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ABSTRACT

This paper specifically reviewed five frequently used strategic alliance theoretical perspectives of the resource-based view, transaction cost theory, knowledge-based view, resource dependence theory and the social capital theory. Furthermore, ten empirical studies linking strategic alliances to organizational performance were reviewed. Issues of alliance success factors and failures were investigated, and it was discovered that successes are linked to trust, the establishment of information & coordination system, provision of required resources, partner alliance experience, team spirit, agreement on fundamental values, appropriate scope, open communication, shared control, scrutinizing and selecting suitable strategic partner, cultural compatibility, etc., while failures arise when partners misrepresent what they bring to the table, fail to commit resources and capabilities to the other partners, fail to use their complementary resources effectively, one organization depends solely on the partners of other alliances for skills, and when partner get less out of the alliance. Based on the results of the reviews, propositions on each specific objective were offered for further scholarly engagements. Theoretical and practical implications were highlighted, suggestions for further research directions were made and a conclusion was reached.

***Keywords**: Strategic alliance, organizational performance, theoretical perspectives, success factors, failure factors*

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INTRODUCTION

The business environment has changed significantly as a result of the digital revolution of the 21st century, and this has necessitated the desire to among other things, review the theoretical understandings from strategic alliance research. Strategic alliances are a mutually beneficial contractual alliance between two or more independent businesses to reach a common goal by sharing their strengths and resources, which increases capabilities, confers a competitive edge, and extends a firm's capabilities through others (Amita, Pearce, Richard, & Robinson, 2011; Cobeña, Gallego, & Casanueva, 2017; Das & Teng, 2008; Serrat, 2017; Townsend, 2003; Wheelen & Hunger, 2014). The strategic alliance involves the sharing of knowledge and expertise while reducing risks and costs (Dodgson, 2018; Ibrahim & Primiana, 2015; Jayashankar, 2012). A strategic alliance can be formal or informal, or a joint venture relationship entered into for the benefit of all parties (Wheelen & Hunger, 2010), and it has been predicted that in the future, the accelerating growth of relationships would not be based on ownership, but on partnerships (Drucker, 1996). Meanwhile, organizational performance lies at the heart of a firm's survival and is one of the most important goals of every enterprise (Ismael, Yusuf, & Davond, 2010). However, many organizations find it difficult to achieve this goal because of their limited resources and technical capacity. A way to handle this is to develop alliances that can integrate the resources of each company for the benefit of partners (Baker, Faircloth, & Simental, 2005; Hsu & Tang, 2010).

The strategic alliance aims to achieve synergy, ensure firm's survival, provide access to critical resources that allow gaining and maintaining competitive advantages, promote cooperation between enterprises, the advancement of knowledge, reduction of overspecialization, improving the level of service, rapid innovation, outsourcing, learning, customer acquisition, etc. (Cobeña, *et al.*, 2017; Gundolf, Jaouen, & Gast, 2018; Holotiuk, Klus, Lohwasser, & Moormann, 2018; Kyrylenko, Riazanovska, & Novak, 2019). However, fears of information leakage, intellectual property right, patents, and insufficient trust, lack of compatibility with the partners' objectives, differences in cultural values, different environment and rules prevailing in partner organizations within same nationality cause failure of strategic alliances (Dadfar, Dahlgaard, Brege, & Arzaghi, 2014; Daniels & Radebaugh, 2001; Kilburn, 1999; Masoud, Buzovich, & Vladimirova, 2020; Zamir, Sahar, & Zafar, 2014).

