# Development of an Integrated Model of Strategic Alliance.

## Som Sekhar Bhattacharyya

*Strategic alliances (SAs) have become a central perspective on strategic management of firms. Inter-firm collaboration (and not just competition) as an approach has been established as a new way of thinking for strategy managers. Strategic alliances can create value for firms very quickly, yet history is replete with instances wherein many of them have failed prematurely. SAs can be better managed if managers can apply an integrated perspective. This paper attempts to develop an integrated framework on SA based upon inputs from strategic management theories like Resource Based View, Industrial Organization Theory, Dynamic Capabilities, Agency Theory, Transaction Cost Economies and Stakeholder Theory.*

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**Introduction**

Strategic management is conceptually laden with the notion of wining (Hoskisson, Wan, Yiu & Hitt, 1999). Firms are required to be a winner by securing Sustainable Competitive Advantage (SCA) (Reed & DeFillippi, 1990). To secure SCA firms need to develop superior resources, capabilities, competencies and core competencies with respect to competitors from a Resource Based View (RBV) perspective (Helfat & Peteraf, 2003; Barney, 2001). Firms can also exploit environmental opportunities (which exist in industry or broad environment) better than the competitors from an Industrial Organizational Theory (IOT) perspective (Conner, 1991). The notion of Dynamic Capabilities View (DCV) required firms to constantly upgrade capabilities such that it is at a superior state than that of the competitors (Wang & Ahmed, 2007; Teece, 2007). This would help the firm fetch better returns (Teece, 2007; Winter, 2003;Wang & Ahmed, 2007). In the classical way of thinking, firms attempted to secure SCA with the firm itself as the unit of analysis and boundary of thinking. The dominant way of thinking was that firms should attempt to secure SCA on its own (Aaker, 1989). In this line of thought firm managers invariably thought of other firms as competitors only.

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The post Second World War ushered in a lot of significant changes in business landscape (Porter, 1986; Dicken, 1992). Firstly, there was a lot of technological progress and firms often found it challenging from this time onwards to individually alone prudently develop and manage all these technological progresses (Dicken, 1992). Even firms like Bell labs countered difficulties to harness all the innovations coming up (Gertner, 2013). Firms during these times got inkling that they individually can't be the master of all technologies (Mowery, Oxley& Silverman, 1996;Kotabe& Scott Swan, 1995). Some sets of firms would lead in one set of technologies while another set would lead a separate stream of technological progress (Lambe & Spekman, 1997). Given this context it became evident for firms to collaborate with each other so that they win in market successfully together (Chan & Heide, 1993; Hagedoorn & Schakenraad, 1994). Thus, the rapid progress of technology and its specialization indicated to firms that collaboration was just not a choice but a necessity (Yasuda, 2005).

Post WW II, business also blossomed internationally (Dicken, 1992). A large part of the global economy flourished especially post 1960s (this included Western European countries like Germany, France, UK, Belgium, Italy, Netherlands, Japan and others). Suddenly firms were chasing a fast expanding market with global reach (Li &Guisinger, 1992). However the market was highly dispersed. Substantial opportunities were coming up for firms from USA to enter Japan, Japanese firms to enter Western Europe and Western European firms to enter into USA (Dicken, 1992). The promise of growing market was big. However, there were challenges of effectively and efficiently expanding and managing these dispersed markets (Petrella, 1996; Hill, 2008). The traditional way of strategic thinking that one single firm would manage all these markets was looking impossible (Rugman, 2003; Das & Teng, 2000). This was because firms had to stretch its resources and capabilities and management bandwidth to attain and then sustain in all these markets (Choi, Hilton & Millar, 2004). Again such a stretch was difficult in a quick time for a single firm to achieve (Hill, 2008; Bank, 2018). This also altered the mind set of firms (Narulav & Hagedoorn, 1999). Rather than thinking as an individual firm competing with other firms to secure benefits, they absorbed the new realities (Kauser& Shaw, 2004). This ushered in to the need to collaborate in foreign countries (Simonin, 1999). Thus, European firms had to collaborate with firms in USA to exploit US markets and vice-versa (Dicken, 1992).

