagy Judit:
Interfirm relationships – a literature review

Abstract

Aim of the paper is to synthesise the literature about interfirm relationships. Past decades interfirm relationships have substantially been changed, moved from arm's length co-operations to close partnerships. I felt necessary to collect the notions and concepts related to interfirm relationships together to be able to compare them and try to discover in what authors agree and what the questions of debate are.

I will summarize the notion used to describe interfirm relationships, i.e. partnership, alliance, etc. and try to sketch the evolution process of partnerships. I collected rationale to the appearance of partnerships I will present the point of views of different management theories.

I will show several conditions under partnerships work, and put together and emphasize the key success factors of well performing relationships. Authors have different opinion on what are the main factors of partnership success but all of them agree in the long-term orientation, information sharing and solving conflicts.

Topic of interfirm relationships will than narrow to partnerships in supply chain. First, I will present the different supply chain interpretations than I will deal with how supply chain partnerships develop during the time and what stages its evolution has. Finally I touch the notion of supply chain management showing its importance and several interpretations.

Key words: partnership, alliance, supply chain

Introduction –

Moving from arm's length relationships towards close partnerships

Perhaps the most significant change in management thinking in early 21st century is the realization that individual organizations no longer compete as stand-alone entities but rather as supply chains. In the past organizations were often structured and managed on the basis of optimizing their own operations, regardless to their suppliers and even their customers. The business was transaction-based, products and services were bought and sold on an arm's length relationship and was only little ambition for long term relationships.

In today's challenging global markets the route to the sustainable competitive advantage is through managing a complex portfolio of relationships. The key to the success in this new

competitive environment is the way how the network of companies and suppliers are linked together in a partnership to achieve mutually beneficial goals (Gattorna, 1998)

1. Defining types, levels, and forms of interfirm relationships

The chapter represents how many forms inter-firm cooperation have and how different ways they have been typified. I summarize different types of interfirm co-operations starting with a narrow-range co-operation to the strategic alliances. I regard supply chains as a specific set of strategic alliances along the value creating process both upstream and downstream side. Supply networks will be differentiated, too.

The chapter summarizes several classifications about how partnerships are built up, what levels, stages they have.

1.1. Forms of interfirm relationships

Firms have always been collaborating in order to cope with the demands of the market. However the propensity of firms to enter into interfirm arrangements is fundamentally different from than it was many decades ago. Participation in alliances is now one of the first strategic options of companies (Poulymenakou and Prasopoulou, 2004). Following paragraphs will explain the different notions used for describing interfirm relationships.

Interfirm co-operations are relatively enduring interfirm cooperative arrangements, involving flows and linkages that utilize resources and/or governance structures from autonomous organizations for the joint accomplishments of individual goals (Lui and Ngo, 2005).

A *partnership* can be defined as purposive strategic relationships between independent firms who share compatible goals, strive for mutual benefit, and acknowledge a high level of mutual interdependence. (Mohr and Spekman, 1994)

According to Gulati (1998), *alliance* is voluntary agreement between firms involving exchange, sharing or codevelopment of products, technologies or services.

Birth of *strategic technology alliances* can be explained by on one hand that matured or emerging technologies require a collaborative mode of research and development since the necessary resources are harboured by a web of firms. On the other hand alliance formation for

technological purposes manifests the need for firms to learn in a fast and risk-free manner (Poulymenakou and Prasopoulou, 2004)

Strategic alliances are voluntary cooperative interfirm agreements aimed at achieving competitive advantage for the partners (Das-Teng, 2000). Authors differentiate four types of strategic alliances based on equity and contract: equity joint ventures, minority-equity alliances, bilateral contract based alliances and unilateral contract based alliances.

Equity joint ventures are created to integrate the joint efforts of partners. This type of strategic alliances provides the best opportunities to acquire partners' tacit knowledge and other knowledge-based resources. So firms will prefer joint ventures only if knowledge-based resources are not their primarily resource type in the alliance, or they own only property-based resources which is easy to save.