Recent strategic alliance research has been built upon a wide array of theories and viewpoints. Child, Faulkner, Hsieh, & Tallman (2019), for example, suggests these theories can be grouped into economic perspectives, such as transaction cost theory (TCT) (Williamson, 1981), the resource-based view of the firm (RBV) (Barney, 1991), the knowledge-based view of the firm (KBV) (Grant, 1996), the dynamic capabilities view (DCV) (Teece, Pisano, & Shuen, 1997) and agency theory (Eisenhardt, 1989); managerial and organizational perspectives, such as games theory (Parkhe, 1993), resource dependence theory (RDT) (Hillman, Withers, & Collins, 2009); Pfeffer & Salancik (1978) and stakeholder theory (Freeman, 1984); and behavioral perspectives, such as social capital theory (SCT) (Koka & Prescott, 2002).

Although alliances have grown globally in the last three decades, analysis of several alliances in Western Europe, Japan, and the United States indicated that less than 40% of the alliances remained in force after about five years and 40% cease their operations after successful completion of their tasks, and the remaining 30% break up (Kale & Singh, 2009; Madhok, Keyhani, & Bossink, 2015; Linwei, Feifei, Yunlong, & Nengqian, 2017; Masoud, *et al.*, 2020). Despite these failure rates, most organizations are now heavily relying on strategic alliances to expand into new markets and grow business (Anand & Khanna, 2000; Ekpudu, Aigbepue, & Olabisi, 2013).

Globalization provided an opportunity for strategic alliances between organizations from across the world to thrive (Anand & Khanna, 2000; Ekpudu, *et al.*, 2013). Yet, there is a relatively high rate of alliance failure (Masoud, *et al.*, 2020). It, therefore, behooves on scholars to determine the reason(s) for this. A good contribution will be to review the literature on the influence of strategic alliances on organizational performance, which is the main objective of this paper. The first specific objective reviews the main theories underlying strategic alliance researches, the second assesses empirical studies on the link between strategic alliances and organizational performance, the third identifies the success factors of strategic alliances, and finally, the fourth isolate the factors responsible for the failures of strategic alliances.

LITERATURE REVIEWS

Organizational performance

Organizational performance could mean the development of share prices, profitability, or increased value or the measure of the extent to which a firm utilizes its resources to realize its actual output compared to its intended objectives and standards and it involves the establishment, monitoring, and making necessary modifications to attaining the goals of an organization effectively and efficiently (Kolawole, & Tanko, 2008; Richard, Devinney, Yip, & Johnson, 2009). A firm's marketing performance indicates how effective and efficient its marketing activities are with regards to its marketing goals (Homburg, Grozdanovic, & Klarmann, 2007), which is influenced by the organization's characteristics, strategy, environment, supply chain management practice, and so on (Adetunji, & Owolabi, 2016; Nimlaor, Trimetsoontorn, & Fongsuwan, 2014). Performance has both financial and non-financial measures (Adetunji, & Owolabi, 2016; Monday, Akinola, Ologbenla, & Aladeraji., 2015; Stock, Greis, & Kasarda, 2000), and is often used as a dependent variable (Richard, *et al.*, 2009; Santos & Brito, 2012; Selvam, Gayathri, Vasanth, Lingaraja, & Marxiaoli, 2016). Organizational performance is effectively and efficiently accomplished through crafting and actualization of business strategy. Meanwhile, a strategic alliance is seen as a good factor that enhances profit and survival of business organizations, boosts customer experience and satisfaction, increase customer service efficiency and effectiveness, meet operational costs, gain quicker access into new markets and broaden product line (Aun, 2014; Nyaga, 2018). Strategic alliances can therefore serve as a driver to organizational performance.

Strategic alliance

The strategic alliance is increasingly becoming popular in strategic management literature and has emerged as an invaluable tool for business development. This is because the strategic alliance is long-term, trust-based relationships that require highly relationship-specific investments in ventures that cannot be fully specified in advance of their execution (Phan & Peridis, 2000). Thus, strategic alliances go beyond normal market transactions but fall short of a merger, and include joint ventures, licenses, long-term supply agreements, and research & development (Baranov, 2013; Porter, 1990; Wheelen & Hunger, 2010). There are various types of strategic alliances in operation. They include technology development, operations, and logistics, marketing, sales and service, and multiple activity alliances, contractual, and equity (Porter & Fuller, 1986; Zamir, *et al.*, 2014). Strategic alliances come in different dimensions, such as investment, marketing, venture and technical**;** symmetric and asymmetric, and horizontal and vertical alliance (Porter & Fuller, 1986).

