

PARTNERSHIPS, NETWORKS, ALLIANCES - NEW STRATEGIC OPPORTUNITIES FOR CROATIAN FIRMS

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Pregledni članak

Review

Summary

The article sheds a new light on the recent economic developments in the world, particularly during the past two years, with a special stress on the circumstances in Croatia.

Strategic alliances represent the fastest growing trend within the world industry, and small economies, being under ever increasing pressure of globalisation developments and thus becoming more and more vulnerable, through local or international strategic alliances get a chance to preserve their authenticity and identity.

The resources are becoming either costlier or scarcer, so their aggregation through alliances provides synergy effects necessary for successful survival, development, and growth in an increasingly competitive environment. There is always the creation of added-value in the background, which the market will recognise through a win-win relationship, and the ultimate goal is bringing satisfaction and prosperity for all the participants along the value-chain.

Besides the opportunities, the article describes in a very clear way the disadvantages and traps of economic alliances. The specific value of the article, and there lies its main scientific contribution, stays in the reference to the Croatian economic reality, and to the perspectives the entrance into strategic alliances opens on the local or international level considering the prevailing positive attitude expressed among the interviewed.

Taking into consideration all said before, the conclusion is that this article can be declared as an original scientific one.

Key words: Partnerships, strategic alliances, networks, shared resources, competition, new markets, management

Ključne riječi: Savezi, udruženja, strateška partnerstva, mreže, zajedničko korištenje resursa, konkurencija, nova tržišta, menadžment.

1. Strengthening of firms' competitiveness through strategic alliances

The strategic alliances are perhaps the most important component of global economy of our times (Kale, Singh, Permuter, 2000). The research studies confirm that strategic alliance have been intensely used as strategic instruments. The companies enter strategic alliances with other companies in order to improve their own competitive position using the resources others possess and/or which can be developed in cooperation with other business subjects. The cooperation between the companies creates the new outlook towards the world because it substitutes the company as the basic source of the economic strength. The examples of cooperation in global economy are numerous. General Motors and Toyota, for example, together produce and assemble the cars world-wide. Siemens and Philips develop the production of semiconductors; Canon and Kodak work together on photocopiers, Thompson from France and JVC from Japan produce the VCRs together.

If the cooperation is executed with clear strategy and goals on the long-term basis and is connected with the strategic activities of the partner companies which remain legally independent we talk about the strategic partnership. The strategic partnerships represent today one of the fastest growing trends in world industry. The recent research of Booz-Allen & Hamilton showed that, in the last two years, almost 20,000 different strategic alliances have been established. From 1990 to 1996 almost 36,000 strategic alliances have been established between the industries involved in information technology only (*Booz-Allen&Hamilton Surveys 1997*).

The strategic alliance implies the mutual effort of two or more companies in realization of the previously agreed goals (Haroch, 2000). It represents the connection with the competitor, supplier or customer in which, by combining the advantages and strengths of the partner; better competitive position on global world market is achieved. As Gomes-Casseres (1997, p. 59) pointed out *»alliances fill the wide gap between these two extremes - they unique way to govern incomplete contracts between separate parties«*.

Strategic alliance is *»an agreement between two or more organizations to work together and/or share resources for the benefit of the parties of the alliance«* (Drago, 1997, p. 53); *»the pooling of specific resources and skills by the cooperating organizations in order to achieve common goals, as well as goals specific to the individual partners«* (Varadarajan & Cunningham, 1995, p. 285); *»long-term, explicit contractual agreement pertaining to an exchange and/or combination of some, but not all, of a firm's resources with one or more firms«* (Burger, Hill & Kim, 1993, p. 419). Strategic alliance differs for other type of collaborative arrangements because *»it occurs in the context of company's long-term plans and seeks to improve the competitive standing in either domestic or international markets«* (Clarke-Hill, Robinson & Bailey, 1998, p. 300).

The strategic alliances can be simple, with two partner companies which share the technological and/or marketing resources, but also very complex and include numerous companies from various countries. The companies can belong to different strategic alliances according to the same or different strategic businesses or dimensions.

The alliances are not exclusively reserved for global business giants only. The strategy of completely independent market activities is today the most risky and at least prospective for long term success. It is more difficult for firms to remain self-sufficient in an international business environment that demands both focus and flexibility (Morrison & Mezentseff, 1997, p. 351). The difficulties in realization of the approach to the international market, in realization of sufficient economy of scale and scope as well as the major progress in production and technology lead the companies to cooperation.

