Inter-Firm Alliances and E-Commerce in The Global Market Place: Making A Connection

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Abstract

Today, the growth of interfirm alliances at a phenomenal rate is seen by everyone. It is argued that in the new global economy where rapid response to marketplace changes is imperative, interfirm arrangements are becoming a competitive necessity. Of course, an alliance helps firm to gain new competencies, converse resources, share risks, or quick move into the market and so on. Despite the variety of promises, we also hear lot of war stories about alliance conflicts and complexities that eventually led to failure or dissolution of alliance/partnership. Nevertheless, we are experiencing the explosive growth of alliances though. At the same time, recent media hype about the Internet, e-business, computing, and telecommunication companies. Their potentially has increased the awareness of electronic commerce (e-commerce). With further developments in technologies, it seems likely that many more sectors of the economy may engage in some form of electronic business. Anyway, the main objective of the paper is to justify the motives for formation of interfirm alliance and its role on e-commerce. This has been achieved through reviewing literature. We believe that through this approach, the study will be able to contribute to interfirm alliance formation and there in, its role on e-commerce in recent days. Overall, the paper gives insights for firms to go global through interfirm alliances. Further, it raises issues on how our domestic firms can get involved in e-commerce and can be benefited.

Keywords - Interfirm alliance; Strategic alliance; Collaboration; Globalization; Internet; E-business, E-commerce; E-alliance; Resource complementarity

I. INTRODUCTION

Interfirm alliances (henceforth, IFA) are becoming an increasingly pervasive mode of conducting business. More and more firms engage in various forms of cooperative activities with other firms, recognizing the cost savings and the increasing flexibility associated with such arrangements (Ahuja, 2000; Dyer and Singh, 1998; Kale, Singh, and Perlmutter, 2000). A growing body of literature on alliances focuses not only on the benefits of alliances and cooperation in terms of the competitive structure of markets (for example, see Gomes-Casseres, 1996; Gulati, Nohria and Zaheer, 2000), but also suggesting the new competitive constellations (networks) that are made up of firms linked by series of strategic alliances (Gomes-Casseres, 1996). On the other hand, the perceived importance of electronic commerce (henceforth, e-commerce) to business functions consistently have been noted as possible factors in determining whether businesses get involved in e-commerce. For example, Weiss (2000) and Ruth (2000) both suggest that the adoption of e-commerce depend on the size of the businesses involved, with larger firms more likely to adopt it than smaller ones. Further, it is important that business communities and government agencies understand how the accelerating pace and the multi-dimensional nature of the e-commerce can be effectively managed and creativity leveraged to enable companies to meet the impending challenges of the knowledge era with greater confidence. Anyway, to understand more about the IFA and e-commerce, this study investigates the matter in some details.

2. OBJECTIVES OF THE STUDY

The paper aims to achieve the following objectives:

- to prescribe a common definition if interfirm alliance.
- to identify the theoretical contribution towards interfirm alliance (mainly resource based theory).
- to explore the motivation of interfirm alliance.
- to explain e-commerce and its impact on business.
- to link interfirm alliance and e-commerce.

To achieve the objectives of the study, the researchers start with the organization of the paper.

3. ORGANIZATIONS OF THE PAPER

This paper has been divided into several sections. It has described below:

Section I : The evaluationary perspective of interfirm alliances- effects of globalization**:** Markets are opening around the world. Trade walls that have stood for decades are crumbling in the face of political unrest and technical advancements. Due to the changes, a do-or-die atmosphere is driving companies to become broad-based competitors. Aggressive competition, technological progress and deregulation has forced companies to continuously improve product performance, increase product variety (mass customization) and, at the same time, slash costs and shorten the product life cycles. All these consequences often force companies to make critical decisions on whether and how to expand into uncharted terrain. Globalization, however, is not a new phenomenon. The history of business tells us that there has always been a cross-border flow of goods, capital and people. The pace, however, is pretty fast now. It seems the desire for reach and the desire for contact with the rest of the world is endemic in human beings (Freidheim, 2000). As such, it has been seen the continuing growth of transnational firms through waves of mergers, acquisitions, and IF alliances. Today, corporations are thinking beyond national interests. One of the senior vice presidents of IBM Corporation commented “IBM to some degree has successfully lost its American identity” (Korten, 1996). Such a statement is not merely posturing. It reflects the desire of being global and disconnected with any local identity.

