THE ALTERNATION OF THE STRATEGIC ALLIANCES PARADIGM IN THE GLOBAL ECONOMY

Valentin Navickas¹, Vaida Mykolaityte²

¹Kaunas University of Technology, Lithuania, valentin.navickas@ktu.lt
²Kaunas University of Technology, Lithuania, vaidamykolaityte@gmail.com

Abstract

Strategic alliances and their activity in the global economy have been analyzed in this study. The aim of this scientific study is to analyze the alternation of the strategic alliances paradigm in the global economy. To achieve the aforementioned aim of the study the following objectives have been set: to form the conception of strategic alliances, that reflects the topicalities of the global economy; to analyze the properties of strategic alliances’ synergy effect; to define strategic alliances’ influence on the competitiveness of a country. The methods of research are: systematic, logical, and comparative analysis of scientific literature; and synthesis. Through the analysis of the development stages and peculiarities of strategic alliances, the authors have come to the conclusion that strategic alliances are a necessity of the global economy, their aims and business scope become specific: alliances aim at goals that assure their long-term competitiveness. For this reason the definition of a strategic alliance transforms, therefore the authors of this study introduce the conception of a strategic alliance in the global economy.

The conducted analysis enabled the authors of the paper to create the model of strategic alliances formation in the global economy from the standpoint of business competitiveness. This method also underlines the alternation of the strategic alliances paradigm in the global economy. The analysis of given model revealed that – with regard to the coverage of value creation chain in the global economy – the same strategic alliance can produce the effect of synergy (1 + 1 = 3) couple of times. Therefore the authors of the study focus on the analysis of development (formation) opportunities of strategic alliance or alliances in the body of another active strategic alliance.

Keywords: strategic alliances, global economy, synergy, competitiveness.

Introduction

The development trends of the global economy determine the need for efficient business organizational structures and new forms of business collaboration. Formation of new strategic alliances has become the most popular form of companies’ reaction to the environmental changes. In the evolution process of strategic alliances companies used to get engaged in various other partnerships and interorganizational relations. Their fields varied from: trade or investment to general management of human resources, money and information streams while trying to achieve the effect of synergy. The global economy in the 21st century has become concurrent with intensive competition, rapid geographical expansion, shortening product life cycles, increasing cost of capital, research, development, and expansion, and, eventually, with new technologies (Juscius, Snieszka, 2008; Kazlauskaitė, Buciuniene, 2008; Snieszka, Bruneckiene, 2009). Therefore globalization and advancement of technology has created conditions for the qualitative alternations of strategic alliances: alliances seek only for long-term goals, which can be reached only by using knowledge, new technologies and innovations. In this aspect strategic alliance in the modern (global) economy differs from its 20th century predecessors. Therefore while analyzing strategic alliances the authors have focused on the alternation of their paradigm by investigating those theoretical and methodological assumptions, which are the base for the research of strategic alliances functioning in the global economy.

The object of the study is: strategic alliances and their activity in the global economy.

The aim of the study is: to analyze the alternation of the strategic alliances paradigm in the global economy.

The objectives of the study are:
1. To form the conception of strategic alliances, that reflects the topicalities of the global economy;
2. To analyze the properties of strategic alliances’ synergy effect;
3. To define strategic alliances’ influence on the competitiveness of a country.

The methods of research are: systematic, logical and comparative analysis of scientific literature, synthesis.

The novelty of the study. The conducted analysis enabled the authors of the paper to create the model of strategic alliances formation in the global economy from the standpoint of business competitiveness. This method also underlines the alternation of the strategic alliances paradigm in the global economy. The analysis of given model revealed that – with regard to the coverage of value creation chain in the global economy – the same strategic alliance can obtain the effect of synergy (1 + 1 = 3) couple of times.
Therefore the authors of the study focus on the analysis of development (formation) opportunities of strategic alliance or alliances’ in the body of another active strategic alliance. This property of global strategic alliances is rarely analyzed in academic literature. Therefore this research point should be considered the novelty of the study; the authors of the paper believe that it reflects the alternation of the strategic alliances paradigm in the global economy and forms a new opinion about the effects of synergy.

The Conception of the Strategic Alliances in the Global Economy

The strategic alliances become a necessity of the global economy and this is caused by the technological innovations, rapid geographical expansion, shortening product life cycles, increasing costs and risk. The executives of companies’ are led to seek for the new ways to satisfy the increasing consumers’ needs and companies’ inability to supply a complete set of goods and services. Therefore the strategic alliances are often treated as companies’ reaction to the environmental changes (Varadarajan & Cunningham, 1995; Chan & Wong, 1994; Beverland & Bretherton, 2001; Navickas, Malakauskaite, 2007; Malakauskaite, Navickas, 2010). The strategic alliances allow transforming companies and contributing to their renewal. More and more authors refer the strategic alliances as effective strategic means, which help companies to capitalize their basic competences and resources and to protect from the pressure of external forces as well as to maximize the potential of development (Lin & Darling, 1999; Vyas et al., 1995; Varadarajan & Cunningham, 1995; Sudarsanam, 2003; Salama et al., 2003; Zostautiene, Daraskeviciute, 2009; Navickas, Malakauskaite, 2009a).

