When does alliance proactiveness matter to market performance? A comparative case analysis

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Keywords:
Alliance proactiveness
Market performance
Technology transfer
fsQCA

ABSTRACT

Relationships with external partners can provide several benefits for firms. To obtain such benefits, firms must develop competencies and capabilities that enhance their ability to create and capture value in inter-organizational collaborations. In this article, we focus on one of these capabilities: alliance proactiveness. Drawing on configuration theory, we examine the performance effects of alliance proactiveness within the broader context of the firm and its market environment. Using a sample of 68 firms involved in technology transfer, we examine the interplay between alliance proactiveness and two major sets of factors—organizational factors and environmental factors—to identify configurations sufficient for market performance. The findings of a fuzzy-set Qualitative Comparative Analysis indicate the co-existence of alternative configurations for market performance that differ in their particular composition but are consistently sufficient pathways to market performance. Knowledge of these configurations yields novel insights into the complex pattern of causal factors and helps develop factor constellations in which alliance proactiveness is indeed effective and enhances market performance.

1. Introduction

Many firms form intricate webs of relationships (Möller & Halinen, 1999), involving multiple and diverse alliances with different partners (Wassmer, 2010), to improve their resource base and cope with increasingly demanding environments. For example, in the information technology industry, IBM and Twitter recently formed an alliance to mutually share access to technological platforms for collecting customer data, cloud technologies, and knowledge about data analysis (IBM, 2014). A possible reason for these activities is that "[n]ow more than ever, many of the skills and resources essential to a company’s future prosperity lie outside the firm’s boundaries, and outside management’s direct control" (Doz & Hamel, 1998, p. 9).

External networks can provide several benefits for firms, including legitimacy attributions, access to information, sources for organizational learning, and the provision of resources and capabilities necessary to compete effectively in increasingly dynamic and competitive markets (Hitt, Ireland, Camp, & Sexton, 2001). To realize such benefits from relationships, network literature (e.g., Forkmann, Henneberg, Naudé, & Mitrega, 2016; Mitrega, Forkmann, Ramos, & Henneberg, 2012; Ritter & Gemünden, 2003, 2004) and alliance management literature (e.g., Anand & Khanna, 2000; Kale, Dyer, & Singh, 2002; Lambe, Spekman, & Hunt, 2002; Schilke & Goerzen, 2010) underscore the need to develop firm-level competencies or capabilities that enhance firms’ ability to generate and capture value in inter-organizational relationships.

In this research, we focus on one of these capabilities—namely, alliance proactiveness. Alliance proactiveness refers to firms’ efforts “to identify potentially valuable partnering opportunities, and to initiate preemptive actions in response to identified opportunities” (Sarkar, Echambadi, & Harrison, 2001, p. 702). The ability of firms to identify alliance opportunities and form access relationships into relevant resources and know-how is one of the key factors of alliance success (Lambe & Spekman, 1997; Park, Chen, & Gallagher, 2002). When firms are unable to develop needed resources internally, external partners may provide such inputs and add to or complement the internal resource basis to fill resource gaps (Teng, 2007). The selection of partners influences the mix of available skills and resources and affects firms’ abilities to achieve strategic objectives (Geringer, 1991). Firms that are proactive in forming alliances enjoy first-mover advantages in the strategic factor market of alliance partners—that is, “the set of potential collaborator firms that are compatible and possess required strategic resources” (Sarkar, Aulakh, & Madhok, 2009, p. 587), which can lead to higher market performance (Sarkar et al., 2001).
Within this context, an important but under-researched issue pertains to the conditions under which alliance proactiveness transforms into performance gains. This issue is critical because the development and use of capabilities, such as alliance proactiveness, are costly (Schilke, 2014), and investments in one type of capability can reduce a firm’s capacity to devise and/or reconfigure resources into other capabilities (Wang & Rajagopalan, 2015; Winter, 2003). Examination of conditions of the effect of alliance proactiveness on market performance deepens the understanding of the contexts in which investments into proactive alliance activity can pay off.

Prior studies indicate that organizational and environmental factors affect the ability of firms to capitalize on alliance capabilities in terms of performance gains. These studies, however, either focus on the interaction between a firm’s overall alliance management capability and contingency factors (e.g., Schilke, 2014), which hinders more fine-grained insights into boundary conditions of specific capabilities, or focus on the interaction between specific alliance capabilities and contingency factors (e.g., Sarkar et al., 2001, 2009), which is often restricted to two-way interactions and thus inhibits insights into more complex boundary conditions typically present in business environments. To date, only one study has examined the complex patterns of factors to explain performance in an alliance context. Leichnig, Geigenmüller, and Lohmann (2014) show patterns of organizational factors (i.e., alliance management capabilities and organizational compatibility) and factors of the interaction between exchange partners (i.e., interaction quality) to explain the success of the inter-organizational transfer of technology.

