

# STRATEGIC ALLIANCES – THEIR DEFINITION AND FORMATION

## STRATĒGISKĀS ALIANSES – TO DEFINĪCIJA UN VEIDOŠANĀS

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**Abstract.** *The article presents analysis of the definition of strategic alliances, the analysis of alliance and the research of a strategic alliance concept; furthermore, it focuses on the contingent hierarchy of alliances. The motives of strategic alliances formation, their categories, groups and benefit for business have been revealed in this article. Special attention is paid to the process of strategic alliance formation and the analysis of factors that influence the formation of strategic alliances and management success. Finally, the types of strategic alliances analyzed in the scientific literature are reflected and the theoretical insights of alliance formation, acquired through systemic analysis, are also presented in this study.*

**Keywords:** *benefit of strategic alliances, formation of a strategic alliance, strategic alliance, types of strategic alliances.*

**JEL code:** M1

### Introduction

Relevance of the Research and the Scientific Problem. Business environment influenced by current globalization and economical difficulties make enterprises form alliances. They facilitate the process of satisfying customer needs, acquiring a competitive advantage and becoming a market leader. Thus, it may provide possibilities for business expansion. Commonly, strategic alliances are formed among enterprises in the developed countries or among enterprises of well-developed countries and countries under the development process. These alliances may be a tool for strategy implementation. (Judge and Dooley, 2006; Mockler, 2001; Patel, 2007).

In this article the strategic alliance is defined as a voluntary agreement – the partnership among enterprises that includes exchange of products and development of technologies or services (Gulati, 1998). Besides, the motives of the strategic alliance are comprised of possibilities related to better and faster access to technologies, ability to establish in new markets, reduce financial and political risk, form added value and derive

profit. The formation of the strategic alliances might be defined as a particular business making philosophy – a form of business model expression.

Cooperation among different enterprises has existed for quite a long period of time (approximately for 100 years) and during latter decades the figures have increased dramatically. Therefore, it became a subject matter why scientists and researchers gained deeper insights into strategic alliances. The aspects of research on the strategic alliances are the following: agreement and exchange relations; commencement of cooperation, partnership and competitive advantage; creation of a business model; partnership that conduce to achieving the strategic goals; cooperation developing competences; partnership based on trust and risk management etc. The research problem might be expressed through theoretical questions: what is a strategic alliance and what aspects are important while analyzing it in a scientific context?; what stimulates the formation of strategic alliances?; what factors influence the success of formation and existence of strategic alliances?; what types of strategic alliance could be distinguished?

The Research Object: strategic alliances.

The Aim of the Research: to carry out a detailed review of the definition of an alliance and its formation.

The Goals of the Research:

1. To review definitions of both alliances and strategic alliances;
2. To analyze motives (and their groups) of formation of strategic alliances and their benefit;
3. To analyze the process of strategic alliance formation and management emphasizing the success factors;
4. To distinguish the types of strategic alliances.

The Research Methods. Systematic analysis of the scientific literature, comparative analysis and generalization.

### **Definition of Strategic Alliances**

Cooperation among different enterprises has existed for quite a long period of time. It was easier to establish new enterprises through cooperation, new activities and alliances. As Draulans et al (2003) noted, the cooperation among enterprises is a widely known phenomenon – business has been uniting into alliances for more than one century; and during latter decade the number of those has significantly increased. As the mentioned authors noted, the most significant increase in alliances (from 10 per cent to 85 per cent) took place from the beginning of 1970s until the end of 1990s. During this period scientists were focusing on alliances through the scientific perspective, where the attention was

mostly paid to cooperation and collaboration among enterprises. First scientific studies on alliances (analysis of interorganizational relations) were conducted by such scientists as Evan (1966) and Warren (1967) in 1970s. Later the alliances were analyzed by Borys and Jemison (1989), Hamel (1991), Inkpen (1998), Mowery etc. (1996). These studies indicated that cooperation logic and alliances unify founders of enterprises, suppliers of raw materials, current and potential customers, partners and past competitors for both achievement of the common objective and formation of higher value. According to the above mentioned scientists, the peculiarity of alliances is that each enterprise performs functions that complement each other. These functions unify and strengthen such enterprises. Later, as the scientists Das and Teng (2000), Standifer and Bluedorn (2006) pointed out, alliances might form various interrelations among enterprises and they allow gaining a competitive advantage through information exchange and resources. Alliance provides enterprise and newly created structure with power to gain a competitive advantage. In this manner, in the mentioned structure the enterprises might retain and enable own valuable resources (Jeffrey et al 2008, Gomes-Casseres 2008).

In order to explain in detail the definition of alliance and strategic alliances, the precise chronological analysis of the scientific research related to explanation of strategic alliance concept was carried out. The chart with the basic aspects of strategic alliance concept definition can be found below. These were used in the scientific literature for the last three decades.

*Table 1*

Research review on the aspects of alliance and strategic alliance concept

Conception of alliance and strategic alliance and its substantiation	Aspect of research
Strategic alliances are long-term agreements or short-term alliances among enterprises, which are more important than ordinary market transactions. Possible forms of strategic alliances: common enterprise, licenses, long-term supply agreements etc (Porrtte, 1990)	Agreement and exchange relations
Strategic alliance is a voluntary agreement among enterprises including exchange or division of product, technology or services development (Gulati, 1998).	
Alliance is an agreement between two or more enterprises based on exchange and the common property is not created (Barringer and Harrison, 2000)	

Table 1 cont.

