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The Alliance Puzzle

Known Terrain, Black Boxes, and the Road Ahead

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Strategic alliances have been a focus of attention among management scholars for more than two decades, coming on the heels of earlier work in economics, sociology, and law, among other areas. Interest in the formation, operation, and performance of alliances has not abated but rather seems to be growing stronger by the day. In academic conferences such as those of the Academy of Management, the Strategic Management Society and the Academy of International Business, strategic alliances now capture a substantial, sometimes dominant, share of papers, symposia, and panels. Management journals as well as their counterparts in economics, sociology, marketing, and international business publish a large number of alliance-related papers, and many have devoted special issues to the topic. Alliances have been the subject of numerous scholarly and trade books, research reports, policy papers, and “how to” guides produced by scholars, practitioners, consultancies, law firms, government agencies, and nongovernmental

organizations (e.g., the Conference Board). Business schools offer alliance courses and training programs, whereas corporations, some with newly established units dedicated to alliances, have developed best practices. Associations of alliance professionals permit them to share experiences and develop remedies for the problems that often plague these hybrid forms of cooperation.

Past research has greatly enhanced our knowledge of alliances. It has produced deeper understanding of the workings of alliances, from initiation and formation to operation and termination, and has yielded important insights into their shortcomings and vulnerabilities. This research has also shown, however, the confines of the current theoretical frameworks and the limitations of prevailing methodologies, which have produced often-inconsistent findings and numerous “black boxes.” A vast, untapped terrain appears to lie beneath the revealed patterns of alliance diffusion and performance, which past scholarship has shown little inclination to explore.

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The aim of the *Handbook of Strategic Alliances* is not to replicate existing research, though the summary of the current knowledge base is an indispensable foundation of the book. Contributors have been asked to summarize and draw conclusions from past research as a way of deciphering and crystallizing the existing knowledge base, yet the ultimate goal of the *Handbook* is the paving of directions for future alliance research. Outlines of what we know are hence accompanied by mapping what we do not know but should, if we are to further advance alliance knowledge, and by suggestions of how those advancements can be achieved in a meaningful and rigorous fashion. The introduction of theory interfaces, empirical challenges, unconventional methodologies, and “black box” phenomena are all parts of this thrust.

All in all, we view the intersection of multiple environmental and organizational systems in alliances as providing a fertile ground for theory development that can be leveraged and eventually applied to other organizational forms, for which it will become increasingly relevant. The complexity, ambiguity, and permeable boundaries that characterize alliances are typical of the future business environment and, as such, have to support theory development while simultaneously enhancing relevance. The emergence of frameworks in which an alliance is viewed not merely as hybrid, transitional form but as a viable strategic and organizational course may in turn challenge, develop, and offer substitutes for the theories that have spun those views.

In This Book

The *Handbook* begins by laying out the principal theoretical foundations for alliance research. In this part, Part II, we cover the plurality of theoretical approaches that have been utilized to study strategic alliances, their disciplinary roots, topical correlates, and the empirical evidence pertaining to their explanatory power. Also discussed in this part are key theoretical constructs, major debates, the challenges and opportunities

associated with each theoretical approach, and the interfaces and cross-fertilization opportunities across the main theory streams.

Although a considerable amount is known about alliance formation, governance forms, and performance antecedents, surprisingly little is understood about actual implementation—the specific managerial challenges involved in establishing and operating alliances from their initial setup and throughout their life cycle. Part III is intended to fill this gap by looking inside some of the “black boxes” that have been acknowledged in the alliance literature but seldom opened. Chapters in this part seek to expand the boundaries and depth of traditional alliance topics such as structuring and trust formation; they are also set to develop the behavioral and human resource perspectives that have been given scant attention in the literature to date but whose importance extends well beyond their respective functional domains.

The next two parts are focused on the diversity of alliance forms and the repercussions of diversity, from theory intersections to questions of universality. Part IV starts with a set of chapters on cross-border collaboration, a setting in which much of the early work on joint ventures has been conducted and which continues to pose some unique challenges to alliance theoreticians and practitioners. Chapters in this part examine alliances within the context of the theory of the multinational enterprise and other international business theories, the problems and opportunities posed by cultural and other differences across the environments in which parents and alliances are anchored, and the special challenges related to the launch and operation of alliances in emerging economies.