Theoretical Perspectives

The resource-based view (RBV) asserts the heterogeneity of firms, that it is the distinctive, immobile, inimitable, sometimes intangible bundle of resources residing in the firm that gives the firm an opportunity for competitive advantage and superior performance (Habbershon & Williams, 1999). The RBV examines the links between the firm's internal features and processes, and its performance. Since a firm is a collection of productive resources, it is the resources of the firm that provide the services and products the firm sells, thus the size of the firm depends on the productive resources it employs (Penrose, 1959). The RBV provides an explanation of competitive heterogeneity based on the premise that close competitors differ in their resources and capabilities in important and durable ways (Helfat & Peteraf, 2003). According to the RBV, strategic alliances are devices for firms to access complementary resources beyond boundaries or to utilize opportunities resulting from their ownership of certain resources. The essence of the RBV is to position businesses in their competitive contexts by precisely looking into the sources of success within the firm rather than in the external context and this influences leveraging superior performance (Barney, 1991; Wernerfelt, 1984). Several studies in strategic alliance have used the RBV as the underpinning theory (Adelakun, 2009; Enyinnah, Adefulu, Asikhia, & Onyia, 2020; Obioma, 2017; Street & Cameron, 2007; Wassmer, 2010; Yu, Xu, & Dong, 2019).

The transaction cost theory (TCT) argues that, due to economies of scale and specialization provided by suppliers, outsourcing is a more efficient form of governance, unless the transaction involves special circumstances (Promsivapallop, Jones, & Roper, 2015). The reason for this perspective is cost minimization as a guideline when firms choose their mode of transacting. TCT relies heavily on the existence of both transaction and production costs. The TCT has been developed to facilitate an analysis of the comparative costs of planning, adapting, and monitoring task completion under alternative governance structures (Williamson, 2010). The strategic alliance is a hybrid between the market and the firm, and can be a means to reduce the sum of transaction and production costs, thus formed to minimize costs and the motive for the theory is the evasion of small number bargaining and opportunism (Kogut, 1988). Therefore, the TCT suggests that the impact of strategic alliances on their members will be positive only if the potential benefits outweigh the costs of participation (Butigan & Benić, 2017), and transaction costs enhance competitive position and the acquisition of knowledge (Arrigo, 2012). Christoffersen (2013) and Shi, Sun, and Prescott (2011) anchored their studies on this theory.

The knowledge-based view (KBV) of the firm literature identifies two conceptually distinct dimensions of knowledge management. First, those activities that increase an organization's stock of and second, those activities that deploy existing knowledge to create value (March, 1991; Spender, 1992). Concerning strategic alliances, this distinction between knowledge generation and knowledge application corresponds to a key distinction on how knowledge is shared among alliance partners. However, the usefulness of KBV to the analysis of strategic alliances has been limited by cursory analysis of the role of knowledge in alliance relationships and the widespread presumption that the goal of alliances is to facilitate organizational learning (Uko & Hamilton, 2020). This perspective can be considered an outgrowth of organizational learning theory and the resource-based view. In contrast to the resource-based view that acknowledges several kinds of resources, the KBV only focuses on one resource: Knowledge (Grant & Baden-Fuller, 2004). Several studies in strategic alliance have used this theory (Meier, 2011; Suteerachai, Meechaiwong, Suksod, & Jermsittiparsert, 2019; Uko & Hamilton, 2020).