A New Way to Compete: The popularity of business alliances has increased in recent years. Business and academic press reported thousands of alliances involving many international companies (Ellram, 1992; Ghemawat et al., 1986; Gross & Neuman, 1989; Moris & Hergert, 1987). Its importance is realized by the fact that some of the world’s largest companies, including AT & T, Nokia, General Motors, Ford, Toyota, Mitsubishi, Airbus, IBM, Microsoft, Xerox, Nestlé, and several others, are involved in this business (Doz, 1988) alliances. A variety of patterns are also observed such as large-small company alliances (Hull & Slowinski, 1990), private (profit) - public (non-profit) partnerships

(Lynch, 1989), competitor alliances (Hamel et al., 1989) and spider-web alliances (Gullander, 1975). The startling admission to 200 executives of elite technology firms in Europe at a live video conference in Monaco, 1998 by Bill Gates is worthy to mention. "Microsoft can't make it alone, but together anything is possible", he added (Harbison et al., 2000). Further, in today's business, managers have learned that fighting long, head-to-head battles leaves their companies financially exhausted, intellectually depleted, and vulnerable to the next wave of competition and innovation (Bleeke & Ernst, 1993: 1). It's no longer company vs. company in the global arena. Today's competition is between networks of alliances that have formed relationship enterprise. Business Week (October 25, 1999) reports that companies worldwide are building myriad bridges to each other. The resulting alliances may not always work. But they may well represent the new shape of global business. Further, more than 20 percent of all revenue earned by the Fortune 1000 is derived from alliance activity (Management Review, 1999, Vol. 88, No. 8, p. 47). What we have learned in this section is that we are undergoing an evolution. A network of alliances is becoming part of our way of doing business. We are having IFA as a network of companies rather than individual companies. They are going together into competition with one another. So a firm needs to be prepared to survive in the world of "competition through cooperation". The rest of the paper is aimed to contribute towards this end which now sets out first towards a definition of inter-firm alliance.

Section II: Towards a Definition of Interfirm Alliances: There is no single definition of IFA. Various attempts have been made by researchers to classify alliances (e.g., Faulkner, 1993; Lorange & Roos, 1992; Root, 1998; Simonin, 1991). Anyway, the purpose of this section is to find a common understanding of IF alliances. Kogut (1988) claims that IF alliances are "co-operations among two or more organizations in which each of the partners attempt to add resources or skills to their stock of competences in retaliation to those of their competitors". This is corroborated by Lorange and Roos (1992) who assert that organizations use alliances to attain strategic goals that they cannot reach alone, e.g., acquiring new skills or resources as well as attaining other objectives. Evident from the definition, all business alliances have two underlying dimensions: purpose and parties (Sheth & Parvatiyar, 1992: 75). This can be expressed as: Business alliances = f (purpose, parties). Further, a IF alliance is only one kind of inter-organizational arrangement. Another useful approach is that of Jarillo (1988) which addresses the use of strategic networks, defined as "long-term arrangements among distinct but related organizations that allow firms to gain or maintain competitive advantage against the competitors outside the network". Further, Jensen and Meckling (1991) referred 'network organization'. Miles and Snow (1986) also discussed network organizations as an alternative to the traditional integrated corporation. It is important to mention that IF alliance is often known as strategic alliance (SA). Virtually a strategic alliance denotes some degree of strategic as well as operational coordination (Teece, 1992). An alliance is strategic in the sense that strategic decisions involve long-lasting commitments as distinct from tactical decisions, which are short-term responses to the current environment (Shapiro, 1985). Anyway, the essence is that inter-firm alliance can be defined as any (in) formal arrangement between two or more organizations for purposes of mutual gain through cooperation.