Alliance is a cooperation between two or more enterprises, which helps to realize objectives and to gain competitive advantage (Das and Teng, 2000; Stiles, 1998; Mockler et al, 1997; LorangeirRoos, 1993; Mockler, 1999.)	Gaining of cooperation, partnership and competitive advantage
Alliance is a different cooperation agreement among enterprises, excluding transactions according to the short-term agreements and contracts that are not related to implementation of strategic activity in such enterprises. Enterprises participating in such alliance remain independent and they may compete with each other (Pellicelli, 2003)	
Strategic alliance is a partnership that helps to unify power in order to gain mutual benefit and long-term competitiveness in markets (Yi Wei, 2007)	
Alliances might be referred to as a mutual reliance among enterprises and they allow to achieve competitive advantage, exchanging information and resources (Standifer and Bluedorn, 2006; Jeffrey et al. 2008; Gomes-Casseres, 2008)	
Strategic alliance is a short-term or long-term cooperation agreement among local or foreign enterprises that increases performance efficiency and reaches synergy effect (Cobianchi, 1994)	Formation of a business model
Strategic alliance is a particular regime of organizational relations when partners have to invest into long-term performance based on a mutual effort (Faulkner, 1995)	
Strategic alliance might be defined as a process when enterprise members modify basic business and change common business practice in order to decrease duplication of activity and expenses; furthermore, at the same time better conditions for efficiency improvement might be created (Frankel, Whipple and Frayer, 1996)	
Strategic alliance is a short-term or a long-term cooperation among enterprises, which might include partial or contractual property in order to implement strategic goals (Forrest 1989)	Partnership for achievement of strategic goals
Strategic alliance is a partnership between two or more enterprises, which seek to achieve strategic goals, but they remain independent after alliance formation and they share benefit created by the strategic activity (Yoshino and Rangan, 1995)	
Strategic alliance is conventional temporary relations with some independent enterprises, which seek to remove restrictions while implementing strategic goals. Each partner may influence activities, management and policy; but they do not share expenses, risk or profit, i.e. these enterprises remain independent from each other (Douma, 1997)	
Strategic alliance might be referred to as common, for some enterprises – partners, intention to plan future activity in order to achieve the strategic goals (Todeva and Knoke, 2005; Mandal et al., 2003)	

Table 1 cont.

<p>Alliance – a cooperation agreement or association between two or more independent enterprises, which will be together for some time if they want to improve own competences. In this case, there will be better opportunities for partners to concentrate resources and coordinate efforts for better results. Basic factors for alliances formation – opportunities, necessity and time (speed) (Dussauge and Garrette, 1995)</p>	<p>Cooperation for development of competences</p>
<p>Alliances are long-term relations among enterprises based on trust. Their purpose is a particular investment; its realization could not be foreseen and clear (Phan, 2000)</p>	<p>Partnership based on trust and risk management</p>
<p>Alliance is a contractual action between two or more enterprises related with business risk management (Contractor and Ra, 2000)</p>	

In the scientific studies two concepts have been used by the authors: alliances and strategic alliances; the difference between these mentioned concepts has not been analyzed. As Seppälä (2004) noted, it is possible to accentuate particular features that define alliances and strategic alliances. Alliances might be perceived as cooperation between two companies in their activity level and frequently in some fields of business management. The mentioned scientist analyzed strategic alliances in his own dissertation as a higher level of cooperation among some enterprises. This cooperation transforms into a partnership and achievement of strategic goals. In hierarchical approach strategic alliances are in the highest position: cooperation, partnership, alliances and strategic alliances.

There is no common conception of alliance or strategic alliance but it is possible to notice some similarities and note that both alliances and strategic alliances are:

- voluntary agreement for free exchange, cooperation and mutual relations without common property;
- they seek mutual benefit that is based on trust, partnership and risk management but enterprises retain their own autonomy;
- particular union of enterprises in order to achieve established strategic goals and increase competitiveness in the market;
- new regime in the relations of enterprises; it helps to form a new business model and this model might decrease activity duplication and expenses; furthermore, it creates favourable conditions for efficiency development.

In conclusion, there is no common definition of alliance and strategic alliance. The analysis of the mentioned concepts and their elements highlighted very popular key words: agreement of enterprises, partnership, union, cooperation and exchange having autonomy. So, it is

suggested to consider alliances and strategic alliances as an opportunity to gain specific advantage such as extraordinary financial and human resources, increasing power in market, increasing competitive advantage, better strategic position and opportunity to expand the market. Contingent hierarchy of alliances indicated that strategic alliances are located at the top and perceived as the strongest expression of cooperation and partnership allowing achievement of the strategic goals. The concept of strategic alliance will be used in further sections of this article.

### **Motives and Benefit of Strategic Alliances Formation**

Actually, there is an attitude that strategic alliances have been formed using common partners' motives that are more widely analyzed in the scientific context. More and more scientists (e.g. Glaister 1996, Nielsen, 2003; Garcia-Pont and Nohria, 2002) tend to distinguish *particular motives for strategic alliances formation*, for instance, market expansion, access to technologies, business diversification, restructuring, concentration of resources, development of products and standards, complementarities of goods and services in the market etc; these scientists try to integrate mentioned motives into the strategic alliances formation system. Todeva and Knoke (2005) suggest grouping the mentioned motives into different categories:

Strategic and political category of alliance formation motives is oriented to business retention, future business formation and expansion; the other categories are used for situation management and profit generation in the existing enterprise.

*Table 2*

Categories of motives of strategic alliances formation  
(Todeva and Knoke, 2005)

Category	Motives included into the category
Organizational category	Training (formation of competences): different training courses, formation of collective competences; restructuring; improvement of activity organization; searching for product distribution methods (searching for distribution channels); adaptation to environment changes; complementarities of goods and services; legal activity.
Economic category	Searching for markets; sharing of expenses and combining of resources; diminishing of risk and diversification; proportion economy; activity specialization.
Strategic category	Formation and strengthening of competitiveness; assimilation of new technologies, creation of new products; cooperation with potential competitors; influence and impact on industry development.
Political category	Development of technical standards; elimination of restrictions for legal regulation.

