Abstract

The benefits of interorganizational cooperation have been studied extensively by organizational theorists, but few studies focus on failure cases. Despite the large number of successful business networks, many also face difficulties in the organization and management of cooperation, closing their activities without achieving the proposed objectives. This paper presents a case of a failed business network in the supermarket sector. The work has been done in light of the studies of Park and Ungson (2001), Jarillo (1988), Khanna, Gulati and Nohria (1998) and Brouthers, Brouthers and Wilkinson (1995) concerning the difficulties in business cooperation. Through in-depth interviews with the network board directors, with entrepreneurs and with the consulting that supported the network creation, we identified the main factors that contributed to the network failure without reaching the expected results. The factors were divided into two groups: pre-formalization factors of the network, such as profile and selection of participants, the number of participants and the definition of the moment to launch the network; post-formalization factors of the network, including aspects such as the emergence of strategic misfits, the loss of support from the public program and the lack of maturity of the group, who struggled to manage the process of cooperation without external support. As a theoretical implication the study shows some factors little explored in the literature and that can lead to failure of cooperation, as the small number of firms, the wrong time to launch the business network and the group immaturity. The set of elements identified also have managerial implications: business managers and network managers should carefully analyze the profile and strategic alignment of firms setting up the network, avoiding any differences become a problem after the network is already established.

Keywords

Interorganizational relationships, Business networks, Cooperation, Failure, Cooperative strategy.