Journal of Marketing and Consumer Research www.iiste.org
ISSN 2422-8451 An International Peer-reviewed Journal
Vol.5, 2014

Role of Strategic Alliance as an Instrument for Rapid Growth, by the Afghan Firms

Ismail Sahibzada
World Wide Science(WWS)
I.Sahibzada@outlook.com

Sara Foghani
University Technology Malaysia(UTM)
sara_foghani@yahoo.com

Abstract
Currently in Afghanistan businesses are often constrained by the small domestic market, remoteness from major markets and access to capital, all of these elements serve as barriers to growth. Consequently Afghanistan has a high percentage of small to medium enterprises (SMEs') that remain small and fail to realize their growth potential.The key elements of today's business strategies are alliances to compete for a market leadership position. This study narrates the role of strategic alliances as an instrument for rapid growth by Afghanistan based service/construction firms. This study examines the experiences of a small number of such firms in relation to their role of strategic alliances. By recognizing concepts that positively or adversely affect the likelihood of success of such alliances it is hope that future firms within Afghanistan can benefit from thesis findings when developing their own growth strategies.The qualitative technique of semi-structured in depth interviews was used to gather primary data in response to the research questions. This research shows that the key contributor to the success for failure of alliances is whether all the parties will benefit equitable from the venture and the relative strategic importance of the alliance to the stakeholder. A new finding of special relevance to Afghanistan business is that being construction and is crucial to attracting the best alliance partners.
Strategic alliances are not a panacea for every firm and at every situation. However through strategic alliances, firms can improve their competitive positioning, gain entry to new markets, increment critical skills, and share/ the risk and cost of major development projects. This research highlights the benefits of taking a long term strategic approach to the formation of alliances. The research approach was to carry out a literature review of the wider topic and postulate a conceptual framework which identifies a number of concepts that are likely to affect success.
Keywords: Strategic Alliance, Joint Ventures, Uncertainty, Partnerships

Introduction

In a world of high uncertainty and greater interdependence or relationship in which each member is mutually dependent on the other, firms often join forces to compete. Competitors may go face-to-face in assure departs, and proclaim a suspension in others. With the expanding significance of alliance, planning and handling these interactions has become more important.
"We are moving from the old definition of wholly owned resources to a new view of common resources. If you look at Microsoft's ecosystem, a shared resource is the platform on which the software is written. In oil exploration, companies may come together to share the costs and benefits of exploration, which is very expensive, and then compete after the discovery is made."-*Harbir Singh, The Mack Professor; Professor of management; co-director, Mack Center for Technological Innovation"*

Strategic alliances among firms are now a universal phenomenon. Their propagation has led to a growing stream of research by strategy and organizational scholars who have examined some of the causes and consequences of such partnerships. I define strategic alliances as voluntary arrangements between firms involving exchange, sharing, or co-development of products, technologies, or services.

1.1. What is Strategic Alliance?

At the start-up I have define that what does mean by strategic alliance and should have a clear definition of strategic alliances, which determines the scope of this research. Different scholars had define the strategic alliance in different way, but most of the researcher and scholars define strategic alliances as a business relationship that can take a different forms, ranging from and arm's length contract to a joint venture. Some defined it as a merger, acquisition and joint venture as a part of strategic alliances (e.g. Harbinson and Pekar 1998a, Contractor & Lorange 1998)

With taking into consideration these various interpretations, I would like to define strategic alliances by using three essential and sufficient attributes which proposed by a number of researchers (Yoshino & Rangan

1995, Mockler 1999):

- The two or more firms that unite to pursue a set of agreed upon goals remain legally independent subsequent to the formation of the alliance.
- The partners share both the benefits of the alliance and control over the performance of assigned tasks during the alliance life.
- The partners contribute on a continuing basis to one or more key strategic areas, for example, technology or products

Based on the above characteristics, that strategic alliances are formed when firms partially combine their skills and resources to achieve goals which cannot be attained independently.

The research design is based on a literature review which covers the following elements:

- Construction Firms
- Strategic Alliances
- Design and Logistic services enterprises

To facilitate the above elements, a conceptual framework has been developed which involve following components:

- Identification and Definition
- Operationalization of the concepts
- Relationship between the concepts

The research approach is to pinpoint and describe varied cases based on construction firms and the role of strategic alliance that so far applied to globalize their business. Successful businesses consistently work to foster relationships with their strategic partners, and to create these relationships strongly in order to withstand the pressures of today's global economy of constant change and instability. Developing trust with stakeholders is the essence of building strong relationships.