The scientists Eisenhardt and Schoonhoven (1996) distinguished two basic groups of strategic motives of alliances formation. The first group is comprised of the strategic motives; enterprises form strategic alliances in order to achieve strategic goals and gain profit (Axelrod 1997; Parkhe 1993, 1998). The second group is made of the social motives; enterprises form strategic alliances through peoples' social contacts. The social values such as trust and commitment are the basis for strategic alliance formation (Larson 1992; Uuzi 1997). The groups of motives and motives for strategic alliances formation suggested by the mentioned scientists are delineated below:

*Table 3*

Motives of strategic alliances formation

Motives	Group of motives/authors
<ol style="list-style-type: none"> <li>1. Necessity (enterprises form strategic alliances in order to comply with legal or standard requirements);</li> <li>2. Asymmetry (enterprises form strategic alliances in order to eliminate any gap in activity);</li> <li>3. Necessity of mutual principle (enterprises form strategic alliances in order to reach balance, harmony and mutual support but not domination, control or competitiveness).</li> <li>4. Efficiency (enterprises form strategic alliances in order to enter into more profitable and beneficial transactions);</li> <li>5. Stability (enterprises form strategic alliance in order to establish a cooperation strategy; with its help uncertainty would be avoided and there would be an opportunity to forecast and assimilate resources efficiently).</li> <li>6. Legality (enterprises form strategic alliances in order to improve reputation and encourage other enterprises to cooperate).</li> </ol>	<p>Group of strategic motives</p> <p>(Oliver, 1990; Eisenhardt and Schoonhoven, 1996.)</p>
<ol style="list-style-type: none"> <li>1. Defence. The market leader wants to start a new business and in this way to strengthen existing "family portfolio".</li> <li>2. Willingness to overtake. Slow enterprise shows willingness to overtake other enterprises, which are leaders in the same business segment.</li> <li>3. Survival. Despite the fact that enterprises business is rather strong in their segment, this type of business is not competitive anymore. That is the reason for a new start.</li> <li>4. Restructuring. The enterprises business may be restructured refusing unprofitable activities taking over a part of profitable activity from the other enterprise; in this way efficiency of both enterprises will be increased.</li> </ol>	<p>Group of strategic motives (Lorange et al., 1993.)</p>

Table 3 cont.

1. Acquiring new and valuable resources necessary for competitive advantage.	Group of strategic motives
2. Retaining valuable resources in enterprise, such as highly skilled specialists, innovative technologies etc.	Group of social motives (Das and Teng, 2000)
3. Eliminating unused and unprofitable resources in order to form strategic alliance; it is necessary to have valuable human resources and appropriate technological environment.	

Analysing motives groups of strategic alliances formation it was noticed that there are two dominating groups of motives: strategic and social groups that consist of wide range of different motives of strategic and social alliances formation. But in any case, these motives are related to strategic intentions (usage of inner and outer resources, management of situation), necessity (compliance with standards, mutuality etc.) and opportunity (employees' social networks in enterprise)

Soares (2007) distinguishes *four basic potential benefits provided by strategic alliances for international business*: support to entering into market, risk sharing, exchange of knowledge and experience, synergy and competitiveness.

*Support to entering into market.* Entering into market requires the enterprise to be prepared in management and marketing (formation of appropriate marketing mix, familiarization with international business arena and changes in management structure), particular resources (human and financial) and their management, knowledge and experience. Being in local market the enterprise cannot enter into foreign market itself; but if strategic alliance is formed with local or international enterprises the opportunity will increase.

*Risk sharing.* Different types of risk might occur while entering into local or foreign markets and realizing new products: financial risk, activity risk etc. Taking it into account, formation of strategic alliance may be considered as a process of risk decrease because responsibility has been shared among unified enterprises in accordance to the interim agreement.

*Exchange of knowledge and experience.* Different enterprises are competent in the appropriate areas but not everywhere. Formation of strategic alliances provides an opportunity to exchange knowledge, experience and competences. In this way enterprises learn and grow.

*Synergy and competitiveness.* Formation of strategic alliances is a method to decrease risk, which might occur while entering into other markets and expanding of international business, developing scientific research etc. Competitiveness might be enhanced unifying partners' strengths and

acquiring an effect of synergy in activity. This would be impossible for separate enterprises.

Biggs (2006) accentuates the most relevant factors that influence potential benefit of strategic alliances, which were mentioned by Soares (2007): clear and common vision, sharing of goals and their assessment, mutual benefit and trust, power complementarities and seeking for strategic benefit, strong management, risk sharing, profit and control, group decision-making, dealing with problems in groups, choosing of partners and their evaluation, matching of culture, dividing activity etc.

Wrapping up, it is possible to note that strategic alliances have been formed following the common partners' motives that may be grouped into four categories: organizational, economical, strategic and political. Analyzing the groups of motives of strategic alliances formation it was noticed that two groups dominate: groups of strategic and social motives. In the scientific literature there are four potential benefits provided for international business by strategic alliances: support to enter the market, risk sharing, exchange of knowledge and experience, synergy and competitiveness.

