Orchestrating Alliance Networks

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Abstract

Alliance networks can often be viewed as loosely coupled systems of autonomous firms. We propose that firms orchestrate network activities to ensure the creation and extraction of value. Orchestration comprises network capability, knowledge sharing, and innovation appropriability. Firstly, we apply the network theory to investigate whether the development of network capability and knowledge sharing enhance the performance of alliance network. Secondly, this research addresses a dimension that describes the interdependence of network members, namely, innovation appropriability. This study provides a more integrated understanding of managing innovation appropriability by examining how relational processes (interparty trust) and the design and application of structural elements (joint governance and procedural justice) affect knowledge sharing and the firm’s network capabilities. The focal concept framework is developed from network theory, the knowledge-based view and alliance governance literature.

Key Words: innovation appropriability, trust; joint governance, procedural justice, alliance performance.
1. Introduction

Alliance networks can often be viewed as loosely coupled systems of autonomous firms. We propose that firms orchestrate network activities to ensure the creation and extraction of value. Orchestration comprises network capability, knowledge sharing, and innovation appropriability. Firstly, we apply the network theory to investigate whether the development of network capability and knowledge sharing enhance the performance of alliance network. Secondly, this research addresses a dimension that describes the interdependence of network members, namely, innovation appropriability. This study provides a more integrated understanding of managing innovation appropriability by examining how relational processes (interparty trust) and the design and application of structural elements (joint governance and procedural justice) affect knowledge sharing and the firm’s network capabilities. The focal concept framework is developed from network theory, the knowledge-based view and alliance governance literature.

2. Methods

We employed questionnaire survey to collect data. All of the variables are measured with multi-items. Seven-point Likert scales are used. Five hundred and twenty-one questionnaires were mailed to Taiwanese firms with experience in strategic alliances. The respondents are companies’ managers, directors, or supervisors who are familiar with his/her firm’s alliance management. Of the 194 questionnaires returned, 3 responses contained incomplete data, and 9 respondents are not qualified. Therefore, 182 responses had complete data usable for analysis, yielding an effective response rate of 34.93%. In our 182 samples, 47.06% of their alliance forms are equity-based and 52.94% are contract-based alliances. The path diagram in this study was estimated using structural equation modeling (SEM). We use AMOS 5.0 program to generate all the estimates by using maximum likelihood technique.

Reference