Section III: Theoretical Orientation Resource Based View: Research on IFAs is characterised by theoretical pluralism (O' Farrel and Wood, 1999: 136). It draws on game theory (Parkhe, 1993), organizational learning (Kogut & Singh, 1988), transaction cost analysis-TCA (Williamson, 1975; Hennart, 1991), agency theory (Fama, 1980; Jensen & Meckling, 1976), organizational theory (Habib, 1987), resource dependence perspective (Pfeffer & Novak, 1976), strategic positioning (Contractor & Lorange, 1988; Harrigan, 1985), and network analysis (Grabher, 1993; Walker, 1988). Further, Tsang (1998: 209) mentioned social exchange (Andersen & Narus, 1990), political economy (Stern & Reve, 1980). Badaracco (1991), Benson (1975), Bleeke and Ernst (1993), Porter and Fuller (1986), have also contributed to the theoretical perspectives of IFAs. Each theory constructs ground and contributes to explain alliances. However, we have considered resource based theory to explore in connection with IFA. Although several theories have been developed to explain IFAs, little interest has been shown on the resource-based approach. It is, however, likely that resource-based view (henceforth, RBV) is a good candidate for explaining IFA formation (Tsang, 1998). Further, it is argued that the RBV of the firm has not been systematically applied to IF alliance (Das & Teng, 2000: 31). It remains under-explored in the literature even though such alliances are rapidly increasing in importance in today's competitive landscape (Das & Teng, in press; Doz & Hamel, 1998; Gomes-Casseres, 1996; Yoshino & Rangan, 1995). To take a further step, a RBV seems particularly appropriate for examining alliances because firms essentially use alliances to gain access to other firm's valuable resources. Thus, firm resources provide a relevant basis for studying alliances (Das & Teng, 2000). Taking these notions, we have been motivated to emphasize this theory. In the following paragraphs, we describe some basic attributes of RB perspectives of the firm in connection with interfirm alliances.

Resource Possession and need for Inter-firm Alliance: Firms differ in nature due to their portfolios of possessed resources and capabilities. By a resource is meant anything which could be thought of as a strength or weakness of a given firm (Wernerfelt, 1984). More formally, a firm's resources at a given time could be defined as those (tangible and intangible) assets, which are tied semi-permanently to the firm. Examples may include: brand, names, in-house knowledge of technology, employment of skilled personnel, trade contracts, machinery, efficient procedures, capital, etc. Anyway, with the possession of unique set of resources, firms are able to generate sustainable rents over the periods of time. It not only guarantees market access and future growth, but also able to sustain competitive advantage if the firm possesses rare, valuable resources. Penrose (1959) argues that the reason firms differ in nature is related to the unique resource platform possessed, and firm's capacity to extract market value services from those internal resources. But the question is: Is it possible for a firm to possess all resources needed for growth sustainability? The answer to the question is NO. Taking the stand of RB perspective, it is argued that firms are never completely self-contained in the sense that they typically rely on resources and capabilities external to them (Richardson, 1972). Drawing on these underlying conditions, we simply can argue for the necessity of IFAs where the parents share resources of each other. The following discussion takes a further step on this ground. Nevertheless, the essence of RBV in connection with IFAs appears fairly simple. It is to aggregate, share, or exchange valuable resources with other firms when these resources cannot be efficiently obtained through market exchanges or mergers/acquisitions. To take a step ahead, it is argued that firms are never completely self-contained in the sense that they typically rely on resources and capabilities that are external to them (Richardson, 1972). Drawing on these perspectives, it implies the underlying conditions why firms enter into IFAs.