Such perspective allows to treat the strategic alliances as proactive and purposeful management of changes in companies’ environment. Therefore the strategic alliances are not a single-sided response of the companies to the environmental changes. Rather they are a strategic maneuver, caused by both - the pressure of external forces and the activity initiated by the executives of companies which fully use the resources and available work as well as market opportunities and hereby implement the corporate strategy. There are many definitions and attitudes towards the alliance. Albaum et al. (1998) claims that a strategic alliance is a formal and confirmed by the contract commercial collaboration between companies. On purpose to get mutual benefit the partners cooperate, interchange or integrate the particular business resources. However an organizational independence is retained. According to Czinkota et al. (2000) a strategic alliance is a non formal or formal agreement between two or more companies, which have a common business aim. This is something more than traditional relations between the customer and the seller, but something less than a direct purchase of the other company.

In the global economy the attitude of the companies as well as correlation changes radically. The strategic alliances are treated as a specific form of business interorganisational relations. This form distinguishes by a very complex structure of management and aims’ realization. Therefore a strategic alliance in the global economy is a combination of companies’ the best resources and abilities in the riskiest points of the value creation chain, in order not only to obtain the effect of synergy, but also to create therein (in the strategic alliance) new strategic alliances. In the effect of synergy, obtained by the aforementioned method, the new effects of synergy are gained. Thus the strategic alliances in the global economy enable to obtain the derivatives of the effect of synergy (in the second part of the study the essence of the strategic alliances in the global economy is revealed via the model of the strategic alliances’ formation in the global economy from the standpoint of business competitiveness).

The independence of the participants’ of the strategic alliance in the global economy is just seeming, the real economic independence (unless the legal one) does not exist yet. The retreat from the strategic alliance in many cases would mean the loss of competitiveness for the companies as well as the beginning of an end of the actual existence.

The Alternation of the Actions of the Strategic Alliances in the Global Economy

The greatest part of cluster-related competitive advantages arises from the variety of partnership relations and forms. It must be noted that clusters should be treated as systems, rather than a sum of constitutive companies (Navickas, Malakauskaite, 2008, 2009b).

While analyzing the contemporary strategic alliances the same analogy is noticeable. The effect of synergy (1 + 1 = 3) may be obtained by various factors arising in the different stages of the value creation. Frequently two (or more) different companies may significantly strengthen their positions in the market via the strategic alliance by joining their strategically important budgets for the corporate activity. They no longer duplicate the performed functions and no longer incur analogous outlay (usually the management, marketing, logistics and other similar functions and appropriate costs, related with the performance of these functions, are duplicated). After joining the companies a possibility to use the saved costs for the common
Aims of the strategic alliance emerges. The model of the strategic alliances’ formation in the global economy from the standpoint of business competitiveness (see pic. 1), presented by the authors of the study, reveals their essence – the main forces are directed towards the riskiest, but the most promising areas.

Figure 1. The model of the strategic alliances’ formation in the global economy from the standpoint of business competitiveness

Created by the authors, 2010

Therefore the model reveals that the strategic alliances in the global economy seek for competitive advantages (and the effects of synergy) via the research and the creation of technologies, as well as their development/improvement and innovations. Successfully completed researches (new technologies, materials, equipment, etc. are created) are spreading. There through the assumptions for the formation of new strategic alliances in the existing (working) alliance are composed. However the production processes often cross the limits of the strategic alliance. To produce a competitive product – is not a problem; the problem is to create a technology for its production.

Conclusions

1. Through the analysis of the development stages and peculiarities of strategic alliances, the authors have come to the conclusion that strategic alliances are a necessity of the global economy, their aims and business scope become specific: alliances aim at goals that assure their long-term competitiveness. For this reason the definition of a strategic alliance transforms, therefore the authors of this study introduce the conception of a strategic alliance in the global economy.
2. The conducted analysis enabled the authors of the paper to create the model of strategic alliances formation in the global economy from the standpoint of business competitiveness. This method also underlines the alternation of the strategic alliances paradigm in the global economy. The analysis of given model revealed that – with a regard to the coverage of value creation chain in the global economy – the same strategic alliance can produce the effect of synergy (1 + 1 = 3) couple of times. Therefore the authors of the study focus on the analysis of development (formation) opportunities of strategic alliance or alliances in the body of another active strategic alliance. This property of global strategic alliances is rarely analyzed in academic literature. Therefore this research point should be considered the novelty of the study; the authors of the paper believe that it reflects the alternation of the strategic alliances paradigm in the global economy and forms a new opinion about the effects of synergy.

3. Since the constituents of business competitiveness determine the competitiveness of a country, there is no doubt that the effect of synergy obtained from strategic alliances affects the whole country’s competitiveness. However, the authors also focus on the fact, that a strategic alliance can be formed by various foreign companies. In this case, the distribution of the synergy effect must be analyzed. Yet the evaluation of its effect on a country’s competitiveness becomes a very complex procedure. This fact also emphasizes the alternation of the strategic alliances paradigm in the global economy.

References