Research Article

STRATEGIC ALLIANCE AND PARTNERSHIP IN ORGANIZATIONS: AN OVERVIEW OF FOUNDATIONS

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Article History: Received: 14 July 2020; Accepted: 2 January 2021; Published online: 5 February 2021

Abstract: Strategic alliances have long been established as formal inter-organizational relationships, especially among companies operating in the international business sphere. The purpose of shaping joint collaborations is to attain organizational goals easier and more efficient. Partnership is defined as the strategic relationship between mission-driven, independent, yet highly interdependent organizations with high levels of common resources and similar goals. In a modern economic network, companies may assumably operate independently in the market and hence without the intervention of criteria, but the strategic position of a potential market partner plays a major role in overall performance. Moreover, merely considering the compatibility of two companies in a partnership would lead to deficiencies in the prospect. As such, criteria for partnership must be complementary to meet the needs of both parties. Furthermore, management tools should not affect the complexity of the criteria. The purpose of this study was to examine the foundations of strategic alliance and partnership of organizations.

Keywords: Strategic Alliance, Organization, Partnership, Merger.

Introduction

On the eve of the new millennium, with its characteristic fast-paced shifts and considering all the trends that are emerging in the field of business, only a handful are argued to have similar effects to those strategic alliances and partnerships during the course of the incoming decade. (Karimifard, 2009: 25).

Strategy Strategic alliances are oftentimes suggested as an important tool for attaining and maintaining a competitive advantage. Furthermore, the concept of strategic alliances is becoming more popular for organizations, itself owing to the cost savings achieved through executive management of tasks. As such, most major companies that are exploring their options for strategic alliances are on the lookout for better quality, cheaper technology and manpower, and/or lower production costs (Teymouri et al., 2012: 52).

Among the most significant incentives for establishing a joint venture is to share resources, tax costs, and business risks with partners. Achieving mass production, which leads to economies of scale, is another such incentive. In some cases, companies seek to establish international joint ventures to warrant access to raw material resources and intermediate goods overseas, as well as foreign distribution channels. Every company needs to survive first-hand to be able to offer its products and services in the current highly competitive environment. Strategic alliances and joint ventures are among the most optimal means to gain a competitive advantage and to offer products and services to the target market and customers. Companies will be able to employ the technological facilities and markets of the other parties for selling their products and services in return for providing specific services and also the needs of the other party. Active participation in current global markets and capturing market share is essential for businesses. In such an environment, large companies have to move away from being completely local and hence become regional or global companies. This necessity for being in congruence with the environment and gaining access to international markets is clearly evident in some domestic industries, especially the automotive and petrochemical industries.

Strategic alliance

The strategic alliance is defined as a strategic response, e.g., joint venture, to fast-paced shifts in the environment such as ever-increasing competition, accelerated technological progress, expansion of required investments, and globalization of markets.

One of the most significant approaches to development in any strategic alliance is cooperation in innovation. As a form of knowledge-based alliance, strategic innovation cooperation refers to a company selecting its external partners to form an alliance, through which every party is able to learn and employ the knowledge-driven strength of others and hence and to share their advanced knowledge and technology to further develop knowledge and technological products. The ultimate purpose of such an alliance would be to attain and/or maintain a competitive advantage. Nevertheless, cooperation in innovation is perceived to be very risky, as between 50 and 60% of such cooperation often leads to material losses of one or several parties. A major portion of failures in alliances is attributed to a lack of professional ability to select capable partners with efficient procedures and methods. In innovative cooperation, companies with knowledge-driven missions and technological innovations are of academic interest (Danley, 2013: 89).

In the context of global competition, multinational corporations are now actively seeking to build and maintain higher-level all-encompassing alliance networks instead of managing temporarily alliances that serve only specific short-term, looking out in the process alliance relationships with partners in various industries (Wei, 2012: 50).

Sambasivan, Siew-Phaik, Mohamed, and Leong (2011) showed that sustainable interdependence (task, goal, reward) between alliance partners could increase the probability of success of the alliance as both parties rely on each other to complete tasks and achievements. If one party to an alliance underperforms, the other parties will suffer.

