Title

State Business interplay of Global Strategic Alliances

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Abstract

The focus of this research is to investigate the state-business interplay of global strategic alliances’, as a focused method of investigation selected industries are examined. The resurgence of complex state-business interplay has reignited the conventional strategic alliance theories. Strategic alliances represent a variety of collaborative agreements between firms, which are in nature rather complex interplay of multiple activities and sources. This research examines tangible occurrence of state interference into international strategic alliances in the light of ongoing global socio-economic crises. I have re-examined the conventional theories including technology diffusion, institutions and growth (..., acceleration) and trade theories. And, further investigation has analysed the state-business interplay in the formation of international strategic alliances’ specially societal valued service and national importance of manufacturing industries. Changing bargaining position of these industries has shed a light to the critical understanding of the relationship between institutions, industrial policies, human development, technology diffusion and globalisation. I then have investigated how state-business interplay and industry interlocking functions as a multidimensional new international strategic alliance model. This research attempts to contribute to the body of knowledge regarding into what state-business interplay strategies do provide for sustainable international strategic alliances’.

1. Introduction

There are many versions of strategic alliances for global firms in global market place. The competitive advantage of firms relatively depends on the various forms of state-business relationship. We believe that the international business literature has provided a comprehensive synthesis on models of competitive advantage of strategic alliances for global firms. However as a resource, its connection to the potential role of the state such as financial supports and bailouts and protectionist public policies has emerged as new phenomenon. Such realities will lead to a new politically driven global alliances and re-addressing questions of, “anti-globalisation” and what are the extent and limits to the economic and business elements of globalization and the future role of global firms (Dunning, 1997; Graham, 2000; Eden and Lenway, 2001; Higgott, 1999; Prakah and Hart, 2000; Rodrik, 1997; Rugman, 2000; Vernon, 1998). The scale of these state-led strategic alliances have caused researchers to contemplate new global phenomena going beyond the research areas of global firms and foreign direct investment (Buckley, 2002; Rugman, 2003; Contractor, 2003; Vernon, 2001). The objective of the paper is to propose analytical framework models to explain the major policy shifts that characterised as state-business relations due to financial
crises. The importance of “state-led globalisation” as the most critical resource is available for global firms’ competitive advantages, (Romer, 1986; Krugman, 1991). The purpose of this paper is to provide a typology of three models that can provide an integrated approach to the understanding of state-led strategies as constraints as well as driving force of strategic alliances.

2. Literature Review of Strategic Alliances

Literature review drawn from four areas of academic disciplines. Strategic alliance recognised by Doz and Scuen (1997) and Ghemawat, Porter and Rawlinson (1986); the opportunities and risk of emerging market ((Cavusgil, 1997; Garten, 1997a; Kock and Guillen, 2001); type of ownership in ‘EMs’ (Andrade, Barra, and Elstrodt, 2001; Khanna and Palepu, 1997; Kock and Guillen, 2001); as networks of social significance (Hamilton, 1997; Orrù et al., 1997; Keister, 2004; Granovetter, 2005); various relationship or venture capital investment but falling short of an outright acquisition (Business International 1987; Terpstra and Simonin 1993); examining patterns of strategic alliances (Hergret and Morris 1988; Osborn and Baughn 1997; Porter and Fuller 1986; Terpstra and Simonnin 1993).

Currently ongoing, complex rough global trends are not the result of spontaneous development of market forces, but the event of corporate policies at various levels. The process of market liberalisation accelerated in the last two decades in the context of neolaissez-faire policies has several dimensions. The analysis social science research on the importance of state as a resource has new dimension and the role of multinational corporations in the national policy creation and dissemination process (Kogut and Zander, 1995; Rangan, 2000; Hennart, 2003; Love, 1995). Therefore, we complement this new dimension by the concurrent global debate on anti-globalization, economic inequalities and development (Stiglitz, 2003; Rodrik, 1997) as well as the limits to globalization (Rugman, 2000; Oxley, 2001; Eden and Lenway, 2001; Spencer, 2000). The role of the state (Murtha and Lenway, 1994; Stopford and Strange, 1991; Kobrin, 2001) and international public policy as well as the nature of international political economy and collective action (Olson, 1965, 1982, 1992; Ostrom, 1990) become a major issue of research also of relevance to social science researchers. We provide a typology of three models, ‘firms, state, resource’ which we believe can integrate a deeper understanding of state as a resource in international business.