The partnership between the companies becomes, in itself, the effective strategy for the overcoming of the gaps in the know-how, resources and abilities in order to realize the competitiveness on global markets. It all leads to the present day appearance of economy: the intertwining and interconnection of

the companies exists together with ever-growing giants of the competitiveness in the struggle for »future markets«.

Different interpretations and definitions of the strategic alliances contain several common elements.

Primarily, all alliances are made by, at least, two partners who cooperate in order to realize the common goals. The strategic alliance thus implies the mutual effort of two or more companies in realization of the previously agreed goals. That is why the syntagma »the marriage between two companies« is often used for the strategic alliances. This analogy emotionally represents the purpose of the alliance for the partners: »together in good and evil, till death do us part« (Doz & Hamel, 1998, p. 30).

The alliances are based on the reciprocity: the partners take over, change or integrate the specific business resources for their own benefit (Cauleyerra, 1994, p. 4). The earlier competitors on the market become often partners in the alliance. Over half of the total number of the alliances established in the past few years is made between the competitors. The situations occur when the companies are the partners in one business activity and competitors in another one. Here we must add the possibility of alliances with various companies from different industries, such as PepsiCo, and the motive theatres' chain of Warner Bros. International Theatres. Coca-Cola and the Indian TV network established Channel V in order to promote Coca-Cola on Indian market as the essential soft drink connected with music.

The industries and markets change their structures by increasing the importance of strategic alliances. The alliances between companies are established in order to achieve mutual goals of partner companies. We can say that the companies as well as the strategic alliances are, in fact, different forms (organizational and inter-organizational) with the same purpose: to form and supervise the competence in order to achieve the competitive abilities which enable the maximisation of economic results.

The individual companies today are only one of the forms of competition agents. The ever-growing importance of the alliance in the global economy completely transforms the competition in industry; the most important competitors in industry are not longer the companies but the so-called *collective competitors*. In modern industries, the actors of the market rivalry are the alliances of companies in their different forms: bilateral alliances, triads and multiple alliances. The groups of competitors are the factors of the economic behaviour on the market and consist of more than one company in market environment, which is larger than only one player is (Gomes-Casseras, 1996, p. 6).

The alliances are not formal organizations but coalitions between the companies with different goals and interests so they behave quite different competitively. The essence of the competitive behaviour of the alliances is connected with the management of the nature of collaboration relationships between the partner companies.

The specific motives for joining the strategic alliance can be different for each company; synergetic impacts, conquering the new markets, sharing of the risk, technology transfer, education, better usage of the resources, pressure on competition, etc. All those motives can find their source either in »competitive race for the future« or in »competitive race for the world market« (Doz & Hamel, 1998.) Which out of these two motives will the company choose as the reason for joining the strategic alliance depends on the manner in which the alliance creates value. The process of cooperation in the alliance can bring to the identification of the unrecognised opportunities on the market. The motive for the alliance between ICI and Enichem, two large European chemical industries, was the rationalization of the PVC production. The companies, discovered very soon that they could learn a lot from each other. Enichem contributed its expertise in technical know-how and ICI its marketing skills. The cooperation of these partners was established on long term basis. If the companies strictly held to the set goal previously unrecognised opportunities would not have been discovered. It only proves that the goals of the alliance must not be set once and for all.

There are several main reasons for the establishment of strategic alliances in building the key competence of the companies:

1. Globalisation and comprehensive increase of industrial concentration level demand pooling of resources, knowledge and skills which companies can rarely render on their own. This revolution is built on large standardised systems. The standards are set in all forms of business. The one who sets the standard, which will be accepted worldwide, achieves the significant competitive advantage.

2. Today, the considerable uncertainty and risk in business activities are present on the market. This insecurity is the supposition of the alliance of several companies, not only to connect their complementary abilities but also to combine their knowledge and diminish the risk and insecurity and speed up the education process.