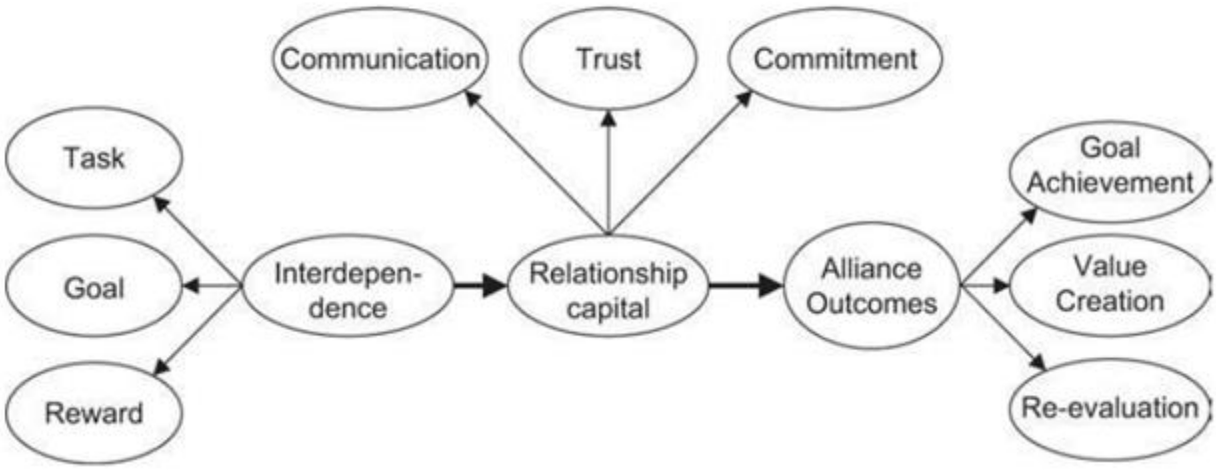


Figure 1: Sambasivan, Siew-Phaik, Mohamed, and Leong (2011)

Overall, it can be argued that the number of strategic alliances has increased in recent years (Das and Rahman, 2010), the main outcome of which is the increased market growth and profit margins (Vaidya, 2011). This can undoubtedly be an interesting arena for very small businesses (less than five employees) that are trying to develop and upgrade into a successful small business (5 to 50 employees).

The logic behind strategic alliances

The natural growth of organizations is simply not enough to get the maximum growth rate they need. Speed in the market is of paramount importance, and partnerships can dramatically improve it. Furthermore, environmental complexity is on the rise, and no organization can claim to have all the expertise and skills required to exploit potential opportunities. Partnerships can mitigate the heavy expenses of research and development by sharing costs with partners. Moreover, alliances facilitate access to global markets (Teymouri et al., 2012: 30).

Strategic alliances are deemed an important form of business, especially for companies that compete globally. But strategic alliances are not the remedy for every company and every situation. Having said that, companies can nonetheless improve their competitive positioning, infiltrate new markets, leverage the important and complementary skills of other partners, and share the risk and cost of their major development projects through strategic alliances.

Types of strategic alliances

Joint venture

A joint venture is a business entity created by two or more organizations with similar strategic goals to assign to and hence share operational responsibilities, financial risks, and rewards between each of the parties while maintaining their independence and identity. This type of alliance is more common than other types.

Mutual services consortium

Mutual services consortium can be defined as the participation of similar companies in industries and sectors that require high investment and are costly. In this alliance, companies integrate their resources to gain benefits and employ advanced technology.

Licensing agreement

A licensing agreement is an agreement under which the licensing company grants a legal license to another company in another country or market to produce or sell goods or services, in exchange for which the licensor pays the licensing company. This alliance is useful when the trademark or the brand of the licensing company is well known and reputable.

Participation in the value chain

Participation in the value chain can be defined as a strong and close alliance in which a company or business unit forms long-term agreements with key suppliers or distributors to gain a competitive advantage. This type of alliance is the most efficient type of alliance (Karimifard, 2009).

Grounds of strategic alliance

- Marketing: To obtain marketing resources and information
- Technology: Employing specific knowledge or other technological skills
- Raw materials: Gaining access to different components of the production process
- Finance: Making capital from sources outside the company
- Managerial: Using managerial and entrepreneurial skills and talents
- Political: Infiltrating developing countries to gain their political commitment for the organization (Karimifard, 2009: 86)

Definitions of strategic alliance

A strategic alliance is an arrangement of relatively stable cooperation between partners that encompasses communications that are backed by the resources or legal structure of the organization, the purpose of which would be to accomplish the common individual goals associated with each corporate mission. Strategic alliances can take many forms. They can either be permanent or temporary based on the pre-determined needs and achievements of each country.

Overall, the currents definitions established for alliance suggest that the concept of strategic alliance is based on three principles:

1. Existence of at least two partners;
2. Achieving strategic goals;
3. Need for various types of strategic alliances.

Businesses that are seeking strategic alliances must be able to meet the expected needs and bring about benefits with a comprehensive, detailed plan.

Benefits of Strategic Alliance

Creating a strategic alliance for partners has several advantages, the most important of which are:

- Quick and easy access to knowledge and market
- Reducing capital needs and existing risks in developing new products and technologies
- Possibility of influencing the structure of competition in related markets
- Reducing financial and political risk
- Gaining competitive advantage
- Enhancing sales growth
- Developing a business portfolio
- Increasing revenue
- Savings stemming from the economy of scale
- Expansion, diversity, and access to resources

Strategic alliances for small companies will also have the following benefits:

- Lower costs and development of operations
- Less bureaucracy and more innovation
- Generating wealth and jobs more effectively
- Entrepreneurial management for growth in the early stages (Teymouri et al., 2012: 58).