Further, with bigger sizes of markets there were increased stakes (Dicken, 1992). Increased stakes entailed increased business risks (Das &Teng, 2001). These risks often sprouted from the rising and variant stakeholder expectations from various foreign countries (Carroll, 2004). Firms had insufficient knowledge about foreign markets (Simonin, 1999). Firms also often didnot possess the requisite distribution network to compete in foreign marketplace (Dyer & Singh, 1998; Vidal & Goetschalckx, 1997). Often in less developed countries the governments were interested that the local national government firms or national private firms played a role in economic building (Hill, 2008). Economies like India in such cases were not only pursuing nationalization but also made it mandatory as a regulation for a foreign firm to form an alliance with a local player (private or public firm) to be allowed to do business in the domestic market (Bhattacharyya & Shaik, 2009; Bhargava, 2010). Thus, for Multi-National Corporations (MNCs) it became a necessity that they formed alliance with local players (Mathews, 2006).

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Thus, after WW II, it became evident to firms that business success was not just about competition but also about collaboration (O'Dwyer&O'Flynn, 2005). Collaboration was creating value for firms quickly across geographies and across industries (Lundan & Hagedoorn, 2001). There was a rush for forming strategic alliances and SA formation became a dominant way of strategic thinking not just within national boundaries but also internationally (Taylor, Zou &Osland, 2000). Research flourished emphasizing why firms should carry out SA (Dyer, Kale & Singh, 2004).

## Strategic Alliances & Challenges

Strategic alliances thus became a dominant way of thinking in strategic management theory and practice (James, 1985). However from the 1970s, the imminent dark clouds in the world of strategic alliance became a reality (Ernst, 1993). A substantial number of SAs were failing and were failing quickly (Judge& Dooley, 2006). The expectations from SA were far higher than the realities (Cullen, Johnson & Sakano, 2000). Many SAs that were supposed to be collaborations for decades were not able to last even a few years (Kale &Anand, 2006). A host of reasons were cited for the failure of SAs (Zineldin & Bredenlöw, 2003). A new school of research emerged that deliberated upon the causes of SA failure (Das &Teng, 1998).

Cultural mismatch between SA partners were seen as a major reason for post alliance conflict and its subsequent failure (Cullen, Johnson & Sakano, 2000). Some researchers found that even partnering firms' top business leaders' ego was a reason for disharmony in the alliance management (Gancel, Rodgers & Raynaud, 2002). Opportunist behavior was also cited as a reason for snapping of SAs unilaterally by partners (Zineldin & Bredenlöw, 2003). Learning race was also cited as another reason for SA failures (Inkpen, 2002). A case in reflection is those between Japanese and Western firms (including European, US and Canadian) (Hamel, Doz & Prahalad, 1989;Hamel, 1991). It was found that firms (especially Japanese firms) after forming a SA started systematically and aggressively learning technological knowhow or superior business process from the Western firms and then upon successfully learning it terminated the relationship with the Western firms (Ernst, 1993; Hamel,1991; Hamel, Doz & Prahalad, 1989). It was also reported by researchers that many firms entered into SAs with partners that were not possessing any beneficial, value adding or complimentary capabilities, a case reflecting lack of proper due diligence (Rosenbloom, 2010). This reduced the value proposition of SAs (Jiang, Tao & Santoro, 2010). Research indicated that this occurred especially before formation of an alliance there was lack of due diligence (Marks & Mirvis, 2001). Given all these findings it was advised to strategy manages that SAs were not a potent panacea just out there. Researchers advocated that strategy managers when forming SAs needed to envisage and outline the challenges that they would confront in managing the SA and creating value from SA (Carleton & Lineberry, 2004). It was advocated that there was need for an integrated thinking on SA for Top Management Team (TMT) members of firms (Gulati & Singh, 1998). Having an integrated thinking would help TMT managers to avoid failures from SA (Kale & Singh, 2009). The author in this review article conceptualizes an integrated framework for SA with application of logical arguments based upon various strategic management theories. The author builds up this integrated SA model with inputs from Resource Based View (RBV) (Park, Mezias & Song, 2004), Industrial Organization Theory (IOT) (Burgers, Hill & Kim, 1993), Knowledge Based View (KBV) (Mowery, Oxley & Silverman, 1996), Dynamic Capabilities View (DCV) (Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece & Winter, 2009), Agency Theory (AT) (Borys & Jemison, 1989), Transaction Cost Economics (TCE) (Parkhe, 1993) and Stakeholders Theory (ST) (Carroll, 2004).