Part V takes up alliances that might be considered nontraditional inasmuch as they represent relatively recent phenomena or have not been given much attention in prior scholarly work. As with their cross-border counterparts, these alliances raise questions regarding the applicability of current theories and methodologies but at the same time accord unique opportunities

to develop insights unavailable from more traditional alliances. Chapters in this part are devoted to alliances in the new economy, the networks of alliances initiated by entrepreneurial firms, and alliances that bring together for-profit and not-for-profit entities.

The final part, Part VI, is devoted to methodological issues. Chapters in this part are focused on the challenges of devising and performing alliances research, from the intricacies of interdisciplinary scholarship to issues of research design, measurement, and instrumentation. This part critically reviews existing methodologies, but much of the emphasis is put on describing unconventional research and its promise for further advancement in the field. We see methodological progress as fundamental to theory development, without which alliance research will likely remain confined to a narrow range of problems and perspectives and fail to reach the level of rigor that will enable it not only to draw from current theories but also to enrich and refine them.

Part II: Theoretical Foundations

In the first chapter in this part, Mark Casson and Michael Mol (“Strategic Alliances: A Survey of Issues From an Entrepreneurial Perspective”) trace the alliance literature’s theoretical beginnings to industrial organization economics, broadly defined. This is not surprising, given that alliance research took off on the back of advancements in transaction cost analysis and the rising popularity of the structure-conduct-performance paradigm in economics and strategy. That interest in the way in which alliances impact rivalry and ultimately consumer welfare has been rekindled is evident from the draft antitrust guidelines on alliances recently issued by the United States Department of Justice and the Federal Trade Commission. Following an overarching historical overview of the theories that have dominated alliance research and their topical correlates, Casson and Mol recommend that theoretical discourse be redirected toward a view of alliances as

entrepreneurial endeavors undertaken with a specific project in mind rather than as organizations with operational domains. The chapter sketches out the contours of an entrepreneurial theory of alliances and outlines the ramifications of a departure from the theoretical routes previously undertaken.

The second chapter in this part (“How Alliances Reshape Competition,” by Benjamin Gomes-Casseres) also returns to industrial organizational economics as a key root of alliance research, but is focused on the competitive repercussions of alliances, a question that has served as a launching point for both scholarly and public-policy interest in the phenomenon. Linking the past, present, and future of alliance research, this chapter considers how industry-level constellations of partners align with oligopoly theory and how alliances reshape competitive, interfirm dynamics. In so doing, the chapter offers the promise of resuscitating the mostly severed link between the macroenvironment and the firm level of analysis.

In the latter part of the twentieth century, industrial organization economics has spawned multiple new theories that might be grouped under headings such as organizational economics or neo-institutional economics; however the theory that arguably has had the greatest impact on alliance research is transaction cost economics. Incorporating behavioral elements into industrial organization economics, the transaction costs approach focused on firm boundaries, asking, for instance, when a firm should partner with another and when it should go it alone or acquire another; and, when opting for alliances, what the circumstances are under which various alliance forms should be used. Because alliances often operate in a context in which property rights are ill specified and bargaining power and inputs are unevenly distributed, many of the hazards that are central to alliance management can be cast in transaction cost economics terms. The chapter by Yadong Luo (“Opportunism in Cooperative Alliances: Conditions and Solutions”) highlights the role of opportunism—a transaction

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cost construct that underlies various alliance hazards—as a key obstacle in crafting and managing alliances. Luo shows how opportunism is affected by industry characteristics and how it can be mitigated during both the *ex ante* and *ex post* phases of alliance formation and management.