Reasons for establishing strategic alliances

- Development of strategies and gaining access to new markets
- Acquiring new technology or replacing existing ones with cheaper or better technologies
- Reducing financial risks and sharing R&D costs
- Gaining or maintaining a competitive advantage

Risks and problems facing strategic alliances

1. Problems related to cultural differences
2. Lack of trust between the parties
3. Lack of clear goals and objectives
4. Lack of coordination between management teams
5. Differences between production teams and differences in orientations between partners
6. Relation risk, that is, the companies that have become partners may have less commitment to the alliance.
7. Efficiency or performance risk: Even when there is no relation risk, risks such as changes in government policy, war and economic crisis (environmental factors) and fierce competition,

high volatility and demand (market factors), or lack of ability in important areas (internal factors) still requires consideration.

8. Strategic alliance can create regional or global competitors for the company in the future (Teymouri et al., 2012: 68).

Factors affecting the success of an organization in strategic alliance:

An organization benefits from partnering in an alliance when it follows a pattern as follows.

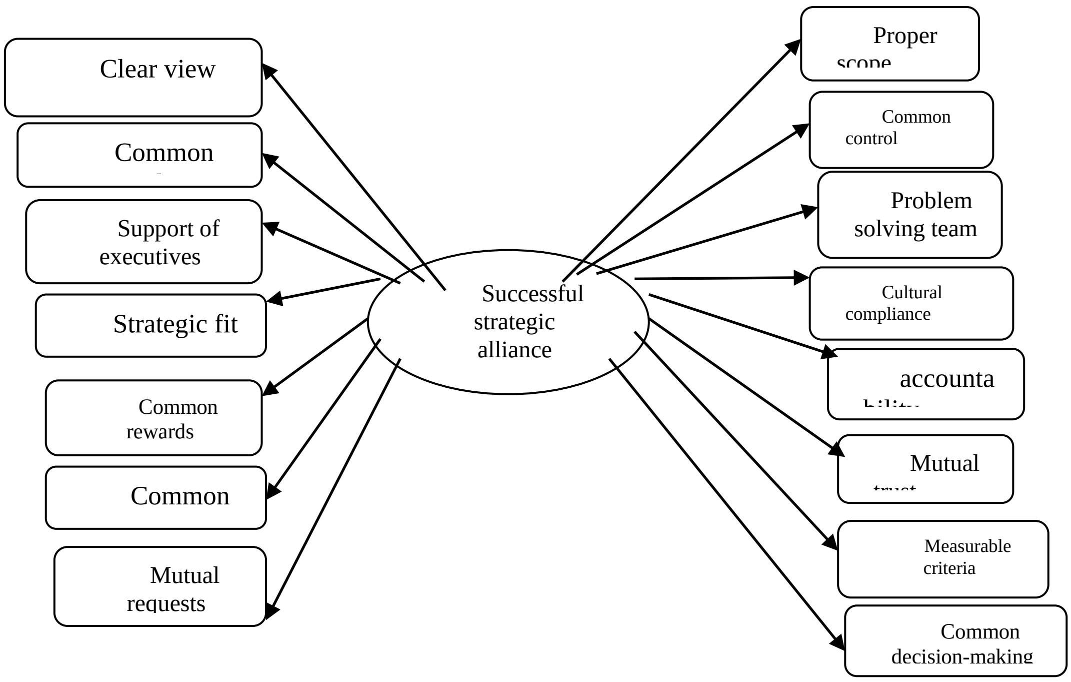


Figure 2: Factors affecting strategic alliances (Biggs, 2006)

Why do companies form strategic alliances?

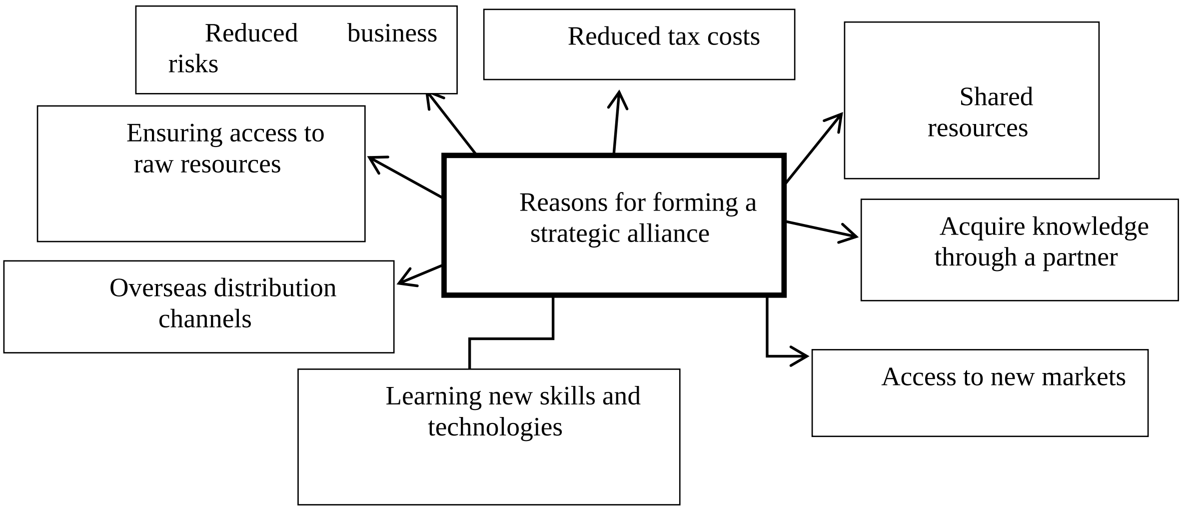
Previous research on the formation of alliances has mainly focused on identifying the motivations for alliances based on various theories, such as:

- Market power theory (Porter and Fuller, 1986).
- Transaction cost theory (Parkhe, 1993).
- Resource-based theory (Talman, 2000).
- Game Theory
- Real options theory
- Theories of organizational learning
- Resource dependence Theory
- Social network theory (Gulati, 1998).
- Ecosystem view
- Structuration theory

In the current era, owing to the rapid progression of technology and globalization, strategic alliances have gained momentum in becoming the major strategy for companies (Ireland et al., 2002).

Forming a strategic alliance provides an opportunity for companies to become cost-effective. Furthermore, it paves access to resource expertise, thereby reducing reliance on resources that are beyond their reach. For example, it has been documented that the ever-increasing alliances between large and small companies have become a strategy for change towards growth.

From a resource-based perspective, companies exploit alliances to gain the resources and complementary capabilities they require (Das and Tang, 2000a). The aforementioned notion is more inclined to the formation of a merger or ownership. Although mergers or acquisitions are different from alliances, they offer more control over goals, while strategic alliances often exhibit lower levels of control. Establishing a strategic alliance allows companies to have the opportunity to manage their relationships. The reasons for the formation of the strategic



alliance are categorized as follows:

Figure 3: Reasons for strategic alliance (Shaverdi and Baghdadi, 2005: 68)

Joint venture

The ultimate goal of the partners in every joint venture is to establish and maintain a long-term relationship with the purpose of being able to compete effectively with other companies. Companies have specific resources, but they may need resources other than their existing ones to perform competitively in the market, including the capital, technological capabilities, managerial capabilities, and other intangible assets such as reputation. This need is the main logic behind choosing a partner. That is, companies are looking for partners who have the resources they need yet do not have access to. Companies can also learn skills and competencies from their partners and enhance their capabilities, thereby improving and developing their competitive advantage (Heath et al., 2000).

The process of establishing a joint venture is a four-step process, namely selecting a partner, negotiating, reaching an agreement, and operating and managing. Numerous theories have been proposed to develop the formation of joint ventures, the most prominent of which are based on the cost-exchange approach, organizational learning, and resource dependence.

Technological collaboration activities between companies, universities, and research institutes are of utmost importance for gaining access to complementary technology resources and improving innovation capabilities. One of the most important approaches in this arena is innovation alliance and cooperation, but organizational innovation alliance is high-risk. The methods for choosing the right partners and improving the proficiency of corporate innovation is a challenge face by most organizations (Danley, 2013).

In particular, managerial challenges have intensified over the past decade from international joint ventures as state-owned companies with national political goals are increasingly seeking out joint ventures with companies owned by shareholders with financial goals, especially in the resource and energy markets.

Reasons for establishing a joint venture

Companies generally choose joint ventures since they can remain operational in the host country, and joint ventures help them improve their competitive position. Partners must be committed to joint ventures to be prosperous. Efficient management practices require managers to perform their best in various tasks.

The role that a company plays in managing a joint venture and its expectations of the partner are defined by the relative position power it is willing to accept. The relative position power of partners is determined by partner size, organizational culture, management structure, style, and managerial capabilities.

It is essential to first determine whether the potential partner is willing to fulfill its obligations in the long run. In a joint venture, resource commitments and formalization through contracts and control mechanisms can be established when deemed suitable.

There is a plethora of reasons and motives for partnering in a joint venture. The first set focuses on the motivation(s) of the company for cooperation. It argues for a variety of benefits that a company can have in a partnership, such as brand-new competence, increased legitimacy, and market power, and that it affects the likelihood of a partner entering into an alliance.

The second set is structurally sociological, arguing that the probability of a firm participating in an investment is a function of the position in the network between firms that has been affected by previous alliances (Stern, 2005).

Over the past decade, joint ventures and strategic alliances have become commonplace in business environments, both domestically and internationally. Alliances may lead to the exploitation of complementary facilities and privileged information sharing and is hence a partnership and internal cooperation between independent companies. The significance of joint ventures and strategic alliances has also been highlighted by strategic management and business policy theories. Lack of investment between several companies and joint cooperation oftentimes creates added value, while joint ventures do not necessarily. Furthermore, a lack of joint ventures between companies is more likely to occur in highly competitive industries during economic downturns. Younger companies and high-growth companies form joint ventures to adapt their internal activities.