## Integrated Model Development

Advocates of Industrial Organization Theory (IOT) perspective argue that environment matters for a firm (Hoskisson, Wan, Yiu & Hitt, 1999; Porter, 1981). The tenets of IOT emphasize that firm business environmental conditions are one of the decisive factors in determining competitive success or failure of firms (Walsh, 2005; Porter,1980; Porter, 1981). In essence IOT theorists emphasize that because environment matters, firms have to develop strategies to manage the environment (Porter, 1981). One must note that there are three types of environments namely Broad Environment (BE) (Hitt, Ireland, Hoskisson & Manikutty, 2016; Johnson, 2016; Walsh, 2005), Industry Environment (IE) and Competitive Environment (CE) (Porter,1980). BE consisted of a larger gamut of environmental factors namely political, social and natural environmental, technological and ethical

(Hoskisson, Wan, Yiu & Hitt, 1999). BE not only affected firms but also impacted entire industries. Industry environment on the other hand comprised three dimensions of contest, namely bargaining power (that is between buyers and sellers), threat of entry (of new players or substitutes) and finally rivalry between competing firms (Porter,1980). When a firm formed an alliance with another firm then from an IOT perspective it was important to understand how it would create value and sustain competitive advantage (Hagedoorn & Duysters, 2002; Porter, 1981; Porter,1980). It became important to understand the context in which SA would lead to SCA from an IOT perspective. Through SAs firms needed to find out a way to secure SCA by exploiting the broad environmental opportunities (Hagedoorn & Duysters, 2002). This has been tabulated in Table 1.

**Through SAs firms needed to find out a way to secure SCA by exploiting the broad environmental opportunities.**

**Table 1 Logic of Strategy Alliance Formation from Broad Environment Perspective**

| S.No | Force | Remarks |
|---|---|---|
| 1 | Political/Legal | In many developing countries the political mandate is to have a local firm benefit from a domestic growth story. Thus, political forces, specially in developing countries framed regulations to allow foreign players to operate only when they have a partnership with domestic players. In such cases it becomes important for a foreign firm to form alliances to enter into international market (in a particular country) so as to better secure and harness SCA (Bhattacharyya & Shaik, 2009). |
| 2 | Technological | Technology like (web 2.0 based interactive internet, aggregation plat forms, robotics, 3-D printing, cloud computing, materials technology and such others) are developing so fast that it often becomes difficult for a particular firm to follow, develop and nurture all these set of emergent technologies. It is imperative for a firm to get the maximum benefit from a set of new technologies also it is pertinent for a firm to form alliances. This would help a firm secure SCA as the firm could re duce the Opportunity Costs (OC). This is because the investment is done by another firm. SAs with technologically advanced firms would be able to drive up customer Willingness To Pay (WTP), as customers would get benefit of advanced technologies (Porter, 1985). |
| 3 | Social | From a stakeholder perspective there is an increasing expectation that while operating business local stakeholders' needs are to be incorporated especially by foreign firms. Quasi regulatory bodies especially Non-Governmental Organizations (NGOs) and media are very pressing regarding social responsibilities of foreign firms. Given this context, it is advisable for, specially non-local or foreign firms to form SA with local firms or with local NGOs so that there is risk mitigation at the local context. This would reduce the risk exposure because the SA would help in maximizing social sensitivity, inclusivity and legitimacy (Bhattacharyya, 2012). This also gets support from Stakeholder Theory (ST). ST is based upon the tenets of inclusivity of all types of |

