
Prof. Xavier Castaner, UNIL

This paper investigates the performance impact at the project level of undertaking activities through horizontal alliances rather than autonomously. Drawing upon the resource-based perspective, we propose a view of the discriminating alignment that takes a broader account of both the firm resource endowment and the resource requirements of the envisioned activities. Based on it, we argue that, once endogeneity of mode choice is taken into account, both the discriminating alignment (or governance fit) and the mode impact project performance.

We test our predictions on a sample of 334 aircraft projects undertaken either through horizontal alliances or on a single-firm basis. Our results support our hypotheses. We find that, controlling for the endogeneity of the mode choice, governance fit increases project sales and decreases project costs. Further, consistent with our expectation, we observe that firms forming horizontal alliances achieve greater commercial success than if they had chosen to launch the same projects autonomously but they incur higher up-front costs than similar firms undertaking similar projects on their own. Our study makes significant contributions to the make-or-ally literature, alliance and governance research, and has noticeable managerial implications.

Key Words: Strategic alliance, Cooperation, Development Mode, Resource, Governance, Coordination, Fit, Performance, Aircraft