3. The shortage of resources for all the goals the companies would like to achieve is becoming greater every day. Generally speaking, it can be said that main motives are the globalisation and the shortage of resources. On the other hand, those motives have different impact on each industry. The impact of globalisation is, thus, high in e.g. the food processing industry and other mass consumption industries, automobile industry, computer industry, etc. In some other industries the need for considerable resources and competence of the company prevails but it is quite rare that companies can independently realize all this so the alliances must be established. The examples can be found in aircraft industry, pharmaceutical industry, etc. the computer industry, besides the strong influence of globalisation as the motive for establishing of the alliances, is characterised by the need for considerable resources. That is the reason why the concentration of the strategic alliances in that industry is the biggest.

The strategic alliances not only increase the competitiveness of the companies that join the alliance but are quite often indispensable condition for the survival. Modern forms of cooperation influence all participants of particular markets and sometimes even change the whole markets. The companies, which are unable to adjust to this trend, will probably perish or be marginalized.

In last ten years the strategic alliances made between 2000 leading companies in the world had, on the average, return on investment of almost 17% which is 50% more than general average. Twenty five companies which were the most active in their alliances, according to »Fortune 500« (world ranking list) realised the return on equity of more than 17.2% which is 40% more than the average of all companies from »Fortune 500« (Harbison & Pekar, 1998, p. 1).

2. Types of strategic alliances

According to the manner of realization of the value-added processes the alliances are divided into co-option alliances, co-specialization alliances learning alliances. The realization of added value is the basic motive of the participation in every alliance; regardless of the way the alliance should be designed and managed. They also condition the various ways of determining the efficiency of the alliances. It is necessary to understand the impact of different reasoning of value creation.

2.1. Co-option Alliances

The co-option transforms the real and potential competitors, and potential competitors, and complementary product suppliers into partners in the alliance (Doz & Hamel, 1998, p. 39). The co-option with the partners is used either because they have some special knowledge or skills brought into the alliance or to prevent the competitors to join some other alliance. The threats from potential competitors are thus successfully neutralized. At the same time the companies which possess the complementary goods or knowledge are encouraged to cooperate. In the global race the critical mass needed for the efficient competition is realised by co-option. Through this critical mass the economies of scale and scope are realised.

Regardless of whether the main goal is the co-option with the competitors, producers of the complementary products or somebody else, the establishing of the co-option alliance implies some of the following motives (Doz & Hamel, 1998, p. 43):

- Cooperation with the competitors which are sufficiently strong to build the successful and dependable coalition, but are individually too weak to seriously threaten the leader who is also in nodal position;
- Employment of coalition to surround main competitors which either are not willing to join the coalition or set too many requirements in order to do so;
- Cooperation with the most attractive manufacturers of complementary products in large systems in order to increase the competitive and bargaining power of the alliance;
- Endangering dominant power of the leader in industry (e.g. anti-IBM alliance, anti-Intel alliance, anti-Microsoft alliance, etc.).

The co-option, as a rule, creates the immense market power of the alliance. From three forms of cooperation this one demands the least interdependence and the least direct interaction between partners. The purpose of co-option is to use the market power the alliance gives to its members. It is more than useful to be the member of such coalition if you do business in such industry.

The alliances, which create standards, strongly influence market development and win the race for the future. The establishing of the alliances in order to set the standards in industry demands extraordinary alertness when choosing the allies. They can be customers, suppliers, competitors or manufacturers of complementary products. The choice of partners determines the fate of such alliance to large extent.

2.2. Co-specialization Alliances

Co-specialization is synergetic creation of value, which results from the linking of the previously divided resources, positions, skills and sources of knowledge. The partners contribute to the success of the alliance by the uniqueness and variety of their resources- skills, brand names, its connections, positions and material assets. The alliances create value when those resources co-specialize, i.e. they become significantly more valuable when assembled than when they are kept apart.

Co-specialization is becoming even more important when companies focus on their key abilities and, at the same time, the opportunities on the market require large systems and solutions, which cannot be satisfied with common products. With all that the companies themselves become less capable to resolve those solutions and are forced to look for partners (Doz & Hamel, 1998, p. 45).

Co-specialization is the modern division of labour within the team of companies. Each partner specializes for only one segment of the process. The efficiency of each partner is increased but also the efficiency of the alliance itself. Co-specialization is also indispensable when developing new products and using the market opportunities, which require large resources. Even more industries today require skills and knowledge which are simply too wide for the individual company.

The biggest problem in specialization is the occurrence of the dependence within the alliance. All companies were established in the industries by performing the specific activities. By doing so they performed the complete business operations. When turning to co-specialization this activity is divided into the processes and the companies specialize for some of them.