Another branch of organizational economics, one that is oriented toward production efficiencies rather than transactional efficiencies from exchanges across or within organizations and that is free of assumptions regarding opportunism, is evolutionary economics. As research attention shifted away from explaining why firms entered into alliances over alternative arrangements and shifted toward alliance capability-building and partnering processes, the evolutionary perspective has taken on new importance. The chapter by Prashant Kale and Maurizio Zollo (“Understanding Partnering Processes and Outcomes: The Contribution of Evolutionary Theory”) identifies ways in which evolutionary theory brings distinctive strengths and offers a fresh approach to alliance research at the dyadic, organizational, and network levels. The chapter also suggests the use of evolutionary economics to revisit investment choice and alliance management issues that have been the grist for other theoretical mills in the alliance literature’s past. The approach opens up the possibility of using evolutionary frameworks to complement existing theoretical bases when considering topics such as governance choice, partnering, relationship dynamics, and performance sources, among others.

A second theory that has attracted increased attention in recent years is real options. Anju Seth and Tailan Chi (“What Does a Real Options Perspective Add to the Understanding of Strategic Alliances”) illustrate the use of option-related concepts, imported from financial economics, in explaining certain features of alliances viewed as organizational investments. Real options theory is distinct from transaction cost theory and evolutionary economics in that it combines the concepts of uncertainty and managerial discretion in a dynamic view of firms’ investment decisions. Like financial calls and puts, alliances can be

attractive investment vehicles with which to test the water in a new technological domain or market, allowing firms to limit their downside risk while investing sequentially as they receive new information about the merits of a technology or product. Some scholars see promise in real options as a normative theory that can bridge corporate strategy and finance by injecting strategic reality into capital budgeting models, all the while bringing the discipline of financial markets into strategic thinking; others see this promise mitigated by important differences between financial and strategic investments.

The final chapter in the “Theoretical Foundations” part is by Gordon Walker (“Networks of Strategic Alliances”), who injects a sociological thrust into a theoretical landscape dominated by economic scholarship. Network analyses of alliances can be traced to the 1980s, if not earlier; however, recent developments in theory and method have triggered a resurgence of interest in alliances as a form of intraindustry links among firms. Although network analyses are often treated at a methodological rather than at a theoretical level, they are firmly connected to sociological theories focusing on interorganizational ties. For instance, Walker’s earlier work considered whether patterns of collaboration in biotechnology could be explained by firms repeating their alliances in very familiar domains to preserve stability and individuals’ social capital or to broker opportunities to span more distant actors in the network. The chapter reviews the development in this area over the last decade and presents the robust results from these efforts, which challenge existing models and conclusions. The chapter also shows how the network approach might complement and contribute to current thrusts in alliance research.

As alliance research moves forward, economic and sociological approaches may move closer, offering opportunities for cross-fertilization across such areas as competition and interlocking directorship and management. Future research may also see the introduction of fresh disciplinary inputs from seemingly unlikely areas such as

biology (where cooperation and competition underlie the life of species) to political science (where nation-state alliances have been studied for a much longer period). These new approaches will not only bring new lenses with which to see strategic alliances but will also present more evidence pertaining to current theoretical frameworks. For instance, game theory, only sporadically applied to business alliances, has been widely applied in political science research on nation-state alliances. Future alliance research may also be associated with a revival of system theory—type attempts to synthesize and synergize multidisciplinary efforts. Already an intriguing application ground, strategic alliance research thus holds the promise of becoming a locus of theory development that will yield insights into the broader phenomena of cooperation and competition among agents. The final chapter of the *Handbook* takes on interdisciplinary challenges such as these.

Part III: Alliance Management: Opening the “Black Boxes”

With scholars and practitioners shifting some attention to implementation issues, the next set of chapters considers alliance management, examining on-the-ground collaboration issues across the life cycle and functional spectrum. Implementation, broadly defined as the setup and execution of an alliance governance, management, and control structure, is not only important in its own right; it is also intricately tied to the fundamental logic and predictive power of the theories discussed in the earlier part. For instance, some of the opportunism hazards discussed in transaction cost economics can be mitigated by effective management, the deployment of human resources in a way that would permit better monitoring, for example. Hence the opening of the managerial “black boxes” also offers new insights on transactional and strategic issues, from initial investment to termination.

