

# Inter-organizational relationships

[Life](#), [Relationships](#)



Inter-organizational relationships can be defined as the association and dependence that is established in various institutions and firms for the purposes of ensuring their goals and objectives are met. Inter-organizational relationships are very important since there is no organization that can be able to operate in isolation since this is an era of stiff competition and every organization strives to remain relevant in the market and cope with competition. Strategic alliances are usually well formulated relationships between organization while each organization ensures it retains its homogeneity and independence which is for the common good of the organizations involved. Glover & Wasserman (2003) argues that strategic alliance is normally forged by organizations for long term purposes. Strategic alliances normally focus on two major factors which is compatibility and complementary. These two major factors when taken into consideration by organizations during the initial stages of forming strategic alliance ensure such an alliance stands the test of time. According to Glover& Wasserman (2003), one of the benefits that will accrue as a result of strategic alliance is the cutting down of the production and transport costs. This is achieved because the organizations involved in the alliance share such costs. Furthermore, strategic alliances help organizations involved to overcome trade barriers that exist in trading. Overcoming of the trade barriers normally give such organizations a cutting edge in the market. It should be noted that strategic alliances are time consuming and they normally require heavy investment in terms of finances but the benefits involved outweigh the short comings that exist. Joint ventures are a situation whereby two entities combine their efforts which can be in terms of funds or facilities for the

purpose of achieving a mutual gain. Joint ventures are short term as compared to strategic alliances which are long term in their nature. The reasons behind the formation of a joint venture can be either to bring new technology or to manufacture goods that aim a particular market among other reasons as each case of joint venture occurs in isolation. Sharing of risks is one of the major advantages that make organizations form joint ventures. In addition, flexibility that characterizes joint venture also acts as an advantage. Again joint ventures help organizations to penetrate markets that have not been fully exploited. Even though there is a drawback when it comes to joint ventures as there may be disputes concerning the contributions and shareholding in the venture where parties may find it difficult to agree on this particular issue (Glover & Wasserman, 2003, p. 3). In the modern times inter-organizational networks have become very common. One of the driving forces behind inter-organizational networks has been increase in revenue. Most organizations network by pooling resources together for the purposes of ensuring that they meet some financial needs that cannot be met solely. It is the increase in revenue that is achieved through inter-organizational networking that will make such organizations to soar to higher heights of success than before. In addition, proper utilization of resources acts as a motivating factor towards inter-organizational networks. When organizations put their available resources in proper use they are in a position to reap the benefits of economies of scale which cannot be realized if there is not inter-organizational network (Ebers, 1999, p. 5) In conclusion, inter-organizational relationships have become a common feature in our modern society since such relationships have

propelled organizations to high levels of success. These inter-organizational relationships are witnessed in terms of; strategic alliances, joint ventures and inter-organizational networks. It is important to note that for any inter-organizational relationship to function properly the parties involved should have the commitment required and be in a position to offer the resources required. Therefore, for any organization to make a relevant impact in the current market, it should consider engaging in inter-organizational relationships.