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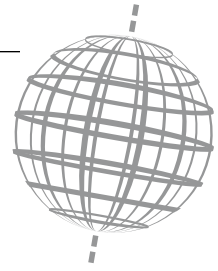
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Résumé de l'article

L'alignement stratégique a été identifié, dans la littérature, comme un déterminant important de la stabilité des alliances stratégiques. À travers une étude qualitative portant sur l'étude de cinq cas d'alliances, l'objectif de notre recherche était d'identifier les différents types d'alignement et leurs effets sur l'instabilité. Les résultats montrent que l'instabilité au sein d'une alliance peut être provoquée par le manque d'alignement : des objectifs, des agendas et de la structure. Des différences entre les agendas, stratégies, orientations et structure des partenaires peuvent nécessiter des outils d'ajustement afin de renforcer la gouvernance collaborative et sortir des situations d'instabilité des alliances stratégiques.



# Role of Objectives Alignment in Strategic Alliance Instability

## Rôle d'alignement des objectifs dans l'instabilité des alliances stratégiques

## Papel del alineamiento de los objetivos en la inestabilidad de las alianzas estratégicas

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### ABSTRACT

The literature identifies strategic alignment as a chief determinant of the strategic alliances' stability. Through a qualitative study based on five alliance study cases, this research aims to identify the different types of alignment and their impact on the instability. The results show that instability within an alliance can be due to the lack of alignment, i.e., of goals, agendas and structure. Differences between agendas, strategies, orientations and partners' structures may require adjustment tools to strengthen the collaborative governance and come out of situations of instability within strategic alliances.

**Keywords:** Strategic alliances, Instability, Strategic adjustment, Objectives, Alignment

### RÉSUMÉ

L'alignement stratégique a été identifié, dans la littérature, comme un déterminant important de la stabilité des alliances stratégiques. A travers une étude qualitative portant sur l'étude de cinq cas d'alliances, l'objectif de notre recherche était d'identifier les différents types d'alignement et leurs effets sur l'instabilité. Les résultats montrent que l'instabilité au sein d'une alliance peut être provoquée par le manque d'alignement : des objectifs, des agendas et de la structure. Des différences entre les agendas, stratégies, orientations et structure des partenaires peuvent nécessiter des outils d'ajustement afin de renforcer la gouvernance collaborative et sortir des situations d'instabilité des alliances stratégiques.

**Mots-Clés :** Alliances stratégiques, Instabilité, Ajustement stratégique, Objectifs, Alignement

### RESUMEN

El alineamiento ha sido identificado, en la literatura, como un factor determinante importante de la estabilidad de las alianzas estratégicas. A través de un estudio cualitativo que trata sobre el estudio de cinco casos de alianzas, el objetivo de nuestra investigación consiste en identificar los diferentes tipos de alineamiento y sus efectos en la inestabilidad. Los resultados demuestran que la inestabilidad en el seno de una alianza puede ser ocasionada por la falta de alineamiento de los objetivos, de las agendas y de la estructura. Diferencias entre las agendas, estrategias, orientaciones y estructura de los socios pueden necesitar herramientas de ajuste a fin de reforzar el gobierno colaborativo y salir de situaciones de inestabilidad de las alianzas estratégicas.

**Palabras Clave:** Alianzas estratégicas, Inestabilidad, Ajuste estratégico, Objetivos, Alineamiento

The instability of strategic alliances has received increasing attention from both academics and practitioners in the past three decades (Fatehi & Choi, 2019; Niou & Zeigler, 2019; Nippa & Reuer, 2019; Pedada, Arunachalam & Dass, 2019). This growing interest in this field is due to the fact that strategic alliances are considered by some authors as an unstable and evolving form of cooperation (Das & Teng, 2000). In fact, instability is a "normal" trait, seeing that it is related to the reactivity to changes in the strategic environment (Doz, 1996).

Instability represents, therefore, a major unplanned organizational change in the perspective of at least one of the partners (Cheriet, Le Roy & Rastoin, 2008). Yan & Zeng (1999) distinguish two types of approaches regarding studies of the instability in strategic alliances. The first being a static and result-oriented approach based on the alliance's outcome, which includes the alliance acquisition, its transformation into acquisition or liquidation. The second is a dynamic,

process-oriented approach, referring to changes in ownership structure in terms of reorganizations and major reconfigurations or contractual renegotiations (Jiang *et al.*, 2008).

Studies on the instability of strategic alliances tend to focus on the internal factors of the relationship, such as the attributes of firms in the alliance, or the characteristics of the alliance itself, e.g., lack of trust, the existence of blatant partner opportunism, lack of organizational complementarity, cultural differences, competitive situations, difficulties in relation to the ownership / control structure or inadequate management of the alliance (Rooks *et al.*, 2013). Yin & Zajac (2004) have shown that the instability of the relationship can be related to misalignment. They argue that future research should examine the performance of the implications behind the objectives alignment between governance structure and attributes, which is currently lacking in the literature. Even though studies, like Murray & Kotabe (2005) follow up after Yin & Zajac (2004) by investigating such

effect, i.e., of the objectives alignment in the performance of strategic alliances, these studies tend to neglect the important role played by the lack of objectives alignment in the instability of strategic alliances (Nielson, 2010; Esen & Alpay, 2017). The objectives of the strategic alliance are considered in most of the literature as a key factor in the collaboration success (Blanchot & Guillouzo, 2011; Weller, Streller & Purinton, 2019). On the other hand, the divergence of partners' objectives creates an opportunistic environment (Luo & Park, 2004) and generates conflict (Luo, 2001). The compatibility of objectives can thus influence the quality of relationships between allies (Ren, Gray & Kim, 2009) and be a source of instability (Doz, 1996; Gulati *et al.*, 2012). The study of instability linked to objectives alignment in an alliance is essential to comprehend the state of the alliance, to then allow adjustments and take satisfactory decisions regarding its future configuration (Esen & Alpay, 2017). This can help the partners detect the necessary adjustments and so, avoid a conflict and divorce between the partners. Therefore, the present study aims to fill this gap by exploring the role of the objectives alignment in an instable strategic alliance.