Why do joint ventures fail?

Business organizations often shape business relationships with other firms through joint ventures to gain access to foreign markets, share market risk, overcome barriers to trade, merge resources, complete contracts, and take a competitive stance.

A 2005 study found that approximately 70% of global alliances have achieved their goals and hence succeeded, while some have failed. While joint ventures offer convenience and flexibility in the face of risks and uncertainty in the global business environment, the partners will be nevertheless exposed to risk, and uncertainty in business relationships among partners is inevitable. Research on joint venture partnerships between parent and host companies from the United States, Europe, and Australia indicated that poor performance in joint ventures is strongly associated with a lack of cooperation between partners. Studies have also revealed that inefficiency is oftentimes not the direct result of differences in national culture but the lack of cooperation between partners owing to differences in organizational culture.

Organizations that enter into joint ventures exploit alliances to access new and developing markets in an effort to increase organizational performance and hence achieve long-term organizational goals. When an investment venture fails, partner companies lose resources, leaving them at a competitive disadvantage.

Levels of motivation and relationships between partners are major factors in the prosperity of any joint venture (Namani, 2012).

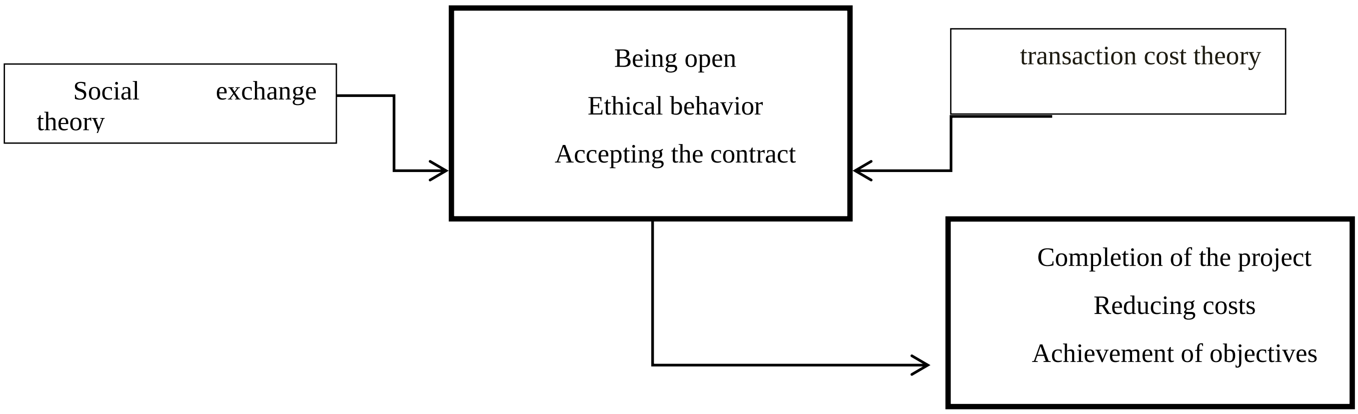


Figure 4: Investment Transparency Model, Michel Nnamani (2012)

Leaders in joint venture partnerships need to empower partners to implement mutual guidelines for achieving optimal performance. Some managers still prefer to maintain and limit corporate resources, even though it is perceived that implementing transparency requires transformational leadership.

International joint venture

The international joint venture is a stand-alone legal entity representing the resources of two or more companies whose headquarters must be located at least outside the investor's country. Companies establish international joint ventures for a variety of reasons, namely gaining a foothold in new markets, increasing access to resources, sharing risks, and realizing economies of scale, among others.

Despite the ever-increasing significance of joint ventures for companies, international ones are often seen as unstable entities due to the short-term nature of corporate goals (Buckley and Greistler, 2008). Instability of joint ventures can take various forms, including liquidation, ownership, termination or change in the equity system, management structure or supervisory committees of the joint venture, or unexpected compliance costs for both companies. The high complexity of international joint ventures is evident not only in the organizational context but also in cultural interactions (Yan and Cheng, 2003).

Among the most significant incentives for establishing a joint venture is to share resources, tax costs, and business risks with partners. Achieving mass production, which leads to economies of scale, is another such incentive. In some cases, companies seek to establish international joint ventures to warrant access to raw material resources and intermediate goods overseas, as well as foreign distribution channels (Hajidimitriou and Yannis, 2001).

The ultimate goal of the partners in every joint venture is to establish and maintain a long-term relationship with the purpose of being able to compete effectively with other companies. Companies have specific resources, but they may need resources other than their existing ones to perform competitively in the market, including the capital, technological capabilities, managerial capabilities, and other intangible assets such as reputation. This need is the main logic behind choosing a partner. That is, companies are looking for partners who have the resources they need yet do not have access to. Companies can also learn skills and competencies from their partners and enhance their capabilities, thereby improving and developing their competitive advantage (Hajidimitriou and Yannis, 2001: 68).

