



Entrepreneurial orientation and strategic alliance success: The contingency role of relational factors



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ABSTRACT

This study extends entrepreneurship research into the domain of strategic alliances by hypothesizing a positive relationship between entrepreneurial orientation (EO) and firm-level alliance success. Drawing on a relational view, we further examine the focal relationship within a contingency framework, building on the distinction between cooperation (joint action and bonding) and conflict. Findings from a study of 197 partner firms suggest that a high level of joint action strengthens the positive relationship between EO and alliance success. Bonding moderates the relationship in an inverted U-shape manner such that the effect of EO on alliance success will be greatest when bonding exists at the moderate level. However, conflict has no significant moderating effect on the EO–alliance success relationship. Overall, this study provides novel insights into *whether* and *when* partner firms can translate an EO into final alliance outcomes.

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1. Introduction

Although prior studies show that almost half of strategic alliances fail, some firms have indeed enjoyed great success with their alliances (Anand & Khanna, 2000; Kale & Singh, 2007; Zhang, Shu, Jiang, & Malter, 2010). What, then, drives strategic alliance success? This crucial question has attracted various explanations, among which the firm-level factors have gradually gained prominence. For example, Kale, Dyer, and Singh (2002) find that firm-level alliance capability (a firm's alliance experience and its investment in a dedicated alliance function) leads to alliance success. In a follow-up study, Kale and Singh (2007) provide evidence that a firm's alliance learning process is positively linked to its overall alliance success. Despite this prevalence in examining determinants of alliance success, less scholarly attention has been given to a very crucial firm-level variable—entrepreneurial orientation (EO), which refers to a firm's strategic posture that is characterized by acting innovatively, taking risks, and being proactive towards the market (Covin & Slevin, 1989; Miller, 1983). While studies have suggested that linking EO to explaining alliance variables in an effort to better understand its role in alliance phenomena represents a crucial research agenda (Slevin & Terjesen, 2011), the question remains: Do firms that can more extensively enact their EO achieve greater alliance success?

Two motivations fuel our study. First, recent entrepreneurship research has acknowledged the importance of strategic alliances for the implementation of entrepreneurial activities (Teng, 2007). For example,

firms can better enact their EO in achieving higher performance when participating in research or marketing alliances (Brouthers, Nakos, & Dimitratos, 2015). Meanwhile, as EO is a vital organizational characteristic that impacts individual firms' activities (Miller, 1983), it is assumed that when firms enter into a specific alliance, an EO might also guide their alliance activities such as helping them grasp the learning and resource-seeking opportunities in the collaboration (Sarkar, Echambadi, & Harrison, 2001; Teng, 2007). Indeed, studies have extended the consequences of EO into the realm of strategic alliances, but have yielded few significant implications for alliance formation such as alliance use (Dickson & Weaver, 1997) and alliance processes such as knowledge spillovers (Shu, Liu, Gao, & Shanley, 2014), leaving the effect of EO on final alliance outcomes underexplored. To fill this gap, this study leverages the resource-based view (RBV) to investigate the role of EO in firm-level alliance success, i.e., the extent to which a firm attains its main strategic goals in a given alliance (Kale et al., 2002; Schreiner, Kale, & Corsten, 2009). By doing so, we hope to extend and bridge the two research streams that usually develop independently: that on entrepreneurship and that on strategic alliances.

Second, it may be better to consider a firm's relationships with alliance partners when exploring the EO–alliance success linkage. Research suggests that a high EO alliance firm is not the same atomistic as a high EO individual firm because an alliance firm's enactment of entrepreneurial posture is likely to be bounded by its relationships with partners (Yang, Lin, & Peng, 2011). In this study, we deem relationships between partners (cooperation and conflict) as critical contingencies that shape the EO–alliance success linkage. Specifically, we ask: How do an alliance firm's implementation of EO and its relationships with partners *jointly*

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affect its alliance performance? This unanswered question prompts a contingent examination of the EO–alliance success relationship for two reasons. First, the relational view suggests that relationships between partners may direct firms' motivations and expectations to enact their entrepreneurial postures in alliances (Jiang, Yang, Pei, & Wang, 2016; Simsek, Lubatkin, & Floyd, 2003). Second, these relationships may influence the effectiveness of firms' entrepreneurial strategies (De Carolis & Saporito, 2006; Welter, 2011).

Traditional studies have often presented cooperation and conflict as the extremes of a single interorganizational relationship or the two ends of a continuum describing relationships between organizations (Alter, 1990; Gillespie & Mileti, 1979). In the alliance context, the literature also indicates that alliance partnerships are associated not only with cooperative behaviors but also with non-cooperative or competitive behaviors (Kumar, 2010; Zhang, Shu, et al., 2010). Specifically, cooperation is the result of a dyad's common interests, while conflict arises due to their pursuit of private benefits (Khanna, Gulati, & Nohria, 1998). Broadly referring to a relational view (Borgatti & Cross, 2003; Dyer & Singh, 1998), cooperation and conflict, inherent and conceptually distinct, characterize two key aspects of an alliance partnership. Here, we take the view that a relationship that a firm believes will help it achieve common strategic goals with alliance partners is seen as cooperative (Zhang, Shu, et al., 2010). By responding to calls by White and Lui (2005) for more analyses of the distinction between the behavioral and affective dimensions of an alliance relationship, we further view cooperation as a two-dimensional construct. It has a behavioral component, i.e., joint action, which reflects how closely partners work together to accomplish various tasks or activities (Schreiner et al., 2009), and an affective component, i.e., bonding, which reflects the extent to which partners are fused together through formal and informal links (Rodríguez & Wilson, 2002; Sarkar, Aulakh, & Cavusgil, 1998). In the meantime, conflict is an awareness on the part of one alliance partner of another partner's incompatibilities (Jehn & Mannix, 2001), possibly arising from the other partner's opportunism or from goal incongruence between the partners (Kale, Singh, & Perlmutter, 2000).