To reach our objective, we have chosen to study technological alliances. In fact, in the field of technology, the business environment is characterized by rapid innovations, strong competition and significant investments, where organizations are forced to associate if they want to progress and survive (Mothe & Ingham, 2003). No firm can hope to impose itself on the market without resorting to the skills, expertise and capabilities of the other (Mothe & Ingham, 2003). Alliance relationships are no longer a choice but an obligation (Mothe and Ingham, 2003). After defining the concept of instability of a strategic alliance, this paper presents a literature review regarding the instability related to the strategic fit in strategic alliances. The second section depicts the qualitative study, sample description, data collection and data analysis. Results are presented in the third part and discussed at last.

## Literature Review

### INSTABILITY WITHIN STRATEGIC ALLIANCES

Strategic alliances are voluntary collaborations between organizations aiming to exchange, share or co-develop a product or technology and pursue a set of common objectives (Gulati, 1998; Turano *et al.*, 2016). Despite the strategic alliances' popularity and their various advantages (Doz, 1996), they are characterized by an important instability risk (Cheriet, 2016; Dikmen & Cheriet, 2016).

In the literature, there is no universal agreement on defining the instability of strategic alliances. However, research generally focuses on the dissolution, sometimes referred to as "failure", also on changes in the ownership or governance structure, or the contractual amendments of the alliance (Gill & Butler, 2003). So, there is no universally agreed upon definition of instability, however, definitions most commonly emphasize dissolution, changes in ownership structure, changes in the joint venture contract or in its governance and control structure or dissolution/sale to third parties, sometimes referred to as 'failure'. These approaches can be divided into two categories: a static approach, focusing on the alliance's outcome, and a dynamic approach based on the evolution process and changes

in ownership structure in terms of major reorganizations and reconfigurations or contract renegotiations (Jiang *et al.*, 2008).

Thus, the instability of strategic alliances is defined as a major unscheduled or premature change (s) brought by at least one of the partners (Inkepen & Beamish, 1997). This is an unstable transition or even a variation in the alliance's life cycle. Instability refers to situations in which there is conflict between strategic directions, contract renegotiation, reconfiguration of ownership or management structure, or major changes in the partners' relationships that negatively impact the performance (Yan & Zeng, 1999). Following this logic, instability takes on the signification of the dynamics in the case where the alliance adapts and does not reach the rupture threshold. On the other hand, instability is definitively established when the various adaptations necessary for the proper functioning of the alliance have failed (Chriet & Cherbib, 2014). The dynamics or instability of an alliance relationship is observed through the changes undergone throughout the alliance's lifecycle. Several factors impact cooperations, either positively or negatively, throughout this period (Castro, Casanueva, & Galán, 2014). However, certain required adjustments within the alliance's governance structure may come as unexpected to the partners (Reuer, Zollo, & Singh, 2002). Therefore, studying the causes of an alliance's adjustment should further add to the current research on alliances and clarify the complex trajectories followed by alliances (Reuer, & Ariño, 2002; Hartmann, 2019).

Most studies focusing on the alliance's evolution and adjustments have used conceptual models to study the evolutionary process (Reuer, Zollo, & Singh, 2002). For instance, Zajac & Olsen (1993) examine how companies encounter three temporal stages of inter-organizational change: *the initializing phase*, where companies promote give-and-take, and future advantages; *the processing phase*, where companies try to honor their preset formal and informal obligations, and finally *the reconfiguring phase*, where they redefine their inter-organizational strategies.

Ring and Van de Ven (1994) elaborate a framework for the relationship development process that examines the way negotiations, engagement and execution are influenced by the efficiency and equality in the alliance relationship. Other researchers examine the role of trust in the process of readjustment within an alliance (Kang, 2014). Doz (1996) evokes the initial conditions of the alliance impeding learning in order to justify the partners' recourse to the alliance re-evaluation and adjustment. Arino & De La Torre (1998) highlight the importance of external changes to partnerships, in setting different courses of alliances.

All of the aforementioned studies have advanced our understanding of the alignment difficulty. Yet, in spite of the recent attention given to this subject, the literature has neglected some fundamental questions, where topics like the alignments' frequency in the alliance collaborative agreements, factors leading to those alignments and the link between alignment and instability, remain mostly unexplored. Therefore, a piece of the strategic alliance puzzle remains missing, which is the relationship between the elements of alignments within a strategic alliance (e.g., objectives alignment, alignment resources) and instability related to the alliance evolution dynamics (Esen & Alpay, 2017; Hsiao *et al.*, 2017).

### STRATEGIC FIT FACTOR OF INSTABILITY IN THE STRATEGIC ALLIANCES

Alignment of objectives, also referred to as Goal congruity or Goal Compatibility (Ren, Gray & Kim, 2009), can be defined as the extent to which alliance partners have specific objectives and strategies that are congruent and consistent with the alliance's common goals (Nielson, 2010; Triki & Moalla, 2013). It concerns the alignment of the partners' specific objectives with the common objectives of the alliance (Nielson, 2010).

Previous studies have reported the danger of omitting the step of aligning a company's specific objectives with those of strategic alliances objectives (Nielsen, 2010; Meschi, Phan, & Wassmer, 2016). Nevertheless, this important step of alignment is often absent or overlooked during the process of alliance formation (Holmberg & Cummings, 2009; Wang & Nicholas, 2007; Pangarkar & Wu, 2013). Inkpen & Ross (2001) indicate that the inclusion of this aspect after the alliance formation increases the risk of failure.

The partnership's success also depends on the balance between individual motivations within collective interests (Luo & Park, 2004). However, partners tend to pursue their individual goals within the collective goals, which hampers the achievement of the alliance objectives. In this case, everyone is looking after their own interests, and the objectives remain specific to each company, within a common general framework (Nielsen, 2010). Doz (1996) notes the partners' inability to achieve an ideal level of flexibility and objectives convergence.

An alliance should reflect an equity among allies through the objectives' alignment and minimizing the probability of an opportunistic behavior (Nickerson & Zenger, 2004; Gulati, Lawrence, & Puranam, 2005). It is a complex negotiation process based on the amount of resources allotted by each partner and the coordination of mutual knowledge exchange between partners, throughout the relationship's development (Doz, 1996; Reuer & Zollo, 2000; Reuer & Ariño, 2002; Nielsen, 2010; Malik & Yazar, 2016; Reuer & Devarakonda, 2016).

