STRATEGIC ALLIANCE: INTERNATIONAL BUSINESS STRATEGY

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ABSTRACT

Strategic alliance is business alliance/partnership between two or more organizations, operating in different areas, regions or countries, to utilize their resources i.e. technical, marketing, financial, managerial etc. in order to achieve their common goal. This enables organizations with a distinctive competitive advantage to operate globally with ease. Alliances are also sometimes formed between an organization and a foreign government, or among organizations and different governments. Alliances may comprise of global partnerships in the form of joint ventures in production, marketing, research and development, or financing in order to overcome problems related to import barriers, licensing requirements and other protectionist legislation, to share the costs and risks of the research and development of new products and processes and to gain access to specific markets and take advantage of global resources to gain competitive advantage. However many difficulties also arise in cross border alliances such as social and cultural differences, language and communication barriers, differences in objectives and goals and especially building trust between the parties over how to share proprietary assets and management processes so the precautions must be taken while choosing the right partner. Strategic Alliance or Joint Venture requires compromising and blending procedures among two or more organizations and the implementation of the strategic management process thus becomes more complex. Successful implementation requires the orchestration of many variables into a cohesive system that complements the desired strategy. Effective Strategic alliances are usually tediously slow in the making but can be among the best mechanisms to implement strategies in global markets. In a highly competitive environment, alliances present a faster and less risky route to globalization.

KEY WORDS: Strategic alliances, International business, Joint ventures