Taking over only the part of the process in one activity the company is at risk of depending upon partner who is specialized for the other segment. The part of the job the company took over has no significance without the segment the other partner took over. When the partner leaves the alliance, the company is in very unfavourable position. On the other hand, the other partner is in the same position if it is any consolation whatsoever.

By ceding the core competence in business development to its partners the company becomes dependent and is at risk when they leave the alliance. The most powerful company in the alliance is the one that takes over the most important key competence in co-specialization. It is usually considered that the dependence within the alliance is equal when the partner has equal share in the joint company. It is often not recognized, regardless of theoretical balance, that the alliance expands the strategic options for one partner and limits the options for the other at the same time.

The alliances based on co-specialization are made either by global companies between themselves either by global and local company. In the alliance of global and local partner the local company usually brings knowledge and skills needed for the local market while the foreign partner brings specialized skills and other resources which increase the efficiency of production. The companies, which compete for the global market, often need local partner in order to access the local market. In many countries the access to local market is only allowed in such way.

2.3. Learning alliances

The alliances can be the way for learning and internalisation of new skills, especially those, which are not recognized, which are collective or integrated and thus hard to approach by other means. When such skills and knowledge can be learned from the partner in the alliance, internalized and exploited outside the borders of the alliance itself, they become very valuable for the company. What can be learned from the partner in the alliance is often applicable more widely than the alliance itself, especially in other businesses, markets and activities in which the company participates (Doz & Hamel, 1998, p. 169).

Global competition brings to surface the most valuable skills and knowledge. When the competition becomes stiffer with time, the shortage of skills becomes more evident. The companies that are not ready to adopt the best in management practice will perish from the global market. In order to learn what their competitors already know and apply, the companies turn to strategic alliances. They enable faster and more efficient learning with relation to alternative options such as independent development of abilities, purchase of technologies, etc. Through strategic alliances one can get insight into the source of knowledge worldwide. The alliances can also be efficient means of perfection of existing knowledge and acquiring of the new one. Many companies returned to market race by learning in strategic alliances even though they were once defeated.

The main reason for joining the alliance based on learning is the opportunity to apply the knowledge acquired in the alliance in all other business activities of the company outside the alliance. The company can be motivated for learning because it is afraid of becoming dependant on the skills and knowledge of the partner. The sooner the partner's skills and knowledge are learned the lesser the dependence on the partner will be. The wish of the individual partner to disturb the balance in learning in his own benefit thus becoming less dependent on the alliance than the other side, can be connected with it. The dependence on the alliance is thorn in the side of every company and partners often strive to diminish this dependence and increase, at the same time, the dependence of other partners because their negotiation positions are thus strengthened.

Besides learning the internalisation is also the crucial concept. When entering the alliance in order to learn skill and knowledge from the partner, the need for those skills and the knowledge already exists before joining the alliance. Moreover, it is so great that the company is ready to join the alliance with somebody in order to acquire the knowledge. The purpose is not to learn and apply the knowledge within the frame of the newly created alliance but to apply them in other areas outside the alliance. The learning within the alliance multiplies its value several times by internalisation in all business processes of the company. Only when applying the knowledge to all activities of the company it can be recognized how significant the alliance is for the company.



Snimio Milan Fuker

Different type of capital investment into 2 large development projects in Koprivnica: building of a new brewery of PANONSKA PIVOVARA, with predominant foreign investors (above); building of a new soup-stock factory of PODRAVKA -and their brand product VEGETA food seasoning (below);

Različiti tip ulaganja kapitala u dvije velike koprivničke industrijske investicije: u izgradnju nove Panonske pivovare pretežito je uloženi kapital inozemne firme (gore), a u izgradnju nove tvornice juha (i "Vegete") uglavnom kapital "Podravke" (dolje).



Snimio Milan Fuker

The learning within the alliances is the least visible but one of the biggest benefits the company can get from the partnership in the alliance. As the world develops even greater knowledge is needed in order to survive on the market. It leads to the shortage of knowledge and skills in the companies. Those who do not make up for it soon enough will probably perish from the modern market. The strategic alliances represent one of the fastest and most economical ways of learning.