Section IV: Motivation for Interfirm Alliance Formation: Previous research on interfirm alliances have focused on organizations' motivations for entering into IFAs (Aldrich, 1976; Contractor & Lorange, 1988) and other aspects such as partner search (Geringer, 1988; Harrigan, 1986b), strategic matching (Alter & Hage, 1993; Lorange & Roos, 1992) and strategic analysis (Alter & Hage, 1993; Contractor & Lorange, 1988). Several reasons for alliance formation have been provided by these authors, though some of the motives overlap (Glaister & Buckley, 1996). The following discussion takes the point of departure to describe the motives in general.

General Motives: First, we consider the case of Merck. Merck is one of the most successful pharmaceutical companies and always achieves a place among the top-ranking group of companies by market value and profits. Merck has found establishing interfirm alliances to be a cost-effective approach to accessing new technology. Such arrangements are in line with Merck's plan of cutting cost and reducing the risks of its external growth programme (Nathan & Venkataraman, 1999: 66). But the question is: Why has it become necessary to consider alliances as an indispensable operational mode? Why can a company not simply develop in-house the necessary links in the value-added chain? The two overriding reasons are research-to-production time and development and investment cost (Baranson, 1990). Anyway, the motives to establish a IFA can be divided into three categories, in general. Internal uses, competitive uses and strategic uses (Harrigan & Newman, 1990).

Internal uses: This involves cost and risk sharing and alliances may be particularly appropriate where projects involve great uncertainties, costly technological innovations or high information costs. With an alliance, the small firm can gain access to larger quantities of capital than would otherwise have been unavailable to them.

Competitive Uses: Alliances can potentially become an effective competitive weapon. A prospective strategic posture requires firms to take initiatives and force their industry structure to develop in a certain way. They create competitive strengths like vertical linkage or consolidate forms within existing market positions. Alliances can also rationalize mature industries by combining foundering partners within mature industries, and through such coalition eliminate excess capacity. Firm can gain competitive capabilities (or enter new markets) faster, gain market power, or stake out leadership positions in emerging industries.

Strategic Uses: Alliances can be a way to implement changes in a firm's strategic position. Alliances can improve the firm's position in its industry, stabilize their existing positions or help to achieve diverse strategy objectives. If alliances may create synergy between the partner's activities, they can allow firms to diversify into new business areas or away from unfavourable ones. They also provide a less risky means of entering new markets. Up until now, we discussed some issues of IFAs ranging from definition, theoretical orientation and its motivation. The following section and so turns the focus on E-commerce.