In *minority equity alliances* one or more partners take an equity position in others. The shared ownership helps control the opportunistic behaviour. Equity arrangements are complicated to implement as well as get out of, demand a long term orientation of partners.

Bilateral contract-based alliance is a good choice if the mission is learning. Firms will prefer this type of alliance if both have knowledge-based resources, and aim to do joint production, joint R&D or joint marketing and promotion.

Unilateral contract-based alliances include licensing, subcontracting and distribution agreement and so on, meaning a comparatively light engagement of partners. Unilateral contract-based alliances will be preferred when both partners intend to contribute primarily property based resources to a prospective alliance, which could refer to capital, plants, distribution channels, patents, copyrights.

There are many similarities as well as differences among the terms co-operation, partnership and alliance but seems in literature these words are used as synonyms. However authors agree that the main goals of setting up a partnership are to enhance the competitive advantage of participants and to assure the access to technology, resources, know-how or other kind of knowledge.

If regarding supply chain definitions in the followings authors expound the phenomena among firms (and not inside the firms), which includes the whole process of delivering value to customer.

Mentzer et al. (2001) defines supply chain as a set of three or more entities (organizations or individuals) directly involved in upstream and downstream flows of products, services, finances and/or information from a source to a customer.

Hoyt and Huq (2000) cite the definition of *supply chain alliances* as a constellation of agreement typified by a commitment between two or more partner firms, to reach a common goal that involves a pooling of resources and activities.

Maheshwari et al. (2006) define supply chain as strategic coalition of two or more firms to facilitate joint effort and collaboration in one or more core value creating activities such as research, product development, manufacturing, marketing, sales and distribution with the objective of enhancing benefits to all partners by reducing total cost of acquisition, possession and disposal of goods and services.

A wider interpretation of supply chain is *supply network* which means a set of supply chains describing the flow of goods and services from the original sources to end customer (Harland, 1996). The word "network" represents an attempt to make the concept wider and more strategic. Supply networks encompass not only the upstream network of suppliers than downstream network of distributors and customers (Lamming et al., 2000)

I regard supply chains as a kind of strategic alliances which were created along the material/value flow and which involve activities, information and knowledge of companies from ultimate supplier to end customer.

1.2. Steps and phases of partnership development

Chapter deals with the evolution of partnerships. Two of the three theories approach interfirm relationship development from life cycle based view and one of them is restricted to the foundation and the growth phases.

Ferguson (2000) summarizes three steps involved in forming a strategic alliance: conceptualizing, pursuing and confirming.

When an alliance is *conceptualized* the need for improved performance is recognized initial goals are created.

During alliance *pursuance*, the firm initiated the alliance clarifies and defines its new strategies and finalizes the decision. Initial goals are reviewed and secondary goals are set to identify the potential degree of achievements. Once the goals are defined a detailed assessment of the potential alliance member should be made including all corporate and financial evaluation.

In *confirmation* process, after the evaluation of all gathered information about each possible alliance members the decision will be made and a formal commitment must be made with the chosen alliance partner in the form of verbal and written contract.

This concept deals with the process of alliance formation, however neglects the processes following the alliance contract.

Maheshwari et al. (2006) suggest differentiating four steps of partnership evolution:

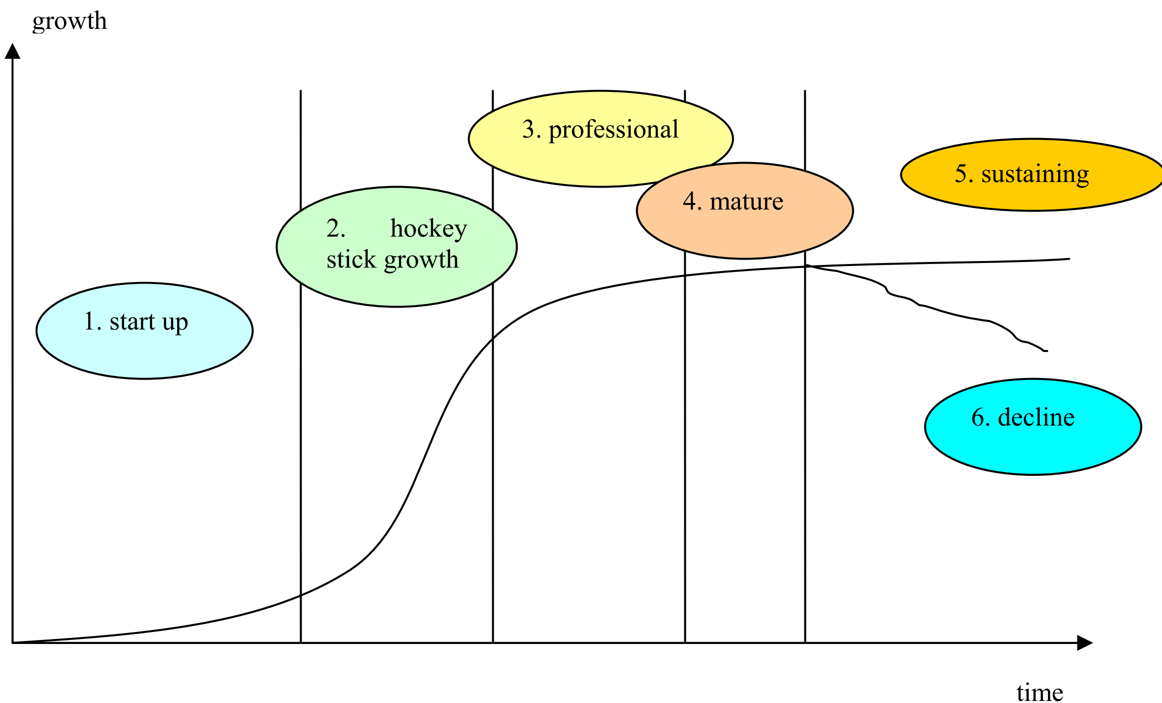
Foundation phase includes decisions and activities about partner selection and partnership formation. Key focus is on the selection and screen of partners, which is based on two factors: determining partnership suitability and feasibility. Partnership suitability is based on the analysis of benefits and risks of the proposed initiative. Main decisions include the nature of potential partners and the value input they can provide such as cost saving and quality. Partnership feasibility refers to factors such as trust, interdependence, reputation, information sharing, and mutual goals which could determine the success of a partnership.

Implementation phase is set of activities intended to get the partnership up and run. Key activities of stage are building the physical infrastructure, process redesign and integration. Trust and commitment plays critical role at this level.

In *shakedown phase* partners experience the everyday operation of the partnership. They face by working together that their ideas differ, and they need to discover these differences and try to manage it. Critical issues of the stage are to manage change and collaboration including providing leadership, manage asymmetries, build partnership skills and manage conflict and performance.

Onwards and upwards phase continues from the normal operation until the partnership is abandoned. Critical issues of phase are primarily concerned with continuous improvement and innovation. Key factors are to make partners realize the ongoing relevance of partnership building upon partnership experiences.

Segil (2005) analyzes partnerships from life cycle point of view and explains the theoretical stages via case studies. Segil distinguishes the stages of start up, hockey stick growth, professional, mature and sustaining or declining, and make them see in Figure 1.



In *start up* phase alliances are challenged to understand their partners' cultures, operating style, and structure. As time passes and growth increases the partnership moves into the *high-growth* stage of the life cycle. At this stage partners face a variety of problems, for example: miscommunication, ill-defined roles and processes, difficulty in anticipating and adjusting to change in the relationships, and being slow to modify specific contract points. In *professional* phase the professionalization of alliance activity goes on to achieve mature stage. In *mature* phase comes the restructuring of goals and potentially the reorganization of team members and composition. At the stage of *sustaining*, conflict resolution and redefinition of success become hot issues. The decline phase takes place to alliance termination or to a complete renewal (Segil, 2005).