The first chapter in this part, by Stephen Tallman and Anupama Phene (“Structuring and

Restructuring Alliances: A Theory-Based Process Model”), lays out the process of alliance management and considers the key decisions that firms make at the crucial stages of the alliance life cycle, including alliance choice, partner search and selection, negotiation, operations, and termination/renewal. For theoreticians, this chapter indicates how certain theories might map over to particular alliance stages and decisions more or less effectively than others. For practitioners, the chapter illustrates how design and management, although intricately related, require different lenses and approaches to devise effective solutions.

The starting point of the second chapter in Part III, by Africa Ariño and Jeffrey Reuer (“Alliance Contractual Design”), is that most research on alliance design compares equity and nonequity alliances or uses similar broad-brush distinctions. As a result, the literature offers only limited guidance and few specifics on how firms should design their collaborative agreements. To address the degrees of freedom that managers have, this chapter views alliance design through the keyhole of the alliance contract and considers the various contractual provisions that alliance partners use. The authors suggest how we can go beyond prior research on alliance contracts to examine particular dimensions of contractual complexity and their strategic and managerial correlates.

Although crafting a sound alliance contract is an important initial step in thinking through potential contingencies that affect an alliance, in devising alliance processes, in articulating the business plan, and in getting an alliance off on the right foot, the role of informal governance and the interaction between the formal and informal aspects of alliance management are critical. The third chapter in Part III, by Akbar Zaheer and Jared Harris (“Interorganizational Trust”), addresses the topic of trust among partners, which has been the subject of a great amount of research in the last decade and yet remains mired in much confusion and inconsistency. The chapter helps to synthesize and consolidate the scholarship on trust in alliances into four central questions: (a) What is interorganizational trust? (b) How is

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it created? (c) How does it work? and (d) What does it lead to? This categorization scheme helps in taking stock of prior work while outlining areas where future studies might contribute to understanding the importance of trust, its boundary conditions, and how it relates to other inputs and consequences of alliance management.

Whereas trust has received significant attention from alliance scholars, issues surrounding group dynamics and, more broadly, organizational behavior have been given surprisingly short shrift. The fourth chapter in Part III, by Kwok Leung and Steven White (“Exploring Dark Corners: An Agenda for Organizational Behavior Research in Alliance Contexts”), takes up this challenge. Their chapter shows how organizational behavior scholarship could contribute to the alliance research agenda by highlighting the group dynamics that are fundamental to the successful establishment and operation of alliances. Thus, organization behavior can shed light on critical implementation issues as well as economic considerations. For instance, partner relations can serve as a substitute for certain contract provisions, especially in environments that prioritize relationships (e.g., East Asia), and their importance can outlive a focal alliance; for instance, by creating a positive experience, partner relations may serve as a basis for subsequent cooperation. Finally, although holding the promise of contributing to alliance research, organization behavior can also be informed by the unique setting of alliances in which mixed teams are subjected to multiple authority structures and their attendant behavioral correlates, such as conflict, ambiguity, and diverse loci of control.

Just as alliance research can inform as well as be informed by organization behavior, so can a second vital, yet neglected, facet of alliance management and research, namely human resource management. The fifth chapter in Part III, by Randall Schuler and Ibraiz Tarique (“Alliance Forms and Human Resources Issues, Implications, and Significance”), focuses on the promise and challenge of building new links between this field and the alliance literature. Specifically, this chapter lays out the human resource concerns and issues

that emerge at various life cycle stages of an alliance; indeed, even at the formation stage, human resources play an important role, as many alliance contracts contain provisions regarding senior management assignment. The authors note that the limited previous research on human resources in alliances has been exclusively devoted to joint ventures while neglecting nonequity alliances, thus missing out on important insights regarding the establishment, operation, and performance of purely contractual agreements and the actual mechanisms that facilitate cooperation in such alliances that are so widespread in use. Alliances also pose challenges regarding issues such as career paths and rotation decisions that must mesh among two or more firms. At the same time, alliances can be viewed as a form characteristic of an increasingly unstable human resource environment in which outsourcing and multiple affiliations play an ever-growing role and hence are a harbinger of things to come in this area.