Section V: Understanding Electronic Commerce (E-commerce): Success in the modern business world depends on accurate understanding of the business environment and the relevance of our respective business. As changes to the environment occur at an accelerating pace, it becomes increasingly important that we look further into the future so that we may anticipate the changes, and adjust our actions before they are upon us (Maynard and Meesajjee, (1999). Today, the impact of the opportunities offered by the Internet technology challenge the competitive advantage of well established firms (Hensmans 2001). Existing intra- and inter-organizational activities, competencies and resources might become obstacles for the renewal of the incumbents: core competencies might become core rigidities. Established firms might focus too much on exploitation and therefore could fall into the so-called competence trap (Leonard-Barton 1992). In coping with these, firms have to find a proper balance between exploitation and exploration (March 1991). Anyway, e-commerce has the potential to deconstruct existing value chains and value systems by creating new markets, blurring industry boundaries, and redefining products and services (Botten & McManus, 1999). An example of this development is the emerging on-line financial services sector (Hensmans, Van den Bosch, Volberda, 2001). Well established firms in the market place find themselves confronted with new business opportunities in the so-called virtual 'marketplace' (Rayport & Sviokla, 1994), based on standardized Internet-technology. To realize the potential of this new marketplace, incumbents in traditional industries will have to engage in proactive change of their exploitation/exploration balance by renewing themselves (Baden-Fuller & Stopford, 1992), by developing 'industry foresight' (Hamel & Prahalad, 1994) and stimulating corporate entrepreneurship (Volberda, 1998). Further, based on the proliferation of routines versus the development of dynamic capabilities, a distinction can be made between exploitation and exploration (March, 1991). While exploitation is primarily related to refinement and efficiency, exploration is related to search and innovation. Firms which exploit their capabilities and resources to the full, avoid up-grading and fall into the competence trap (Leonard-Barton, 1992). Thus, Teece et al. (1997) have suggested firms which wish to develop over time need to maintain the balance between exploiting old capabilities and developing new ones. Here in, IFA come into play. Anyway, March (1991) has used simulations to suggest that the optimal path for the firm is one of balanced exploration and exploitation. In fact, business-to-business (b-2-b) electronic commerce (e-commerce) transactions have been taking place over proprietary networks. Increasingly, however, as security and reliability issues have been addressed, businesses are switching to the Internet as their primary network of choice for b-2-b e-commerce. Unlike b-2-b e-commerce, business-to-consumer (retail) e-commerce as it is popularly defined today could not exist without the Internet, i.e. individual consumer buying and selling via computers, connected via the Internet (Maynard and Meesajjee, (1999). Forrester Research depicts recent U.S. e-commerce revenues and predicted growth. For example, in 1998 b-2-b e-commerce revenue was only 43 billion US$. It is predicted hat in 2003, it would be 1330 billion US$. On other hand, in 1998 business-2-consumer (b-2-c) revenue for US retail e-commerce was only 8 billion US$. It is predicted that in 2003, it would be 108 billion US$.[1]. Simply, the above figures imply relationship between Internet population growth and escalating e-commerce revenues. Certainly it can be argued that there will be more shoppers with more money to spend. It is the utility of the Internet that has driven the population growth. Anyway, a comprehensive effort is necessary for building the e-commerce. E-commerce forces include (but are by no means limited to), security concerns, legal issues, taxes, regulations, and education. For the most part, these components exist globally, but the specific values vary from one region to another (Maynard and Meesajjee, 1999: 85). Further, an excerpt from an article "CEOs aim to set global rules for E-business" offers the following global perspective. "The Global Dialogue on E-Commerce (GBDe) has identified nine issues, including taxation and tariffs, intellectual property rights, consumer confidence, and authentication and security, where they say uniform guidelines are needed to foster online commerce. Its (the

[1] http://www.nua.ie/survey/analysis/graps_charts/cpmparison/ecommerce_us.html

GBDe) main goal is to prevent a situation in which local governments create a patch work of conflicting policies and laws that could create obstacles to emerging online economy."[2]. Further, other things should be kept in mind though. While it is important to proceed with all possible haste to address the global issues, it is equally important not to act too hastily (Maynard and Meesajjee, 1999: 86). Laws, for example, to support the use of e-commerce relating to issues such as electronic signature, contract enforcement, intellectual property, fraud and theft are necessary to promote a safe business environment, but badly chosen laws or excess regulation will hamstring enterprise and innovation and contribute to a continued slide down the list of competitively disadvantaged nations in the region. Yet, it is vitally important that we understand all of the layered complexities if we hope to increase thrust, decrease drag and effectively utilize e-commerce to compete successfully both locally and globally.