Selecting a business partner

Partner selection involves the largest and most costly part of the body of empirical research and describes with whom, at what price, for how long, and with what relationship should partners enter agreements.

Finding the proper partner and establishing the necessary conditions for starting a partnership is of paramount importance, yet it is a costly and time-consuming process, hence necessitating optimization.

The process of establishing a joint venture is a four-step process, namely selecting a partner, negotiating, reaching an agreement, and operating and managing.

Partner selection is an important parameter in the formation and performance of international joint venture (IJV), as the selected partner helps determine the set of required skills and resources, the implementation of policies and guidelines, the IJV's achievement of strategic goals, competitiveness, and the survival of the IJV. Studies on IJVs also indicate that the partner selected should have a “complementary” nature, as the lack of complementarity between the two parties is the most significant factor hindering the effectiveness of the IJV process.

For companies faced with the dilemma of selecting a business partner, knowledge of the company's internal business networks may lead to a competitive advantage. Leaders of companies would be equipped with an extensive range of interests, requiring them to turn to business partners with the purpose of accessing several high-quality resources. As such, research on knowledge-based companies has revealed that firm leaders were actually the first to suggest that an appropriate set of joint venture partners with the ability to connect to a knowledge network can prove to be the key to success (Cook, 2008).

Three theories, namely resource dependence theory, transaction cost theory, and organization theory, are devoted to the motives for forming a strategic alliance. These theories are not distinct and have much in common. Most studies use these three theories to address the motivation for forming a strategic alliance. This research emphasizes the notion that partner selection is an important step in the success of a strategic alliance. Authors often emphasize “correct” and “appropriate” choices.

Strategic alliance or merger and acquisition

Buckley and Casson (1998) discussed the three conditions under which forming cooperation, such as strategic alliance, would lead to the preferable result. The predominant decision to opt for an alliance when a company has access to unique resources, such as those of knowledge and technology, cannot be simply made by traditional methods.

Prevailing selection criteria are often discussed in case there is a high cost of obtaining target resources and/or when there is a high level of uncertainty regarding the evaluation and monitoring of performances performance. When companies lack unique resources, they seek out external resources that provide opportunities for competitive advantage (Hoggs and Beasley, 2008).

Mergers are perceived to be expensive owing to resource acquisition and the subsequent implementation of asset management controls, while alliances can provide access to cheaper resources faster. There are certain conditions that facilitate the decision between alliance or merger.

Deciding between strategic alliance and merge

How does a company decide between a merger or an alliance? The decision depends on whether the outcome of the relationship has the potential to bring the company closer to its optimal performance.

When the resources of the parent company are on an equal footing with those of the contacted company, a merger is assumed to take place (Hoggs and Beasley, 2008: 98). In contrast, a strategic alliance is appropriate when there is a lack of features in resources between the two companies. The theories employed by the researchers offer a satisfactory explanation for the formation of a strategic alliance. As a business strategy, alliances are formed to allow companies to expand their market reach and increase shareholder wealth. Yet as a real option, alliances are formed to decide which partner is the right one for the business. As such, it can be argued that strategic alliances are formed to gain access to resources, reduce resource dependence, and showcase the quality of a company. They are also established to reduce transaction costs as long as the available information helps the partners make better decisions. Resource-based studies indicate that forming alliances increases the direct flow of information between partners who would be then able to make informed decisions about valuable resources and facilities. The need for such resources and facilities to better gain a competitive advantage allows companies to merge.

Research background

Georgiou and Hajidimitriou (2001) proposed an optimal planning model for partner selection by considering a company that wants to develop its operational scope by forming an IJV with another company. The authors assumed in their research that a foreign company seeks to select a suitable company from a given country. It was also assumed that the shares of all domestic companies under study are equal to each other and therefore have no effect on the decision of the foreign company. Qualitative criteria discussed in this study included the partner's ability to help enter the local market quickly, the political benefits that the local partner can bring to the table, the local partner's access to raw materials, access to distribution networks, partner familiarity with local business models, economic environment, local policies and customs, capability to gain access to experienced management and technical staff, access to local financial resources, aptitude in facilitating exports, having patents, licenses or other manifestations of proprietary knowledge. The purpose of the model was to maximize the profit of the IJV formed according to the rank obtained by each company in each criterion.

Nielsen (2002) studied the Danish companies engaged in strategic alliances to the factors impacting the formation of alliances between the two companies (internationally) and to evaluate the relative importance of the factors influencing partner selection. In this study, a set of factors was prepared using factor analysis, and their relationship with some sample characteristics, previous international alliance experience, type of administrative governance, nationality of the foreign partner, and motives for forming an alliance were analyzed. (Nielsen, 2002)

Heath et al. (2000) studied the difference between companies present in emerging markets and companies in developed markets. The companies in the emerging market place more emphasis on financial assets and technological capabilities than companies from the developed market, while companies in developed markets place more importance on access to unique competencies and being familiar with the local market.