### **Formation of Strategic Alliances**

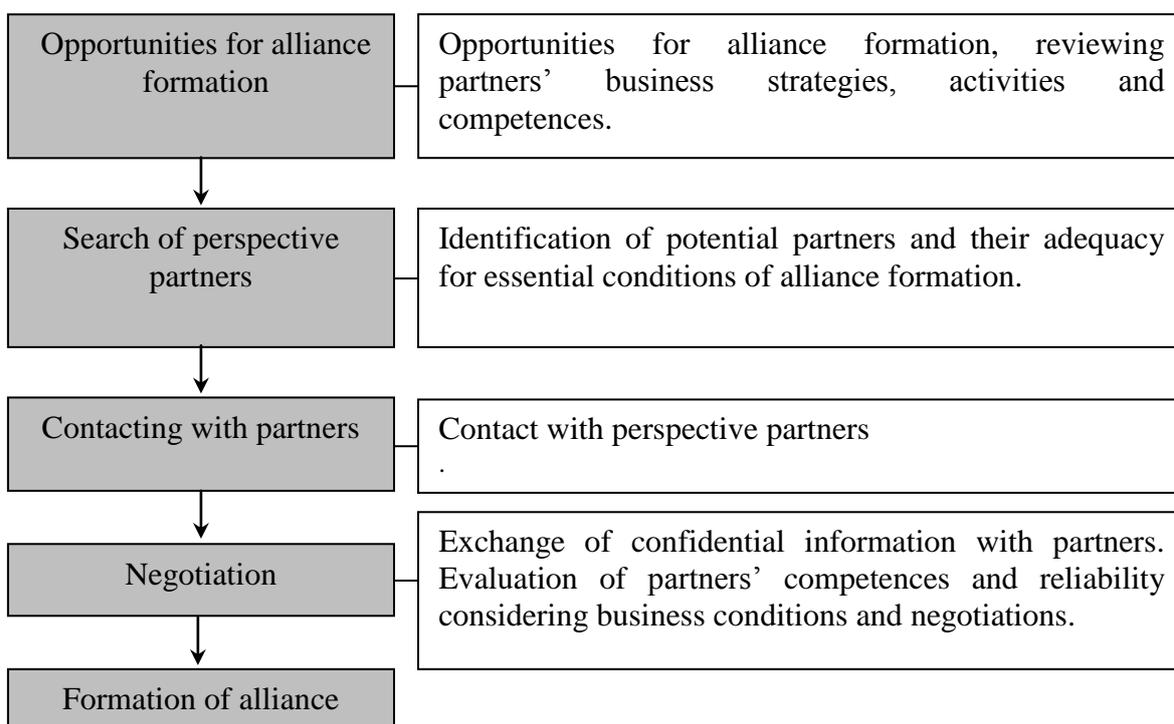
Formation of strategic alliances is defined as a consistent process. Lewis (1990) distinguishes 4 stages of strategic alliance formation: 1) setting the goals for alliance; 2) defining and choosing alliance type; 3) analysis of alliance formation opportunities, and 4) selection of partners and formation of alliance.

Keen and Mac Donald (2000) note that while strategic alliances have been formed, the basic enterprise (initiator) goes through three stages: 1) identification of alliance; 2) evaluation of opportunities, and 3) negotiation with enterprises that are willing to form alliance; at the same time the method should be identified; its purpose to assess opportunities of future alliance.

The process of strategic alliance formation similarly has been described by Kuglin (2002). He notes that formation of strategic alliances consists of six stages: 1) analysis of business strategy (analysis of alliance opportunities and objectives, focusing on the main problems and challenges, matching of various strategies); 2) market research (analysis of opportunities for market expansion); 3) assessment of product portfolio (evaluation of unification, resources, review of priorities etc.); 4) assessment of enterprise (partner's) strengths and opportunities (assessment of partner's strengths and weaknesses, prediction of partners' selection factors, analysis of motives of unifying into alliance etc.); 5) evaluation of enterprise preparation to satisfy market needs

(research on possibilities to satisfy market needs, review of production capacity); 6) usage of enterprise strengths and opportunities in its future activity (it is reached through negotiation, when the enterprise goals and benefit have been considered as real, enter into agreement regarding contract termination, penalties etc.).

Two models are frequently analysed in the scientific literature about strategic alliance formation (hereinafter referred to as an alliance) by: Whipple and Frankel (1998) and Mitsuhashi (2002). Mitsuhashi's model includes alliance formation process of five steps; it starts with opportunities for alliance formation up to the agreement to form alliance (Fig. 1)



*Fig. 1 Alliance formation model by Mitsuhashi (Mitsuhashi (2002))*

This alliance formation model is a rather clear, vertical and not complex process; this process cannot be characterized as a broad review of a formation process.

More detailed model of alliance formation is presented by Whipple and Frankel (1998); it is comprised of necessary stages for alliance formation process: identification of alliance formation demand, search of partners, selection of partners and making decision regarding their selection, administration and assessment of alliance. This model has an exceptional feature, it is influenced by two parallel groups: strategic and operational environment (Fig. 2)

Whipple and Frankel’s alliance formation model acknowledges that alliance formation model cannot be separated from operational activity (daily) or strategic activity (achievement of strategic goals); and it is characterized by horizontal and vertical directions. Horizontal stages in the model are related to alliance conceptualization, alliance formation and confirmation of alliance.