4. Advantages and disadvantages of strategic alliances

»If you think that you can go it alone in today's global economy, you are highly mistaken«, Jack Welch, chief executive of General Electric, one of the most powerful companies in the world and one of the most active in the area of strategic alliances, observed in an interview (Harbison & Pekar, 1998, p. 11).

Strategic alliances offer a potential source of sustainable, competitive advantage because partners can either leverage existing competencies or gain new one through cooperation. It is often to synthesised benefits of strategic alliances into three categories: (1) financial motives, (2) technological motives, (3) managerial motives and (4) strategic motives (Whipple & Gentry, 2000, p. 303).

The main purpose of joining the strategic alliance is the creation of added value. Each partner must, through alliance, create larger value for itself than it can be done individually. Otherwise the strategic alliances would have no sense. They are, in fact, the teamwork of the companies. Several companies have more resources, knowledge and abilities from individual companies and when these resources are well organized they can create larger value for each partner in the alliance. The strategic alliance is the community, which can bring more than expected to the partners. That is why the goals of strategic alliances are called »moving targets« which need to be hit during the development of cooperation between partners.

Through global race the companies will frequently enter the alliance with some of the following strategic goals (Doz & Hamel, 1998, p. 169):

- Establishing of critical mass either globally or specific market
- Faster acquaintance with unknown markets and access to them
- Access to some special skills located in special geographic area (e.g. fashion in Italy or software in USA)

The strategic goals of the companies in the race for the future are most frequently the following:

- Establishing the special positions in the nodes of the large companies' networks, i.e. the so-called "nodal positions".
- Creation of new opportunities by combining skills and resources
- Faster building up of new competence than by internal resources of the company.

One strategic alliance cannot bring to fulfilment of all goals, which were set by corporation, but, in case it is well organized, the alliance can bring some of the following benefits:

- *Adoption of knowledge and skills* - Alliances are economic and fast way to acquire knowledge and skills.
- *Access to new markets* - Entering the alliance with the company which already does business in or is located in a foreign country, which knows the market and its culture, can be often more efficient and successful way of conquering the foreign market than trying to enter the market by itself.
- *Access to new distribution channels* - The alliance can provide the approach to new distribution channel otherwise unavailable or too expensive to the company. In food processing industry the companies through alliances often search for the access to new distribution channels.
- *Reducing the cost and uncertainty as well as the share of risk* - Previously mentioned insecurity and operating costs can be significantly reduced by using the economy of scale which brings bigger prof-

it for all partners in the alliance than the one they can achieve by themselves. At the same time the risk is distributed between the partners.

- *Access to new technology* - Many alliances are established in order to enable the company the access to new technologies through arrangements by means of licenses, special agreements, etc.
- *Access to the capital* - The primary motive of smaller companies in expansion is the access to new, fresh capital that will enable their growth and development of new products or services.
- *Access to production* - The alliance can provide the company with the access to production capacities, production expertise, etc.
- *Increase of company's credibility* - The company that is new in business can, through the alliance with the well-known partner, considerably improve its credibility on the market or with the investor.
- *Access to new or already existing products* - The alliance can provide the company with the access to some new product. The alliances in pharmaceutical industry often search for this kind of benefit from the alliance. Pharmaceutical companies enter the strategic alliances with companies from the biotechnological field in order to have priority when accessing new products.

All mentioned advantages of the alliance in one segment of business dealings result in strengthening of the competitiveness of the company on the market. If the alliance is successful, the value created in the alliance is bigger than the value the company might have created on its own which makes the company more competitive on the market.

Strategic alliances imply various advantages for its members. With relation to other forms of cooperation (merger and acquisition) they are in more favourable position because they can be established faster. They are risky and more flexible. The alliances often block their competitors and create safe and stable distribution channels without large investments, etc.

With all mentioned advantages the alliances also have their disadvantages. The advantages of merger and acquisition with relation to alliances are quite handful: the alliances require new methods of control, unique methods and skills of management and establishing of specific responsibilities towards the alliance based on its resources which is not the case with merger and acquisition.