As Lamming (1993) briefly refer to life cycle based theory which shows how the basis of partnership changes over the life of the collaboration. It serves to remind partners of the need for reassessment of the collaboration on a regular basis.

2. Motives of alliances

This part of the paper explores what motivates firms to co-operate according to different theories. First, general motives will be shown, than chapter summarizes the view of several

management theories, such as transaction cost based view, resource based view and organizational learning.

Gulati (1998) summarizes the motives of alliances: a sinking transaction costs resulting by small numbers bargaining, a strategic behaviour that leads firms to try to enhance their competitive position or market power, and a quest for organizational knowledge or learning that results when one or both partners want to acquire some critical knowledge from the other.

Das and Teng (2000) compared the motives of alliances of transaction cost-based view and resource-based view.

According to *transaction-cost theory* a firm's ownership decisions aim to minimize transaction costs and production costs. Transaction costs incur from activities, necessary for exchange, production costs come from coordinating activities in-house. Internalization of activities will be preferred if transaction costs of an exchange are high. Market exchange cause transactional costs however avoid production cost, so it will be used when transaction costs are low and production costs are high. Strategic alliances combine the features of internalization and market exchanges. Alliances will be preferred when the transaction costs associated with exchange are intermediate, and not high enough to justify vertical integration.

In *resource-based view* firms are attempting to find the optimal resource boundary through which the value of their resources is better realised than through other resource combination. Alliances are born to aggregate, share or exchange valuable resources with other firms when these resources cannot be efficiently obtained through market exchanges or mergers/acquisitions, and to achieve competitive advantage by combining them.

Organisational learning theory closely related to resource-based theory of firms which concerns the durable, not easy to imitate and trade resources. Management skills and know-how fall into this category because they are generally intangible and difficult to capture. Central part of organizational learning is the work of inter-organizational teams made up of members of the parties. This cooperative culture requires positively motivated people to build the teamwork circumstances, and inter-organizational teams are the pool where the skills of separate organizations can be combined to develop new, strategically significant capabilities (Wagner, 2003). However organizational learning besides technological development, may refer to three different learning processes: learning about the partner, learning about the task and learning about the outcomes (Lamming, 1993).

Principal benefit of closer relations is the synergy resulting from the organizations working together and resolving common problems in order to achieve mutual goals. This involves continuous innovative effort, joint learning and developing participants core capabilities which can result in upgrading of product quality, development of new applications, and enhancement of the co-operating organizations competitiveness in the marketplace. At the same time these factors directly impact on cost reduction and market expansion to the benefit of both partners (Wagner, 2003).

3. Conditions of alliances

Conditions of alliances describe the circumstances which can be perceived and experienced in each partnership and which can influence the future success of the relationship.

Das and Teng (2002) differentiate three aspects that capture the key elements of alliances: *Collective strengths* of an alliance are the aggregated resource endowments of companies in relation to the specific strategic objectives that they aim to pursue jointly. Bringing complementary resources to an alliance is considered the key determinant of economic rent generated by alliances. The chance for success increase when the collective strength of the partners is enhanced by combining their market power, technology or other resources.

Interpartner conflicts refer to the degree of divergence of partners' preferences, interests and practice in an alliance. Interpartner conflicts are very important aspects of alliances, because effective cooperation demands low level of conflicts. However, there are three typical conflict areas in alliance. First, conflict comes up when partner firms have very different organizational routines, technologies, decision making style that do not fit very well. This type of conflict requires many time, money and effort to coordinate of companies in the alliance. Second type of conflict appears along private interest and opportunistic behaviour. Firms may have incompatible goals in alliance, and may behave opportunistically to capture partner's tacit knowledge and know-how. Third kind of conflict arises from outside the alliance, if partners are competitors at same market, their interests may clash.

