

EFFICIENCY FACTORS IN ALLIANCE CREATION: MODEL OF GOOD PRACTICE

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ABSTRACT:

This paper aims to further exploitation of the vulnerabilities of inter-organisational relations. The objectives of this thesis are: (1) building a new model of inter-organisational alliance, (2) establishing the inefficiency elements in an alliance process, (3) investigating the reason why the creation process of a new alliance is slow so many times, (4) discovering in which way factors as: team experience, management relationship and organisation, nature of organisation, time flexibility influence the alliance success and finally. A further research could even consider to go beyond analysis of these vulnerabilities, but find a solution to valorise them along the creating process of such an alliance and turn them into positive aspects.

KEYWORDS: *inter-organisational relations, strategy, alliance, inefficiency elements, entrepreneurial behaviour*

JEL CLASSIFICATION: *D23, L1, D7*

1. INTRODUCTION

The rate of alliance creation expands dramatically in recent years (Lorange and Roos 1991, Das and Teng 2003). There are several fundamental operators behind the progress towards this "alliance intense" business climate (Das and Teng 2000, Ireland et al. 2002) that conduct in the end to success. They are: globalization, technological advances and consumer exposure. Definitely a particular organisation cannot be world-class in every perspective. And this is the reason why many of them make use of alliances to achieve certain objectives. In many circumstances, a company's experience to produce value depends considerably on another company with complementing support (Hamel 1990). On this ground, cooperation and alliances were sometimes the only chances. Companies build alliances for various purposes. Among the reasons for collaboration are those of generating complementary assets controlled by various institutions (Nohria and Garcia-Pont, 1991), of covering expenses, of sharing risk (Hagedoorn, 1993) and resources (Hamel et al. 1989, Eisenhardt and Schoonhoven 1996). Even if some definitions make use of the term "strategic", the existing literature does not strictly differentiate "alliances" from "strategic alliances". From my point of view, even if a successful alliance should firstly be a strategic one, definitely, there are definitions of the term "strategic" in the management literature that differentiate "strategic alliance" from a common one. A strong strategy is based on resources, skills and abilities. All of them combined assure a competitive advantage over opponents.

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2. RESEARCH METHODOLOGY

The current part of the research paper investigates the methodological ways that were used during the research. Fellows and Liu (2008) present research methodology as the procedures and methods that, after being observed, make possible the identification of the research question, research hypothesis and possible results. All the theories used in the previous chapter are nothing more than reflectors of reality in this chapter. I have integrated an extensive literature review that represents the theoretical approach of the research. The theoretical context of the study denotes the relevance of the research questions. The present research indicates the specific factors of success inside inter-organisational alliances (e.g. team, clear goals, trust, communication, organizational context). These mean they are results from other circumstances or attributes of the companies involved in the inter-organisational cooperation process.

The research methodology consists of a questionnaire, sample size, data collection and response rate. Afterwards, the measurements will be defined and lastly, the results of the research will be presented in regards to the creation of a model that, on the long term, reduces the difficulties which appear in the lifecycle of an alliance and better explains the complex and dynamic dimension of this process.

3. QUESTIONS AND OBJECTIVES

Setting research tasks is the most important aspect of the research opening stage. In this part the purpose of the study, research objectives, and questions are thoroughly settled. In order to define the research tasks, I have used the abundance of literature review that exists, thus, determining what has been studied previously and which issues have remained unanswered. In order to set the research hypothesis, several concepts of literature such as inter-organisational relations, strategy, model, alliance, inefficiency elements, entrepreneurial behaviour have been examined during the primary stage of the investigation. During the research period, a variety of sources have been consulted from journal articles to internet websites, conference papers, books, etc. The huge objective of reviewing this literature has been the identification of limits of previous researches and framing future directions for the current one. Concluding the findings of the literature, this paper has set up two objectives. The first one is represented by the investigation of factors that converge to failure in inter-organisational relationships. The second one is the creation of a model that, on the long term, reduces the difficulties which appear in the lifecycle of an alliance and better explains the complex and dynamic dimension of this process.

There are research questions:

Q1: What are the most important factors in creating strategic alliances?

Q2: What are the inefficiency factors in building strategic alliances?

Q3: Why the creating process of a new alliance is slow?

Q4: What is the role of entrepreneurial behaviour in managing relationships' weaknesses and inter-firm alliance?

Q5: What are the most common mistakes partners do in the creating process of a new alliance?

Taking into consideration the earlier reasons, this thesis suggests the next hypotheses:

H1: Communication and clear goals are the most important factors in an alliance process;

H2: There is a positive relationship between team experience and flexibility and the rate of success of an alliance;

H3: The synergy between management characteristics and organisational abilities has a positive and higher impact on alliance success;

H4: There is a negative correlation between the nature of an organisation and the rate of success of an alliance;

H5: Time flexibility is negatively related to alliance success;

By nature of organization I mean difference in size of companies and right to play. In other words, the nature of an organization is characterized by the specific size of the company, the degree of business internationalization or important resources (know-how).

In order to find the inefficiency factors in an alliance creation, I have defined 3 independent variables: Management with 3 variables, Nature of organisation with 2 variables, Time flexibility with 2 variables. The variables of each category have been created using a 7 point Likert scale, which starts with 1 meaning strong disagreement and ends with 7 meaning strong agreement as answer options.

4. CONCLUSIONS AND RECOMMENDATIONS

Worldwide, society experiences unceasing tremendous changes. It is not enough for an organisation to adopt new technologies in order to gain success. Sometimes, collaboration with other agents in the market can bring a competitive advantage that the organisation by itself would not have obtained otherwise. This research theme aims at exploring the vulnerabilities of this collaboration, alliances that may occur between organisations. A further research could even consider to go beyond analysis of these vulnerabilities, but find a solution to valorise them along the creating process of such an alliance and turn them into positive aspects.

After analysing we may conclude that: Communication and clear goals are the most important factors in an alliance process; There is a positive relationship between team experience and flexibility and the rate of success of an alliance; The synergy between management characteristics and organisational abilities has a positive and higher impact on alliance success; There is a negative correlation between the nature of an organisation and the rate of success of an alliance; Time flexibility is negatively related to alliance success;

We conclude that alliances are: cooperation/collaboration among two (or more) parties for a short- or long-term period of time, in order to gain something and share resources and risks. There are a series of key elements that I consider to be important in an alliance creation process. Some of them prove to be the most important factors in creating strategic alliances. Even if they are exogenous or endogenous, intern or extern, endogamic or exogamic, all the factors are relevant at a certain stage of the alliance life cycle.

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