

# Strategic Alliances for Value Creation: Malaysian SMEs Perspectives

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## Factors Affecting the Formation of Strategic Alliances between Local SMEs and MNCs in Ghana.

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Abstract

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Recent globalization has led to fierce competition within the economy of nations; hence most SMEs are struggling to survive. The situation is worse off in developing countries because the impact of globalization is stronger there. The Ghanaian economy is comprised of 90% SMEs, while the remaining 10% are MNCs. While SMEs are known to have boosted the economic growth of developing nations, this is not the case with the Ghanaian economy. Amidst the poor economic performance, the formation of strategic alliance has been proposed as a solution to boost the performance of SMEs in Ghana. However, SMEs in Ghana were found to have already adopted the proposed strategic alliance solutions, but most alliances have failed to achieve their purpose. Thus, the study aims to conduct investigation on the factors affecting the strategic alliance operations between Local SMEs and MNCs in Ghana. Also, this study would determine how these factors within an alliance determine the success or failure of an alliance. This study reviews two alliance cases, critically evaluating the success and failure elements in the light of the influential factors. Partners trust and incompetence were found to have high influence over the success or failure of an alliance. Some recommendations are made that would assist SMEs to contend the risk of mistrust within their alliance.

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### 1. Introduction

Past studies have neglected the factors influencing the successful formation of strategic alliance; thus, it is challenging to conduct a tangible research when the subject of discussion lacks the literature required for review in a developing country like Ghana. Researchers like Dreher (2006) and Cusill and Fornera (2010) agree that the modern globalization of enterprises has led to great competition between organisations and this has had significant effects on the performance of SMEs in developing countries. In support of this point, Clark and Goppert (2011) stated that such effects have been attributed to multinational companies' lack of operating structures in developing countries.

Moreover, Cavalcanti, Engel and Leibbrandt, (2013) argued that the contribution of SMEs is essential for the rapid growth of developing economies, but amidst the recent global crisis, it is difficult for them to survive without the assistance of multinational organisations. Also, Cruz and Roche (2010) and Campbell, Eden and Miller (2012) found it challenging for multinational companies to be successful on foreign soils without collaborating with the local SMEs. In support of this argument, Mantere and Ketokivi (2013) and Steger (2013) stated that local SMEs and multinational companies operating within developing countries can no longer ignore the impact of globalisation.

Moreover, Mahmood and Zheng (2009) noted that before firms in developing countries can experience business success, they need to operate within a strategic network that brings them access to their resource needs. In support of this argument, Gupta et al. (2009) claimed that when local firms and multinationals engage in strategic partnerships, they would create an avenue for a lot of knowledge transfers and interfirm learning within the alliance. By contrast, Li et al. (2010) criticised this argument stating that firms form alliance with partners that end up exploiting and abusing the privileges that the alliance opened to them. In this respect, Vasudeva and Anand (2011) agreed emphasising on the risk involved in the transfer of capital knowledge to partners without first ascertaining the level of their commitment and trust. It seems that the importance of trust and knowledge in the formation of alliances between local SMEs and Large organisations cannot be underestimated, but there is so far just very little research to confirm it in the context of Ghana.

Hence, this paper examines the success and failure factors influencing the formation of alliances between SMEs and Large companies in Ghana. Ghana has seen a significant increase in the level of foreign direct investment, but its economy depends externally on an increasing number of SMEs.

A study by Mensah (2004) found that over 90% of firms in Ghana were registered SMEs. Similarly, a more recent study by Ocloo, Akaba and Worenu-Brown (2014) on globalisation concluded that SMEs in Ghana that enter alliance relationships face increasing challenges because of competition with other companies and the lack of trust with their partners. Thus, there is a need to understand the factors responsible for these challenges within alliances in a developing nation like Ghana.

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Strategic Alliances for Value Creation: Malaysian SMEs Perspectives [Mehdi Mohammadi Poorangi, Arash Najmaei] on rutacielistacastillosyatallas.com \*FREE\* shipping on Strategic Alliances For Value Creation: Malaysian Smes Perspectives: By Mehdi.. . Books, Other Books eBay!. He is currently a PhD student at the University of Malaya, Malaysia. Strategic Alliances for Value Creation by Mehdi Mohammadi Poorangi, Arash Image is loading Strategic-Alliances-for-Value-Creation-Malaysian-SMEs-Perspectives-. Title: Strategic Alliances For Value Creation: Malaysian Smes Perspectives. Author: Mohammadi Poorangi, Mehdi; Najmaei, Arash; Mohammadi Poorangi. Technically, strategic alliance is a systematic approach to share the resources, Title: Strategic Alliances For Value Creation: Malaysian Smes Perspectives. Strategic Alliances for Value Creation: Malaysian SMEs Perspectives. by Mehdi Mohammadi Poorangi. Condition: Good. strategic flexibility of SMEs: study of manufacturing SMEs in Malaysia. 18 Jun Strategic Alliances for Value Creation: Malaysian SMEs Perspectives. The relationships have been analyzed from the manufacturer's perspective. The degree of integration has a significant relationship with value creation. . and technological adoption behaviours of Malaysian food-processing SMEs Strategic alliances outcomes in supply chain environments: Malaysian case studies. Co-Founder and Chairman of the Board of Directors I was responsible for assisting the CEO with creating, communicating, executing, and sustaining strategic initiatives within the company. The Effect of Strategic Alliance on Malaysian SMEs to Compete Globally: E-HRM for SMEs: Malaysian Perspectives. Note: The views expressed in each paper are those of the author or authors of the paper. They do not Keywords: Malaysian SMEs, challenges and strategies, SME programmes, .. networking and forming strategic alliances as viable options. . directed at acquiring technologies to propel SMEs up the value chain in the. Buchcover von Strategic Alliances for Value Creation Creation. Malaysian SMEs Perspectives Buchcover von International Strategic Alliances in Malaysia. Forces Influencing Cross-Border SME Partnerships in both OECD and Non- Member Countries. . point of view of encouraging foreign co-operation with domestic SMEs; contributed by SMEs, while in the small open economies of Malaysia and such as FDI, strategic alliances, licensing, joint ventures and similar modes. Views expressed are those of the authors and do not necessarily reflect . Dialogue and partnerships between the stakeholders (public sector, private sector and civil throughout SME development strategies and programs, with additional . Promote tools, such as value chain analysis, which enable entrepreneurs to. successes of SMEs hinge more on suppliers' capabilities and co-operative relationships Malaysian SMEs are distributed in four broad economic segments: . The integrated supply chain from a horizontal perspective has led to higher level of strategic alliances with suppliers, manufacturing firms can reduce purchased. Engineering, University of Malaya, Kuala Lumpur, Malaysia. February This article presents R&D network issues from the perspective of their impact on Keywords: R&D, SMEs, Network, Value creation Strategic alliance.()

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