

Change, challenge and strategic leadership

[Life](#)



Introduction

CHANGE; CHALLENGE; AND STRATEGIC LEADERSHIP COURSEWORK

SCOPE OF ASSIGNMENT

This assignment is aimed the critical review and analysis of journal articles and a strategic management textbook in relation to the impact of strategic alliances between corporate organizations.

Relevant journal articles; reviews and alliance topics from strategic management textbooks will be critically reviewed and analyzed to verify the differing and contrasting views of the research findings.

Finally, there will be an overall conclusion of the findings based on the journal articles; and other relevant sources.

(A)CRITIQUE OF THE LITERATURE (ONE FROM JOURNAL ARTICLE; ONE FROM HBR; AND ONE CHAPTER FROM TEXT BOOK RELATING TO STRATEGIC MANAGEMENT THE SUBJECT SHOULD BE RELATED TO BOTH THE ARTICLES.)

(1)TITLE: MAKING STRATEGIC ALLIANCE TO SUCCEED. BY CAROLINE ELLIS (NOVEMBER, 1996) INHARVARDBUSINESS REVIEW

The first article was written by Ellis (1996) and the main theme of the journal article was that if the strategic alliance is to succeed, there should be trust and mutual understanding. Her research and analysis was mainly to review the articles written by Spekman et al (1995) titled “ Building Strategic Alliances: The Successful Intertwining of Business and Personal

Relationships”; “ Creating Strategic Alliances That Endure” and “ Alliance Management”.

Her article seems to suggest that without the creation of an environment of trust, it will be difficult to achieve any meaningful results in any strategic alliance. She opined that based on Spekman’s (1995) view, good alliance managers must lay more emphasis on learning so that they can easily accept the problems as challenges that offer both risk and reward.

Ellis (1996) was of the view that in order for strategic alliances to be successful, there is the need for trust to be the paramount key success factor. Nevertheless, Ellis (1996) admitted that trust cannot be achieved in a short space of time. She therefore advised that corporate executives must recruit the managers who have some necessary innate traits and the broad gauge empathy that can help the strategic alliance to be successful (Ellis, 1996: 9).

Finally she concluded that alliance managers must insist on quality training for their employees emphasizing on the three “ Rs” if there was to be any success in increased productivity.

(2) CRITICAL REVIEW OF THE JOURNAL ARTICLE TITLED “ THE INFLUENCE OF MANAGERS’ CHARACTERISTICS AND PERCEPTIONS IN STRATEGIC ALLIANCE PRACTICE” WRITTEN BY JALONI PANSIRI (2005) FROM THE UNIVERSITY OF BALLARAT, BALLARAT-AUSTRALIA.

The final article to be reviewed was written by Pansiri (2005) and it was aimed at providing the linkage between strategic alliance practice and

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managerial cognitive base with a view to understanding alliance dynamics better. Pansiri's research was more academical and theoretical than practical because he undertook an in-depth analysis of all known models and research on strategic alliances. In the end, he concluded that the influence of managers' characteristics and perceptions in strategic alliance practice is not only limited to reasons why firms form strategic alliances and attitudes towards alliances. They influence an array of practices which determines not only the survival of the strategic alliance, but also the survival of the firm in question. Issues concerning the type of the strategic alliance to be adopted and the number of alliance partners or alliances a firm may join is of high concern for managers.

Pansiri (2005: 1105) claimed that “ Strategic alliance partner selection has been cited as one of the reasons that account for the successful implementation of strategic alliances (Kanter, 1994; Brouthers and Wilkinson, 1995; Faulkner, 1995; Mendleson and Polonsky, 1995; Medcof, 1997; Evans, 2001; Hagen, 2002).”

According to Pansiri (2005) Researchers indicate that finding the right alliance partner is extremely important because the failure of many alliances can easily be traced to partner selection at the planning stage. It is at this stage where risk minimization should be addressed. In choosing appropriate partners, strategic alliance research identifies four Cs on the choice of alliance partners emphasizing on compatibility, capability, commitment and control cannot be subjected to objective calculation but largely depends on managers' cognitive base.

(3)CRITICAL ANALYSIS OF STRATEGIC MANAGEMENT TEXTBOOK TITLED “MANAGING AND ORGANIZATIONS” AN INTRODUCTION TO THEORY AND PRACTICE. 2ND EDITION. WRITTEN BY S. CLEGG; M. KORNBERGER; AND T. PITSIS (2008) LOS ANGELES: SAGE. CHAPTER 14: GLOBAL STRATEGIC ALLIANCES.

The authors contend that the major mechanism of global integration is collaborations and strategic alliances. In their view alliances are essentially a strategic device connecting different organizations in a network or web that includes many transacting parties.

The authors claim that corporate organizations and entities all over the world resort to the formation of strategic alliances based on varied reasons. Some of these reasons are that they want to have more access to a greater market share. According to Clegg; Kornberger; and Pitsis (2008: 589) the major strategic objectives of alliances are maximizing value; enhancing learning; protecting core competencies; and maintaining flexibility. Strategic alliances have a lot of importance and benefits to the corporate entities that decide to embark on it because it helps in the transfer of technology from one company to another in a more convenient environment. In addition, alliances have the capacity to allow the top executives to tap in certain capabilities and save the organisation from duplication.

They further contend that strategic alliances are a way of focusing investments, efforts, and attention only on those tasks that a company does well in its value chain. They further lamented that the value chain is a concept for decomposing an organisation into its component activities.