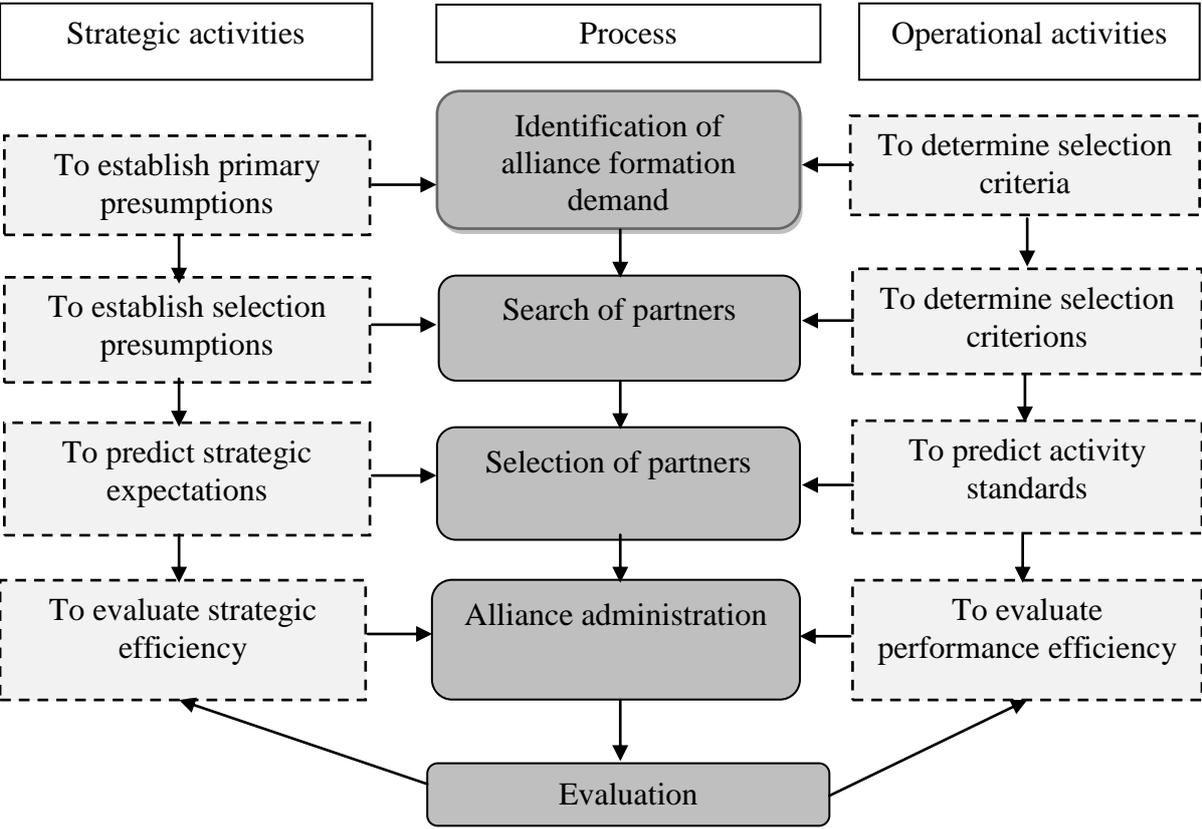
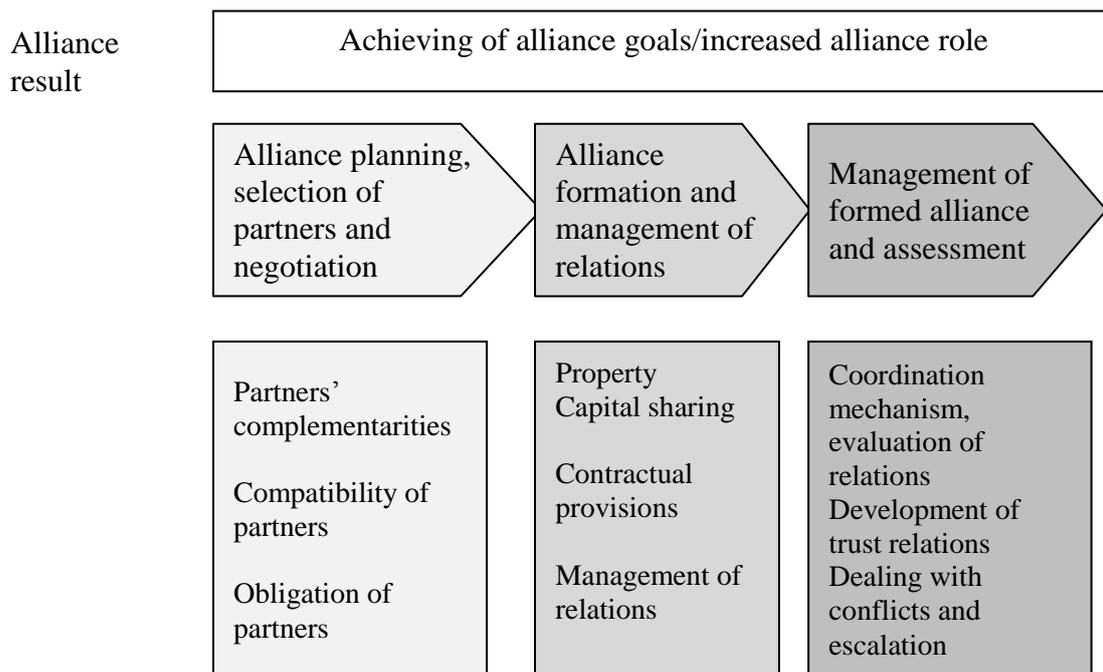


Fig. 2 Alliance formation model by Whipple and Frankel (Whipple and Frankel (1998))

When the information about alliance formation presented by the scientists Lewis (1990), Whipple and Frankel (1998), Keen and MacDonald (2000), Kuglin (2002), and Mitsuhashi (2002) has been reviewed, it can be noted that the most important and frequently mentioned stages of alliance formation process are as follows: formation (selection of partners and estimation of the future benefit), design, management (rules and trust), and management of the formed alliance. The scientists Kale and Singh (2009, Sambasivan and Yen (2010) refer to above mentioned stages as alliance life-cycle phases, which consist of the particular factors (Fig. 3)