The actual potential disadvantages of the alliance can be:

- *Lack of control* - The control over mutual business dealings is the key factor in order to realize the goals of the alliance. The disagreement between the partners with reference to some issues can lead to lack of control over the business dealings, which can cause significant problems in the strategic alliance.
- *High percentage of failure* - The considerable number of strategic alliance ends in failure. It often comes as the result of differences between the partners' cultures, unrealistic expectation from the alliance, disagreement concerning the key issues, inability of the partner to contribute the expected to the alliance, etc.
- *Diminishing the flexibility of the partner* - The alliances can limit the flexibility of their members prohibiting them from joining other alliances, acquisitions or similar transactions.
- *Dependency on partner* - In some cases, especially with co-specialization alliances, one member of the alliance can become too dependent on its partner.
- *Considerable investments of resources and time* - To make the alliance successful the long term engagement of resources and time is needed by its participants. It happens more than often that the participants invest resources and time and, in the end, the alliance fails to realize its goals and is terminated.

The research of one of the leading consultancy firms, McKinsey, showed that 50% of unsuccessful alliances fail due to poor strategy and 50% of the failure is the result of poor management (*The Alliance Analyst, 2000*).

5. Managerial attitudes about strategic alliances in Croatia

Croatian companies are today small entities in global framework and they considerably lag in efficiency with regard to the leading companies in the world. Croatia is becoming part of global market where global corporations are direct competitors to Croatian firms. Croatian company faces two ways: to be acquired by stronger mega-corporations or to become the member of strategic alliances, which are, again, led and managed by mega-corporations. If Croatian companies intend to play important role in market games on regional markets they need to join the world trends and use all opportunities for efficiency increase and the improvement of competitive position these alliances provide.

The strategic alliances are, unfortunately, quite unknown to Croatian companies. Even though some forms of cooperation exist, it is far from the present trends in the world. The strategic alliances must help Croatian companies in conquering the new markets. Rapid growth cannot be encouraged independently and strategic alliances as well as other forms of cooperation and association can enable rapid growth of Croatian companies, which have the suppositions for building up of competitive abilities.

Since food industry is one of the leading industries in Croatia, it is interesting to present the result of recent study of the attitudes of 70 managers of largest Croatian food processing companies (Tipuric, Markulin, 2001).

First, it was asked whether they are ready to cooperate with their main competitor. The intention was, before entering the actual analysis of strategic alliance, to see whether the managers will think about the cooperation instead of competition. The answers to these questions were surprisingly different than expected. Almost 96% of the managers replied they are willing to cooperate with their main competitor. This information shows that Croatian managers think ahead. We must take into account that this opinion does not include the understanding of what does the cooperation with the competitor really means. This willingness of our managers to cooperate with the competitors must be, nevertheless, welcomed.

The next question was referring to the acquaintance with the concept of strategic alliance. Almost 78% of the managers already knew about the alliances. It is also very gratifying fact with regard to how seldom it is spoken about the theme in Croatia.

The examples of strategic alliances in the world were mentioned by 44% of the managers in questionnaire. It is considerably less than previous 78%, which means that the managers know about strategic alliances only theoretically. About 28% of the managers cited the examples from practice. The examples of alliances in food processing industry were cited by 41% of the surveyed managers.

As opposed to their knowledge of the alliances in the world, our managers and the companies have very little practical experience. 75% of the managers cited that neither they nor their companies have any experience in the alliances. Only 16% of the managers or their companies had some experience in the alliances. It shows that our companies practically do not use strategic alliances in their business dealings.

Only 13% of the managers consider they have strategic partner which once again shows that Croatian companies do their strategic dealings on their own and confirms the thesis of this paper that strategic alliances are not sufficiently used in our food processing industry. At the same time 56% of the managers said that some of their competitors have strategic partner. In this respect our companies fall behind in strategic cooperation compared to their competitors.

Croatian managers see numerous advantages in cooperation through strategic alliances. Almost 97% of them said that strategic alliances have more advantages than disadvantages. The most often cited advantages are: lower expenses (41%), conquering of new markets and bigger market share (34%), learning and knowledge and experience transfer (25%), stronger market appearance and bargaining power (22%). Many other advantages, specific for the alliances, such as better distribution, lower acquisition costs and shorter time in developing of new products, etc. were also mentioned.

Table 1: Perceived advantages of strategic alliances

| Advantages | Yes (%) | No (%) | Other (%) |
|---------------------------------|---------|--------|-----------|
| Expansion to new markets | 100 | 0 | 0 |
| Learning | 75 | 3 | 22 |
| Research and development | 75 | 3 | 22 |
| Purchasing | 69 | 6 | 25 |
| Logistic | 66 | 12 | 22 |
| Marketing | 63 | 9 | 28 |
| Business stability and solvency | 44 | 16 | 40 |

After the managers cited several advantages of strategic alliances, some of the basic advantages were highlighted in the questionnaire. The managers had to decide if and, if yes - why, the mentioned advantages were important. The results of this question are shown in the above table.