Negotiations in the strategic alliances provide a favorable environment for the emergence of power relationships, insofar as it connects entities that retain their legal and decision-making autonomy. A partner with greater bargaining power would maximize his/her benefits beyond those defined in the partnership's original agreements (Das & Teng, 2001). Finally, one partner's financial difficulty can prevent the mobilization of necessary resources when achieving objectives (Hennart, Kim, & Zeng, 1998).

These factors require alignment processes between partners (Gulati, Lawrence, & Puranam, 2005). According to Reuer & Zollo (2000), these changes and alignments can foster uncertainty and complexity. Thus, the alignments constitute a major factor of instability for a strategic alliance; companies should improve the alliance governance and review its conception throughout its lifecycle (Lai & Chen, 2014).

Parting from a simple situation of a dyadic alliance with objectives specific to each partner and common objectives assigned to the alliance. The launch of the alliance may result in a lack of strategic fit and objective alignment. This leads to instability in the relationship, then leading to changes, renegotiations and adjustments pertaining the alliance; in order to

improve the alignment between common vs. individual goals, long- and short-termed for the alliance itself (agenda alignment) (Kogut, 1991; Park, & Ungson, 1997; Das & Teng, 2000; Das & Rahman, 2010; Cui, 2013), global and local objectives in the case of international alliances (Gill & Butler, 2003) and more generally changes in the alliance's organizational structure (Casciaro, 2003; De Man, Roijakkers, & De Graauw, 2010; Albers, Wohlgezogen, & Zajac, 2016; Esen & Alpay, 2017).

This search for alignment, along with these various adjustments put the alliance and the allies in situations of instability that can lead to the strengthening of the alliance (if alignment) or its instability (if maintaining strategic nonalignment) (Gulati, Lawrence, & Puranam, 2005). Our empirical objective is to disclose how some factors of instability are distinguished in the alignment seeking process, where some would fall under the structure and others under the partners' behaviors.

### Methodology

Given the complexity of this research purpose, i.e., studying the role of strategic fit in the instability of strategic alliances, we followed the recommendations of Guba & Lincoln (1994) and adopted a qualitative empirical approach. Thus, this study focuses on the analysis of five cases of strategic alliances (marketing/distribution alliances, contractual relationships, joint ventures, and minority equity investments). The selected study cases are strategic alliances between large companies of different nationalities and operating in different business sectors (Table 1). This choice enabled us to respect the principles of theoretical saturation (Yin, 2003) and to thus increase the internal and external validity of our results.

The data were collected from 34 semi-structured interviews. We interviewed the main actors in the studied alliances, namely alliance managers and director of strategic alliances. The sample interviews were built on two techniques (Miles & Huberman, 2003): sponsorship and the snowball effect.

An interview guide was constructed that encompasses five previously identified themes: the process of alliance creation, the different types of objectives misalignment, and the forms of strategic alliance instability. Face-to-face semi-structured interviews, lasting from 1 hour to 1 hour 30 minutes, were conducted between March 2011 and July 2013 (Table 2). The data collected presents a total duration of 44.2 hours recorded and about 725 pages. The interviews were recorded in full using a tape recorder (Dictaphone) and then transcribed in full as soon as possible to maintain the information quality.

The analysis of the gathered data was carried out in two stages: a first open coding, allowing for the construction of categories from consecutive back and forth between the field analysis and the literature, followed by a thematic coding to the using the qualitative analysis software "Nvivo 10" (Miles & Huberman, 2003). From a data corpus created from several kinds of documents, we carried out a "decontextualization-recontextualization" (Tesch, 1990). Our coding process consisted of separating the collected data into units of analysis (words, sentences, themes...) and integrating them into previously designated categories (Allard Poesi & Maréchal, 2007). The coding process is described in Figure 1.

**TABLE 1**  
Sample description

Case	Partner Origin 1 (P1) / Partner Origin 2 (P2)	Population P1/P2	Date of Alliance Creation	Field of activity P1/P2	Turnover (Billions U\$) P1/P2	Number of Interviews P1/P2	Total number of interviews
A	American / Irish	73 711 / 100 000	2011	IT / Energy	21,4 / 34,947	2/6	8
B	French / French	136 535 / 110 000	2009	IT / Pharmaceutical	38,226 / 24,7	4/4	8
C	American / French	73 711 / 21 700	2009	IT / IT	48,6 / 4,15	2/3	5
D	French / French	260000 / 275000	2004	Pharmaceutical / IT	50 / 28,6	4/5	9
E	European / American	16 140 / 120 000	2012	IT / IT	3,242 / 12,691	5/3	8

Source: Developed by the authors

**TABLE 2**  
Characteristics of the study and content of the conducted interviews

Interviews	<ul style="list-style-type: none"> <li>– 34 face-to-face semi-structured interviews lasting an average of 1 hour 30 minutes.</li> <li>– The final data body represents a total duration of 44.2 hours of interviews and amounting to 725 pages.</li> </ul>
Respondents profile	– Head of alliances and partnerships; Manager of Alliances; Managers of Partnerships; World Alliance Directors; Global Alliance Manager; Local Alliance Manager.
Period	– Between March 2011 and July 2013.
Main themes	<ul style="list-style-type: none"> <li>– <b>Presentation of the alliance:</b> the alliance's creation date- the alliance theme - the objectives set by the partners.</li> <li>– <b>Different types of the objectives 'lack of alignment:</b> specific objectives / common objectives - global objectives / local objectives - short-term objectives / long-term objectives - lack of alignment of structure.</li> <li>– <b>Forms of the strategic alliance's instability:</b> adaptations, reorganizations, restructuring, renegotiations, adjustments.</li> </ul>

Source: Developed by the authors

Finally, our interviews were submitted upon transcription to our interviewers to validate the ideas and confirm the content. A double coding intra-coders and inter-coders has been conducted (Miles & Huberman, 2003). To establish the reliability of the coding, we have adhered to the recommendations of Miles and Huberman (2003). The intra-coding was performed by recoding more than half of the interviews, thus allowing a period of 2 months to elapse between the initial coding and the second coding. The intercoders coding could be realized. The reliability rate obtained is 79%, thus exceeding the minimum rate of 70% recommended by Miles and Huberman (2003).

## Results

The analysis of the selected strategic alliances cases revealed various situations of objectives' lack of alignment that can appear from the alliance's starting phase. With relation to many factors, this lack of alignment is very frequent and even recurrent, most often creating situations of instability in strategic alliances.