The final chapter in this part is by Marjorie Lyles and Siegfried Gudergan (“Learning and Knowledge Development in Alliances”). This chapter helps to open another black box that assumes many alliances are motivated by a learning desire without empirically demonstrating how such learning actually takes place. Opening this box is particularly important because learning has become a popular area of alliance research, with some studies considering knowledge transfer and learning within the dyad or partnership itself, whereas others are concerned with learning about how to manage alliances at the organizational level. This chapter presents ideas on how to connect the two levels, considers learning under routine versus more novel conditions, and examines cognitive as well as social dimensions of the learning processes. It also offers normative guidelines for executives charged with managing alliances.

Part IV: Cross-Border Collaborations

Although much of what is discussed in previous chapters applies to alliances in general, this

part is the first of two focused on the research challenges and opportunities that are special to particular types of collaborations. Cross-border alliances have been an important part of alliance research over the past quarter of a century and in many ways have colored the general approach toward the phenomenon to such as point that it is not always clear to what extent their features are a product of multiple environments or of shared ownership and governance. International alliances offer opportunities to draw from the theory base of international business as well as to inform this body of knowledge in which the establishment and operation cross-border alliances are viewed as key capabilities of the multinational enterprise and part and parcel of global business.

First in this part, Andrew Delios examines alliance research in relation to research in international business (“Alliances and International Business Theory”), two literature streams that were practically inseparable at the onset of alliance research. This chapter specifically takes up the links between alliance research on the one hand and internalization theory, or the theory of the multinational corporation, on the other hand. The author also covers internationalization theories and the role played by strategic alliances in that process. Recent work anchored in institutional economics and institutional theory is showcased as a way of suggesting future research directions in the resource-based treatment of international business and in the area of international social networks.

Next, Piero Morosini (“Nurturing Successful Alliances Across Boundaries”) takes a grounded theory approach, using the Renault-Nissan alliance as a case study with which to illustrate the limitations of existing theories and approaches that would not have predicted the success of this alliance. The author suggests that previous research may have overemphasized interpartner competition at the expense of cooperation and the social capabilities that promote cooperation, and he proposes new ways of thinking about social processes in alliances from negotiation and setup to the operational phase.

Jaideep Anand and Prashant Kale then direct attention to alliances in transition economies (“International Joint Ventures in Emerging Economies: Past Drivers and Emerging Trends”), the setting for many of the early studies on alliance formation, structuring, and outcomes. The authors revisit some of the early work on firms’ partnering motives, specifically the desire for multinationals to secure local market access on a stand-alone basis coupled with host governments’ regulations preventing full foreign ownership. Under the circumstances prevailing at that time, taking on a local partner was the price of admission to a potentially lucrative market. With rapid liberalization of foreign investment rules in many of the emerging markets, the question arises whether alliances will continue to be as popular in these countries, and if so, what alliance forms will take hold in those settings. The authors argue that the experiences gained by multinationals might further diminish the need for local partners in emerging economies, and they delineate the implications of these potential trends for the international joint venture literature. At the same time, they discuss the theory-relevant lessons that could be drawn from the research on emerging market alliances both then and now.

Part V: Nontraditional Strategic Alliances

We next present three chapters on so-called nontraditional strategic alliances, that is, alliances that have not been widespread in the past and have not been considered, let alone studied, in terms of their potentially unique features. Lalit Manral and Kathryn Harrigan (“Alliances in the New Economy”) focus on alliances in the new economy. Compared to many of the alliances Harrigan studied in the 1980s in commodity industries, these alliances among Internet firms display many different dynamics and features, offering new insights regarding firms’ boundaries and alliance strategies. After detailing the ramifications of the Internet for firm strategy, the

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authors highlight opportunism and promiscuity as the central features of these alliances, which are often formed and brought to a close in rapid succession, particularly in the early stages of industry evolution. This chapter flags a number of new motives for entering alliances, including the search for legitimacy and the promotion of technological standards, motives that did not figure in the literature even ten years ago.

