

All You Need Is Trust?

An Examination of Interorganizational Supply Chain Projects

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ABSTRACT

In recent years, inter-firm alliances of all types received scrutiny from researchers and practitioners who attempted to understand cognitive and behavioral antecedents of alliance success. However, similar research has been lacking in supply chain projects (such as EDI, VMI, and consignment warehousing) —a particular type of alliance that increasingly became important due to its role in extending and intensifying ongoing channel partnership between firms. This paper brings together insights from multiple research perspectives to shed light on the factors that lead to supply chain project success.

In order to examine success factors, we contacted large manufacturing firms and retailers (with annual revenues in excess of 250 and 500 Million Euros respectively). We interviewed representatives of the firms in our sample, and collected extensive survey data. The data was then used to test a model of supply chain project success that explores the effects of relationship-level factors (trust and asymmetric dependence) and project-level factors (between-firm communication and within-firm commitment). While confirming some of the findings in extant research, we also present new insights that apply particularly to the supply chain project context. For example, while the importance of trust is apparent, its effect on success is fully mediated by project-level factors such as communication and employee/top management commitment. We also find that asymmetric dependence—a relationship-level factor generally assumed to pose significant challenges for alliances—has very little influence on project success. After exploring the reasons of these surprising findings, as well as additional new insights related to success factors, we discuss implications for practitioners and researchers.

An additional innovation of this study is the introduction of a categorical scheme that uniquely explores the role of relationship and project-level factors by differentiating supply chain projects based on the decision rights configuration of each project. This categorization enables us to explore how the factors can have different impact on performance based on the characteristics of a supply chain project. The findings offer insights into how to effectively manage supply chain projects and inter-firm alliances.