Our results distinguish different types of lack of alignment. These alignment complications are related to the alignment of specific objectives vs. common objectives, global objectives vs. local objectives, the agendas alignment and the structure alignment.

## ALIGNMENT OF SPECIFIC OBJECTIVES WITH COMMON OBJECTIVES

Analysis of verbatim excerpts indicates that strategic alliances are a source of instability due to the lack of alignment between specific objectives and common objectives (all cases: A, B, C, D, E). In fact, this lack of alignment takes place in the strategic alliance's definition. It pertains an association between independent and autonomous companies. As a result, each company retains its autonomy and independence in the selection of objectives. Thus, each partner follows specific objectives in the common framework of collaboration, as indicated by the director of alliances (case D), "*We collaborate with a company that is not ours (...), which must remain autonomous in these choices and completely free of these different trajectories. Our objectives are different outside the alliance, but common in the alliance. For our part, our teams have always suffered from the lack of alignment of internal objectives with the objectives of the alliance*". While, another alliance manager (case C) further adds in this regard: "*It's always more difficult to be in a couple, (...) the alliance is always more complicated to manage than single life because when you're a couple, you have two types of objectives: private and common.*" Aligning specific objectives with common objectives requires negotiation and adaptation. It is a question of aligning the common tasks as well as the tools

mobilized to achieve the specific objectives of each partner along with the alliance objectives. Achieving this level of fit between objectives requires negotiations between partners in order to establish an agreement to appoint what each will take / give and will accomplish / receive. These negotiations are generally a source of instability because they require adaptations and reorganizations. The alliance manager (case A) indicates in this regard that, *"To achieve the objectives of the alliance, we must negotiate, even if we have made a commitment to the alliance's common objectives. The passage to the act will sometimes take a little time as adjustments and reorganizations should be made. The alliance necessarily passes by moments of instability"*. As a result, the objectives' alignment within the alliance can be undermined by negotiations. This phase of lack of objectives' alignment exposes alliance partners to instability.

#### ALIGNMENT OF GLOBAL AND LOCAL OBJECTIVES

The analysis of the verbatim excerpts indicates that the objectives in the case of international strategic alliances (cases A, C, E) are set at the global level of the alliance. In this regard, the manager (case E) states that, *"(...), there we are together in the alliance within an international context or global (...). We set objectives globally through an intercompany meeting at our partner. Once our common objectives are set, we have subsequently communicated these objectives and orientations to the local level of the alliance."*

On the other hand, a dichotomy between global and local objectives can affect the alliance and prevent the alignment of objectives between its different components. In this respect, the manager (case E) states: *"We have set our goals with the leader at the global level. (...) These objectives were transmitted to the different leaders: for Europe (...) and the pacific leader, etc. (...) However, we have received reports of obstructions and misunderstandings of our teams' objectives. Our pacific leader shows an inability to achieve these objectives (...). We are facing a situation of instability where we must adapt, or we will fail."*

As a result, the diversity in the local management of the different components of the alliance can seriously affect the ability of partners to jointly and effectively achieve the overall objectives of the alliance. Thus, the alliance is a victim of instability manifested by the incoherence between the global or the standard character of the alliance and the local specificities of the countries. In order to cope with these situations of instability, the partners bring adaptations and adjustments to the operating mode as designated by the alliance manager (case C): *"We have made an agreement at the corporate level which sets objectives and broad lines of the alliance in a global way (...). Subsequently, we have adapted these objectives and interests at the local level of each country because the partner's interests in these different countries are not necessarily the same as those of the alliance. (...) So, we have adjusted the procedure"*. The alliance manager (case A) adds in this respect: *"to adjust to a global and standard operating mode with our partner in order to achieve our objectives. (...) We went through critical and tense moments. Adjustments and reorganizations were needed to get out of these instability situations."*

It should be noted that, in order to get out of situations of instability, adaptations of global objectives should take into consideration the local or regional identity when appointing local objectives. A Partnerships Director (Case C) states that

*"with our partner, we have made efforts to adapt global objectives based on local or regional identity to convey to our teams, local objectives that can convince them and which are an adapted version of our common goals"*. A Director of global alliances adds that, *"the cultures of the people belong to the countries and not to the global companies so it will be necessary to work with the managers at the level of each country involved in the alliance (...) and to adapt the management of the countries"*.

#### TEMPORAL ALIGNMENT OF OBJECTIVES

The temporal evolution of the strategic alliance creates difficulties in terms of objectives, especially in the case of long-term alliances. In fact, the longevity of the strategic alliances of our case D reaches 15 years. It is 10 years for case B and C, 8 years for case A and 7 years for case E. This long-term aspect requires the partners to verify the validity of the initial objectives and ensure their progression according to the new requirements of the strategic alliance. Thus, it is totally bewildering that what unites the partners at a time T (2004, 2009, 2011, 2012) lasts X time afterwards (7 years, 8 years, 10 years, 15 years). Indeed, unforeseen and unexpected events can interfere throughout the lifecycle of the strategic alliance and consequently impact the objectives of the strategic alliance. In the case E, there has been a change in the alliances and partnerships manager as indicated by the alliance manager (case E): *"Our boss, who has set up the alliance with our partner and set these objectives, is no longer there! It is transferred to another geographic area. It's a destabilizing change for the alliance. (...) It's a bit difficult to manage, (...) so the objectives will be changed"*.

In case B, the strategic alliance faced changes in the strategy of one of the partner companies, which has called into question the initial objectives of the alliance. The alliances manager (case B) states that *"our company is evolving more and more rapidly. It is reinventing itself. (...) Its evolution cycle is accelerating. (...) Which represents a particular difficulty for the alliance (...) because our objectives change and are no longer compatible with those previously set"*. The alliance manager (case B) adds in the same regard: *"(...) Since the beginning of the alliance, we no longer have the same complementarity, (...) we both changed direction and so our respective evolution is not going to be aligned. Similarly, the alignment of our objectives will not be automatic or guaranteed."* Therefore, the partners are faced with a lack of alignment of the common objectives within the alliance regarding the change in connection with the specific objectives that are imposed by the temporal progression particular to each partner.