The high growth firms selected for the study these firms was selected based on innovative, the qualitative technique of semi-structure in depth interview was used to gather the data with response to the research questions the same way the results of the interviews with particular firms is been documented and supported with discussion in more detail, conclusions and recommendations.

Literature Review:

This study relates to the role of strategic alliances as an instrument for rapid growth by the Afghanistan base construction/service firms, in particular those firms who seek to rapidly globalize their industry. Explanation of each key element as follows:

Strategic Alliances: are mutually beneficial long-term relationships formed between two or more parties to pursue a set of agreed upon goals or to meet a critical business need while remaining independent organizations. These partnering relationships are critical to the well-being of the partner organizations. There is a high degree of interdependence in that all partners organizations. There is a great amount to interdependence in that all partners have something fundamental to gain from successful partnering, and something fundamental to lose should the relationship break down.

Construction Firms: A construction firm is as one that is design led with aspiration to succeed internationally as a quality service provider. Construction firm are focused achieving high growth in a very narrow market niche, achieved through the application of an integrated approach to service development, and market entry planning, with design forming a key basis for sustainable long term competitive advantage. Construction firms are familiar with the concepts of competitive advantage regarding the machinery is available to one firm but the competitive firm don't have such kind of technological advanced machinery and are service focused and determined to succeed internationally.

"Research on strategic alliances has posited theories addressing the reasons why firms enter into closer business relationship—efficiency creation through economies of scale specialization and/or rationalization (Lorange and Roos, 1993; Gugler, 1992), maximize use of facilities (Lindsay, 1989), complementary capabilities (Henricks, 1991), growth and improvement in competitiveness (Spekman and Sawhney, 1990), beat competitors (Roberts, 1992; Lindsay, 1989), spreading financial risk and sharing costs (Spekman and Sawhney, 1990)—each forecasting when strategic alliances will be formed. Such relationships can be found in many forms—mergers and acquisitions (Nevaer and Deck, 1990), joint ventures (Kogut, 1988), license agreements and supplier arrangements (Borys and Jemison, 1989), networking (Buttery and Buttery, 1994), mentor/protégé (Thompson, 1993), partnering (Cowan, 1992) and alliances."

The Formation of Strategic Alliances:

While many analysts regard strategic alliances as current phenomena, interorganizational connections have existed since the origins of the firm as a production unit. Some examples include firm and entrepreneur ties to credit institutions such as banks; to trade associations; and to suppliers of natural resources, such as family farms, distinct producers, and craftsmen. Contemporary firms' networks typically include diverse organizations, such as suppliers, customers, opponents, regulatory authorities, financial and credit institutions, which together comprise the "economic organization of production". "Lorange and Roos (1993) likewise referred to multinational corporations (MNCs) as "networks of alliances" that cross national borders and industrial sectors."

Business specialists and scholars indicate that the formation of strategic alliances between firms is becoming an increasingly common way for firms to find and maintain competitive advantage (Mohr and Spekman, 1994); and that the growth of alliances is a key to sustained competitive advantage for industry success (Gulati et al, 1994).

Strategic Motives, Intents and Choices:

Firms undertake strategic alliances for many reasons: to enhance their productive capabilities, to lessen suspicions in their inner structures and external surroundings, to obtain competitive rewards that allows them to upsurge earnings, or to gain forthcoming business opportunities that will allow them to command higher market values for their outputs. Partners choose a specific alliance from not only to achieve superior control, but also for more operative flexibility and realization of market potential. Their expectancy is that flexibility will result from reaching out for fresh talents, knowledge, and markets through shared investment risks. The strategic motivations for organizations to engage in alliance formation vary according to firm-specific characteristics and the multiple environmental factors. As summarized in below table, this diversity has triggered the development of several classification schemes in the theoretical literature.