Interdependence refers to a condition in which both parties benefit from dealing with each other. In any relationships, the need for another firm's resources creates a sense of dependence. However, unidirectional or asymmetric dependence is not always sufficient for alliance formation.

In opinion of Maloni and Benton (1999) the key elements of a partnership are:

- Commitment, a feeling of being emotionally impelled to maintaining a long term relationship.
- Conflict, a disunity caused by competitive or opposing actions.
- Conflict resolution, the ability to relationally mitigate disunity through mutual solution.
- Cooperation, the association of mutual benefit through joint effort.
- Trust, confidence in honesty and integrity of partner.

4. Key elements of a successful partnership

In the 21st century literature speaks about competition of networks in which companies are focusing on their core competence and building up strategic partnerships with their key suppliers. A large percentage of those strategic partnerships do not succeed. What factors could be then associated with partnership success?

Mohr and Spekman (1994) describe partnership success along two indicators. First, an objective indicator as sales volume between partners, second an affective measure, satisfaction of one party with the other.

Mohr and Spekman suppose that partnerships tend to exhibit behavioural characteristics and successful partnerships exhibit these characteristics with more intensity as less successful partnerships. The partnership characteristics might include attributes of partnerships, communication behaviour and conflict resolution techniques.

Attributes of partnership are commitment, coordination, interdependence and trust, as Mohr and Spekman summarized. The existence of these attributes implies that both partners acknowledge their mutual dependence and willingness to work for the survival of the relationship.

Communication behaviour is critical for organisation success because communication processes underlie most aspects of organisation functioning. In order to achieve the benefits of cooperation effective communication between partners is essential. Mohr and Spekman differentiate three aspects of communication behaviour: communication quality, extent of information sharing between partners and participation in planning and goal setting.

Conflict resolution techniques are important because conflict always exists in interorganizational relationships due to the inherent interdependencies. If a certain amount of conflict is expected, an understanding how such a conflict is resolved is important. Firms in

strategic partnerships are motivated to engage in joint problem solving, since they are linked in order to manage an environment that is more uncertain and/or turbulent than each alone could control. When parties engage in joint problem solving a mutually satisfactory solution can be reached which enhance the partnership success.

Veludo et al. (2006) summarizes the key requirements of successful partnering as followings:

- trust,
- win-win outcome,
- long term orientation,
- coordination,
- problem solving, and
- flexibility.

Saxton (1997) identified four sociological factors that may be essential for a successful interfirm relationship: partner reputation, prior relationship, shared decision making and similarities between partners.

Reputation can reflect to alliance partner's competencies in the areas of management, product quality and financial position. According to the resource-based view, reputation could be a valuable intangible asset that may allow firm to establish a sustainable competitive advantage.

Prior relationship between alliance partners influences the level of trust and the applied control mechanisms. The knowledge of a partner's reliability and corresponding lack of propensity to behave opportunistically come from repeated interaction.

The close interaction and investments partners make through *shared decision making* result that in one hand, the commitment to and an interest in the outcome decrease the likelihood of opportunistic behaviour, and on other hand, the partner's opportunistic behaviour will be recognized.

Similarities between partners refer to a firm's capabilities and processes that are similar or related to those of its alliance partners. The need to emphasize similarities comes from the assumption that a company cannot successfully manage business it does not understand. The notion of "organizational fit" invokes this kind of understanding in the areas of technology, products and markets, as well as of organizational processes like culture, human resource policies and administrative systems.