*Fig. 3 Factors of Alliance Formation and Success Management (Kale and Singh (2009))*

*The stage of alliance planning and formation: planning, selection of partners and negotiation.* Shah and Swaminathan (2008) have analyzed more than 40 studies about alliances formation. These authors note that particular partners' features might have positive influence on alliance formation: partners' complementarities, compatibility and suitability of partners. Partners' complementarities are perceived as unification of exclusive resources and power creating added value. The stronger complementarities among partners the higher chance for success. (Dyer and Singh, 1998, Harrigan, 1988; Mowery, Oxley, and Silvermanas, 1996). Moreover, it is not enough to have partners' complementarities and resources for alliance formation; another condition is compatibility of partners. Partners' compatibility might be expressed through working style, culture and short-term support to partners in order to achieve long-term goals of alliance and gain profit (Gundlach, Achrol, irMentzer, 1995). Partners' obligations are the third factor of alliance formation. It is important for partners to set the future alliance growth and resource allocation proportions and cost, communication methods and tools but in this case none of partners is certain about the future of alliance. While the mentioned factors are increasingly important for alliance success, current scientific studies have indicated that managers, in certain cases, exclude complementarities factor as the most important. Complementarities are very efficient when one of the partners is younger

(has less experience) than the other (Rothaermel and Boeker, 2008); on the other hand, it is quite complicated to formulate partners' expectations from the future alliance. So, complementarities frequently mean higher partners' interdependence, and it is more efficient when it is clear how to manage that interdependence (Dyer and Singh, 1998).

*The stage of alliance formation and relations management: selection and implementation of contractual provisions.* Alliance in the process of formation might reveal danger of various transactions and activity coordination, which can negatively affect enterprise or its partners. For this reason, it is important to ascertain basic mechanisms of alliance design development and implementation: sharing property capital, contractual provisions, relations building and management provisions. As Williamson (1985) noted, the aspect of property management is an effective mechanism that regulates the activities of alliances and shares the responsibility of partners. The property of partners is referred to as "mutual security", and in this way, the transaction based on obligations, hierarchy and investment are created. Members of transactions acquire the right to the profit that will be allocated in accordance with property proportion; this factor stimulates partners to cooperate (David and Han, 2004, (Mayer and Argyres, 2004; Reuer and Arino, 2007). The second factor is alliance agreement and its provisions. Partners enter into alliance agreement, where their rights and obligations are stipulated as well as conditions of entering into alliance. In the future this information will help to perform interchange and to deal with disagreements. Typically, the alliance agreement includes different clauses regarding revealing information, communication with the third party, security of the intellectual property and termination of alliance. (Reuer and Arino, 2007). Relations management based on image and reputation is the third factor of the alliance design development and implementation. It contributes to alliance success and decreases transaction expenses in several ways: contractual expenses might be decreased up to minimum due to partners' trust; expenses of mutual monitoring are lower than the monitoring executed by the third party; partners' flexibility helps to avoid unnecessary expenses. The management of relations is based on resources allocation among partners, and that might be considered as an efficient tool, which allows monitoring and controlling partners' behaviour in formal and informal ways (Filatotchev, Stephan and Jindra, 2008).

*The stage of formed alliance management and assessment: roles, coordination and trust.* Appropriate partners' decisions and management influences the success of alliance. But if they want to gain higher profit, enterprises included into alliance have to manage alliance efficiently.

Two factors are very important in this stage: management of coordination and enhancement of mutual trust among partners. Alliance partners have to coordinate their actions and to manage interdependence as well as to realize benefit gained through partnership. That might be done by getting enough knowledge and information about alliance partners' roles, making independent decisions, and using allocated resources (Gulati, Lawrence and Puranam, 2005; Schreiner et al., 2009). Consequently, in order to have the successful alliance management and activity coordination partners have to use appropriate basic mechanisms: programming, hierarchy and feedback. Programming is less complex comparing with mechanisms mentioned above. It is comprised of responsibility of each partner for different tasks execution. In this case, the partner's actions might be more predictable and the moment of unexpectedness is becoming insufficient, and decision-making process is getting faster. Hierarchy is the second mechanism, which includes formal decision-making structure; due to this mechanism it is possible to observe development of interaction among partners (interchange of information, resources etc.). Development of hierarchy is like the background for better feedback among partners. For instance, the committees, responsible for alliance activity coordination, and managers or directors who provide information, are in charge of getting a feedback (Gulati and Nickerson, 2008).

Development of trust among partners is rather important for a stronger partnership in any alliance, and it helps to avoid conflicts. As Madhok (1995) noted, trust consists of two parts: structural components (matching of expectation types) and behavioural components (extent of trust), where the latter is more relevant. Therefore, trust might be developed through cyclical factors of alliance formation: transactions and fulfilling of partners obligations. For instance, one partner may develop trust with another partner and fulfill more obligations strictly complying with the stated obligations. Development of trust depends on the institutional factors and partners' corporate culture, and it might lead to common actions and achievement of goals and alliance durability (Jap and Anderson, 2003; Zaheer and Harris, 2006).

Summarizing this section, it can be stated that formation of strategic alliances is a sequential process that includes business strategy and market research, assessment of product portfolio, evaluation of enterprise (partner's) strengths and opportunities, preparation to satisfy market needs and implementation of enterprise strengths and opportunities in potential activities. The scientific literature on strategic alliance formation might be generalized using Whipple and Frankel (1998), and Mitsuhashi (2002) models. Alliance formation stages:

planning and formation (selection of partners, estimation of the future benefit), alliance design development, formed alliance management and assessment. The mentioned stages are referred to as the alliance life-cycle factors by various scientists, and they sometimes are called alliance success factors: partners' complementarities, partners' compatibility, partners' obligations, property and share of capital, alliance strategic provisions, management of relations, coordination mechanism and evaluation of relations, development of trust and relations capital, solution of conflicts and escalation.