Motives to Enter a Strategic Alliance
Market Seeking
Acquiring mean of distribution
Gaining access to newfangled technology, and uniting technology
Learning & internalization of a tacit, collective and embedded skills
Obtaining economies of scale
Achieving vertical integration, recreating and extending supply links in order to adjust to environmental changes
Diversifying into new businesses
Restructuring, improving performance
Cost sharing, pooling of resources
Risk reduction & risk diversification
Developing technical standards
Achieving competitive advantage
Cooperation of prospective rivals, or pre-emptying competitors
Complementarily of goods and services to markets
Co-specialization
Overcoming legal/regulatory barriers
Legitimating, bandwagon effect, following industry trends
Developing products, technologies, & resources.

Table 1

Elaborated from Auster 1994; Doz and Hamel 1999; Harrigan 1988a; Zajac 1990

Ultimately, the variety of motives and drivers is enacted at four distinctive levels: organizational economic, strategic and political. While seeking partnerships firms try to address internal organizational glitches, they consider economic profits; participate in strategic positioning, or political maneuvering with governments and competitors. The motives to engage in strategic alliances listed in the below table. Therefore can be grouped in four different categories:

a. Organisational - Learning/Competence Building – Various kinds of learning and internalization of tacit, collective and embedded skills; restructuring; improving performance; acquiring means of distribution; recreating and extending supply links in order to adjust to environmental changes; complementarily of goods and services to markets; Legitimating.
b. Economic – Market – Cost - & Risk related – market seeking; cost sharing and pooling of resources; risk reduction and risk diversification; obtaining economies of scales; co-specialization.
c. Strategic – Competition Shaping / pre-emption / Product & Technology related: achieving vertical integration; achieving competitive advantage; diversifying into new business; gaining access to new technology; converging technology; R&D; developing new products and technologies; cooperation with potential rivals or pre-empting competitors; bandwagon effect and following industry trends.
D. Political – Market development: developing technical standards; overcoming legal / regulatory barriers.

Table 2

A fundamental contrast between strategic and operational decisions is that the latter are based on transactions cost calculations, while strategic choices are identified by the perceived benefits from upcoming activities. A firm's strategic decisions are directed not only by evaluations of its present conditions, but also by expectations about its upcoming outcomes. Strategic decisions comprise both company policies and the resource investments necessary for their execution, treating the perceived future benefits as expected returns on those investments. Strategic alliances contest the neoclassical economic assumption of inter-firm competition, because they are driven not by expected direct influence on costs, profits and other touchable benefits, but by indirect optimistic outcomes from their accumulated immaterial assets and corporate societal capital. They lock contenders in supportive ventures where the partners share both the risks and the benefits resulting from their collective activity. The transaction cost concept no longer provides a sufficient explanation of organizational behavior because the firms pay relational cost arising from all their joint efforts to build bridges to span the partnership's suspicions. Relational costs in an alliance are not only expenditures necessary to maintain informal relations with business partners but additionally include the commitments and corporate societal capital. They lock competitors in cooperative ventures where the partners share both the risks and benefits resulting from their collective activity. The transaction cost concept no longer provides a sufficient explanation of organizational behavior because the firms pay relational costs arising from all their joint efforts to build bridges to span the partnership's suspicions. Relational costs in a strategic alliance are not merely expenditures necessary to maintain informal relations with business partners commit to their risky and undefined venture. Relational costs to each firm rise from potential negative impacts on a company's profits, occurring because the allies must strategically adjust their others business relations and operations to accommodate the new alliance. Contribution in an alliance may need a firm to reorganize, decrease, or terminate other business relations in order to oblige a new partner's interests. This post-associated loss of potential benefits and profits.

Deciding to enter a strategic alliance and selecting a specific governance form also conveys organizational power implications. These choices are formed by the distribution of economic power along the production chain within and outside the affiliating firms. Pressures to form alliance originate from processes inside and outside organizations. Researchers have found that alliance form vary with the firms' market positions (leader vs. follower) and the strategic importance of collaborations within each parent firms' portfolios (core vs. peripheral business). Firms tend enthusiastically to protect their core businesses and, are thus more eager to enter alliances involving peripheral activities which offer wider scope for organizational learning and less vulnerability form sharing intimate information. Lorange and Roos also offered examples of how large firms use join ownership to restructure their poorly performing business segments. In such occasions, the partnership produces instrumental value by allowing the dominant firm to undertake radical changes its portfolio's peripheral activities.