This study focuses on the differences in the importance of different selection criteria in emerging and developed markets.

In her doctoral dissertation, Pidduck (2005) examined the criteria for selecting a partner, in which a list of criteria proposed by Pegram (1965) was presented, including credit and financial condition, sales power, product line, credit, market coverage, sales performance, manager success, manager ability, attitude, size of alliance members. Since then, many researchers have sought to examine the criteria with potential effect in choosing a business partner. Furthermore, the author interviewed experts and presented five criteria for partner selection.

Sapp (2011) examined factors influencing the decision-makers of hospitals to adopt strategic alliances with physicians in ambulatory surgery centers, the results of which indicated that market factors such as the disease rate of the elderly are strongly correlated with hospital decisions for joint ventures.

The performance history of the surgical center, partnership characteristics, effects of partnership on hospitals, similarities and differences between different integration strategies, rules related to each hospital, motivation of each hospital to form a partnership were among the factors influencing the formation of the alliance.

Moreover, the author divided the criteria for choosing a partner into five categories:

1. Market factors,
2. Organizational factors,
3. Factors related to surgery,
4. Control factors,
5. Adjustment factors,

For which statistical software was employed to examine the importance of each factor (Sapp, 2011: 81).

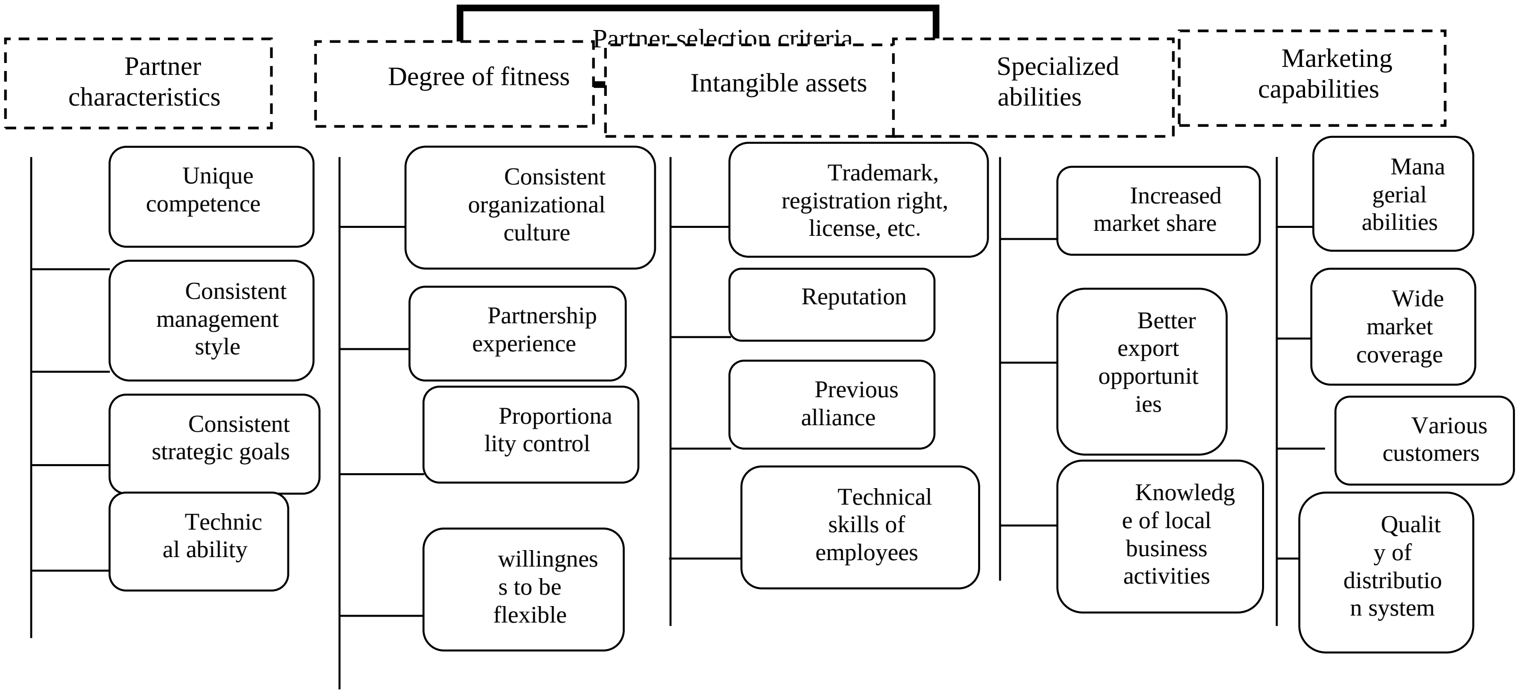


Figure 5: Criteria for partner selection (Pidduck, 2005)