In case A, the partners have different visions, among them, the first sets objectives in the short term and the second aims long term. The antagonism between these two types of objectives can create conflicts and situations of instability, hence the interest of negotiations in meetings to achieve alignment, as emphasized by the partnerships manager (case A): *"They see things in the very short term, and we see things in the very long term. We have reached the point where we can no longer agree on points and then it ends with a meeting or it does not go at all because we are blocked! We should adjust!"*.

In the case C, the temporal alignment of the objectives represents a difficulty in the face of the relationship stability because the deadlines set for the objectives' realization are potential sources of disagreements and instability. In fact, the first partner



is accustomed to working in haste while his interlocutor is less responsive, which generates frustrations. As stated by the alliances manager (case C) *“with our partner, we actually have agendas that are a bit off, he wants to go fast and short term with respect to the realization of the objectives, yet, we are used to fix long-term objectives and (...) taking our time to get things right (...). It generates misunderstandings and instabilities.”*

Finally, in case D, the importance given to the alliance has changed. Undeniably, a proven change in the partners' strategy has changed the place of the strategic alliance in the partners' priorities. Thus, the alliance is faced with a lack of resources to ensure its proper functioning. It has gone through phases of instability and total anarchy because it loses its usefulness and its objectives. The partnerships manager (case D) indicates in this regard: *“After all these years, our strategies are very distant, and we are in front of a radically different business model, (...), the alliance suffers from the lack of alignment we are always in conflict (...). First, because we do not have resources. (...) Because the objectives of the alliance are no longer compatible with the specific objectives. (...) We reflect on the continuity of the collaboration because the degree of complexity becomes major”*. The alliance manager (case D) adds: *“We realize that the alliance no longer has objectives, it is out of date (...). The top managers are worried, and the teams involved panic. (...) A crisis meeting is quickly scheduled to discuss the possibilities to be considered. We are in front of a very high level of complexity (...), we continue or not the collaboration?”*.

In such situations, the individual objectives of the partners are potentially dictated by different economic and temporal

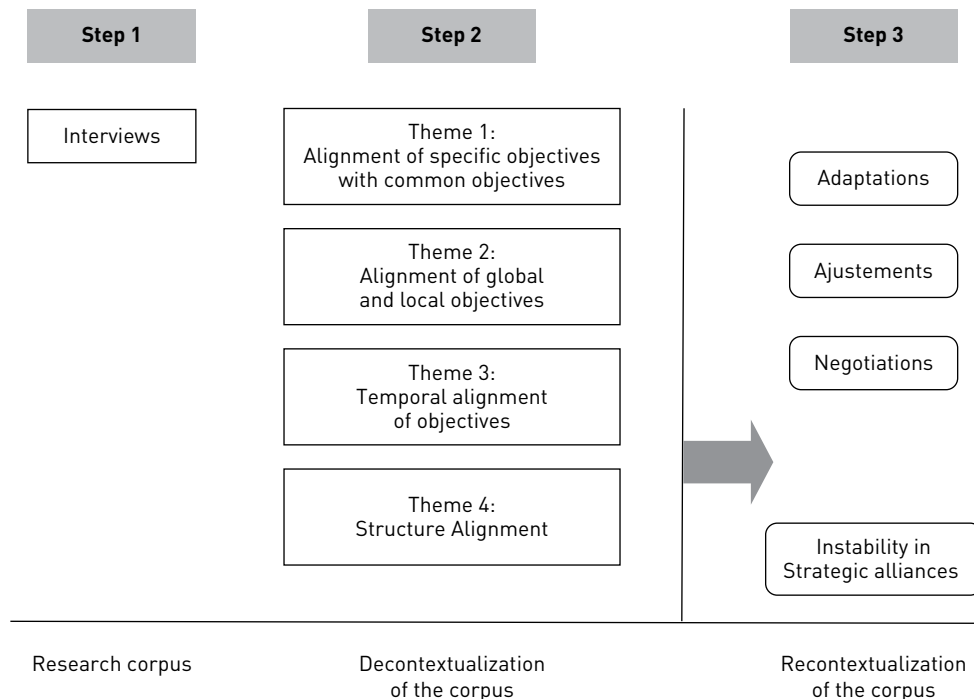
requirements and constraints. As a result, the partners have to adapt and adjust their operating mode to ensure a parallel evolution dynamic and overcome instabilities and blockages. The partners are called upon to ensure a regular review of the common objectives within a strategic alliance through a negotiation process. It is a question of ensuring the livelihood of the alliance in agreement with the whole roadmap. To achieve this, one must constantly modify what was initially signed, and the alliance should be able to evolve beyond expectations and initial objectives.

### STRUCTURE ALIGNMENT

According to our case study, the partners fix specific managerial units in order to set a governance structure (case A), monthly committees (case B), a level of parallel management (case C) and a clearly expressed message regarding objectives (cases D and E).

These procedures are set in order to achieve a satisfactory level of objectives' alignment and respect the undertaken commitments regarding the strategic alliance. In fact, the specific structure of the partners and their specific objectives create a major difficulty for the alignment of objectives. As stated by an alliance manager (case B): *“our organizations are structured differently, a manager with us has the power of a vice-president at our partner. (...) The power exercised in organizations differs between the two partners. Our company is built on the principle of horizontal collaboration. So, the manager with us has the power to make decisions very quickly (...). While our partners must consult a whole hierarchy of leaders: this creates problems and conflicts, especially in terms of time and efficiency. You have to adapt”*.

**FIGURE 1**  
**Data coding process**



The alliance may suffer from a bad placement in the partners' specific structure (Case A, B, E). This situation may present a real difficulty in achieving the objectives, because to align the objectives, it is necessary to have control of the previously established procedures, but this is difficult to achieve due to the difference in the entities. The alliance manager (case E) confirms: *"our companies have different structure. Nevertheless, we have a difficulty to control the alliance because of the shift in structure"*. As a result, the desire to control the procedures implemented by a partner creates difficulties due to the alliance, negotiations and adjustments are necessary to arrive to a fair situation.