The focus of this study is presented in **figure 1**:

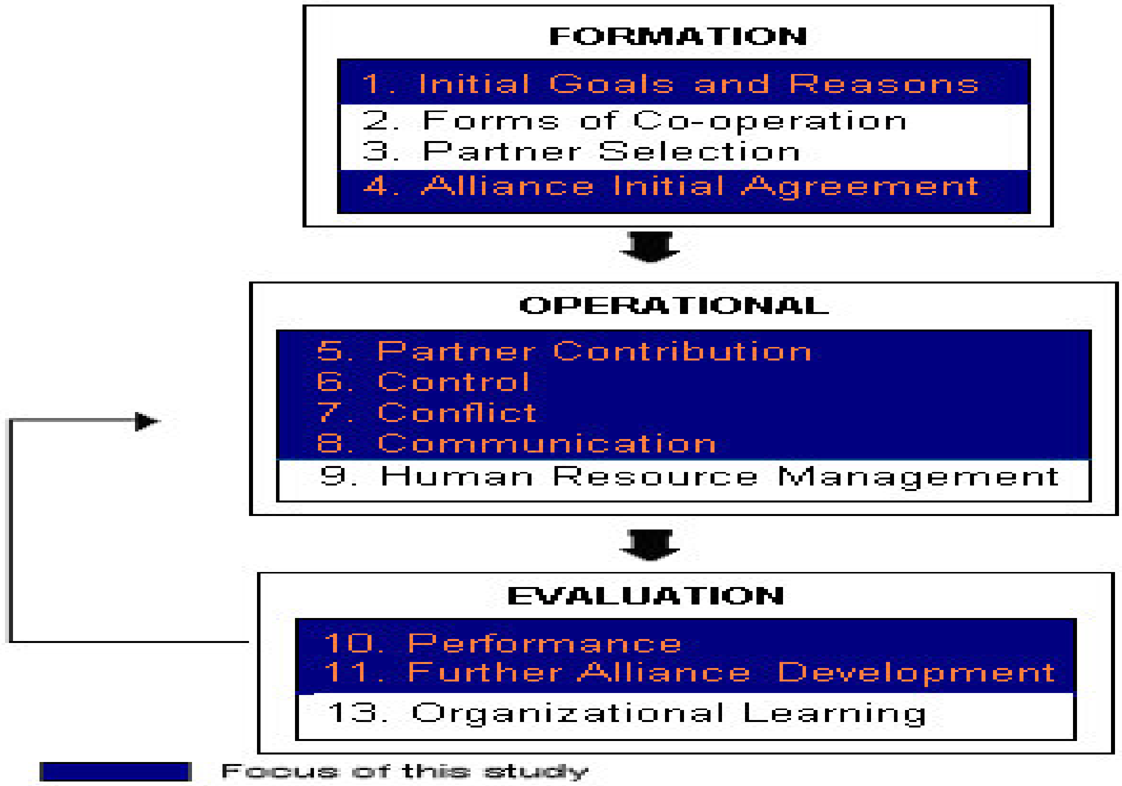

Figure 1. Focus of this study 1

Research Methodology:
The research strategy we adopt in this research used here is qualitative in nature. According to Yin's theory (1991), a case study is the investigation of a contemporary, empirical phenomenon with its real life context is not clearly evident; and in which multiple sources of evidence are used. In this study, role of strategic alliance in Afghanistan is the phenomenon to be studied.

The approach to research used here is qualitative in nature. The qualitative approach is said to answer the question "what is going on here"? And promises a useful vision into the stories, the perceptions, and the feeling of Afghan firms who have been involved in alliance partnerships. This research uses the qualitative technique of semi-structured in depth interviews, based on the questions identified above, so that the chosen subjects will be free to narrate what is important to them. In this way, the qualitative approach stresses the validity of multiple meaning structures, and emphasized the holistic view, as compared to the narrower criteria of reliability and statistical compartmentalization of qualitative research (Bouma 1996).

Qualitative interviewing allows us to share the world of others to find out what is going on, why people do what they do, and how they do what they do, and how they understand their worlds (Rubin and Rubin 1995). One of the differences between qualitative interviewing and survey interviewing is that the surveyors are trying to generalize relatively simple information, whereas the qualitative interviewers are trying to learn about complex phenomena. Qualitative interview does not try to simplify, but tries to capture some of the richness and complexity of their subject matter and try to explain it in a comprehensive way. The following table illustrates the difference between the quantitative and qualitative methods.