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| | | stakeholders (primary as well as secondary and direct as well as indirect). Thus, alliances with local players (business and otherwise) draw support from ST (Carroll, 2004). |
| 4 | Economical | Economic context in different countries are unique. Ghemawat (2001) had already conceptualized economic distance as a challenge. When firms form alliances with local firms especially in a foreign context, the local players have a better understanding regarding the local market in terms of economic realities. Thus, SAs with local players would help foreign firms to better harness market opportunities and thus realize SCA. |
| 5 | Environmental | Different nations have different natural resources and different natural climatic vulnerabilities. Foreign firms can form alliances with local players (specially in mining industry) (Kapelus, 2002) to harness local natural resources as local mining players have better capabilities in dealing not only with local communities but also regarding geographical and geological complexities. Thus, it becomes a prudent idea to form alliance with local firms in extraction business. Mining as a business is environmentally sensitive and local ground conditions are also very specific. Given this it is prudent for foreign firms to form alliances so as to get complimentary specialized help in developing a strategy to mitigate local negative environmental externalities. Further, SA with local firms would also help in harmonious interaction with local stakeholders as local firms have deeper interaction capabilities. SA of foreign firms with local players does help in reducing risk from environmental risk and its negative impacts. Here again formation of SA with local business or NGOs get theoretical support from ST (Carroll, 2004). |
| 6 | Cultural | Foreign countries have a cultural context. Firms' especially foreign firms have to function keeping this cultural context in perspective. In China, the notion of Guanxi is a case in point (Park & Luo, 2001). Guanxi's have the best knowledge regarding the realities of doing busi ness in China. Foreign firms thus in China should do well to form an alliance with a Guanxi (bearing organization) so as to navigate the political business landscape in China (Davies, Leung, Luk & Wong, 1995). SA in such cases reduces business risks and improves faster and smoother access into foreign markets to secure business and market gains and thus attain competitive advantage. In Arab countries, there is prevalence of Bedouin culture amongst managers (Ali, 1981). Any foreign firm doing business must adhere to Bedouin traditions and culture. Foreign firm managers have to understand that business meetings could be open, relatives could be consulted in business decisions, and approximate time would be the norm of meetings and decision making could be a protracted process in Arab countries while doing business (Rice, 2004). |
| 7 | Ethical | In modern day business landscape, the way of doing business globally has become a major point of discussion in government, quasi government institutions, NGOs, media, local communities and amongst other competing firms. Tata group, an Indian conglomerate, is well known for following ethical norms and healthy organizational practices (Sivakumar,2008). Foreign firms who are interested to enter into Indian domestic market often prefer to form SA with the Tata group firms as |

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|---|---|---|
| | | it would help the foreign firm (especially if it is not well known in In dia) to boost its image. Firms that have poor ethical standards would find it challenging to get good alliance partners. Thus, ethical practices and standards of firms are becoming a very strong datum in deciding whether to form an alliance or not. A firm which has high standards on ethical practices would find it easier to form alliances and thus get the best out of alliance partner options and in turn secure SCA with in creased business gains and reduced risks. |

Source: Burgers, Hill & Kim (1993); Porter (1980); Hitt, Ireland, Hoskisson& Manikutty (2016) ;Johnson (2016); Walsh (2005); Porter (1981); Hagedoorn & Duysters (2002)

We would now discuss SA at the Industry Environment (IE) level. At the industry level there is a three dimensional contest (rivalry, bargaining power and threat of entry) (Porter,1980). In another perspective, at IE level there are five forces in operation (Porter,1980). Firms by the formation of SAs should be able to achieve the desired state of competitive position in their respective industries (Hagedoorn & Duysters, 2002). This has been tabulated in Table 2.