Ellram and Hendrick (1995) describe three partnership dimensions which they explain by the following characteristics, summarized in Table 1.:

Table 1. Success factors of partnerships (Ellram-Hendrick, 1995)

1. Futuristic orientation	Focus on future transactions
	High expectation of long term relationship
	Written agreements are evergreen
	Supplier was chosen based on total cost of ownership
2. Win-Win risk sharing	Very loyal to his supplier/buyer
	Supplier/buyer shares risk
	High willingness to handle exceptions by negotiation
	High supplier/buyer willingness to help us in difficult situations
	High willingness for us to help buyer/supplier in difficult situation
	Strive for continuous improvement
3. Communication issues	
Computer linkages	Direct computer to computer links
	Software compatible with buyer's/supplier's systems
Corporate communication	Frequent face-to-face planning/communication
	High corporate level of communication on important issues
	Many corporate levels of communication
Information sharing/understanding	Buyer shares demand forecast
	High exchange of technical information
	Joint planning committees/task forces on key issues
	Supplier understands the use of their item/ product class
Operations information	Buyer monitors only end result
	Supplier regularly studies buyer's operations for planning
	Supplier/buyer regularly studies partner's process

Authors summarize a wide range of success factors and main related issues. However Carr and Kaynak (2007) suggest differentiating the traditional way of communication such as phone, fax or face-to-face interactions, and advanced communication methods like computer-to-computer linkages, electronic data interchange, and enterprise resource planning.

Dyer (1997) approach partnership success factors from transaction cost based view and suggest that several circumstances assisting to reduce transaction costs. A *demonstrated commitment for future transactions* that emerges in high transaction volume, the *share of relevant information* and the *use of self-enforcing safeguards*, such as reputation, goodwill

trust and financial hostage support the promise credibility of collaborating partners. In case of a credible partnership on the one hand, the transactions costs decrease, on the other hand, partners tend to invest in relation specific assets.

Relation specific assets that are physical or intellectual investments of partners which are able to use in a given relationship (Bensaou, 1999) could be another critical point in partnership success, the presence of such an investment related to futuristic orientation and advanced level of integration.

Concluding the success factors of a partnership there is not any common standpoint about in the literature. However there are many key elements which were identified by more authors. Summarizing the key factors the futuristic orientation, the long term engagement seems to be essential, which can be realized in long run contracts or relation-specific investment. Sharing information is a second critical point in managing an effective partnership. Share of risks and rewards assure that each party will be involved in maintaining the relationship. Common decision making makes partners feel that they are active and equal members in the alliance. Finally recognizing and solving the problems come up during the collaboration invokes the long term view of supply chain partnerships, as well.

5. Alliances in supply chain

As it was mentioned before the supply chain as a specific form of interfirm partnership will be investigated. Reason why it particularly important is that the challenging global market demands companies to integrate both horizontally and vertically to be able to sustain their competitive advantage.

The raising interest towards supply chain and its management caused by five factors (Harland, 1996):

- implementation of supplier-base reduction programmes
- focusing of operations
- outsourcing
- just in time
- enhancing popularity of partnerships and partnership sourcing.

5.1 Supply chain typology

Over the last decades the coordination effort from intra-firm level expanded to the inter-firm integration within the supply chain, the composite network of firms which play a role in delivering value to the ultimate customer. Effective integration of supply chain allows participants to recognise a significant competitive advantage derived from enhancement in responsiveness and cost reduction, leading to improved performance and profitability.

Mentzer et al. (2001) differentiates three levels of supply chains: direct supply chains, extended supply chains and ultimate supply chains.
Direct supply chain consists of a focal company and a supplier and a customer involved in the upstream and/or downstream flows of products, services, finances and/or information.
The *extended supply chain* includes the supplier of immediate supplier and the customer of the immediate customer, too.
An *ultimate supply chain* includes all the organizations involved in all the upstream and downstream of flows, from the ultimate suppliers to the ultimate customers.