A New Approach: Today, we observe e-alliances as a preferred strategy for engaging in e-commerce. While researchers have been interested in co-operative strategy and inter-firm relations for at least two decades (e.g. Dyer and Singh, 1998), little effort has been focused on e-alliances (or @lliances) yet. Co-operative strategy has attracted increasing attention over the last decade or so, particularly in the popular management press and academic journals (Child & Faulkner, 1998). However, in the last one or two years, the number of e-alliances has increased exponentially (Bell, 2000). This increase is directly related to the paradigm shift created by the New Economy, characterized by a significant role for the Internet. In fact, in response to this New Economy, very large segments of traditional business to business (B2B) commerce and business to consumer (B2C) commerce are shifting to Internet-based markets. These shifts are shaking up old ways of doing business and challenge the competitive advantage of well-established firms. To fully realize the potential of Internet and e-commerce, or to mitigate its risks, incumbents in traditional industries have to engage in strategic renewal (Volberda et al 2001). Companies can selectively use alternative channels including alliances, spinouts, and acquisitions as vital tools of strategic renewal to position themselves for success in the e-business environment (Hensmans et al 2001). Most characteristic for the development of the New Economy is the enormous speed with which new Internet related companies are established and the necessity for firms to quickly redesign their current business model (Bell, 2000). Alliances are assumed to be the most appropriate mechanism for realising the required speed. To avoid being left in the dust, companies must engage in partnerships that move at Internet speed (Lea, 1999). Further, new alliances in Internet-related businesses are announced every day. Gomes-Casseres (2000) argues that most strategies behind these e-alliances are not new, but they are appearing with a vengeance and speed unseen before. Some companies tie up because they think their complementary capabilities will generate new value. Others form partnerships because they fear being left out in the cold after the matchmaking has taken its course in their industry. Still others seek to create a community of sponsors for their technology or service. While it is assumed that traditional interfirm alliances and e-alliances have many characteristics in common and that e-alliances require most of the capabilities that also prevail in the Old Economy, the Internet age has changed the basic way alliances are fashioned on a number of alliance-related features. Most profound are the enormous speeds with which e-alliances have to be established. In addition, there is also the increasing emphasis of informal over formal co-ordination mechanisms in governing the e-

[2] James Niccolai, CEOs aim to get global rules for E-Business, IDG News Service, San Francisco Bureau, September 9, 1999.

alliance. Trust and ethics are now more important than ever in building a good foundation for a relationship. Anyway, some recent examples of e-alliances can be noted here:

- TravelUnie engaged in a partnership with Planet Internet (TravelPlant.nl) to offer her vacations and related services on-line.
- Randstad and VNU joined forces to launch Newmonday.com, a new business model offering on-line recruitment services.
- The Autobytel network (Autobytel.nl) entails several financial partners and many car-dealers, with a desire to offer the customer an integrated on-line solution in car-related transactions.
- Unilever, among many others, participates in an electronic marketplace (Transora) in the consumer products industry with the ultimate goal to achieve efficiencies throughout the entire value chain. From the above discussion, it can be argued that in case of exploring business opportunities- e-alliance is one of the options available in this New Economy. That is, advances in information and communications technology have led to a seismic change in the way business can be conducted. The following section however, provides some cases form the business world towards this end.

Section-VI: B-2-B, E-commerce Adoption Insight Bangladesh: It is still argued that b-2-b, e-commerce is not happening in Asia. However, in our country, Bangladesh we do see a lot more opportunities for exploring business in e-commerce. As has been identified, advances in information and communication technology have led to a seismic change in the way business can be conducted. Anyway, technologies such as the Internet can present our small and medium-sized enterprises (SME's) with great opportunities to exploit markets they could not reach before, deepen customer relationships, increase the efficiency of their international operations and obtain resources from raw materials to employees. Further, looking the global business, few companies are unaffected by the Internet. But businesses need to grasp e-business opportunities now before their competitors do. Anyway, in order to help out Bangladeshi entrepreneurs, Government should proactively promote its use and adoption. Govt. should make a comprehensive effort from the building of infrastructure, the passing of legislation, to the setting up e-government and assistance schemes for the small and medium enterprises to promote e-commerce. It is time to nurture e-commerce excellence to support Bangladeshi economic activities.