**Table 2 The Logic of Strategic Alliances (SA) from Industry Environment**

| S.No | Forces | Remark |
|---|---|---|
| 1 | Bargaining Power of buyers | Firms should form long term alliances (spanning from marketing to distribution) with large buyers so that the firm is not exposed to risks of unfavorable exercise of bargaining power by buyers in the short run. |
| 2 | Bargaining power of suppliers | Firms should form long term alliances (spanning across purchase and procurement) with large suppliers so that the firm is not exposed to risks of unfavorable exercise of bargaining power of suppliers in the short run. |
| 3 | Threat of substitutes | Firms should attempt to form SA with other firms that are going ahead with alternate mechanisms of providing offerings than what the firm is offering. Thus, firm strategy managers need to note on all the alterna-tives (read substitutes) that are sprouting not just in the industry but beyond industry borders. At the opportune moment a firm must form SA with firms (offering substitutes) to reduce the threat of the substitute. |
| 4 | Threat of new entrants | Firms should form alliance with new entrants in an industry. An alliance with powerful new entrant (which has strong corporate history and dominance in other industries) would diffuse threats of competition in future. These SAs are very challenging as both the new entrant and incumbent firms have similar value chain and thus there is greater of conflict. |
| 5 | Rivalry | In this case, there is an alliance of two firms that have very similar market position and substantial competitive overlap. It is often a healthy competitive proposition to form collaboration at certain parts of value chain and compete at certain other parts of value chain. This kind of SA is also very challenging as both the firms have very similar value chains and thus the potency for conflicts is substantial. Such alliances would help reduce mar gin pressures by decreased competitive rivalry. |

Source: Porter (1980); Burgers, Hill & Kim (1993); Hitt, Ireland, Hoskisson & Manikutty (2016); Hagedoorn & Duysters (2002)

The discussions in this section highlighted the possibilities of SA in solving the challenges sprouting from IOT perspective. SA would help reduce unhealthy business competition, regulatory risks, social risks, political challenges, economic risks, margin pressures and such others.

Resource base views (RBV) is another perspective towards strategy that has gained momentum in the last few decades (Barney, 2001). In RBV empirical perspective, it has been established that firm level resource and capability differences reflect on the differential attainment of competitive advantage at the inter-firm level (Wernerfelt, 1984). We argue that if inter-firm performance difference can be explained by differential resources and capabilities of two firms then firms should form SAs with other firms that possess superior resources, capabilities and competencies (Bingham & Eisenhardt, 2008). Firms should form SAs with other firms that can provide Valuable, Rare, In-imitable and Non-substitutable (VRIN) resources and capabilities that are complimentary to the firm's capabilities and superior in nature (Lin & Wu,2014; Park, Mezias& Song, 2004). In other words, through SA firms should seek complimentary VRIN resources and capabilities (Tsang, 1998). This is because VRIN capabilities are sources of SCA and thus if a firm doesn't possess VRIN resources and capabilities then it can form a SA to secure other firms' VRIN resources and capabilities to secure SCA (Park, Mezias& Song, 2004;Tsang,1998). The possibilities of SA in securing SCA from a RBV has been tabulated in Table 3.

**Table 3 Logic of Strategic Alliance (SA) from RBV Perspective**

| S.No | Factor | Remarks |
|---|---|---|
| 1 | Resources VRIN | Firms should form partnership with another firm that possesses asset inputs which can create value especially if such resources are location bound like natural resources. |
| 2 | Capability VRIN | Firms should form partnership with another firm that possesses capabilities like firms that possesses superior skilled work force (like technology capabilities). Such alliances would help the partnering firms to integrate diverse resources and create value. |
| 3 | Competence | Firms should partner with other firms that have competence (ability to use capability over a long period of time) partnerships should be formed with such firms that have VRIN competencies. Such competences could be regarding management of specialized technologies. |
| 4 | Core competency | Firms should intend to form SA with other firms that possess core competency. This is challenging as a firm that possesses core compe tency would not be willing to form an alliance with another firm as on its own it can secure SCA. However if two firms possesses core competencies that can create mutual gains there are possibilities of mutually beneficial collaboration. |

Source: Based upon Park, Mezias & Song (2004);Tsang (1998); Lin & Wu (2014); Bingham & Eisenhardt (2008); Barney (2001);Wernerfelt (1984)