The managers mostly answered that the alliance brings all mentioned advantages. From all the questions asked in the questionnaire, only the one asking whether the alliance helps in the conquering of new markets the answer was 100% positive. It indicates that the alliance is very good if not the ideal way for expansion to new markets. These results show that the conquering of new markets is the main goal for our managers. Croatia is too small for all those companies. This choice shows that they all see the possibility of export growth through strategic alliances.

In the next question 47% of managers said that the alliances are the ideal way for business expansion to other markets. 35% of the interviewed thinks that the alliances are quite good for the expansion but that there are also more efficient solutions. None of them said that the alliances have nothing to do with the market expansion. There was also the option for the managers to give their own formulation of this problem. 18% of managers used this opportunity. Most of them said the alliances are good but only one of the ways to conquer new markets.

Learning as well as research and development were also highly rated as the advantage of the alliance. Not every fourth manager included them in the category of advantages. The results are quite favourable for purchase, logistic and marketing which, again proves that the alliance can create advantages in those areas, too.

The question whether the alliances can help the solvency was asked because it was in that time biggest problem of Croatian companies. The question implied the companies would, by joint action, achieve better negotiating positions about the trade and, thus, improve, among others, their solvency. Almost 40% of the managers consented to this statement while 16% did not see any advantage of the alliance concerning solvency. It is interesting that some managers cited the possibility of improving their solvency based on stronger position about credit institutions, i.e. casier access to fund, as an option.

The managers also described the disadvantages they see in strategic alliances. Only couple of things were mentioned several times when talking about the disadvantages while, on the other hand, many answers were the same when asked about the advantages. As the main disadvantage of the alliance, the managers see the loss of independence when making decisions (31%). It is more than obvious that our companies are not used to meddling with their decisions. This information is in opposition to the question whether they can cooperate with their main competitor where 97% of the answers were positive.

Besides the loss of independence in decision-making, the managers see the disadvantage in slow pace of the system. This, of course, depends on particular alliance but they obviously thought about the alliance based on contracts where they could become the brakes in realization of the alliance.

As other disadvantages the disclosure of business secrets, misunderstandings in communication between partners, risk and uncertainty, share of profit, inner resistance, etc. were mentioned.

Table 2. Prospects of Strategic alliances

| Prospects | Yes (%) | No (%) | Other (%) |
|---|---------|--------|-----------|
| Increase of business operations through alliances | 97 | 0 | 3 |
| Croatian food processing companies will operate through the alliances | 84 | 9 | 7 |
| My company should use the alliances in business operations | 91 | 3 | 6 |

Concerning practical experience in the alliances, which is almost non-existent in, these answers outline the actual disadvantages of the alliances well.

Very interesting are the attitudes of the managers regarding the development of strategic alliances in the future.

Up to 97% of the managers think that the business operations through alliances will get better in the future. 84% of the interviewed managers think that Croatian food processing companies will operate through strategic alliances. In addition, almost 91% of the managers think that their company should use the alliances in business operations.

Very interesting answer is also the one to the question whether Croatian food processing companies have some advantages that make them attractive as a partner in the alliance. 91% of the interviewed managers think their companies have assets that make them interesting as a partner in the alliance, while 9% of the managers disagree.

From the most frequently mentioned advantages of Croatian companies as partner in alliance, two are prominent: strong position on local market, familiarity with the local business operations and market shares. The managers mentioned the whole territory of former Yugoslavia (48%) and brand names, good image and preferences of consumers (45%). These two advantages, seemingly different, can be reduced to the common denominator: strong position on local market.

It is evident from every answer that managers see the advantages of our companies in the alliance through which the foreign company can enter our domestic or regional market. Strong position on Croatian market and perhaps markets of Slovenia, Bosnia-Herzegovina or Macedonia is not the argument according to which we would be attractive partners in export of our goods.

All other advantages are less frequently mentioned. The quality of products (14%), distribution (14%), educated personnel, research and development as well as marketing (7%) were pointed out. From those mentioned advantages the most important are the quality of products and educated personnel. These are the advantages, which can be very helpful to Croatian companies in expansion of their business dealings to new markets.