The partners in cases (C and D) have made sure to set up a specific work organization to carry out the necessary tasks. Although alignments and adjustments were necessary, the partners managed to evolve as one team, ignoring the virtual boundaries between the two companies. An alliance manager (case D) specifies in this sense: *"we are already very complicated by our gigantism, our services are necessarily complex by their extensive international operational fields, adjustments were necessary in order to be able to work and evolve together"*. On the other hand, in cases (A and B), the partners have failed to remove the hierarchical boundaries and overcome the complexity situation, the strategic alliance must align with all strata of the partners to establish common goals. This is a complex process as shown by an alliance manager (case A): *"Our company is very structured, very rigid, which impacts our alliance with our partner. We are unable to make a quick decision; our decision circuit is long, and our partner suffers from this"*. A partnership manager (Case B) adds: *"We have made sure that the alliance structure is clear because our relationship is delicate (...). However, adjustments are necessary, and problems arise because each party wants to minimize its investment in the alliance"*. Thus, the alliance generates complexity and instability.

In case E, the difficulty of aligning the strategic alliance structure is necessary because the partners have different sizes. Bridging the structure creates difficulties, particularly regarding team alignment. In fact, in small structure, the staff is "to do everything", while in large structure, each manager in the structure has a particular task. However, in an alliance, most activities are carried out jointly. So, if a partner does not fulfill his/her commitments because of a small staff, inherent in its small structure, which is a source of instability. An alliance manager (case E) highlights: *"with us, (...) we have men. (...) each person is a specialist in a task, whereas at home, it is people to "do everything", (...) so he can miss people to respect his commitments. It is essential to refine the source of instability"*.

Adaptations are necessary. The process is very long due to the large structure partner. Hierarchical lines can cause, as well, slow and conflict. As underlined by an alliance manager (case E): *"our partner can make a decision rather quickly, whereas at home, we must go through a hierarchy that can annoy. (...) there are always possibilities that our partner is upset"*.

As a result, if the partners' organizational structure is not adapted. Whether they are small or large, the alliance generates a major difficulty in aligning the alliance in regard to the partner structure. This fact hinders the making of good decisions and, consequently, is a source of instability.

## Discussion

To identify the instability factors linked to the alignment of strategic alliance objectives, the discussion of different elements relative to the process of alignment calls for an examination of the relationships between the different study variables, first based on the observations gathered during the study case and then by referring to the findings in the literature.

### ALIGNMENT OF OBJECTIVES AS FACTOR OF INSTABILITY

Alliance objectives are possible causes of disappointments and failures. They render coordination and alignment between the alliance partners difficult, and are sources of contract renegotiations, changes in the distribution of capital shares (no exit/entry of partners), unexpected organizational change, and changes in the steering committees or in the decision-making process. It is not simple to establish a set of objectives. Each party has its own information process, its own understanding of its contribution to the alliance (probably as little as possible) and the advantages it hopes to gain (as many as possible). Overcoming these asymmetries requires a process by which the parties clearly define their contributions and the expected results, which means that a process of alignment should be launched.

The alignment between specific objectives and common ones is necessary (Nielsen, 2010; Meschi, Phan, & Wassmer, 2016). The creation process of the strategic roadmap unites decision makers representing both partners in order to clearly define the alliance objectives and the strategy to attain them. Internal and external conflicts arise, and the negotiation is long and painful (Reuer, & Ariño, 2002; Hartmann, 2019). This phase exposes the alliance partners to instability, particularly if the partners deemed incapable of establishing useful exchanges (Inkpen & Ross, 2001; Wang & Nicholas, 2007; Homberg & Cummings, 2009; Pangarkar & Wu, 2013).

Our results also show that it is necessary to supervise the alignment between the global and local objectives. So, the alliance management function should consider the local particularities of each management office, in the process of fixing objectives and anticipating alignments for each country or region (Gill & Butler, 2003). By default, the alliance can be a victim of difficulty in synchronizing the objectives of the local level with those of the global level (Gill & Butler, 2003).

All these elements are continually changing. The frontiers of the existing companies are progressively destabilized. The difficult management of frontiers raises unexpected organizational changes, changes in the steering committees, and such circumstances places companies in instability situations (Esen & Alpay, 2017).

The field study confirms the factors of instability linked to the objectives' alignment in strategic alliances (Das & Teng, 2000).

### TEMPORAL OBJECTIVES ALIGNMENT OF PARTNERS AS A FACTOR OF INSTABILITY

Studies relative to the mismatch between the alliance agendas are rather limited (Cui, 2013). Some examine the difference or imbalance between partners in terms of age and changes of strategy linked to the demands of their agendas (Park, & Ungson, 1997; Das & Teng, 2000).



Time impacts the life of cooperation. The partners' agendas are divergent. Strategy of firms change and evolve over time (Das & Rahman, 2010). Cooperation requires constant alignments in order to maintain a parallel evolution (Das & Teng, 2000).

So, the alignment of the alliance objectives is complex, seeing the differences in terms of timing, partners find it difficult to realize the collective and individual objectives. Thus, a partner going through a delay in the achievement of these goals, feels the frustration. The difficulty of aligning objectives can be inherent to a lack of understanding of the objectives or a delay in their realization. Our results concur with those of Kogut (1991), stipulating that partners have different visions for the realization timeline of the alliance objectives, which engenders ambiguity. This requires difficult changes and provokes a situation of instability for the alliance (Gulati, Lawrence, & Puranam, 2005).

#### ALIGNMENT OF STRUCTURE AS FACTOR OF INSTABILITY

Theories about the alliances 'creation and governance have studied the economic perspectives of a more efficient distribution of contractual rights to maximize the partners' economic advantages (Nielsen, 2010). There are a variety of structural configurations to pursue strategic alliance objectives. Choosing an alliance structure involves complexity due to the different characteristics of the organizations in the alliance, namely the industrial type, relative market positions (horizontal or vertical alliances), geographical situation (national and international) or more generally the institutional context of the partners (Albers, Wohlgezogen, & Zajac, 2016).

When examining the choice of organizational structure as categorized by our interviewees, we found the terms "complexity" and "instability" recurrent. Our respondents have underlined the importance of aligning the structure of the partner company. They emphasize the importance of a connection between the partners of the alliance, identified by Albers, Wohlgezogen & Zajac (2016), for the general management to benefit from the support and necessary resources.

Changes in the structure remain a complex and costly affair, requiring the attention of the alliance management and justifying the intervention of the different division to examine initial objectives (De Man, Roijakkers, & De Graauw, 2010). Instability linked to the alignment structure of cooperation is not difficult, as long as the partners conform to the requirements for alignment (Casciaro, 2003).