**Firms should look out for other firms as partners that arepossessing superior technology knowledge base.**

Thus, from an RBV perspective it makes sense for firms to form SA to secure SCA by possessing VRIN resources, capabilities, competencies and core competencies (Park, Mezias & Song, 2004;Tsang,1998; Lin & Wu, 2014). From a Knowledge Based View (KBV) perspective like RBV thinking, firms should form alliances with other partners who possess critical and value generating knowledge resources (Cabrera-Suárez, De Saá-Pérez & García-Almeida, 2001). So, firms should look out for other firms as partners that are possessing superior technology knowledge base (Mowery, Oxley & Silverman, 1996). The basic tenets of KBV explain that superior firm performance is based upon the possession and application of superior knowledge resources by a firm. In a knowledge-based economy, businesses are driven by technology and knowledge based business model (Felin & Hesterly, 2007). Thus, knowledge is a critical source of value creation. In an SA worldview, firms that have inferior knowledge base should through the formation of SAs with firms possessing superior knowledge base secure the benefits (Grant & Baden Fuller, 2004). Thus, from a KBV perspective firms need to form SA to secure superior knowledge from a partner that can thus create value for the firm (Mowery, Oxley& Silverman, 1996; Felin & Hesterly, 2007; Grant & Baden Fuller, 2004).

We now look into the logic for formation of SA based upon Dynamic Capabilities View (DCV) perspective. In DCV perspective, the central thesis is that firms should attempt to modify their capabilities by generating new value creating capabilities, reducing certain extant superfluous capabilities and augmenting the level of certain set of capabilities that can be milked (Wang & Ahmed, 2007; Teece, Pisano & Shuen, 1999). Thus, firms according to the tenets of DCV must adapt to a certain set of capabilities or absorb certain others for value realization (Teece & Pisano, 1994). Firms should form SA with such partners that are developing, augmenting and nurturing capabilities that would be valuable in future like emergent technology capabilities (Gulati, 1999). It becomes pertinent that SA should be formed with firms (Mowery, Oxley & Silverman, 1996) that are systematically:

- Enhancing and nurturing capabilities (like specialized technology in robotics , 3D printing and others)
- Developing capabilities that would help in value capture (like aggregation platforms )

This indicates that dynamic capabilities are an important frame for analyzing potency of SA partners (Gulati, 1999; Mowery, Oxley & Silverman, 1996).

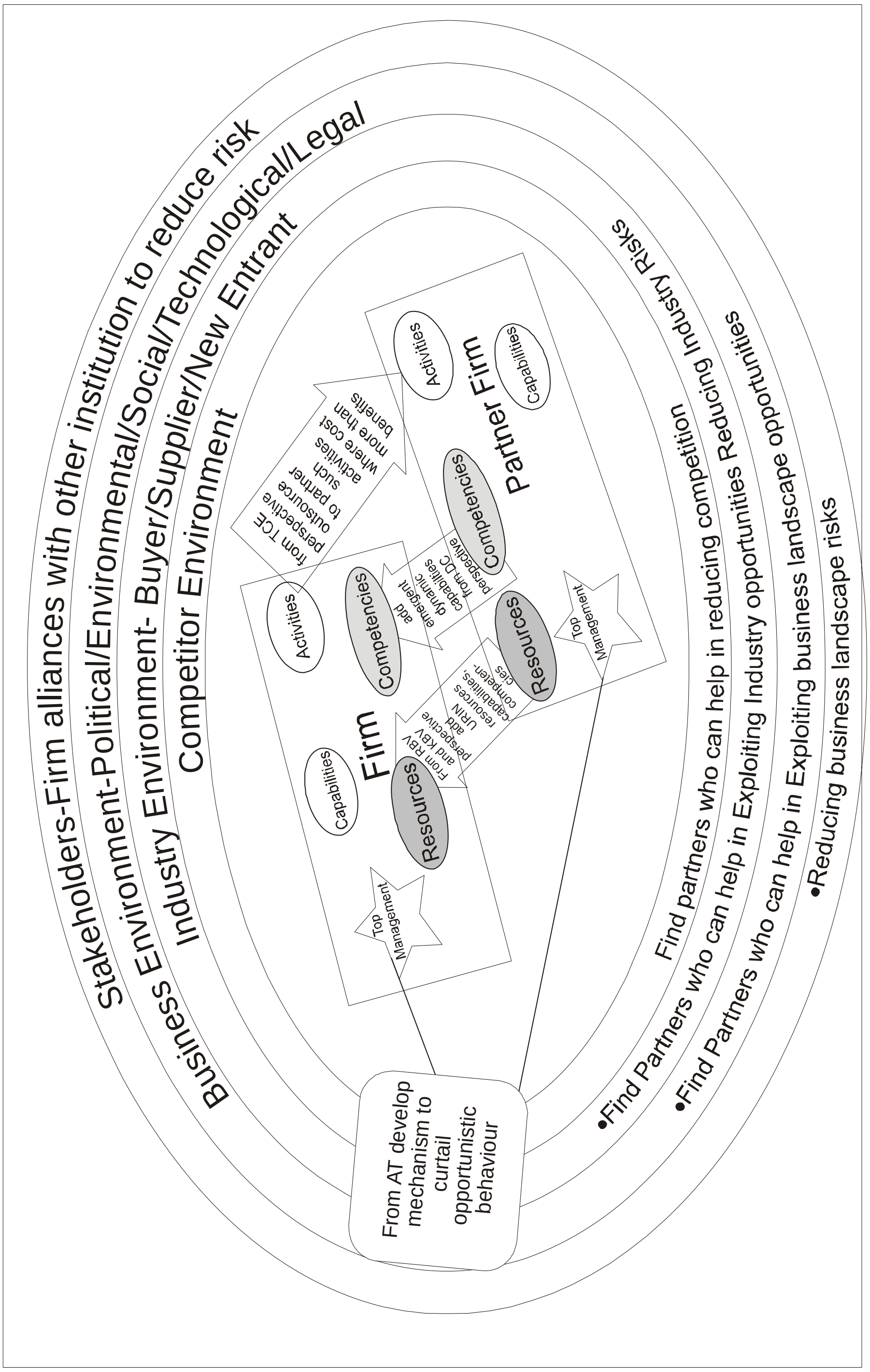
**Dynamic capabilities are an important frame for analyzing potency of SA partners.**

