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A study on recent trends and challenges in the formation of strategic alliances among companies in India and the foreign nations

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"Strategic alliance" may be one of the most heard words in the global business today. A strategic alliance is a partnership arrangement between two or more companies that have decided to work together to achieve the objectives that are mutually agreed and often share resources to undertake mutually beneficial projects. The specific reason behind agreement of strategic alliance is to take advantage of the resources and innovations of both the partnership companies without making new investments on research and development a strategic alliance is less involved and less permanent than a joint venture, in which two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its autonomy while gaining a new opportunity.

Strategic alliances allow the partnered organizations, individuals and other related entities to work towards correlating objectives. The idea behind such arrangements is a benefit for all parties, in the short-term, long-term or both. The arrangement may be formal or informal in nature, but each party's responsibilities must aim towards achieving the objectives for which such alliances was agreed. Further, they may be in existent for short or long periods of time depending on the needs and goals of those involved.

Often, strategic alliances allow the alliances to pursue the available opportunities at a faster rate than if they would have functioned independently. It provides access to additional knowledge and resources that are held by both parties, which should ease the learning curve for the new pursuit, along with providing setup time and costs.

Abstract: One of the key principles followed by most of the entrepreneurs in this competitive world is the strategic planning. This paper attempts to describe the importance of the strategic planning in making managerial decisions and set the required goals to develop a strategic plan to achieve them as the process of strategic planning is all about determining the direction which is required by your business and this paper also attempts to establish relation between the Strategic planning and competition.

Competition is another important element that every business will have in their day to day prospective. To overcome such competitive aspects the business strategists need to understand the competitive environment and should also interpret the effects competition can do to a business. This paper attempts to study the crucial role played by strategists to become part of an industry with the existing competitive processes that take place among firms. Strategists try to interpret various measurement techniques such as cross-elasticity to understand the demand existing among their own and competing products with this interpretation the business strategists could determine the pulse of the market in which they are prevailing and this issue can be managed by designing a requisite strategy that can minimize the loss that can occur with the competition.

Keywords: Competition; Business; Alliance; Strategic planning; Strategists; Environment; Organization; SWOT analysis; Implementation

Introduction:

Strategic Management: Strategic management includes the framing and implementation of the prescribed goals and initiatives taken by a company from time to time based on consideration of the available resources and the evaluation of the environments in which the organizations usually compete.

Strategic management analyzes the internal and external environment of an organization for proper utilization of available resources to attain the organizational goals. It is duty of the business strategists to maintain a balance between organizational needs and environmental constraints. Therefore, it is evident that strategic management forms a framework for organization. The most appropriate method for formation of framework is SWOT analysis which points out the strengths and weaknesses of an organization through internal analysis and also determines the opportunities and threats through external analysis. This analysis would certainly help the management to form their business strategies along with the long term plans according to the environmental changes to gain competitive advantage. [7][8]

After proper environmental scanning by using SWOT analysis, the organization should be able to formulate their strategies. The aim of strategic management is to increase the performance of the organization. It also helps the organizations to enhance their effectiveness and efficiency. Therefore, the final step of evaluation and control would help managers to see if the whole process is successful or not [1][6]

Strategic Alliance: A strategic alliance is an agreement between two or more parties to pursue a set of given objectives required whereas remaining freelance organizations. A strategic alliance will sometimes fall short of a legal partnership entity, agency, or corporate affiliate relationship. Typically, two corporations type a strategic alliance once every possesses one or a lot of business assets or have experience that can facilitate the opposite by enhancing their businesses. Strategic alliances can develop in outsourcing relationships wherever the parties need to reach semi-permanent win-win edges and innovation supported reciprocally desired outcomes.

This form of cooperation lies between mergers and acquisitions and organic growth. Strategic alliances occur when two or more organizations are part of along to pursue mutual edges.

Partners may give the strategic alliance with resources such as merchandise, distribution channels, manufacturing capability, project funding, capital equipment, knowledge, expertise, or intellectual property. The alliance is a cooperation or collaboration which aims for a natural action wherever every partner hopes that the advantages from the alliance are going to be larger than those from individual efforts. The alliance often involves technology transfer (access to data and expertise), economic specialization shared expenses and shared risk [11]

Types of Strategic Alliances:

Collaborative agreements between businesses will take a range of forms and have become progressively common as businesses aim to urge the favorable position over their competitors. There are primarily three varieties of strategic alliances: venture, Equity Strategic Alliance, and Non-equity Strategic Alliance:

#1 Joint Venture (J.V):

A joint venture is usually an agreement by 2 or additional parties to create one entity to undertake a definite project. Each of the businesses has an equity stake within the individual business and share revenues, expenses and profits.

Joint ventures between small corporations are terribly rare, primarily because of the specified commitment and prices concerned.

#2 Equity Strategic Alliance:

A strategic alliance is an arrangement between 2 or a lot of businesses wherever they conform to work along to attain sure objectives. Normally every business continues to be separate and freelance whereas they share the edges of the alliance.

#3 Non-equity Strategic Alliance:

Here, two or a lot of businesses agree to share resources Associate in Nursingd capabilities to achieve a competitive advantage while not forming a venture and while not an equity exchange.

