Chapter 5.15
Strategic Alliance Capability:
Bringing the Individual Back into Inter–Organizational Collaboration

Christiane Prange
EM Lyon Business School, France

ABSTRACT

Internationalization has accelerated the speed of knowledge generation and innovation. Thus, companies increasingly need to pool and create new resources by engaging in alliances with various partners. However, high failure rates of strategic alliances imply that the degree of a company's collaboration success is related to the level of its alliance capability. While "alliance capability" has largely been conceptualized from within the resource based and the dynamic capability view, one of the major drawbacks is the lack of micro-foundations, i.e. an explanation of individual knowledge and actions, which drive the development of alliance capability. A modified approach to the capability life-cycle is introduced, which aims at filling this gap. Finally, some implications for managerial practice and for future research are addressed.

INTRODUCTION

In the global marketplace, competitive advantages have become increasingly difficult to realize and many firms strive for new sources of knowledge and corporate growth. For many companies, strategic alliances have become a cornerstone in their expansion efforts because they facilitate access to new resources and wealth creation. Indeed, strategic alliances[a] can be considered a critical issue in the network economy, which is evidenced by both their rise in number and the variety of emerging forms, such as 'value networks', 'alliance networks' or 'alliance constellations' (Gomes-Casseres, 2003; de Man, 2005).

Motives for those 'loosely-coupled arrangements' (Weick, 1976) include easier access to foreign markets, economies of scale, accelerated development of technological capabilities, risk reduction and the acquisition and transfer of knowledge embedded in respective partners (e.g., Hamel, Doz and Prahalad, 1989; Larsson, Bengtsson et al.

1998). Yet, there is also widespread recognition that firms fail with roughly half of the alliances they form and there is considerable heterogeneity in terms of reported performance results (Bleeke and Ernst, 1993). Indeed, the inherent instability of strategic alliances has led both practitioners and researchers to focus on the intriguing question of what firms can do to enhance alliance results (Chang, Chen and Lai, 2008).

Previous research on the success factors of alliances has largely focused on structural and cultural aspects, presuming that these are the major drivers of effectiveness (Cartwright and Cooper, 1993). Only recently has attention been drawn to the fact that some firms are considerably more successful in managing alliances than others and the degree of a company's collaboration success has been linked to specific capabilities involved in managing these relationships (Wuyts, Dutta and Stremersch, 2004). With the recent hype of both the resource-based view (RBV) and the dynamic capability view (DCV) in strategy research, firm-specific factors, such as routines and capabilities, have been highlighted as antecedents of rent differentials (Nelson and Winter, 1982; Barney, 1991).

In this stream of research, the unit of analysis is no longer the relationship between firms, but a distinct organizational-level capability that is subject to dynamic processes of development, change, and improvement. Consequently, subsequent work has emphasized that alliance capability positively contributes to firm-level competitive advantage (Anand and Khanna, 2000).

However, it has also been suggested that the construct of alliance capability should be conceptualized on multiple levels, spanning individuals, groups, and organizations (Blomqvist and Levy, 2006). Unfortunately, studies which refer to *individual* alliance capability, or even comprise multiple level issues, are sparse and firms are left in the dark about adequate action perspectives for the individual manager (Johnson, Melin and Whittington, 2003). Part of the problem is due

to the fact that traditional capability research adopts a collectivist focus, while neglecting micro-level foundations (Felin and Foss, 2004; Teece, 2007).

By building on these omissions, a deliberately individual focus is adopted to investigate the micro-foundations of alliance capability. This article provides the following contributions: *First*, a synopsis of previous research on alliance capability is presented and contributions and shortcomings are discussed. *Second*, by highlighting theoretical contributions from the RBV and the DCV, it will be shown that both offer valuable contributions to the conceptualization of alliance capability but do not sufficiently explain how capabilities develop. *Third*, by building on these omissions, a framework is proposed that considers individual contributions to the development of organizational alliance capabilities more thoroughly. *Finally*, some avenues for future research and some practical managerial implications will be suggested.

Strategic Alliance Capability: A Synthesis of the Literature

In this article, the terms of 'alliance capability' and 'strategic alliance capability' are used synonymously to signify those capabilities required to successfully manage a strategic alliance. 'Managing' is used as a generic term to incorporate all activities of an alliance life-cycle (see subsequent paragraphs). This section consists of a literature synopsis of the discourse domain (main terms, constructs, and developments). It further locates an important research gap in the lack of clear interrelations between individual-level origins and organizational-level alliance capability.

Definitions of Strategic Alliance Capability: The Formation of a Research Field

The recent literature on strategic alliances has paid considerable attention to either the very

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