Building on these insights, the purpose of this article is to further illuminate situations in which alliance proactiveness contributes to market performance by examining its interplay with both organizational factors (i.e., a firm’s level of specialization, alliance experience, and size) and environmental factors (i.e., market dynamism and competitive intensity). We employ a configurational approach (Fiss, 2007, 2011) and conduct an exploratory comparative case analysis (Misangyi & Acharya, 2014) to describe complex patterns of factors and show how these work together in bringing about market performance. We use fuzzy-set Qualitative Comparative Analysis (fsQCA; Ragin, 2008), that is, a set-theoretic method proficient for analyzing and describing combinations of antecedent conditions for an outcome. FsQCA has received increased interest in the management and marketing literature in recent years (e.g., Schneider & Eggert, 2014). FsQCA builds on the premise that an outcome of interest rarely depends on a single causal antecedent, that antecedents hardly ever operate in isolation, and that a specific antecedent can have positive and negative effects on an outcome, contingent on context (Greckhamer, Misangyi, Elms, & Lacey, 2008).

The findings of our research contribute to the alliance management and capability literature by describing configurations (i.e., “nonlinear synergistic effects and high-order interactions”; Delery & Doty, 1996, p. 808) sufficient for market performance. Knowledge of these configurations provides insights into configurational effects of alliance proactiveness and organizational and environmental factors on market performance. The results of this study indicate the co-existence of multiple configurations that differ in their particular composition but are consistently sufficient for high market performance. This finding supports the assumption of equifinality—that is, the perseverance of multiple realities for an outcome (Fiss, 2011; Woodside, 2014)—and elucidates alternative conditions under which alliance proactiveness contributes to market performance. Managerially, this research addresses the questions of whether and when alliance proactiveness is effective and enhances market performance.

We organize the remainder of this article as follows: in the next section, we briefly summarize existing work on alliance proactiveness. We then present the research framework, followed by a discussion of the research approach and the findings of this study. The article concludes with a discussion of theoretical contributions, managerial implications, and directions for further research.

2. Perspectives on proactiveness

The concept of proactiveness has received attention in two major streams of business research. In the entrepreneurship literature, researchers have most commonly focused on proactiveness as a dimension of a firm’s entrepreneurial orientation (Dess & Lumpkin, 2005; Lumpkin & Dess, 1996). Proactiveness refers to a firm’s propensity to anticipate and act on future trends by sensing new opportunities, acting ahead of competitors, and eliminating operations that are at the end of their life cycle (Venkatraman, 1989). Proactiveness involves a forward-looking perspective and is the conceptual opposite of passiveness (Lumpkin & Dess, 1996). Proactive firms are characterized as market leaders that monitor market changes and seize opportunities to shape the environment and meet demands (Dess & Lumpkin, 2005).

With an increasing interest in strategic partnerships and inter-organizational collaboration, proactiveness has attracted additional attention in the alliance management and network literature. This literature stream focuses on how firms form and manage cooperative arrangements with one or more external partners to improve performance and generate competitive advantages by sharing resources and know-how (Ireland, Hitt, & Vaidyanath, 2002). Studies in this field indicate that proactiveness, specifically alliance proactiveness, has an important role in various forms of strategic partnerships, ranging from dyadic alliances to more comprehensive alliance portfolios (Wang & Rajagopalan, 2015). Research has treated proactiveness as a dimension of firms’ collaborative know-how (Simonin, 1997) and as a facet of firms’ alliance management capability (e.g., Leichnig et al., 2014; Schilke, 2014; Schilke & Goerzen, 2010).

The ability of firms to sense and seize partnering opportunities ahead of competitors enhances opportunities for superior value creation and value capturing. In the imperfect strategic factor market, proactive firms can generate first-mover advantages by outperforming follower firms in safeguarding access to valuable resources (Sarkar et al., 2001) and by building resource configurations that are difficult to imitate (Dyer & Singh, 1998). Studies show that the abilities of firms to initiate and develop relationships with partners increase firm performance outcomes (Mitrega et al., 2012). To capitalize on such capabilities, firms employ different strategies that are contingent on environmental characteristics. In a recent study, Forkmann et al. (2016) perform a latent-class analysis and show two groups of firms that employ alternative strategies, following exploration or exploitation approaches when managing relationships with external partners. In addition, prior work shows that alliance proactiveness has a significant, positive direct effect on firms’ market performance (Sarkar et al., 2001). This effect, however, differs contingent on several factors. Sarkar et al. (2001) demonstrate that firm size and market dynamism influence the effect of alliance proactiveness on market performance in such a way that the effect becomes weaker as firms grow in size and stronger as market dynamism increases. In addition, Sarkar et al. (2009) find that an alliance function within the firm strengthens the effect of alliance proactiveness on alliance portfolio capital, which in turn affects firm performance. Schilke (2014) demonstrates that environmental dynamism influences the relationship between firms’ overall alliance management capability (conceptualized as a multi-dimensional, higher-order construct including alliance proactiveness, among other dimensions) and competitive advantage in such a way that the effect of alliance management capability is strongest under moderate levels of dynamism but comparatively weaker when dynamism is low or high.

In summary, the cumulative findings of prior research suggest that the relationship between proactive alliance activity and market performance is complex and depends on characteristics of the external environment as well as internal organizational characteristics. In addition, the results of prior work suggest that firms employ alternative strategies and, thus, no universal modus operandi exists. To capture and further illuminate this causal complexity, we adopt a configurational approach (Fiss, 2007, 2011), which accounts for the idea that an
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