The earlier analysis of Buckley and Casson (1986), Hennart (1982), Rugman (1980), Caves (1971) broadly touched upon the public good nature of firm-resource, although these works
did not forge a clear link between MNCs and social communities. Public goods suffer from under provision. Common pool resources suffer from overuse and overexploitation (Olson, 1965; Ostrom, 1990; Hardin, 1982). Social communities need to abstain from overexploiting communal firms resources and to practice self-control (Schelling, 1984) towards solely individual rent seeking behaviours. Collective ownership of the network requires cooperation between actors in either formal or informal settings, where the actions of the actors are interdependent (Olson, 1965; Hardin, 1982, 1997; Sandler, 1992). This is especially the case when the members of the network are from heterogeneous backgrounds and value systems.

3. Theoretical Perspectives State-Business Interplay

A theoretical multidirectional model of the predictor of international strategic alliances’ is developed. Specially, a set of exogenous variables comprising a sequence of relationship are hypnotised to be related to state-business interplay as a strategic responses to changing business environment. Four dimensions comprise the predictive model: i) Micro level variables - owners/stakeholders ability, ii) Intermediate level variables - societal dynamics – business involvement, iii) Institutional level variables - national systems dynamics, and finally, iv) Macro level variables - bundle/regulatory global environment affiliated with the comprehensive emerging new operates in international market.

Data has been collected via government, industry documents and companies profile in strategic alliances’ data analysis which was validated in selected countries limited to some developed, emerging and developing countries. The sample includes a rich cross section a variety of state-business partnership and influence organisations. Data is analysed using a combination of descriptive and relational research techniques. A serious of multivariate statistical procedures is employed to analyze the data and test the multidimensional. The preliminary result of data examination of 40 international strategic alliances’ from selected industries in various countries, I then have investigated how state-business interplay and industry interlocking functions as a multidimensional new international strategic alliance model. This research attempts to contribute to the body of knowledge regarding into what state-business interplay strategies do provide for sustainable international strategic alliances’.

The analytical model process is extended to analyse the multi-dimensional of business, government, and regional relationship from global perspectives.

Model: 1 Analytical model process of Global Alliances

State-Business Integration: At first, regional integration stands at odds with the conventional wisdom of political science. Waltz (1979), Grieco (1988), and other neo-realists have argued that international cooperation is difficult to achieve in the anarchic world of the international system. Although the literature on regional integration and cooperation abound, general theories of regional economic integration are still at the nascent stage. In addition, most of these works either focus on European integration or were inspired by it. Theories of regional economic integration can be roughly grouped into three perspectives: i) neo-functionalism and neo-institutionalism, ii) neo-realism, and iii) domestic politics and intergovernmentalism. In the first group, neo-functionalism posits that regional integration arises due to increasing technological, economic, and other complexities and problems that countries can no longer effectively solve at the nation-state level (Haas 1958, 1964; Mitrany 1975). With respect to European integration, “supranational” institutionalists have studied the impact of the European Union institutions on the decision-making process, such as the agenda-setting power of the European Parliament (Tsebelis 1994; Garrett and Tsebelis 1996). On the other hand, Garrett and Weingast (1993) argue that institutions perform other roles and are not simply the facilitators of efficiency gains in the process of regional integration. By extrapolating power transition theory to analyzing regional integration, scholars (Efird and Genna 2002) have tested the following proposition: the level and intensity of regional
integration improves when the power of a subordinate state exceeds the power of the preponderant state if they are jointly satisfied with their dyadic relationship.

The model posits where national and regional advantages has compared by the firm’s human capital, efficient management system, technological creation and the external forces. There are, however, limitations to this approach, even in advanced capitalist economies, notably an over-emphasis on agency and neglect of underlying structural economic changes and institutional frameworks (Rath and Kloosterman, 2000: 667; Kloosterman and Rath, 2003: 6). The model can be used the viability of sustainability resurgence and strategies. It will indicate whether competitive advantage and sustainability can be achieved within the current business environment of global firm(s), 'GC’s, MNC’s, TNC’s’, and identify where potential challenges of globalisation lie’s.