Just as with the alliances that have flourished in the high-tech sector, the emergence of alliances in entrepreneurial settings raises questions regarding the universality of the alliance phenomenon. Duane Ireland, Michael Hitt, and Justin Webb draw attention to the alliances and networks established by entrepreneurial firms ("Entrepreneurial Alliances and Networks") and propose that entrepreneurship scholarship can open new frontiers in alliance research. The authors specifically outline opportunities for integration and cross-fertilization between the strategic management and entrepreneurship fields as a way to develop alliance-relevant theory. They highlight the different requirements imposed by alliances to explore new domains versus alliances that are more exploitative in nature, considering how key alliance variables such as governance structure, trust, and resources have very different implications for partner selection and deal structuring for these exploratory and exploitative collaborations. Broadly speaking, their call coincides with that of Casson and Mol (see Part II), who suggest we view alliances as entrepreneurial endeavors.

Finally, Ted London, Dennis Rondinelli, and Hugh O'Neill examine a new type of alliance: those between public-sector and private-sector organizations ("Strange Bedfellows: Alliances Between Corporations and Nonprofits"). The authors indicate a flourishing of such alliances but note that the gulf between the partners' values, missions, and structures complicates the process of building and managing collaboration. They suggest that key differences exist across reactive public-private alliances and proactive partnerships; the former are induced by the threat of regulation, and the latter are driven by opportunities to work with key stakeholders.

Although some of their recommendations are also applicable to interfirm alliances, the chapter represents a call for better understanding of new types of alliances, the extent to which they can be accommodated by current theoretical frameworks, and the theory development work that needs to take place as a result of the challenges these new hybrids pose.

Part VI: Alliance Research Methodologies

Although the prior chapters cover a broad spectrum of issues relating to the theory of collaboration and the practical challenges that firms face regarding different alliance life-cycle stages, functional requirements, and investment contexts, we believe that it is important to give methodological considerations their due in order to appraise the field's current state of the art as well as provide guidance for future studies. In the final part of the *Handbook*, Part VI, Arvind Parkhe reviews and summarizes the methodologies and research approaches undertaken in recent alliance literature ("Research Methods in Alliances"). His conclusion is that progress is being made on a number of fronts but the field has yet to grapple adequately with some of the core behavioral variables that explain alliance processes and outcomes. The author also suggests that qualitative methods continue to receive inadequate attention despite their considerable promise in capturing topics and facets that are not considered or properly covered due to the limitations of prevailing quantitative research.

Jane Salk and Davina Vora discuss how research methodologies used outside the core of alliance research might be used to make progress in a number of alliance research areas ("Research Outside the 'Core': Opportunities in Alternative Approaches and Methods for Studying Cooperative Alliances"). The authors review methods and theories that might be applied to the alliance setting to better understand social phenomena and processes (e.g., social identification, social capital, etc.) in order to address the cross-level

dynamics that are at the heart of many alliance phenomena.

One of the arguably thorniest methodological problems in the alliance literature has been the measurement of alliance performance, an issue that obviously carries significant theoretical and practical implications. This problem arises because of the heterogeneous motives that two or more partners bring to an alliance, the gap between alliance-level and parent-level outcomes, the lack of performance metrics, practical issues such as firms' transfer pricing policies and the presence of contracts auxiliary to the focal agreement, and various challenges associated with data collection. Paul Olk takes up these and other issues in his chapter, entitled "Modeling and Measuring the Performance of Alliances." This chapter catalogs the various ways in which alliance performance has been measured and then draws links across nine different performance indicators. The chapter provides a number of suggestions for the field to take steps toward better evaluation of alliance performance.

The final chapter of the handbook, by Mark de Rond and Sonja Marjanovic, takes on the challenge of conducting interdisciplinary research in the alliance domain ("The Legitimacy of Messiness: Interdisciplinary Research, Systems of Innovation, and Strategic Alliances"). The authors discuss the promise of interdisciplinary research and how it might be conducted so as to advance a "systems of innovation" approach as a framework that might guide future alliance research. They then focus on particular questions that are amenable to interdisciplinary research and that would be worth revisiting with such an approach. Beyond making the case for an interdisciplinary approach, they identify a few of the pitfalls and risks that such a research agenda might entail.

Where Do We Go From Here?