Table 3 Different emphasis in Qualitative vs Quantitative Method

Qualitative Methods	Quantitative Methods
Emphasis on understanding	Emphasis on testing and verification
Emphasis on understanding from respondent's/Informants point of view	Focus on facts and/or reasons of social events
Logical and critical approach	Interpretation and rational approach
Observations and measurement in natural setting	Controlled measurement
Subjective "insider view" and closeness to data	Objective "outsider view" distant from data
Explorative-oriented	Hypothetical-deductive: focus on hypothesis testing
Process-oriented	Result-oriented
Holistic perspective	Particularistic and analytical
Generalization by comparison of properties & contexts of individual organism	Generalization by population membership
Source: Based on Reichardt and Cook (1979)	

Table 3

Qualitative research is also more appropriate for theory building, enabling the study of service companies in the light of relevant theory and then adding to this theory by identifying useful questions that have never been asked beforehand. The research was conducted in the context of entrepreneurial strategic alliances, and has accordingly generated a number of descriptive explanations with meaning interpreted, allowing the researcher to fully explore the experiences of subjects and to interpret the meaning of these experiences within a given context. The depth of insight made possible through this form of research constitutes one of the primary advantages of this approach, and the level of individual engagement involved has meant that appropriate attention has been paid to multiple realities and socially constructed meanings.

Case research is justified when there is an interest in explanations and analysis of situations ore events, as in the case of these Afghan Firms. Nevertheless, Yin (1994) makes clear that the case study approach is not universally accepted as reliable and legitimate, as it is difficult to generalize from a specific case. However, yin also point out that scientific enquiries have to be replicated by multiple examples of each experiment, and that case studies can be used on multiple cases of the same issue (Yin considers single and multiple case designs to be variants within the same methodological framework). The evidence from various cases is often considered more compelling, and the overall study is therefore regardless as being more robust.

According to Yin, five components of research design are especially important:

1. **The Study Question:** Yin suggest that the case study strategy is most likely to be appropriate for how and why questions. Therefore the questions "what will be the role of strategic alliance as mechanisms for rapid growth of the local Afghan firms?" is appropriated for case research.
2. **The Study Proposition:** Yin suggests that, through the how and why questions point to the case study method as the appropriate strategy, the how and why do not identify the 'what' of what must be deliberate. He thus proposes the identification of a specific proposition to meet this requirement, and the proposition suggested is that 'the use of strategic alliance increases the likelihood of rapid growth for SME companies'. This proposition clarifies the research focus as a search for relevant evidence to define and ascertain the extent of rapid growth in each organization.
3. **The Unit of Analysis:** Based on Yin's contention that the unit of analysis is fundamental to the problem of defining what the case is, the unit for this research is established as 'Role of strategic alliance of local Afghan firms'. Testing of the study proposition has ensured a focus on relevant information about these firms, and has directed the research to stay within feasible limits.
4. **Linking Data to Propositions:** Yin suggest that one promising approach for case studies is the idea of pattern matching described by Donald Campbell (1975), where several pieces of information for multiple cases may be related to some theoretical proposition. What Campbell did was describe two potential patterns, and then showed that the data matched one pattern better that the other. The two patterns are considered rival propositions i.e. speedy growth versus sluggish growth, and the pattern matching technique is one way to help relate the data to the proposition.
5. **Criteria for Interpreting Study Findings:** Even though the data may match one pattern much better that the other, there is no precise way of setting the criteria for interpreting a study's findings. Though, in the existing case, it is argued that the different patterns are sufficiently contrasting that the findings can be unambiguously interpreted.

The overall research approach was to identify and describe a series of case studies based on Afghan Firms, the role of strategic alliances and design as mechanisms to globalize the Afghan businesses. The case study firms were selected based on previously discussed characteristics of being innovative and high growth businesses.