#### TOOLS FOR STRENGTHENING THE OBJECTIVES ALIGNMENT

The lack of objectives alignment (common/specific, local/global), time and structure alignment may get aggravated, particularly due to a difference in the partners' perceptions (Cheriet, 2016), and constitute a factor important instability of the alliance if governance tools are not developed by alliance managers or partners (Jiang *et al.*, 2008). In the cases analyzed, such mechanisms are deployed only on an ad hoc basis and following the emergence of conflicts. However, we have not observed systematic and regular mechanisms for evaluating alignments of objectives, governance and their evolution over time, as suggested in other research (Nilsen, 2010). Most of the tools developed relate to

the renegotiation of contracts, the setting up of joint conflict resolution committees, and discussions between managers with a view to adjusting and adapting the structure and its governance (Reuer & Zollo, 2000; Reuer & Ariño, 2002). The creation of a joint committee to re-evaluate the objectives and structure alignments thus seems highly recommended to ensure mutual understanding and a stable cooperative relationship (Malik & Yazar, 2016; Reuer & Devarakonda, 2016).

Table 3 summarizes the research main results and indicates the different types of lack of alignment of the instability-causing objectives. Our results allows us to suggest research proposals to "deconstruct" strategic alignment and its effects on the strategic alliances stability. Thus, the different types of non-alignment do not have homogeneous or identical impact in terms of intensity on the various forms of strategic alliances instability. By acting separately on the emergence of instability patterns, we propose a different way of consideration allowing for the examination of the linkage of each type of non-alignment to the instability of alliances stability.

#### Conclusion

Based on a qualitative methodology, using five studies of strategic alliances, we examined the nature of the alignment's difficulties linked to strategic alliance objectives. Following an analysis of 34 interviews, conducted with alliance managers and directors of partnership, we have observed that the objectives alignment constitutes an important hindrance to a successful collaboration. Strategic alliances are vulnerable to situations of miss alignments; and require continuous changes facing situations where partners pursue their individual objectives and neglect collective ones. This is considered as a threat and can contribute to major adjustments and reorganizations between the alliance partners. In a similar way, failure to align global and local objectives can cause conflict and foster malfunctions in the strategic alliance due to differences in the cultural and country style of management. The risk of difficult linked to companies' specific agendas should not be neglected, as this competitive behavior may hinder the alliance's management. Alignment consists in negotiation. It requires convincing partners to make sacrifices by ceding a part of the resources dedicated to specific objectives in favor of the alliance objectives. The management of intercompany cooperation is characterized by a delicate equilibrium and threatened by mutually reinforced alignments.

On a theoretical level, our research is part of a dynamic and integrated approach regarding the impact of the objective alignment on the outcomes of strategic alliances (Doz, 1996; Arino & De la Torre, 2011). Our results suggest three main theoretical contributions, i.e., analysis of the alignment types, their impact on instability and the mechanisms of improvement of the objective alignment. Thus, by considering the different objectives alignments (i.e., local vs. global, specific vs. common), the temporal and structure alignments and their impact on the alliances stability, we propose a closer reading of the relationships between these two central concepts of the cooperative relationships governance (Murray & Kotabe, 2005; Nielsen, 2010). Therefore, the internal tensions that may arise from the competitive rivalries of the partners, are also the result of a lack in several types of alignments (Yan & Zeng, 1999; Das & Teng, 2000). This suggests that the search for a

**TABLE 3**  
**Lack of alignment of instability-causing objectives in strategic alliances**

Case	Alignment of specific objectives with common objectives	Alignment of global and local objectives	Temporal alignment of objectives	Structure Alignment	Mechanisms for strengthening the alignment
<b>A</b>	Lack of alignment of specific objectives with common objectives	Lack of alignment of global and local objectives	Short term goals vs. Long term goals	<ul style="list-style-type: none"> <li>– Difficulties related to the partners specific structure,</li> <li>– Bad placement of the alliance in the partners specific structure,</li> <li>– Hierarchical boundaries and complexity situation.</li> </ul>	Alignments, Adjustments, Adaptations, Reorganizations
<b>B</b>	Lack of alignment of specific objectives with common objectives		Changes in the strategy of one of the partner companies	<ul style="list-style-type: none"> <li>– Difficulties related to the partners specific structure,</li> <li>– Bad placement of the alliance in the partners specific structure,</li> <li>– Hierarchical boundaries and complexity situation.</li> </ul>	Alignments, Adjustments, Adaptations, Reorganizations
<b>C</b>	Lack of alignment of specific objectives with common objectives	Lack of alignment of global and local objectives	Rate of objectives achievement of different partners	<ul style="list-style-type: none"> <li>– Difficulties related to the partners specific structure.</li> </ul>	Alignments, Adjustments, Adaptations, Reorganizations
<b>D</b>	Lack of alignment of specific objectives with common objectives		The importance given to the alliance has changed	<ul style="list-style-type: none"> <li>– Difficulties related to the partners specific structure.</li> </ul>	Alignments, Adjustments, Adaptations, Reorganizations
<b>E</b>	Lack of alignment of specific objectives with common objectives	Lack of alignment of global and local objectives	Change of Manager of Alliances and partnerships	<ul style="list-style-type: none"> <li>– Difficulties related to the partners specific structure,</li> <li>– Bad placement of the alliance in the partners specific structure,</li> <li>– Different sizes,</li> <li>– Lack of team alignment.</li> </ul>	Alignments, Adjustments, Adaptations, Reorganizations

Source: Developed by the authors

global fit is not a panacea, but that allies should understand and appreciate the alignments of their objectives throughout the life of their alliance. Finally, a third theoretical contribution pertains a focus on tools for strengthening alignments through adaptation-adjustment mechanisms, communication and the renegotiation of the alliances governance (Reuer *et al.*, 2002).

Several managerial recommendations can be drawn from this research. First, managers and directors of strategic alliances are urged to pay particular attention to the objectives alignment, seeing that it is the source of imbalances, dysfunctions and difficulties. Therefore, objectives alignment requires negotiations, adaptations and adjustments. Secondly, strategic partners should be constantly vigilant when carrying out an assessment of the alliance situation and its state of progress regarding the objectives set before the beginning of the alliance in order to face threats and instabilities. As such, they are called upon to adopt constant adjustments and to temporally align the specific orientations of the partners with those of the alliance. Finally, attention should be given to the risk of lack of resources, as well as the difficulties in relation to the gap between local and global objectives of the international strategic alliances and the alignment of specific structure with the needs of the strategic alliance. The aforementioned various factors of lack of alignment could serve as a roadmap for strategic alliances, and this from the early stages of the alliance creation, in order to prevent and manage the encountered situations of instability.