In his doctoral dissertation, Dan Li (2013) categorized the criteria for selecting a partner as follows:

- Compatibility
  - Organizational culture
  - Organizational goal
- Property rights and reputation
  - Degree of organizational reputation
  - Organizational experience
  - Intellectual property standards
- Capacity of technological resources
  - Level of knowledge resources and staff knowledge
  - Intelligence and knowledge management standards
- R&D capacity
  - Capacity of technological innovation
  - The structure of technological progress
  - Technology supplements
- Management capacity

- Risk management
- Communication and adaptation capacity

The author employed the fuzzy multi-attribute decision-making method to rank each of these factors, the results of which revealed that ownership, reputation, and capacity of technological resources have the greatest impact on the choice of business partner (Dan Li, 2013).

Local studies

Shaverdi et al. (2005) examined studied the criteria for selecting a partner in the petrochemical industry. The results of the research are presented in Table 1.

Table 1: Factors affecting partner selection in the petrochemical industry (Shaverdi, 2005)

Importance / priority	Companies from emerging markets	Companies from developed markets
Important and with different priorities	(1) Financial assets	(3) Unique competencies
	(14) Technical capabilities	(6) Knowledge / market access
	(7) Intangible assets	(12) Experience of the previous alliance
	(10) Willingness to share experiences with partners	(5) The cost of alternatives
	(9) Ability to create quality	(4) The attractiveness of the industry
		(13) Specific skills for learning from the partner
Important and with the same priority	(2) Complementary capabilities	(2) Complementary capabilities
	(8) Managerial capabilities	(8) Managerial capabilities
Important and lower priority	(3) Unique competencies	(1) Financial assets
	(4) The attractiveness of the industry	(7) Intangible assets
	(6) Knowledge / market access	(9) Ability to create quality
	(12) Experience of the previous alliance	(10) Willingness to share experiences with partners
	(13) Specific skills for learning from the partner	
Insignificant	(5) The cost of alternatives	(11) The ability of the partner to acquire skills
	(11) The ability of the partner to acquire skills	(14) Technical capabilities

Teymouri, No-Pasand, and MalekAkhlagh (2012) examined the application of strategic alliances in the automotive industry to clarify the significance of using strategic alliances in the aforementioned industry. The authors first discussed the various definitions of strategic alliances, followed by a brief overview of their benefits. Moreover, the authors introduce various forms of strategic alliance and point out the most common steps for forming alliances. Finally, the application of strategic alliances in the automotive industry is discussed, and a case study is presented in this field (Teymouri et al., 2012: 68).

Conclusion

Strategic alliances have proven to be among the most efficient means for developing new technologies, entering new markets, overcoming government constraints, and learn from leading companies in a given field.

Projects of strategic alliance face failure mainly owing to tactical mistakes made by management. By using a well-managed strategic alliance agreement, companies can make a profit in markets that would otherwise be uneconomical operations. Establish a prosperous alliance requires considerable time and energy on both sides. As such, the companies participating in the strategic alliance must employing a comprehensive plan, in which all the expectations are described in detail, and the requirements and the expected profit are specified before entering thereto (Teymouri et al., 2012: 28). There are many reasons indicating the growth of strategic alliances and international joint ventures. Resource dependence studies indicate that strategic alliance allows organizations with asymmetric capabilities to access resources they would have otherwise, which may include technology, management expertise, and other strategic and operational capabilities.

The learning process for alliance partners requires specific skills in seeking or obtaining feedback and implementing the adjustment. This learning loop should be employed continuously in the strategic alliance to maximize the relationship's potential for achieving short- and long-term goals. Furthermore, getting involved in a social network with a partner in a strategic alliance helps reduce the risk of instabilities in a strategic alliance (Lin and Huang, 2011). Also, being proficient in negotiating a formal contract reduces the risk of a party exploiting an external opportunity in the alliance, unless the leaders of the strategic alliance maintain balance in the alliance and accept its adverse consequences such as termination of the partnership and hence the need to find another partner (Temsco and Fourer, 2010: 1102). Other side effects include loss of products or services for customers and costs associated with training another business partner.

Joint ventures have upgraded to a significant mean for many companies to attract foreign investment. But if the foreign investor is unfamiliar with the environment, he or she may be at high risk while investing. Previous studies have suggested the risks of joint ventures, the risk of forming an alliance, the dynamics of joint ventures, the role of information in joint ventures, and the evaluation of investment performance.

Selecting a commercial partner can be considered a multi-attribute decision-making process in which companies that have similar and matching resources are used to carry out a project. Given the multi-criteria nature of this problem, there is no optimum alternative, and thus any optimal trade solution must be identified and examined. In the classical model, the goal is to create a suitable combination of partners for activities to reduce project risk and costs. Reviewing the past literature reveals that a plethora of research has been performed on partner selection, focusing on issues such as supply chain design, agile production, network design, dynamic alliance, and innovation management.

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