One example is the partnership between Starbucks and Kroger: Starbucks has kiosks in many Kroger supermarkets. Starbucks pays Kroger for space, and Kroger customers have the opportunity to sit down and relax with a low whereas searching. Both parties profit nicely.

Research goal:

Sample and data collection:

To accomplish the research goal the data is gathered from different resources which are available, such as conducting interviews with key persons involved in strategy making, collection of publicly available data on the competition analysis, firstly the primary research was conducted by visiting competitive places of business for observing the competitiveness among the players in that environment, also the questionnaire was provided to the competitors which consists of the questions on various strategies applied by the competitive players to overcome the competitive impact on their business, etc. This as a part of competitive analysis program has best supported to understand the pulse of the competitive environment and the opportunities and risks involved in it. Other analysis includes an understanding of the decision making skills of key stakeholders, such as the board members, senior management and other key decision makers in the organization. Organization is best known as a open system that comprises of various elements encrypted within to manage the obstacles that come from the internal and external environments that try to influence the basic structure of it. It is the major function of the managers to establish a relation between organizational needs and environmental constraints Thus, it can be stated that strategic management forms a framework for an organization. While forming the framework, the most familiar method is SWOT analyses which points out the strengths and weaknesses of an organization through internal analysis and also determines the opportunities and threats through the external analysis. This certainly helps managers to figure out the business strategies and long term plans required by the organization. Also, it helps them to enable and adapt the changes taking place in their environment which may help to gain competitive advantage. Through the environmental scanning, managers are able to formulate and implement strategies. In the final step, they should be able to evaluate and control whether these strategies implemented has enabled them to attain the set goals for which they were formed.[10]

The step after proper environmental scanning by using SWOT analysis is to formulate the strategies for the organization. Also, it should determine its objectives, strategy and policy guidelines along with the vision and mission of the organization; it reflects the present situation and the expected future state. This will help the strategists to implement strategies and policies in action to realize their objectives. After measuring the performance of the organization, the evaluation and control stage would be completed. The aim of strategic management is to increase the performance of the organization. It helps organizations to enhance its effectiveness and efficiency.

Activities

Strategic planning activities include meetings and other business communications that takes place among the organization's key persons and to have a common understanding regarding the competitive environment and the organization's response to that competitive environment. A variety of strategic planning tools may be applied as part of strategic planning activities.

The organization's key persons may come across various questions while formulating the strategy and in implementation stage, as follows:

- In what business the organization involved in to and their goal?
- What is the competitive advantage the organization has?
- With what products and services the organization has its business in to and what is their portfolio of offerings?
- What is the geographic scope of the organization?
- In what strategic way the organization competes in the internal and external environment in the view of customers and stakeholders?
- What is the strategy that is implemented by the organization to reduce the competitiveness in the prevailing environment?[3]

Outputs

The output of application of strategic thinking and planning that describes the organization's strategy along with its implementation. The strategy may also include an analysis of the current competitive situation prevailing in the environment, a strategic policy for achieving the given organization's goals, and strategic action plans that are to be implemented.

In this competitive world different organizations can have a variety of methods for analyzing and implementation of the strategic initiatives that enable it to work towards achieving the objectives and goals established. Companies do implement their financial statements (i.e., balance sheets, annual filings, budget discussions) to keep track of their achievements which in turn is helpful for them to know the effectiveness of the strategies implemented. The organization usually plans their operational and capital budgets describes the expected financial performance of an organization [5]

Conclusion:

Implementation

One of the key aspects of strategic management is *implementation*, which involves decisions regarding how the organization's resources will be aligned and mobilized towards the implementation of objectives and goals. In this implementation stage one can analyze how best the organization's resources are structured and implemented to achieve the organizational objectives along with monitoring the relative communications and communications that track progress towards objectives[9]

Tools and Techniques:

A variety of tools and approaches are used in strategic planning processes that are developed by the companies and other consulting firms for implementation of strategic planning. Such tools include:

- PEST analysis: it is a business measurement tool connects to the external environment elements such as political, economic, social and technological aspects.
- Scenario planning: this is structured way of predicting the future of an organization which was used by military but is being implemented by large corporations to analyze future scenarios.
- Porter five forces analysis: this tool determines the competitive power of a business in a given situation and it also talks about the internal and external powers that influence the competitive environment.[4]
- SWOT analysis: this analysis internal strengths and weaknesses relative to the external opportunities and threats;
- Growth-share matrix: which decides and determines the portfolio decisions of the business's whether to retain or divest.
- Balanced Scorecards and strategy maps: these form a systematic framework for measuring and controlling the strategy of a business.

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Biography

Kishore Vattikoti is a Senior Business Professional and Legal Advisor who deals with the Business and legal affairs of for reputed corporates across the globe.

He did his Bachelors of Technology (B.Tech) from Jawaharlal Nehru Technological University, Hyderabad, Master of Business Administration (MBA) from Telangana University and Bachelor of Law (LLB) from Osmania University. He is currently involved in business and legal advisory for various companies across the globe. He started his career as business development manager and soon added has become a Lawyer and has merged his expertise in both business and Legal advisory with which he has worked and served his clients across the globe for over 14 years. He has also worked as a consultant in multinational corporations. Kishore Vattikoti's research interests refer to the areas of Business, legal advisory, compliances and other related areas.

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