The author next discusses the importance of Transaction Cost Economics (TCE) in SA discussion. TCE theorists propose that a firm can be viewed as a basket of activities and all firm activities have a cost dimension (Williamson, 1979; David & Han, 2004). All firm activities also bring some direct or indirect benefits (David & Han, 2004; Williamson, 1979). The proponents of TCE argued that all organizational activities that have costs higher than incurred benefits must be outsourced (Hoskisson, Wan, Yiu & Hitt, 1999), whereas all firms activities that have higher value of benefits than costs should be kept within the boundary of the firm (Williamson, 1979; David & Han, 2004). Thus, benefit-cost trade-off of firm activity decides whether the firm activity should be within or outside the boundary of the firm (David & Han, 2004; Williamson, 1979). From an SA perspective, all firm activities (according to TCE) that costs more than benefits should be allocated to an alliance partner (Artz & Brush, 2000). SA should be formed with such firms that can carry out the firm activities at lower costs than benefits vis a vis the firm (as a point of reference) (Oxley, 1997). This firm would be good in performing a certain set of activities in which another firm would like to form a partnership (Artz & Brush, 2000). This is because in these sets of activities, the firm in point has lower costs than the corresponding benefits (Oxley, 1997; Artz & Brush, 2000). Thus, from a TCE perspective, SAs should be formed with outsourcing partners for such activities that have higher cost then benefits, with firms in-sourcing where there are higher benefits than costs.

**SAs should be formed with outsourcing partners for such activities that have higher cost then benefits.**

The Agency Theory (AT) in the context of SA literature deliberates upon the behavior of managers and owners (shareholders) (Eisenhardt, 1989). The owners themselves are monitored by corporate governance guidelines and the managers are monitored by management control practices (Hoskisson, Wan, Yiu & Hitt, 1999). In case of SAs, especially in the context of joint ventures, there is tension between managers of the partnering firms regarding the exhibition and motivation to gain benefits only for the parent firm, not the joint venture (Borys & Jemison, 1989). Thus, in an alliance, managers from the partnering firm might indulge in seeking benefits suited for their parent firms than to bring benefits to the partnership (read alliance) (Eisenhardt, 1989 ; Borys& Jemison, 1989). The partnership (the entities bound by the SA) must develop mechanisms and processes that would reduce the scope for such behavior (Kale & Singh, 2009; Oxley, 1997). The tenets of TA, thus, advise SA manager to have a robust mechanism and organizational process in place so that partnering managers do not indulge in opportunistic behavior (Borys & Jemison, 1989; Carleton & Lineberry, 2004). AT thus sets the boundary conditions of the inter-firm formal interaction, governance and to some extent the

