

**DIXIEME RENCONTRE INTERNATIONALE DU GERPISA
TENTH GERPISA INTERNATIONAL COLLOQUIUM**

La coordination des compétences et des connaissances dans l'industrie automobile
Co-ordinating competencies and knowledge in the auto industry

6-8 Juin 2002 (Palais du Luxembourg, 15, rue Vaugirard, 75006 Paris, France)

**DETERMINANTS FOR SUCCESSFUL STRATEGIC ALLIANCES
FROM THE NEGOTIATION AND FORMAL AGREEMENT PERSPECTIVE**

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In automobile industry, flourishing examples of cross-border strategic alliances have been illustrating various issues such as, motives and outcomes on the one hand, and dynamic organizational learning process, on the other hand. While many scholars have confirmed that the higher the level of trust, the greater the likelihood of cooperative behavior, however, the alliances have been reported to be successful in less than 50% of the cases. Assuming that the main objective of strategic alliances is the internalization of partner skills or competences through learning rather than access (Hamel, 1991), following criteria can be served as main research questions: (1) whether a firm has a strong intention to learn through alliances; (2) whether each partner is willing to reveal its resources or information to the other; (3) whether a partner has a capacity for learning.

Out of recent strategic alliances, one cross-border alliance was chosen where fundamental issues, such as harmonizing different national cultures, applying different management system, and integrating organization, can be addressed in one place as it adopts the technology and production system from the third country, domiciles in East Asia with local employees, and is now a part of a European OEM with minority ownership held by the local partner. Moreover, since the alliance is in its early stage of operation, we believe it can serve as a good research target for an investigation to see how it will evolve through both developing the cooperative relationship with its partner and the learning process to gain competitive advantages. If a firm does not aim something beyond investment avoidance and merely intends to substitute its partner's competitiveness for its own redundancy, then it may not lead to learn from its partner.

As a consequence, it would be useful to begin the investigation with a historical review of the negotiation process between the partners reaching the formal agreement, although it is rather static. In particular, it would have important implications whether the agreement contains covenants or clauses stressing "learning", since individual learning can develop into collective learning as knowledge if (1) there exists a mechanism for collection of individual learning, (2) learning diffuses across functional boundaries, so that those in other areas could share what had been learned. In addition, as previous researches showed, it would

be necessary to see if firms with a history of cross-functional teamwork and inter-business coordination were more likely to turn personal learning into corporate learning than were firms where the emphasis was individual and independent.

Since the negotiation is the gateway to working jointly with the partner, it is important that both parties have an amicable feeling to the other partner. Accordingly, in parallel with learning issues, negotiation related agenda that could impact on the alliance relationship would be investigated to give a clear picture about strategic alliances:

1. Goals and objectives between partners must not be in conflict if the alliance is to succeed. It is valuable to identify clearly one's own and one's partner's objectives both generally and from the alliance at this early stage.
2. Identification of the nature of contribution expected from each partner.
3. Agreement on the form, governance, ownership, and decision-making structure, of the alliance. As Child and Faulkner (1998) note, these issues might not appear to be serious but often times become a problem later.
4. Agreement on termination and dispute-remedy closures in the event of one or both partners want to exit the alliance. Considering that significant portion of alliances are terminated within five years, partners should be monitoring the situation.

While historical review of the negotiation process and the document analysis of formal agreement would provide us with a basic understanding and an intuition for forward looking, this approach clearly bears some limitations since there might have been environmental changes and the agreement would turn out to be incomplete. This is part of a larger study that involves the investigation of the process of managing cooperation in alliances.