Types of supply chains defined by Fisher (1997) were separated along the product characteristics. Fisher divided products into two main categories: functional and innovative.
Functional products satisfy basic needs that change slowly. Therefore their lifecycle is quite long, the demand is stable and easy to forecast. In case of functional products firms primarily focus on reducing their physical costs, through reduction of inventories, optimisation of production process and economizing the product movements. Innovation in fashion or technology may be occasionally. Typical functional products are food.
The lifecycle of innovative products is quite short but they are usually more profitable. Because of the short lifecycle and wide product variations demand is difficult to forecast. During the production and supply process – because of the unpredictable demand – surplus or lack of inventory may occur. In order to keep market mediation costs low, companies strive to interpret market signs early and react on as early as possible. Fashion or electronic products are typical innovative products.

In case of functional products market mediation costs are low, because of the early estimation of demand, so companies are trying to reduce their physical costs. By this type of supply chain the key factor of success is a company-wide information chain. Effective information sharing is essential to coordinate partners and the goal of the partnership is to completely

satisfy the predictable demand at the possible lowest costs. This types of supply chains called *efficient*.

In case of innovative products competition for the large profit and market share can be won through first-selling, overshadowing the costs of lack or lost sales. By these products market mediation costs play the main role rather than physical costs. Fisher defines these supply chains *market-responsive*.

Lamming et al. (2000) are using the term *supply networks* and propose that product innovation, product uniqueness and product complexity defines the way a supply network has to be managed. Their network classification is based on Fisher's supply chain typology along they propose to differentiate the supply network of innovative-unique and functional products. In the supply network of an *innovative-unique product* the network's competitive priorities are the speed and flexibility of delivering products, the innovation potential and the supremacy of quality, however the sharing of resources sometimes problematic. In *functional products*' supply network the cost saving and quality sustainability are the primarily concerns. In these networks the share of resources generally unproblematic.

5.2 Evolution of supply chain

Stevens (1989) has identified four stages in supply chain integration process.

The *baseline organization* operates the classical system of management of profit maximization and a high level of functional specialization. Company can not adapt quickly to market changes.

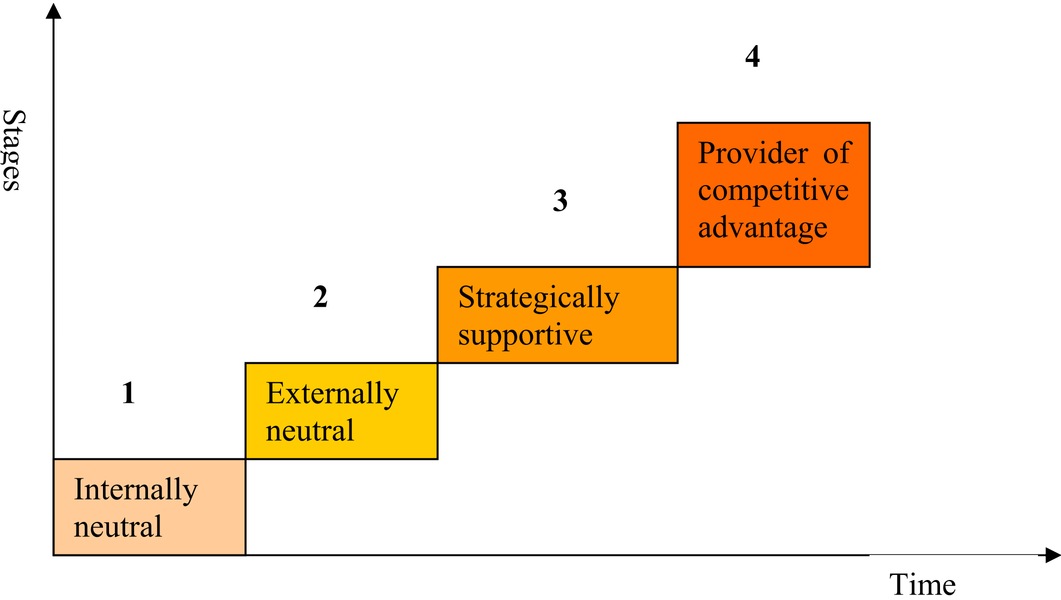
The *functionally integrated* company has begun to erode the hierarchical structure and the short-term focus. Its main competitive advantage is the collaboration between the sales and the distribution function which enables distribution system to become efficient.