Our companies significantly fall behind in the knowledge of global business operation world-wide so learning should be one of priorities in our development. Strategic alliances are the ideal opportunity for it. Almost 97% of the managers replied that their company could learn something in the alliance. 28% cited that their company could learn how to conquer new markets and how to appear on them in

the alliance. The managers also pointed out, as second and third fact, the importance of learning about organization, methods of business operations and marketing. Distribution, product development and reduction of production costs were mentioned several times.

The managers mentioned the benefits they would look for their company within the alliance. Again, better distribution (52%), faster development of products (38%) and access to well-known brand names and development of their own brands (21%) were cited. Better assortment, reduction of costs in business dealings, expansion to new markets, better service, etc.

Based on all those analyses it can be concluded that Croatian companies almost do not use strategic alliances, although all managers think they bring many advantages. Both managers and companies have fairly inadequate experience with the alliances. The basic benefit is seen in the opportunity of conquering new markets through alliances. In this way, the companies could realize the growth they need so much. In the future almost all managers expect the growth of business dealings through alliances, the participation of our food processing companies in those processes, and think that their company should use the alliances in doing business.

Croatian companies do not have long-term chances to fight with competitors on the markets of central and east Europe unless they are members of well prepared, organized and managed strategic alliance capable for creation of added value together with well-chosen and complementary partner(s). The companies strategically ambitious and organizationally prepared for cooperations bring high efficiency to their alliances and draw the benefit from them that otherwise could not be realized.

6. Literature

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Sažetak

PARTNERSTVA, MREŽE, SAVEZI - NOVE STRATEŠKE PRILIKE ZA HRVATSKA PODUZEĆA

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Strateški savezi predstavljaju zajedničko korištenje resursa između više poduzeća-partnera na dugoročnim osnovama kako bi se stvorila dodatna vrijednost. Svrha saveza je stvaranje dodatne vrijednosti, odnosno vrijednost stvorena putem saveza mora biti veća od zbroja vrijednosti koju bi poduzeća mogla stvoriti u samostalnom radu. U suprotnom strateški savezi ne bi imali smisla.

Strateške mreže i partnerstva danas karakteriziraju sve industrije. S obzirom na kompleksnost današnjeg poslovnog svijeta, strateška suradnja postaje preduvjet opstanka u suvremenoj konkurenciji.

Broj strateških saveza u svijetu eksponencijalno raste. Danas se savezi koriste u raznim segmentima poslovanja sa ciljem unapređenja konkurentne pozicije vlastitog poduzeća. Konkretni motivi ulaska u savez mogu biti osvajanje novih tržišta, učenje, pristup tehnologiji, kapitalu, proizvodu i sl.

Upravljanje strateškim savezima izuzetno je kompleksno jer oni, za razliku od klasičnih poduzeća, podrazumijevaju podijeljenu kontrolu između partnera. Nitko nema autoritet centralne vlasti kojim bi naredio provođenje svojih odluka. Neophodno se prilagoditi duhu kooperacije, za što su potrebna izuzetna menadžerska znanja. Vrlo često savezi se osnivaju i između konkurenata na tržištu. Stopa neuspjeha saveza je vrlo visoka, što ih čini riskantnom strategijom. Razlog neuspjehu je pretežno kompleksnost u njihovom upravljanju i neuspjeh u pretpostavljanju koristi od suradnje konfliktima koji se javljaju između partnera.

U ovom članku razmotrena je kritična važnost strateških saveza za buduću konkurentnost poduzeća, kao i vještine potrebne za upravljanje ovakvim koalicijama.

Također su istraženi stavovi i iskustva menadžera u formiranju strateških saveza u hrvatskoj prehrambenoj industriji.

Naglašava se važnost činjenice da si niti jedna hrvatska firma u budućnosti neće moći dopustiti luksuz ignoriranja ovih trendova strateške suradnje ako želi biti konkurentna na suvremenom tržištu.

Štoviše, i samo novo poslovno okruženje tražit će uspješnu primjenu ovih trendova koji će donijeti pojačanu konkurenciju na tržište i zahtijevati još veću efikasnost od poduzeća. Sve to omogućit će razvoj novih kompetencija i poslovni uspjeh na modernom tržištu.