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They claimed that one strategy that firms which are deeply involved in alliance relations follow is to use formalization as a means to make sense of their partners, the interorganizational relationships in which they are engaged and the contexts in which these are embedded.

(B) A COMPARISON OF THE LITERATURE REVIEWED

In comparing the literature reviewed in relation to the 3 sources, it can be deduced that all the writers had one common similarity concerning strategic alliance which is that it creates a “value” to the partners involved in the alliance.

Whilst the first article by Ellis (1996) concentrated on reviewing the journal article by Spekman et. al (1995) titled “Building Strategic Alliances: The Successful Intertwining of Business and Personal Relationships”; “Creating Strategic Alliances That Endure” and “Alliance Management” which was mainly the discussion of how the perceived gap between the strategic formulation and the sustainability of the alliance management, the second article by Pansiri (2005) was aimed at providing the linkage between strategic alliance practice and managerial cognitive base with a view to understanding alliance dynamics better. Pansiri’s research was more academical and theoretical than practical because he undertook an in-depth analysis of all known models and research on strategic alliances. Pansiri (2005) asserted that the influence of managers’ characteristics and perceptions in strategic alliance practice is not only limited to reasons why firms form strategic alliances and attitudes towards alliances. Clegg et al (2008: 590) however were of the view that there should be the instigation

and maintenance of interaction during the formation period in order to reduce judgment errors and individual biases during the alliance formation.

Pansiri (2005) contends that issues concerning the type of the strategic alliance to be adopted and the number of alliance partners or alliances a firm may join is of high concern for managers.

Finally, Clegg et al (2008) were very keen on the fact that major mechanisms of global integration are collaborations and strategic alliances and that the major strategic objectives of alliances are maximizing value and enhancing learning.

(C) ADDITIONAL REVIEW OF COLLEAGUE ARTICLE (CRITIQUE AND COMPARISON OF COLLEAGUES ARTICLE)

(1) Critical Analysis of Journal Article from Harvard Business Review titled “Simple Rules for Making Alliances Work” authored by Jonathan Hughes and Jeff Weiss (November, 2007)

The two authors of the article Hughes and Weiss (2007: 123) claims that strategic alliances are just not any business arrangement but they demand a high degree of interdependence between may continue to compete against each other in the market place. They lamented that in strategic alliance there is the need to have the ability to actively ascertain the differences between the strengths and operating styles of the two corporate organizations planning to form the alliance in order to form sensible tactics and gain a lot of insight in relation to the prudent management of the partnership.

The two authors suggested in order for the alliances to be effective, there should be the consideration of five (5) principles by the two companies considering forming the alliance. This in their opinion will go a long way to make the alliance to be effective and yield the desired results.

The first principle they suggested was that there should be less focus on the definition of the business plan and more on how they will work together. They claimed that numerous experiences of failed alliances were due to breakdown in communication and trust but not necessarily the absence of a business plan. Successful alliances in their opinion was to a large extent based on the ability of the staff of the two companies to work as if they were employed by the same company. There should be a clear communication and understanding on how the resources will be allocated; sharing of information; and the process of decision making.

The second principle they suggested was that the alliance partners must not focus only on the goals of the alliance but rather the progress because it is not usually possible to achieve measurable results in the first couple of months or even up to a year.

The third principle is that alliance partners should focus on creating value with their differences instead of trying to eliminate them. This in their opinion will help streamline and fast-track the process of forming the alliance into a formidable force instead of the conflicts; bickering; pettiness; and trivialities of differences. The two authors compared the alliance between Microsoft and HP where the perceptions of the two companies of each other

and their own appraisal was later catalogued into their respective strengths for value to be created.

The fourth principle by Hughes and Weiss (2007: 128) claimed that the alliance partners must go beyond formal governance structures but rather encourage collaborative behavior. They contend that there should be an emphasis on inquiry instead being judgmental so that there will be a dispassionate analysis on what went wrong so that both parties can interpedently sort out issues amicably.

The final principle suggested by the two authors was that the alliance partners should spend much time on managing stakeholders internally as on managing the relationship between the partners. They cited an example of two financial services company who in the late 1990's formed an alliance to exploit technological developments enabling electronic payments but a few years into the alliance they had some challenges as a result of the fact that one of the partners did not have the support of the departmental heads of the firm before entering into the alliance. These 4 departmental heads were therefore creating problem for the smooth operation of the new partnership and they were able to influence other stakeholders which eventually led to the downfall of the alliance.

The two suggested that if the 5 principles are adhered to by companies contemplating to form an alliance, it will be very effective to successfully make the synergy a success.

In comparing my colleague's articles written by Hughes and Weiss (2007) with the article written by Ellis (1996), it can be deduced that the former was <https://assignbuster.com/change-challenge-and-strategic-leadership/>

more in depth with practical examples to back up all the five (5) principles they suggested for effective strategic alliances. The latter (Ellis, 1996) wrote a short article and the main theme was on the importance of trust in strategic alliance management.

CONCLUSIONS

In conclusion, it must be emphasized that strategic alliance is very useful exercise for corporate organizations that wants to increase their productivity and profitability and to improve their competencies. Nevertheless, the process of strategic alliance must be based on mutual trust; honesty; understanding; and continuous communication between the partners forming the alliance. If the alliance is to be successful, it is very critical that all the relevant stakeholders must be embedded in all the processes of the alliance formation for effective results.

Proper planning and adherence to well tested principles as opined by Hughes and Weiss (2007) and the issue of having a trustworthy environment between the partners (Ellis, 1996) will be very critical to the success of any strategic alliance.

REFERENCE

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