### Types of Strategic Alliances

Strategic alliance includes one or more parts of value development network, and it is formed using various enterprises' configurations based on property and activity relations. In the table below we can see the range of enterprises' interrelations (in grey) where strategic alliance can be formed.

Activity agreements		Property agreements		
Traditional agreements	Non-traditional contractual partnership	Separate entity is not formed	Separate entity is formed	Entity is terminated
Sale – purchase agreements	Agreements on joint production, joint marketing, joint market research and expansion	Agreements on investment and innovation	Joint ventures: 50x50 and exclusive agreements on enterprise establishment	Merger or takeover agreements
Franchise	Agreements on resources management and complementarities	Agreements on interchange transactions	Agreements on complete ownership subsidiary establishing	
Licensing	Agreements on standard particular activity			
Cross licensing	Range of strategic alliances formation			

Fig. 4 Interrelation among enterprises (Kale and Singh (2009))

Possible formation of strategic alliance is based on agreements regarding activity (contractual non-traditional partnership) and property (either to establish or not to establish separate entities). Taking that into consideration, there are three types of strategic alliances: *learning, hybrid*

*and business.* Each type materializes unique strategic goals and each requires particular management (Koza and Lewin, 2000).

*Learning alliances* are formed in order to provide a possibility to exchange insights; their purpose is to deepen and to gain new knowledge and creativity. Such alliance is able to: 1) reveal new information of markets; 2) acquire new competences; 3) install new technologies and improve management processes. The main success factor is partners' ability to project, manage organizational processes in alliance using informal interrelations.

*Business alliances* are formed because of the rising need of exploitation. Usually, these alliances are used either to create extraordinary position in a geographical market or to overtake a particular market segment. The most important goal of this alliance is to ensure new income using combinations of partners property. Strong and independent identity is considered as the basic success factor; due to this factor, enterprise becomes a market leader among suppliers and distributors and their loyalty increases as well. Current trends in business alliance formation – new value formation in the network. The network is perceived as a form of cooperation among some enterprises, where each member is specialised in creating a new value for market. Alliance based on network is strong if network members are loyal to each other seeking for new value for market and benefit for themselves.

*Hybrid alliances* include a combination of two types of alliance – unification of enterprises' strategic intentions and a need to exploit resources in order to maximise or to create new value (Koza and Lewin, 2000).

Xie and Johnston (2004) marked that there is no common strategic alliances categorization, so, taking into consideration definitions and typology of strategic alliances used in the scientific literature, three types of alliances can be highlighted: *production alliances, marketing alliances and innovation alliances.*

*Production alliances.* Alliances that focus on organization of production: ensuring supply of raw materials, standardization, renewing of technologies, increasing production efficiency etc. In such alliance the questions regarding resources, products and money are clear and both "higher" and "lower" members of production channel (suppliers, consumers and competitors) may deal with these issues. The basic goal of this alliance is efficiency and volume of production economy.

*Marketing alliances.* Alliances that include non-competitive organizations but have common interests how to use different niche markets, react to market changes, increase speed, develop brand names, share distribution channels, have common pricing etc. These alliances might be

characterized as having lower formal level of obligations, poorer specialization of resources; and these alliances can ensure better usage of knowledge and technologies in industries that experience rapid innovative changes in markets.

*Innovation alliances.* These are alliances that deepen knowledge, develop technologies, products or services. In other words, they generate and absorb modern knowledge from organizations (usually scientific research organizations) and transfer them to other organizations (business or development organizations) with appropriate technologies in order to apply knowledge into practice. Consumers, suppliers and enterprises with own resources and competences may participate in alliance activity. Their activity is poorly regulated by agreements or other obligations.

Summarizing this section, it is worth noting that strategic alliance includes one or several parts of value creation network and its formation might be based on performance and property agreements and their management. The scientific literature presents the following groups of strategic alliances: 1) learning, hybrid and business alliances, and 2) production, marketing and innovation alliances.

### **Conclusion**

1. There is no common conception of alliance or strategic alliance, for this reason, the analysis of concepts and their elements has been carried out. The mentioned analysis distinguished significantly popular key words of the mentioned concepts: agreement of some enterprises, partnership, alliance, cooperation and interchange retaining activity autonomy. Moreover, it is suggested to consider alliances and strategic alliances as an opportunity for enterprises to acquire specific advantages such as extraordinary financial and human resources, increase of power in the market, increase of competitive benefit and possibility to expand the market. Contingent hierarchy of alliances indicated that strategic alliances are at the top and might be perceived as the strongest expression of cooperation and partnership allowing achievement of the strategic goals in enterprises.
2. Strategic alliances are formed by using common partners' motives. These motives can be divided into four categories: organizational, economic, strategic and political. There are two dominating groups: strategic motives and social motives. It is possible to distinguish four potential benefits for international business: support for entering into market, risk sharing, exchange of knowledge and experience, synergy and competitiveness.

3. Process of strategic alliance formation is comprised of business strategy analysis, market research, assessment of product portfolio, evaluation of enterprise (partner's) strengths and opportunities, evaluation of preparation to satisfy market needs and usage of enterprise strengths and opportunities in its potential activity. Frequently mentioned stages of alliance formation are: planning and formation (selection of partners and estimation of future benefit), design development, and management and assessment of formed alliance. The stages mentioned above are referred to as alliance life-cycle stages that consist of particular success factors: partners' complementarities, partners' compatibility, partners' obligations, property and share of capital, alliance contractual provisions, management of relations, coordination mechanism and evaluation of relations, development of trust and relations capital, solution of conflicts and escalation.
4. Strategic alliance includes one or more parts of value creating network and its formation might be based on performance and property agreements, and their management. The scientific literature presents the following groups of strategic alliances: 1) learning, hybrid and business alliances, and 2) production, marketing and innovation alliances.