Resource dependency theory (RDT) argues that having control over perilous resources by one company will make other firms dependent on it, and asserts that inter-organizational relationships could also help an organization to reduce environment uncertainty, maximize organizational power, and gain mutual benefits (Harrigan & Newman, 1990; Kyengo, Ombui, & Iravo, 2016; Salancik & Pfeffer, 1978), which is used for explaining why firms engage in long-term relationships with other firms. The RDT assumes that even operating in the same industry, firms are

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heterogeneous in terms of their resources and capabilities. In essence, the RDT argues that organizations are often not self-sufficient for all the needed resources that can enable them to remain competitive. Therefore they need to engage in interchanges with other companies in one way or the other to gain necessary resources for survival. RDT has emerged as an important explanation for the persistent firm-level performance by emphasizing the firm's ability to create and sustain competitive advantage (Leiblein, 2003). Several studies are anchored on the RDT (Akewushola, Tijani, & Adelekan, 2018; Mathuki, Ogutu, Ndemo, & Pokhariyal, 2019).

Social capital theory (SCT) can be explained as a highly valued resource that arises from social exposure to assets by the use of social interactions (Lazarova & Taylor, 2009), and suggests that interfirm relationships represent social capital, and thus dimensions of social capital depend on the alliance structure as well as overall alliance experience and history. It is assumed that over time, organizations typically establish a variety of interfirm ties, enabling them to exchange a range of information, and knowledge. Repeated interactions strengthen social capital ties by building trust and confidence among actors, reducing the temptation to behave opportunistically towards partners, and facilitating numerous favorable outcomes (Knoke, 2009). A firm that is aware of the performance-enhancing competitive advantages obtainable from its inter-organizational connections would act rationally in targeting its new strategic alliances toward partners seen as most likely to increase, if not fully maximize, the firm's corporate social capital portfolio (Knoke, 2009; Nooteboom, 2001; Preston, 2004). The application of the SCT is aimed at comprehending social ties, social interaction, trust, and reciprocity (Pratono, 2018). It allows the enterprise and its top management to develop conjectures about the evolution of consumer preferences, business problems, and technology; validate and fine-tune them; and then act on them by realigning assets and activities (Teece, 2019). Several studies are anchored on the SCT (Akintimehin, *et al.*, 2019; Guan, 2018; Suteerachai, *et al.*, 2019).

Empirical Reviews

Several studies have been conducted on the influence of strategic alliance on myriads of business outcomes, sizes, and on various sectors of the economy. The effects of strategic alliance on performance and productivity have been extensively studied (Akewushola, *et al*, 2018; Junaidu, Bature & Zuru, 2019; Kim, 2015; Muteshi & Awino, 2018; Nwokocha & Madu, 2020; Salisu & Abu Bakar, 2018; Talebi, Farsi, & Mirias, 2017; Yu, *et al.*, 2019). There are studies on its effect on market share (Enyinnah, *et al.*, 2020), operation sustainability (Akpotu & Jasmine, 2016), aviation industry (Thendu, 2020), small businesses and startups (Cacciolatti, Rosli, Ruiz-Alba, & Chang, 2020; Nwokocha & Madu, 2020; Obioma, 2017; Salisu & Abu Bakar, 2018; Talebi, *et al.*, 2017), as well as on large corporations (Junaidu, *et al.*, 2019). Strategic alliances studies have also been carried out in the service industry (Akewushola, *et al.*, 2018; Akpotu & Jasmine, 2016; Enyinnah, *et al.*, 2020; Salisu & Abu Bakar, 2018), retail (Butigan & Benić, 2017; Muange & Maru, 2015; Yacob, Sucherly, Sari, & Mulyana, 2016), and the manufacturing industry (Akewushola, *et al.*, 2018; Aun, 2014; Ejekwu, Zeb-Obipi, & Uhuru, 2020; Junaidu, *et al.*, 2019; Mathuki *et al.*, 2019; Muteshi & Awino, 2018; Uko & Hamilton, 2020).