5. Methodology and research design

Globalisations embrace a wide range of phenomena, from ideology to markets, from theory to policy and now facing new challenges from various form of protectionism. Methodology adapted to examine whether emerging political globalisation of firms is sustainable. Despite ongoing historical problems and recent financial crises where creating new socio-economic imbalances, most of the developed countries continue to be among the most attractive markets in the world and now appear to be much more risky business environment. This research applied multi-level study approach, and how this case relates to participatory action research. The methodology is based on breaking the key areas of a business system domain’ into defined systems, the functioning of which are viewed from different perspectives.

The study was conducted in largest Companies (firms), focusing on the development of theory through a case analysis approach (Eisenhardt, 1989; Yin, 1994). This study gathered qualitative data from 100 largest firms in developed countries and 5-10 largest firms within each country is selected to better understand the practices and approaches being used from a practitioner perspective. These firms spanned diversified industries (e.g., electronics, computer equipment, chemicals, transportation equipment, apparel, furniture, food, and plastics). Using a matrix-based approach functions are defined for each system-perspective. Each function’s level of functionality is measured by carefully chosen indicators, which are normalized from zero to one. A weighting procedure follows and upon aggregation the index for democratic functionality is produced.
Model: 2 Research design variables and Functionality

Thus, the research has explored the dynamics of policy performance after the introduction of new model as (Model 2), and aims:

- If policy adjustment did occur, to establish the degree of coincidence with the national policy goals, and furthermore to determine the factors that lead to this policy adjustment i.e. to isolate the mechanism of influence that mature business systems evokes.

- If policy adjustment did not occur, to determine which factors impeded the effective influence of national policy.

Cases are part of the initial observations; each firm is a case, as is each community and country. The results are to turn to the dynamics of nations, not just localities.

Case analysis is developed: i) cross-national comparative case analysis, ii) national policy (and regional policy initiatives) and, iii) globalisation perspectives.

This design is aimed on integration of different disciplines in the analysis of the national and regional governance business environment and innovative activities thus promoting an interdisciplinary approach into the developed countries. This research has tried to match the proposed explanations with actual causes and thus explain the propositions suggested at the beginning of this design. The purpose of the paper described as a descriptive and explanatory. The research has applied the qualitative nature based on a case study method. The study, therefore, may be divided into 3 parts: (1) first the definition of goals, identification of research questions and structuring the design of the study; then (2) analysis of theoretical
sources and collection and analysis of empirical data; and finally, (3) discussion of the empirical findings and their relevance and applicability to the theoretical framework.

6. Conclusion

Investigating how global firms are performing within a bundle of business systems and institutional change by adapting national and international corporate policies. There is strong analytical evidence that global firms are benefitting from political globalisation where this new competitive strategies would be a contribution to the academic literature in international management and comparative business environment.

There is also scope for national and regional co-operation in sharing burden of financial crises and assisting mainly large global firms that have more significant problems in certain industries. Furthermore, national business development and cooperative frameworks police as well as regional task forces has help to individual firms with specific problems such as financial support and rescue plans. The role of political globalisation for the success both nation’s and firms in achieving high economic growth and as a prerequisite in the process of global transparency and integration in question. Despite ongoing financial crisis which leads slow economic development, developed countries have solid competitive advantages, having a well educated workforce and (despite varieties) rather skill labour and lean production base. Although current economic crisis is rather complex but recent complementary involvement of state toward competitive advantage of firms are rather unpresented which may have long term consequences for global economic development. To achieve the ultimate goals, it is of the utmost importance that the developed countries continue to be transparent and cooperate in eliminating the most significant obstacles of protectionism both at national and international levels. The purpose in this paper is to lay out a direction that might be followed in near future, one that is likely to lead to a successful long-term future of global firms without state interference. The main theme is that, in the present world system, developing and emerging countries have an unparalleled opportunity to become extremely successful participants in the global political and economic integration and that developed countries should actively pursue this goal to achieve successful development progress.
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