**Fig 1 Integrated Strategic Aliance Framework**



nature of the informal interaction of managers between the partnering firms. Thus in this review paper, we applied the theoretical perspectives of IOT, RBV, DC, KBV, ST, TCE and AT to develop an integrated perspective on strategic alliances. This has been depicted in Fig.1.

## Discussion & Conclusion

Fig.1 illustrates the integrated model. All the IOT environments namely business environment, industry environment and competitive environment occupy the outer boundaries (Porter,1980; Hitt, Ireland, Hoskisson & Manikutty,2016; Johnson, 2016; Walsh, 2005) with BE being farthermost than IE and CE. IE is sandwiched between BE and CE. With respect to BE, firms need to find strategic alliance partners that would help to exploit business opportunities in environment and or reduce risks in business environment. (Hitt, Ireland, Hoskisson and Manikutty, 2016 ;Walsh, 2005). Similarly, strategic alliance would help a firm to have a partnership in IE to enhance market and distribution reach (Burgers, Hill & Kim, 1993; Hagedoorn & Duysters, 2002). Firms can also form partnerships at CE level to respond to extant strong competitors in a specific market (Hagedoorn & Duysters, 2002; Burgers, Hill & Kim, 1993). In Fig. 1 (in the Integrated Strategic Alliance framework), the central portion is occupied by perspectives from RBV, DCV and KBV theories. In all these three perspectives, the central theme is that a firm form alliances with other firms that can provide much needed valuable,rare, inimitable and nonsubstitutable resources, capabilities, competencies and core competencies (Park, Mezias & Song, 2004; Tsang, 1998; Lin & Wu, 2014; Bingham & Eisenhardt, 2008; Barney, 2001; Werner- felt, 1984). The resources and capabilities also include knowledge. The VRIN resources and capabilities need to be complementary in nature that the firm lacks presently (Tsang, 1998; Lin& Wu, 2014). Further, from a DCV perspective formation of strategic alliance should be with such partners which possess emergent technologies (Gulati, 1999; Mowery, Oxley & Silverman, 1996). Such firms should be developing or nurturing capabilities (especially related to technology) that in future would be the source of significant earnings (Mowery, Oxley & Silverman, 1996; Gulati, 1999). The integrated strategic alliance model also accommodates TCE centric activity perspective. Firm activities that incur more cost than benefits need to be outsourced to other partnering firms (Oxley, 1997; Artz& Brush, 2000).

The integrated strategic alliance model also incorporates Stakeholder Theory (ST) perspective (Carroll, 2004). ST perspective provides justification for a firm to form alliances that would build partnerships with stakeholders as it is argued that it would mitigate environmental and social risks (Carroll, 2004). Finally, in the integrated strategic alliance model, the opportunistic and parochial view of alliance managers amongst partnering firms in the strategic alliance is discussed. Insights from Agency Theory are borrowed to point out the mechanism and process to be built by alliance partners so that parochial opportunistic behavior by firm managers can be reduced by formal structuration (Borys & Jemison, 1989; Carleton & Lineberry, 2004). This would deliver the greatest good for the alliance.

We thus developed an integrated model on strategic alliance and thus make theoretical contribution in strategic management and strategic alliance literature as it integrates various strategic management theories like IOT, RBV, KBV, DC, ST, TCE and AT for an integrated model on SA. The integration of diverse theories in a holistic manner for theory building helped in theoretical progress in the field. Further, this work on integrated strategic alliance framework would also help firm strategy and alliance managers to undertake better decisions related to SA strategy formulation and implementation. This integrated model would help firm strategy and alliance managers to secure a holistic view on strategic alliance. This is a review article and thus researchers in future can carry out empirical work after operationalizing the various discussed constructs.

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