The *internally integrated* company has continued to restructure and align the activities of manufacturing, purchasing to create a system approach to customer service. The number of administrative functions has been reduced and effective interfaces between departments are operated to optimize information exchange. The planning horizon is also extended from the short term to the medium term and involves a limited interaction with suppliers.

The *externally integrated* organization endeavours to continue the externalization of the alignment process and the integration of the supply base with the demands of the consumer in a transparent system of materials and information exchange. It seeks deliberately to manage

the interfaces between companies to generate a flexible and responsive system of long term collaboration.

Harland (1996) approaches the supply network evolution from strategic point of view. She distinguishes four stagers of strategic thinking in supply networks.
First stage, called *internally neutral* implies that actors in the network are only loosely connected, friction occurs between them. There are difficulties in performing the basic operations of the network. Little or no evidence for cooperation occurs in the network, purchasing is more adversarial than supportive.
The second stage is *externally neutral* which refers that players in the supply network are resolving issues of conflict, but do not have any sense of shared destiny. However the supply network does not have visibility and understanding about end customers and their requirements.
In *strategically supportive* stage the supply network players have identified end-customer requirements, have formulated and implemented a strategy on how to work together to satisfy those requirements in the best way, so be reactive to customer needs.
The fourth stage is *provider of competitive advantage* which implies that supply network provides sustainable competitive advantage in end-customer market by being substantially ahead of competing networks. In this stage supply networks are innovative, creating offers for end-customers that delight them.



6. Supply chain management

After distinguishing different forms of partnerships and supply chains is important to discuss why the management of supply chains is essential and how could it be interpreted.

Harland (1996) differentiates the four main uses of the term supply chain management as

- First, the internal supply chain that integrates the functions involved in the flow of materials and information.
- Second, the dyadic relationship with immediate suppliers.
- Third, a management of a chain of businesses including the suppliers' suppliers and the customers' customers.
- Fourth, management of a network of interconnected businesses involved in the ultimate supply of products and services required by the end costumer.

Mentzer et al. (2001) explain supply chain managements from tree different aspects.
First, supply chain management can be seen as a *management philosophy* which invokes a system approach to viewing the supply chain as a whole and managing the total flow of goods inventory from the supplier to the ultimate customer. This approach requires a strategic orientation toward cooperative efforts to synchronize intrafirm and interfirm operations and capabilities, and also invokes a customer focus to create unique and individualized sources of customer value.
According to the second aspect, supply chain management is a *set of activities to implement the management philosophy*. The essential activities of implementation are integrated behaviour, mutually sharing information, mutually sharing risks and rewards, cooperation, setting the same goals and focus on serving customers, integration of processes and building and maintaining the relationship with partners.
Third, supply chain management can be regarded as a *set of management processes*. LaLonde (1997) proposes that SCM is process of managing relationships, information and materials flow across enterprise borders to deliver enhanced customer service and economic value through synchronized management of the flow of physical goods and associated information from sourcing to consumption.

Conclusions

Aim of the paper was to synthesise the literature around the forms and intentions of interfirm relationships. Several notions have been cited concerning the different forms of partnership however there is no unique standpoint among authors about how these notions are related to each other. Supply chain as a special form of interfirm relations along the value creation process has been specially emphasized.

The value added by this paper is that it has collected a wide-range literature together and tried to synthesise the knowledge about different forms of interfirm relationships, the motives they were born and the factors researchers keep essential for a successful partnership.

A further research question could be on one hand, to broaden the scope of the literature review and deal with the motives and reasons why partnerships are born deeper, and to strengthen the part of supply chain and management by similar questions as were discussed in general partnerships part.

On the other hand the motives for partnering and the success factors can be tested via an empirical study in general or in a specific industry, and could be an interesting point what Hungarian companies think about their own motives and relationships.

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