Our study makes several contributions to the literature. First, we extend the range of research on the role of EO in alliances, echoing recent calls by Teng (2007) and Ariño, Ragozzino, and Reuer (2008) to channel research on entrepreneurship and strategic alliances, previously two separately evolving streams of research, into a single stream. Second, we highlight a contingent view of EO by associating it with relational factors, enriching our understanding of a relational view on strategic alliances. Especially, by defining cooperation as a multidimensional construct in terms of a behavioral dimension (joint action) and an affective dimension (bonding), and comparing their relative values in shaping the EO–alliance success linkage, we extend prior research on the cooperation aspect of an alliance relationship. Fig. 1 illustrates the conceptual model.

2. Literature review and hypotheses

2.1. A resource-based view of entrepreneurial orientation

The term “EO” applies when the concept of entrepreneurship is extended from the individual level to the firm level (Covin & Slevin,

1991). EO, by far the most popular construct in the entrepreneurship literature, is defined as a sort of strategic posture of a firm that exhibits innovativeness, risk-taking, and proactiveness (Miller, 1983; Covin & Slevin, 1989). Specifically, innovativeness is the tendency to create and introduce new products, production processes, and organizational systems. Risk-taking is the propensity to accept higher levels of risk by venturing into the unknown with relatively strong commitments. Proactiveness is engagement in opportunistic expansion by seizing market opportunities in the process of new market entry ahead of competing firms.

The RBV literature posits that firms' idiosyncratic internal resources are fundamental sources of competitive advantage (Barney, 1991). As suggested by some recent studies, there is a potential fit between EO and RBV since EO can be regarded as an intangible resource which is embedded in organizational routines and dispersed among organization members (Hughes & Morgan, 2007; Lisboa, Skarmees, & Saridakis, 2016). In some sense, “firms cannot buy a high level of EO from the market and should invest a great deal of time to cultivate such a culture and thus EO can be a source of sustainable competitive advantage” (Lee, Lee, & Pennings, 2001: 617). In addition, the three dimensions of EO can also be viewed as crucial strategic resources that guide a firm's business strategy and approach to competing in a marketplace (Hughes & Morgan, 2007).

As to the consequences of EO, recent studies suggest that its most significant consequence is improved firm performance (Semrau, Ambos, & Kraus, 2016; Shan, Song, & Ju, 2016; see Anderson, Kreiser, Kuratko, Hornsby, & Eshima, 2015, for a critical review). Additional consequences also include organizational learning (Kreiser, 2011), strategic learning (Anderson, Covin, & Slevin, 2009), and variability in firm performance (Patel, Kohtamäki, Parida, & Wincet, 2014). In short, these studies are all conducted at the firm level but should be expanded to the alliance context as in the present study.

2.2. Linking EO to strategic alliance research

Compared with fruitful explanations of EO that focus on factors or processes at the individual organization level in extant literature (see, Rauch, Wiklund, Lumpkin, & Frese, 2009; Anderson et al., 2015, for recent reviews), relatively little research attention to date has been paid to extending EO research into the more macroscopic field of strategic alliances. In our broadened view, which integrates entrepreneurship with alliance research, entrepreneurship theory and its central principles that an EO guides an individual firm's activities within the organization are potentially applicable to the strategic alliance context. The fundamental reason is that deeply rooted values and beliefs may define partner firms' entrepreneurial philosophies regarding how to conduct alliance activities such as joint resource sharing deployment. Indeed, without a certain level of EO, each alliance party may not be sufficiently motivated to make necessary investments and commit sufficient resources to make the alliance succeed.

Some studies have already hinted at a potential role for entrepreneurship in alliances through examining issues such as how alliance proactiveness affects firm market performance (Sarkar et al., 2001) and how alliance-driven corporate technological entrepreneurship affects organizational performance (Antoncica & Prodan, 2008). Still others have built a direct link between EO and alliance-related issues during alliance formation or evolutionary processes. For example, Dickson and Weaver (1997) document that an EO adopted by a firm's key managers will affect its decision on alliance use when facing environmental uncertainty. Shu et al. (2014) find that a focal firm's EO is positively related to its knowledge spillovers in an alliance. These studies have covered only some aspects of the linkage between EO and alliances, for example by focusing on particular stages of alliance formation or evolution. However, this line of research has seldom touched alliance outcomes, leaving an important question underexplored: How does a firm's adoption of EO affect its alliance outcomes? Filling this gap

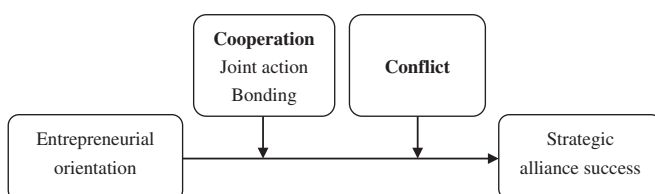


Fig. 1. Conceptual model.

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