The progress we have made in alliance research so far is impressive in scope and reach. We have a reasonably good knowledge of formation

motives, performance predictors, and organizational governance. We also have a developing understanding of alliance evolution and alliance networks. We have nascent knowledge of the human role in alliances, in particular human resource management; however, we know very little about what motivates employees who work in alliances, what the leadership qualities are that may be required to be an effective alliance manager, or how we can train individuals to be more effective in alliances. Although we keep reminding readers of the complexity and risks of running alliances, we as yet have effectively no knowledge of the training and development that could potentially alleviate the problems associated with this increased complexity and enhance performance at the individual, team, and organizational levels.

We also have only limited knowledge of process issues, from negotiation through formation and termination. Without due attention to process, we may be attributing too much to static performance antecedents such as preformation attributes of participants or the design of an alliance without addressing process factors that may be key factors behind success or failure. Much of the problem rests with alliance research being conducted via large data sets that are not amenable to longitudinal, let alone process, research. Case-study methodology, among other methods described in this book, can be useful as a complementary vehicle here.

Despite the enormous amount of research done on international joint ventures, we also do not truly know if cross-border alliances are fundamentally different from domestic alliances. International business scholars will probably say yes, as political and social systems and the clash of cultures weigh on the formation, operation, and performance of those alliances. The dearth of studies comparing domestic and cross-border alliances weighs down on our ability to answer this question definitively, as does the dearth of studies comparing domestic alliances in different locations. In a similar fashion, evidence is needed on the similarities and differences between entrepreneurial and nonentrepreneurial

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alliances, between alliances spanning corporations and those linking for-profit and not-for-profit organizations, and between those on the Internet versus more conventional domains. These alliances might be studied in their own right and for obvious practical reasons, but a deeper question arises as to how such studies might advance theory development in broader fields such as strategy, international business, technology management, marketing, organizational behavior, and so forth.

We have also made progress, albeit limited, on the theory front. Some theories, such as resource dependence, were used early in the field's development and are less influential today, yet there has also been a renaissance of sociological perspectives on alliances in the last few years. There is considerably more theoretical pluralism today than ten years ago, and these theories have connected well with many alliance phenomena and problems. Individual studies of alliances also routinely draw on more than one theoretical perspective, either to establish a horse race among theoretical perspectives that can address a key phenomenon or to exploit areas of conceptual convergence. These theories also speak to different levels of analysis that meet in the alliance context—country, industry, network, firm, dyad, and so forth—and debates exist about the relative influence of these different levels and the importance of accounting for relationships across these levels. For instance, network theorists argue the importance of indirect ties for many alliance phenomena, raising the question of when it is crucial to account for network-level features in studies geared to explaining dyad-level attributes or outcomes.

Many of the theories in currency are drawn from different theoretical traditions within economics, and in many cases the theoretical treatments of alliances amount to a “patching up” of existing theories to accommodate the rise of alliances of various sorts. For instance, in transaction cost theory, alliances are hybrid organizational forms that blend the features of organizations and markets. In agency theory, alliances

are an amalgam of sort of principals and agents. In evolutionary economics, routines can develop at the interorganizational level. Hence, although much progress has been made in modifying theories to apply them to alliances, three key questions emerge: First, can additional theories be used and also accommodate strategic alliances to yield new insights? We have mentioned human resource management, organizational behavior, and entrepreneurship as three fields where such progress might be possible and would be fruitful. Such questions might also be posed of the root disciplines. For instance, initial models in the property-rights approach did not allow for ownership sharing in equilibria that had Party A owning Party B completely, or vice versa. Yet the property-rights approach has recently been helpful in less mathematically formal studies that examine the details of which party is given which control rights and how these allocations might change over time.

Second, is adequate feedback being given to the fields, theories, and disciplines rather than simply using alliances as an empirical testing ground? The alliance literature might be characterized as undergoing an important transition in recent years, as the focus has shifted from applications geared to understanding alliances per se to an examination of larger theoretical questions and the use of alliances as the crucible for the validation of a theory. In this latter case, the alliance context either uniquely lends itself to theory application or provides some important source of variance that can be exploited to examine an unexplored theoretical facet.

Third, rather than accommodating alliances in existing theories by treating them as “mixed forms” or other hybrid arrangements, is there a need to develop theories specifically for alliances as the key phenomenon of interest? Clearly, the merits and promise of all three issues need to be debated, and one might also ask whether it is important to diversify our theoretical bases still further and be ready to import new insights from far-flung areas such as biology and political science, to name just two.