Strategic alliance and organizational performance

Muteshi and Awino (2018) examined the relationship between strategic alliances and the performance of the food and beverage manufacturing companies in Kenya by collecting data from chief executive officers/managing directors of 125 large-scale companies. After a simple regression analysis, it was discovered that the relationship was statistically insignificant. However, when Mathuki *et al.*, (2019) assessed the effect of strategic alliances on the performance of 160 Kenyan manufacturing firms in the East African Community (ECA) market, anchored on RTD, RBV,

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Integration and the Open system theories, the result indicated a positive and statistically significant relationship between strategic alliances and performance of the firms within the ECA market. Akewushola, *et al.* (2018) further examined the influence of strategic alliances on a firm's performance in a quantitative approach where a sample of 175 was collected from management and staff of four (Mobile Oil Nigeria Plc; Mr. Biggs; Guarantee Trust Express; and Forte Oil) firms in Nigeria that have synergistic relationships. Simple regression analysis showed that all the dimensions of the strategic alliance have a significant relationship with the firm's performance.

Junaidu, *et al.*, (2019) investigated the influence of strategic alliance on the financial and non-financial performance of 328 firms in the textile industry in Kano, Nigeria. Results obtained through PLS-SEM indicated a significant positive relationship between strategic alliance and both financial and non-financial performance of firms within the textile industry in Kano, Nigeria. Aun (2014) examined the effect of strategic alliance practices on the performance of Nigerian indigenous multinational manufacturing companies listed on the Nigerian Stock Exchange (2002-2009) with 124 top managers of such companies involved in strategic alliance decisions. ANOVA and multiple regression analyses revealed that a significant relationship exists between strategic alliance and performance of indigenous multinational manufacturing companies in Nigeria.

Mong'are (2016) investigated the influence of strategic alliances on organizational performance of 120 Information and Communication Technology (ICT) companies in Kenya. The study adopted the stratified random sampling techniques, while the data were analyzed through ANOVA and multiple regression analysis, and it was discovered that strategic alliances significantly influence the organizational performance of ICT companies in Kenya. Talebi *et al*., 2017 studied the impact of strategic alliance on the performance of SMEs in the automotive manufacturing industry in Iran by collecting data from 400 senior managers. Through PLS-SEM and *t*-tests, it was discovered that the relationship between strategic alliance and performance is significant and positive. Nwokocha and Madu (2020) assessed the influence of strategic alliance on the performance of 137 SMEs in Enugu State, Nigeria, using multiple linear regression. it was discovered that strategic alliance has significant effects on the performance of SMEs.

Adil, Soban, Malik, and Summera (2019) investigated the moderating effect of organizational culture in the relationship between strategic alliance and organizational performance, by adopting the positivism approach using 100 respondents, and through PLS-model fitness test analysis, discovered that the relationship between strategic alliance and organizational performance is significant and positive. In a cross-sectional examination of the effect of strategic alliance on performance, Muthoka and Oduor (2014) collected data from head offices of 95 supermarkets in Kenya. Results obtained through multiple regression analysis indicated a strong relationship between strategic alliance and the performance of these supermarkets.

Success Factors of Strategic Alliances

Firms involved in a strategic alliance could create value through several sources: Scale economies, reduced operational costs resulting from joint purchasing, economies of density, marketing and branding, effective risk management, knowledge sharing, cost-efficient market entries, and, especially, learning from partners (Arrigo, 2012; Butigan & Benić, 2017; Chao & Kao, 2015; Iatrou & Alamdari, 2015; Ireland, Hitt, & Vaidyanath, 2002; Kleymann & Seristö, 2017; Lee & Moon, 2016; Mellat-Parast, Golmohammadi, McFadden, & Miller, 2015; Min & Joo, 2016; Thendu, 2020; Vasigh, Fleming, & Tacker, 2018; Wang, 2014; Zou & Chen, 2017). Thus, alliances' success can be summarized as trust, the establishment of information & coordination system, provision of required resources, partner alliance experience, team spirit, agreement on fundamental values, appropriate scope; open communication; shared control, scrutinizing and selecting suitable strategic partner, cultural compatibility; measurable goals; and partner accountability and commitment of top management (Biggs, 2006; Dadfar, *et al.*, 2014; Masoud, *et al.*, 2020; Niesten & Jolink, 2015). There are many ways to benefit from strategic alliances. Ease of market entry, shared risks, shared knowledge and expertise, synergy and competitive advantage, reduced operational costs, and reducing the level of the competition (Razak & Vattikoti, 2018; Thendu, 2020). Over the years, successes have been recorded on strategic alliance globally, and a few examples of alliances are as follows:

ProMetic and blue blood of Taiwan form strategic alliance to develop plasma-derived drugs for Taiwan and Southeast Asian markets, and PRO TECHnology forms strategic alliance with applied digital media services – UAE (Wood, Pitta, & Franzak, 2009). Strategic alliances between banks and Fintechs for digital innovation in Germany (Klus, Lohwasser, Holotiuk, & Moormann, 2019). British American Tobacco (BAT) and NGO Earthwatch Europe (McDaniel & Malone, 2012). Lockheed Martin has formed more than 250 alliances with firms concentrating on the defense modernization by providing special attention to developing advanced technologies; General Motors' alliances include a collaboration with Honda and internal combustion energies, with Toyota on advanced propulsion, with Renault on medium- and heavy-duty vans for Europe and, in the U.S., with AM general on the brand and distribution rights for the incomparable Hummer; and Lufthansa (Germany) and United Airlines (United States) initially formed the Star Alliance in 1993. Since then, 13 other airlines have joined this alliance. Star Alliance partners share some of the capabilities of their resources to serve almost 900 global airports (Uddin & Akhter, 2011).

Failures of Strategic Alliances

The alliance might fail to achieve its goals and objectives if the strategies are not implemented correctly or a plan is not made according to the goals of the alliance and the inter-organization relationship is not managed properly (Zamir, *et al.*, 2014). Notwithstanding the strategic importance of alliances, they still exhibit a very low success rate. Previous research showed a failure rate at or over 50% (Kale & Singh, 2009; Madhok, *et al.*, 2015; Linwei, *et al.*, 2017). However, the perception of the international partners' managers about failure rate was much higher at 60%, and they believed that three out of five cases of strategic alliances in the Iranian Pharmaceutical industry have failed (Dadfar, *et al.*, 2014). The high failure rate highlights the difficulties of building successful alliances and the fact that not all firms can maximize the potential value creation from their cooperative strategies.

Although strategic alliances create value, there are many challenges to consider. Partners may misrepresent what they bring to the table, partners may fail to commit resources and capabilities to the other partners, one partner may commit heavily to the alliance while the other partner does not, partners may fail to use their complementary resources effectively, if the strategies are not implemented correctly or a plan is not made according to the goals of the alliance and inter-organization relationship is not managed properly, when one organization depends solely on the partners of other alliances for skills, partner getting less out of the alliance while other partners gain more, decision on the alliances' objectives and plans, lack of compatibility with the partners' objectives, differences in cultural values, different environment and rules prevailing in partner organizations within same nationality also cause failure of strategic alliances, and when strategic alliances are created, many job positions and their descriptions are changed to achieve the goal of alliance, absence of mutual trust, and lack of strategic flexibility (Dadfar, *et al.* 2014; Daniels & Radebaugh, 2001: Kilburn, 1999; Masoud, *et al.*, 2020; Zamir, *et al.*, 2014).