This study, however, holds some limitations. In fact, only one type of lack of alignment, namely the strategic fit, was studied. In this case, Esen & Alpay, (2017) suggest studying both cultural and organizational fit influencing the relationship quality, which are critical to the alliance creation and management. Also, it would be of interest to conduct a study integrating the two sources of lack of alignment when examining the instability of the relationship. Finally, this qualitative study does not enable the determination of the relative frequency of the necessary alignments and adjustments. What kind of alignment of objectives is more common in strategic alliances and acts as a source of instability? A quantitative study of a representative sample of alliances would answer this question and determine whether this frequency depends on the type of alliances or their form of governance.

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APPENDIX 1 Data coding samples		
Verbatims on difficulties related to objectives (1)	Corpus Decontextualization: Themes	Corpus Recontextualization
<p><i>"We collaborate with a company that is not ours (...), which must remain autonomous in these choices and completely free of these different trajectories. Our objectives are different outside the alliance, but common in the alliance. For our part, our teams have always suffered from the lack of alignment of internal objectives with the objectives of the alliance."</i></p> <p><i>"It's always more difficult to be in a couple, (...) the alliance is always more complicated to manage than single life because when you're a couple, you have two types of objectives: private and common."</i></p> <p><i>"To achieve the objectives of the alliance, we must negotiate, even if we have made a commitment to the alliance's common objectives. The passage to the act will sometimes take a little time as adjustments and reorganizations should be made. The alliance necessarily passes by moments of instability"</i></p>	Alignment of specific objectives with common objectives	Alignment of specific objectives with common objectives as source of instability
<p><i>"(...), there we are together in the alliance within an international context or global (...). We set objectives globally through an intercompany meeting at our partner. Once our common objectives are set, we have subsequently communicated these objectives and orientations to the local level of the alliance."</i></p> <p><i>"We have set our goals with the leader at the global level. (...) These objectives were transmitted to the different leaders: for Europe (...) and the pacific leader etc. (...) However, we have received reports of obstructions and misunderstandings of our teams' objectives. Our pacific leader shows an inability to achieve these objectives (...). We are facing a situation of instability where we must adapt, or we will fail."</i></p> <p><i>"We have made an agreement at the corporate level which sets objectives and broad lines of the alliance in a global way (...). Subsequently, we have adapted these objectives and interests at the local level of each country because the partner's interests in these different countries are not necessarily the same as those of the alliance. (...) So, we have adjusted the procedure".</i></p>	Alignment of global and local objectives	Alignment of global and local objectives as source of instability
Verbatims on difficulties related to objectives alignment (2)	Corpus Decontextualization: Themes	Corpus Recontextualization
<p><i>"Our boss, who has set up the alliance with our partner and set these objectives, is no longer there! It is transferred to another geographic area. It's a destabilizing change for the alliance. (...) It's a bit difficult to manage, (...) so the objectives will be changed"</i></p> <p><i>"our company is evolving more and more rapidly. It is reinventing itself. (...) Its evolution cycle is accelerating. (...) Which represents a particular difficulty for the alliance (...) because our objectives change and are no longer compatible with those previously set"</i></p> <p><i>"(...) Since the beginning of the alliance, we no longer have the same complementarity, (...) we both changed direction and so our respective evolution is not going to be aligned. Similarly, the alignment of our objectives will not be automatic or guaranteed."</i></p> <p><i>"They see things in the very short term and we see things in the very long term. We have reached the point where we can no longer agree on points and then it ends with a meeting or it does not go at all because we are blocked! We should adjust!"</i></p> <p><i>"with our partner, we actually have agendas that are a bit off, he wants to go fast and short term with respect to the realization of the objectives, yet, we are used to fix long-term objectives and (...) taking our time to get things right (...). It generates misunderstandings and instabilities."</i></p> <p><i>"After all these years, our strategies are very distant and we are in front of a radically different business model, (...), the alliance suffers from the lack of alignment we are always in conflict (...). First, because we do not have resources. (...) Because the objectives of the alliance are no longer compatible with the specific objectives. (...) We reflect on the continuity of the collaboration because the degree of complexity becomes major"</i></p> <p><i>"We realize that the alliance no longer has objectives, it is out of date (...). The top managers are worried, and the teams involved panic. (...) A crisis meeting is quickly scheduled to discuss the possibilities to be considered. We are in front of a very high level of complexity (...), we continue or not the collaboration? "</i></p>	Temporal alignment of objectives	Temporal alignment of objectives as source of instability

Verbatims on difficulties related to structure alignment	Corpus Decontextualization: Themes	Corpus Recontextualization
<p><i>"Our organizations are structured differently, a manager with us has the power of a vice-president at our partner. (...) The power exercised in organizations differs between the two partners. Our company is built on the principle of horizontal collaboration. So, the manager with us has the power to make decisions very quickly (...). While our partners must consult a whole hierarchy of leaders: this creates problems and conflicts, especially in terms of time and efficiency. You have to adapt".</i></p> <p><i>"Our companies have different structures. Nevertheless, we have a difficulty to control the alliance because of the shift in structures".</i></p> <p><i>"We are already very complicated by our gigantism, our services are necessarily complex by their extensive international operational fields, adjustments were necessary in order to be able to work and evolve together".</i></p> <p><i>"Our company is very structured, very rigid, which impacts our alliance with our partner. We are unable to make a quick decision; our decision circuit is long, and our partner suffers from this".</i></p> <p><i>"We have made sure that the alliance structure is clear because our relationship is delicate (...). However, adjustments are necessary, and problems arise because each party wants to minimize its investment in the alliance".</i></p> <p><i>"With us, (...) we have men. (...) each person is a specialist in a task, whereas at home, it is people to "do everything", (...) so he can miss people to respect his commitments. It is essential to refine the source of instability".</i></p> <p><i>"Our partner can make a decision rather quickly, whereas at home, we must go through a hierarchy that can annoy. (...) there are always possibilities that our partner is upset".</i></p>	Structure alignment	Structure alignment as source of instability