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## **Kopsavilkums**

Rakstā tiek analizēta stratēģisko alianšu definīcija un to veidošanās zinātniskajā kontekstā. Ievads atspoguļo pētījuma problēmu, kurā visbūtiskākais ir noskaidrot, kas ir stratēģiskā alianse un kādos aspektos stratēģiskā alianse ir analizēta zinātniskajā kontekstā, kas ietekmē stratēģisko alianšu veidošanos, kuri faktori nosaka stratēģisko alianšu veidošanos un to pastāvēšanas veiksmīgumu, kā stratēģiskās alianses var iedalīt. Pētījuma objekts ir stratēģiskās alianses, pētījuma mērķis ir sniegt detalizētu zinātniskā pētījuma par stratēģisko alianšu definīciju un to veidošanos pārskatu. Tika izvirzīti četri uzdevumi: 1) aplūkot alianšu un stratēģisko alianšu definīcijas; 2) izanalizēt stratēģisko alianšu veidošanās iemeslus (un to grupas), to sniegto labumu; 3) izanalizēt stratēģisko alianšu veidošanās procesu un uz panākumu faktoriem orientētu vadīšanu; 4) izdalīt stratēģisko alianšu veidus. Ir atspoguļotas arī pētījuma metodes, kuras tika izmantotas, lai aplūkotu izvēlēto raksta tēmu.

Raksts sastāv no četrām daļām. Pirmajā daļā tiek analizēta stratēģisko alianšu definīcija, kā arī tiek sniegta alianses un stratēģiskās alianses aspektu pārskata analīze, turklāt tiek aprakstīta nosacīta alianšu hierarhija. Otrajā daļā ir izklāstīti stratēģisko alianšu veidošanās iemesli, to kategorijas, grupas, sniegtais labums uzņēmējdarbībai. Īpaša uzmanība ir pievērsta stratēģisko alianšu veidošanās procesam, kā arī stratēģisko alianšu struktūrai un vadības panākumus ietekmējošo faktoru analīzei. Pēdējā daļa ir veltīta zinātniskajā literatūrā visbiežāk analizēto stratēģisko alianšu veidiem.

Raksta beigās ir izklāstītas sistemātiskas analīzes rezultātā iegūtās teorētiskās atziņas.

Nav vispārpieņemtas alianses un stratēģiskās alianses definīcijas. Veicot pētījumu par iepriekš minētajām definīcijām un elementiem, vispopulārākie atslēgvārdi bija: vienošanās starp uzņēmumiem, partnerattiecības, alianse, sadarbība un apmaiņa, saglabājot darbības autonomiju. Šī iemesla dēļ uzņēmumiem tiek piedāvātas stratēģiskās alianses kā iespēja gūt konkrētu labumu, piemēram, finanšu resursus un cilvēkresursus, palielinot savu daļu tirgū un paaugstinot konkurētspēju. Alianšu nosacītā hierarhija parādīja, ka stratēģiskās alianses ir šīs hierarhijas augšgalā, un tās var uztvert kā sadarbības un partnerības spēcīgāko izpausmi, kas ļauj īstenot stratēģiskos mērķus.

Stratēģiskās alianses tiek veidotas, izmantojot visu partneru galvenos sadarbības motīvus. Tos var sagrupēt četrās kategorijās: organizatoriskie, ekonomiskie, stratēģiskie un politiskie. Ir divas dominējošās iemeslu grupas: stratēģisko iemeslu grupa un sociālo iemeslu grupa. Stratēģisko alianšu sniegto

potenciālo labumu starptautiskajai uzņēmējdarbībai var iedalīt četrās grupās: atbalsts ienākšanai tirgū, risku dalīšana, zināšanu un pieredzes apmaiņa, sinerģija un konkurētspēja.

Stratēģiskās alianses veidošanās process ietver sevī uzņēmējdarbības stratēģiju, tirgus izpēti, produktu portfeļa novērtēšanu, uzņēmuma (partnera) stipro pušu un iespēju novērtēšanu, gatavības atbilstoši tirgus vajadzībām izvērtēšanu un uzņēmuma stipro pušu un iespēju pielietošanu tālākajā darbībā. Visbiežāk pieminētie alianses veidošanās posmi ir: plānošana un izveide (partneru izvēle un turpmākā labuma izvērtēšana), dizaina izstrāde, pārvaldīšana (noteikumi, uzticēšanās), un, visbeidzot, izveidotās alianses vadība un novērtējums.

Minētos posmus zinātnieki sauc par alianses dzīvescikla posmiem. Šie posmi ietver noteiktus panākumu faktoros: partneru kopdarbību, partneru savietojamību, partneru saistības, īpašumu, kapitāla dalīšanu, alianses līguma noteikumus, attiecību pārvaldīšanu, koordinēšanas mehānismu un attiecību izvērtēšanu, uzticēšanās pilnveidošanu un attiecību kapitālu, konfliktsituāciju risināšanu un saasināšanos.

Stratēģiskajā aliansē ietilpst arī viena vai vairākas vērtības veidošanās procesa daļas un tās var izveidot, pamatojoties uz darbības veidu un īpašuma līguma pārvaldīšanu. Galvenokārt tiek minētas šādas stratēģisko alianšu grupas: 1) mācību, hibrīdās un biznesa alianses; 2) ražošanas, tirgzinības un inovāciju alianses.