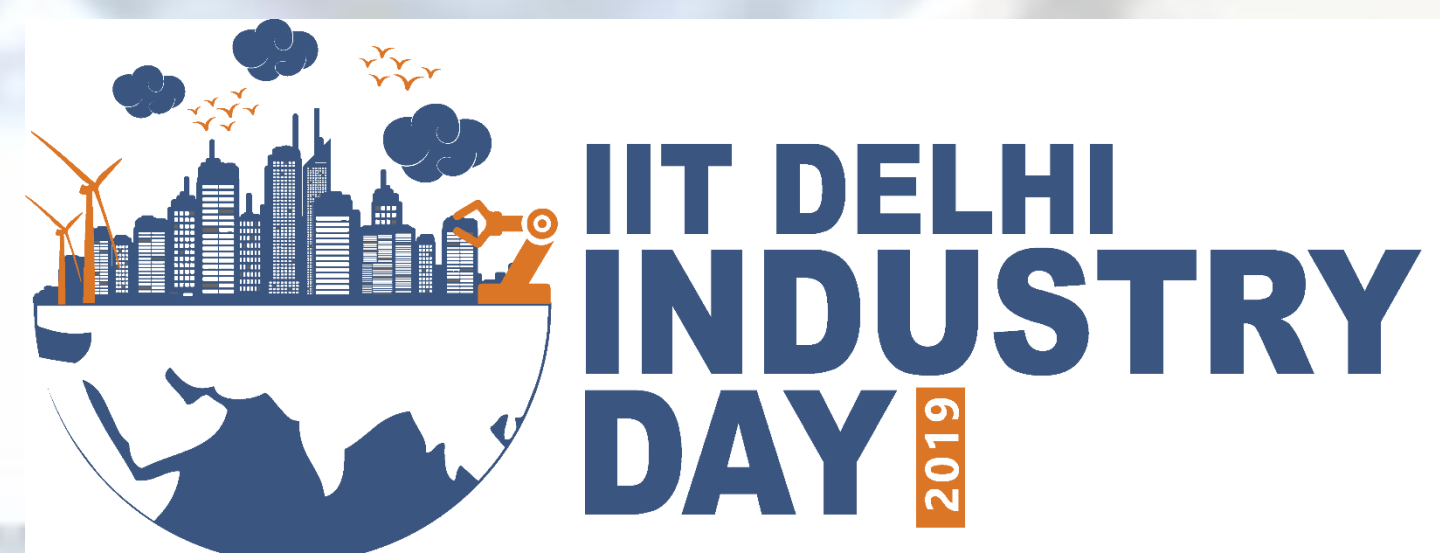




Motives for Formation of Strategic Alliances

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Abstract

There is lack of comprehensive reviews of existing literature in the area of motives for strategic alliance formation. Extant journal articles were reviewed using TCCM framework to provide insights and directions for future studies with the perspective of 'Make in India'.

Introduction

Strategic alliances act as vehicles for sharing know-how, allow firms to address host government policies, help create economies of scope and scale, help firms gain competitiveness, gain access to resources, reduce share costs, assist with risk management, gain access to labour, develop new products, develop cultural familiarity, assisting in manufacturing in India.

Materials and Methods

This study follows a systematic review methodology to review existing literature. The TCCM framework (theory-context-characteristics-methodology) framework was used. The scope of this study was restricted to papers published in ABDC ranked journals. Only papers that explicitly researched motives were included. The final list of paper included in this review is 112 papers. The publication period of these papers was spread across four decades between 1983 and 2018: 1983-1988, 4%; 1989-1994, 9%; 1995-2000, 24%; 2001-2006, 21%; 2007-2012, 22%; 2013-2018, 19%. This indicates that there has been consistent interest and work in this area.

Conclusions

This study summarizes the existing literature on motives for formation of strategic alliances, while giving directions for not only future research but also for alliance formation in various sectors in the Indian economy.

Industrial Significance

This study is significant for firms who want to form strategic alliances with other organizations. From the Indian perspective, this study would help domestic firms in understanding the motives to ally with international organizations, to manufacture products within the country.

Result

The most often used theory lens analysis of motives is the transaction cost approach. From this, several motives have transpired: for diversifying the product line, to gain access to knowledge of the partner to learn about the local market, to allow risk sharing, to produce vertical links and, and to allow for exchange of complementary technology and patents.

A large majority of research in this area discusses developed countries. This shows that there are opportunities for in the field of alliances in emerging markets of the world. Alliances are also most common in the manufacturing sector, especially in high technology businesses. There is a lot of scope for alliances in the primary sector as well as in parts of the services sector, as well as in alliances at the domestic level.

It was found that a prime motive to enter into a strategic alliance was to gain knowledge. This is especially useful for Indian organizations hoping to partner with foreign firms who are looking to set up a manufacturing base in India.

It was also observed that motivations of SMEs are different from those of large companies, as they generally have a look at a shorter horizon. This indicates that Indian SMEs must have a long term focus in order to be successful partners in alliances in the long run.

References

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Acknowledgement

We would like to thank Indian Institute of Technology Delhi, for creating this platform for us to share our work. We are grateful to the Department of Management Studies for constantly supporting our research endeavours.