Section VII: Managerial Implications: Collaboration between companies has been intensified. It has been recognized that lasting relationship with other companies is a core of a company (Badaracco, 1991). Nevertheless, whether to participate in an inter-firm alliance or not, is an important decision, often involving significant resource commitments. Further, alliances expose the internal workings of the firm and consequently its weakness and sources of competitive advantage to outsiders, even to direct competitors (Pangarkar & Klein, 1998: 54). Anyway, the success of IFAs depends on the power of intangibles such as trust, culture and communication. These intangible assets are hard to achieve, difficult to maintain. However, alliance must be measured because performance is a critical tool for managing any enterprise. Based on the whole discussion, some managerial implications from the resource based theory can be argued. In terms of RBV, it is important to know if there is a "resource alignment" among the firms. According to Seabright et al. (1992: 124), the criterion for partner selection is "the fit between one organization's resource needs and another's resource provision, relative to an opportunity set". Further, they report that changes in partners' resource requirements, resource provisions, and sets of alternative partners increase the chances of dissolution in existing alliances. As such, there is a call to alliance managers to focus on the internal environment of partner firms (Das & Teng, 2000: 55). Moreover, the RBV suggests that the competitive advantage of a firm is built upon their unique resources and resource combinations. We also know that alliances are formed to achieve superior resource combinations that otherwise not possible by "go-it-alone". Thus, managers need to understand how resources affect alliance formation, structure, and performance (Das & Teng, 2000). Further, to really harvest on the perceived benefits, capabilities and mindsets come into play. In addition, particular nature of leadership is critical to success an inter-firm alliance. As such, to effectively handle consequences, present day management techniques should be complemented with new management skills. There is no one way to success (KPMG alliances, 1998b). It seems that a wake-up call is ringing for the CEOs. If one wishes to lead the next century, one needs a whole new set of skills.

Section VIII: Conclusion: One of the major facts in business world today is the starling explosion in the number of systematic networks and other forms of inter-organizational collaboration/alliance. It is truly remarkable. Anyway, based on the study, simply, an inter-firm alliance can be defined as any (in) formal arrangement between two or more organizations for purposes of mutual gain through co-operation. In some ways, the various forms of collaboration are replacing the giant conglomerates multi-divisional forms as well as the vertically integrated organizations. It would not be exaggerated to say that globalization and liberalization, coupled with advanced information technology have accelerated the process. One theoretical framework, resource based theory have been discussed in the paper. The purpose was to explore the explanations for IFA formation. The study points some core arguments of RBV. Based on the RBV, the major argument for IFAs formation is the fact that no one company can afford all the resources to manage change. As such, companies are looking for promising synergies so that they can complement each other. The other logical explanations of IFAs are identified as the possession of critical resources is a prerequisite for alliance formation, and maximizing firm value through gaining access to other firms' resources. From this paper, one can learn that complementarity of resources is often necessary for survival and growth. Firm can avoid the high costs of developing internally specified needed capabilities, and abilities. Based on the study, the basic notion of RBV can be pointed that alliances are especially valuable when they provide firms with resources, which a firm is unable to acquire through transaction. Nor it is able to develop internally with in short span of time. Considering the case analysis, it presents the motives for alliance formation that mostly fits with RBV (e.g., resource complementarity, resource leverage, access to additional resources, etc.). Further, the case examples and analysis provides inputs for decision makers to articulate and implement collaborative business. From the overall discussion, it can be said that despite its complexities and difficulties in nature, alliance between firms will continue to develop. It is a key method for firms to get access to new knowledge, skills, cost sharing, and expansion of business. By developing some insights and understanding from this paper, I believe that practitioners would benefit from avoiding problems that emerge and maintaining a long-term relationship, keep going with the promises, and to adapt with emerging situations. Last but not the least, there is no 'one size-fits all' formula. The appropriateness depends on the particular conditions at hand. Indeed, a well-planned, well executed co-operation agreement can be a passport to genuine mutual success. Finally, it is argued that globalization increases the risk that economic fluctuations will spread from one industry sector or one region to another. In economic downturns, businesses feel tremendous pressure to perform in the short-term and to find new ways to drive revenue and profit. Now, companies are looking to technology to address a few key fundamentals business issues: competitive advantage, business process improvement, b-2-b e-commerce solutions and applications have been developed. And the early adopters will be benefited from these solutions.

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