Propositions

The paper reviewed the resource-based view, transaction cost theory, knowledge-based view, resource dependence theory, and the social capital theory because of their importance in strategic management studies and discovered that they all are indeed frequently used and relevant to studies in strategic alliance (Adelakun, 2009; Akewushola, *et al.*, 2018; Akintimehin, *et al.*, 2019; Christoffersen, 2013; Enyinnah, *et al.*, 2020; Guan, 2018; Mathuki, *et al.*, 2019; Obioma, 2017; Shi, *et al.*, 2011; Street & Cameron, 2007; Suteerachai, *et al.*, 2019; Uko & Hamilton, 2020; Wassmer, 2010; Yu, *et al.*, 2019). Hence, it is proposed that:

> *P_1: These theoretical perspectives are more likely to explain relationships in strategic alliance research.*

Results from reviewed studies indicated overwhelming support for the positive and significant effect of strategic alliances on organizational performance (Adil, *et al.*, 2019; Akewushola, *et al.*, 2018; Aun, 2014; Junaidu, *et al.*, 2019; Mathuki *et al.*, 2019; Mong'are, 2016; Nwokocha & Madu, 2020; Talebi *et al.*, 2017). However, Muteshi and Awino (2018) discovered the contrary result. Thus, the proposition:

> *P_2: Strategic alliances can provide participants superior performance.*

The review identified several successful alliance globally and the factors responsible (Klus, *et al.*, 2019; McDaniel & Malone, 2012; Uddin & Akhter, 2011) and recognized the success factors responsible (Arrigo, 2012; Butigan & Benić, 2017; Chao & Kao, 2015; Iatrou & Alamdari, 2015; Ireland *et al.*, 2002; Kleymann & Seristö, 2017; Lee & Moon, 2016; Mellat-Parast, *et al.*, 2015; Min & Joo, 2016; Thendu, 2020; Vasigh, *et al.*, 2018; Wang, 2014; Zou & Chen, 2017). Success stories are always encouraging for adoption, therefore, it is proposed that:

> *P_3: The factors that made strategic alliance successful today, will improve and be applicable in the future.*

With a rate of failure estimated at above 50% (Dadfar, *et al.*, 2014; Madhok, *et al.*, 2015; Linwei, *et al.*, 2017), it is no wonder that participation of organizations operating in developing countries is few and far between (Ouedraogo, 2016). However, the high entrant rate provides room for optimism. It is therefore proposed that:

> *P_4: The factors that made strategic alliances fail today, will dissipate in the future.*

First, the detailed literature review confirms that in strategic alliance studies, the resource-based view, the transaction cost theory, the knowledge-based view, the resource-dependency theory, and the social network theory are the most frequently used theories. There are instances where two or more of these theories were used together to underpin specific studies. Furthermore, the theories were able to explain the reasons for the observed high failure and low success rates of strategic alliances, since most alliances are resource-dependent. Thus, the theories are adequate for future use, albeit with few adjustments for small businesses and for organizations operating within developing economies.

Practical Implications

Beyond the theoretical implications of this review, there are important practical values. First of all, the results of the empirical review confirmed overwhelming support that strategic alliances significantly and positively affect organizational performance. The management of organizations, as a policy, should explore opportunities presented through strategic alliances to collaborate with others. Also, despite the low success rates of strategic alliances, evidence abounds that the entry rates are increasing.

Future research directions

Based on the reviews conducted, it became apparent that more work needed to be done in the area of strategic alliance. It is for that reason that the following are suggested to future research direction: To develop theoretical underpinnings for small business development; develop theories applicable to organizations operating in developing economies; develop ways to reduce uncertainties in strategic alliances; conduct longitudinal studies, since strategic alliance outcomes are often long-term; pay more attention to SMEs studies because they dominate the business space in developing economies, and develop strategic alliances measurement scales for evaluation purposes.

CONCLUSION

The five theories reviewed appear to adequately explain the relationships between strategic alliances and the performance of a business organization as shown by their applications in the studies reviewed and their abundance in literature. It also became apparent that while less than satisfactory level of successes have been recorded globally, the high rate of strategic alliance failure should concern stakeholders, especially in this era of globalization and liberalization of economies. It is hoped that the realm of the strategic alliance will provide unprecedented opportunities for organizations to collaborate among different industries, countries, and scales, to propel mutually beneficial progress.

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