NOTE

1. At least in most highly developed countries. But in many developing countries, which are in the center of the book, the process of ethnic and geographic hegemony is still under way and one does not have to look as far as Rwanda, as the sad conflicts in former Yugoslavia or the former Soviet Union show.

REFERENCES


*Strategic Alliances: An Entrepreneurial Approach to Globalization*

by Michael Y. Yoshino and U. Srinivasa Rangan


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This is a rich book, full of examples that illustrate the complexity and subtlety of the management of international alliances. The book is intended for managers, and they will appreciate the many examples which go well beyond the usual paragraph or two, to explain in some depth the joys and frustrations of various aspects of alliance management. This is a book to be read – not one to be used as a quick reference; it does not contain a single checklist!

A content summary is presented at the end of this review.

*Point of View*

In contrast with the authors of many recent alliance publications, Yoshino and Rangan are extremely positive about the competitive power and effectiveness of alliances. They leave no doubt that they disagree with Michael Porter’s [1990] view that alliances are transitional devices that are destined to fail. The authors
believe that alliances enable firms to focus on and invest in a few selected core competencies, leverage the competencies of other firms, and thereby grow into formidable global competitors. The purpose of the book is to assist managers in making that happen.

Although Yoshino and Rangan focus on international alliances, their viewpoint is nearly always that of managers in large American companies. Thus the firms featured in the book, which include Ford, Motorola, Nike, Caterpillar, General Motors and IBM, tend to be American. Readers learn a lot about the Ford-Mazda alliance, for example, but nearly always from the point of view of Ford managers. The other noticeable bias, and this one is explicitly stated, is toward alliances between competitors. Readers interested in alliances between suppliers and customers may find the book interesting but not addressing their central concerns.

What Is a Strategic Alliance?

Yoshino and Rangan have a somewhat unusually restrictive view of what constitutes a strategic alliance. They do not, for example, consider the classic joint venture in which a multinational parent and a local company create a new firm to combine, say, the technology of the MNE with the local market knowledge of the local partner, to be a strategic alliance. And they certainly do not consider licensing agreements or joint ventures in which one parent plays a dominant role, like Fuji-Xerox (which in recent years has been dominated by Xerox) to be strategic alliances. The core of the Yoshino and Rangan definition is that of sharing. To be considered a strategic alliance, partners must share control over the performance of their joint projects and make continuing contributions of technology and products.

With such a tight definition, it could have been a short book. But soon the reader realizes that Yoshino and Rangan intend to discuss far more than what they define as strategic alliances. In fact only two pages after their lengthy explanation of what is and is not a strategic alliance, they list six pages of alliances in the auto industry, most of which are probably not in fact strategic, by their own definition. (This is just a quibble, but in a book published in 1995 devoting six pages to a listing of alliances that were in existence in 1988 seems odd.)

Competition and Cooperation

One the most valuable contributions of this book is its realistic discussion of what it means to be in an alliance with a competitor. Other authors have either stressed the need for total openness with a partner in order to develop trust, or avoidance of alliances with competitors because they will learn everything you know and thus become ever stronger at your expense. Yoshino and Rangan, on the other hand, present a balanced picture between the need for openness and the need to control information flow to the partner. The flavor of their approach is captured by a manager who states there is such a thing as a too successful cooperation, especially if the other guy walks away with your store. Yoshino and Rangan comment at length on the need for information control, and the need to continuously monitor partner contributions to the alliance. It is often said that Americans are better teachers than students, and in alliances, this can be a dangerous position to take.