Studies We Would Like to See

Our selection of chapters and discussion of them above convey where the field is at as well as signals fruitful research agendas on alliances, but we can conclude with a few thoughts on methodology and the relevance of the collective research agenda in the alliance literature. Longitudinal research, although seemingly endorsed in universal terms, remains something most researchers push to the back of their papers under the “Suggestions for Further Research” title, much like the need to examine both sides of the alliance dyad rather than adopting a “focal firm” for analysis due to data limitations when conducting survey research and even in studies using secondary data. Yet research needs to be performed—and can be performed—by obtaining measures at the time of alliance formation (or better yet, at the time of strategic intent) and again some time into the venture’s life. For instance, measuring culture at these two points in time will enable us to see whether and how interaction has changed the culture of the participating organizations and their members rather than treating it as a static variable measured at the onset only.

As a second example, despite the plurality of theoretical approaches used, researchers commonly impose a formation motive on alliance participants, even if implicitly. For instance, studies examine alliances as learning races and do not accommodate other motives, such as transactional efficiencies, standard setting or entry deterrence, and so forth. Other studies examine joint ventures as real options but do not determine whether firms actually had any intention of investing sequentially or, rather, established an alliance as an equilibrium arrangement. The mix of motives likely varies across investment contexts and firms, and firms may not adhere to a single motive and hang onto it during the course of collaboration. Examining both parties’ multiplicity of motives and how these motives change over time would therefore enhance the descriptive value of theories in use.

The last few years have seen several case studies on alliances that have been instrumental

in identifying processes, dynamics, and evolution. Yet the number of scholarly case studies on alliances remains limited and their scope narrow. In particular, cases studies of alliance termination and failure remain rare, despite the substantial learning promise such studies entail. Multicase study designs also remain a rarity despite their potential contribution. Yet for many of the research needs this volume has flagged, such studies offer considerable progress in advancing the alliance literature. For many of these questions, studies that adopt multimethod designs might also enrich our understanding of collaborative strategy and alliance management.

Finally, as in other management areas, the question of relevance haunts the strategic alliance area. Although alliances are a topic of great interest to firms and their executives, this does not necessarily translate into use of scholarly work in that area. Are we producing work that is relevant and applicable to the world of practitioners? Are we making appropriate use of the wealth of studies on the topic put out by consulting firms (e.g., Deloitte; Booz Allen, etc.), nongovernmental organizations (e.g., the Conference Board), or related sources? At what rate, and how, is practice advancing and how is scholarship tracking by comparison? Although there is no available evidence on this topic, it is plausible that scholarship is ahead of practice in many areas (e.g., criteria for adopting alliances over acquisitions, contracting arrangements, etc.) and behind in others (e.g., alliance structuring, human resource management, metrics, etc.). Because much alliance research is conducted by using large data sets, we may be forfeiting an opportunity to learn from people who are directly engaged in the formation and operation of such arrangements.

Conclusion

In the chapters appearing in this volume, readers will see the considerable progress that has been made in many areas of the alliance literature. Although the volume is far from exhaustive, it

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highlights the impressive contributions that have been made in a relatively short span of time in which this work has been conducted. We are also optimistic about future prospects for this literature: The theoretical foundations are strong and getting stronger and more diversified, the scientific rigor of studies has increased greatly in the last few years, and a vibrant research community exists of young and established scholars from a number of different disciplines and methodological traditions. At special conferences and other gatherings of these scholars, we are always impressed by the many unanswered questions on alliances relative to what is known with certainty,

the possibilities of contributing to broader fields and theories, and the enthusiasm surrounding a phenomenon that has had such an enormous impact on organizations and society in the past twenty years. By their very nature, alliances challenge thinking about organization and markets, levels of action and analysis, and traditional business principles. Although a volume such as this cannot cover all of the theories, contributions, and perspectives on this important topic, we hope that readers will find it both a helpful reference and overview of an interesting literature as well as a guide for future work on collaborative strategy and alliance management.