The research methodology adopted for this investigation consisted of detailed survey questionnaire. A list of contractors is obtained from the Ministry of Commerce and Industries Afghanistan and from the AISA "Afghanistan investment Support Agency" of registered contractors which have offices around the country. Each contractors is contacted by telephone prior to mailing a questionnaire in order to identify the principal type of business and the names of the key personnel – project director, General Manager, Estimator, Project Manager – and to seek co-operation for the study.

In this respect, during the research process I identified some firms that have succeeded through the adoption of strategic alliance. Using the following report as a sampling frame, an initial written approach was made to all firms, outlining the parameter of the intended research and requesting their co-operation. The firms interviewed were:

Case Selection:

This study investigates three companies that engage in strategic alliances, so that we can see how they deal with the dilemma of co-operation and competition during their partnership, following are the three afghan firms which implemented the strategic alliance theory.

Firm A:

Kainaat Group of Companies:

A construction, logistics and trading firm in Afghanistan. The firm was established over ten years ago and currently has over 235 permanent staff and 1000's of projected based staff at any given time in Afghanistan, and Dubai. Founded as construction firm, the firm has shifted its vision to be service focused, leveraging it capabilities to create innovative design solutions. Recognizing that construction is not its core business, the firm entered into service strategic alliances with overseas partners. The firm is the recipient of several service awards and has a number of key brands. During the time the firm has grown and diversified considerably since the initial $700 contract. The company has transformed itself from a one man operation to a highly structured organization with 235 permanent staff and upwards of 1000 contractual staff at any given time depending on projects. The firm can now handle 8 figure contracts with ease and professionalism. Recognizing that the construction sector will likely take a dip in the post 2014 environment, the company has diversified its business interests into nationwide L&T services, trading, management services, O&M and most recently entered the agricultural sector via land cultivation in a number of provinces. Finally, the firm now has 6 officers across Afghanistan and 1 international office in Dubai.

New and innovative products coupled with a strong focus on branding seem to be key drivers to take the company forward. Most of the firm's revenue comes from the domestic market and is currently poising itself for expansion into the US regional market.

Partners and Alliances:

Kainaat group of companies has teamed up with IAP global services, a prestigious American company, to work in partnership on current and upcoming projects in Afghanistan. Kainaat Group of Companies has started a project in July 2010 with IAP. This project is seen as the bed rock for future Kainaat Group of Companies (KGC) - IAP business success in construction project.

KGC has signed a memorandum of understanding (MoU) with DG (Diplomatic Group), another US based company in early 2010. Based on this agreement, KGC and DG will cooperate in areas of construction and aviation program. DG owns DFS (Diplomatic Freight Services), which is operating inside Afghanistan supporting movement of goods and passenger by air. DFS and KGC are planning to localize DG air services in Afghanistan and have KGC is its local partner.

KGC was selected by the Canadian high commission early 2011 under a competitive selection process and a project before the scheduled completion time. KGC will continue to work for Canadian high Commission in the coming years.

Firm B:

United Service Company (USC), Afghanistan

A service firm which is one of biggest 3PL company in Afghanistan which provides total quality Logistics services in the region. The firm was founded in the year 1990, the firm deals in diversified products and services. USC provides construction work, construction machinery, provides vehicles on rent as well sales. Also involved in supplying general items to NGOs and other offices in the region. Above from 50 percent of the firm's revenue comes from the international market and, over the years, it has developed a proven track record, with services provided and supported in many international markets. The firm focuses of logistic and construction firm is its key asset. It enters into enters into distribution and marketing alliances to take and support its products in overseas markets. While Dubai is its biggest market, the firm has representation in Europe, Asia and the Middle East. The firm has around 100 -150 employees, and is looking to expand its capital base so that it can look for bigger markets such as the US, Canada.

The United Services Company (USC) keeps adding new products in its store and strive to improve their quality of services further. They ensure that to deliver latest available models and new technologies to their valued clients in the region.

Firm C:

Smart City Design and Engineering Consultancy

Architecture should be concerned with the way a building works, how it helps the user function better, and how it reflects the client's culture, not just how a building looks, As they worked on each project, they ask their selves what ideas from other kinds of projects might become solutions for other challenges, they strive to produce schemes that meet or exceed our clients expectations both aesthetically and functionally.

Smart City Design and Engineering consultancy was founded in 1994 in Dubai – United Arab Emirates. After achieving success in all over gulf regions, they decided to expand the services and geographic coverage area surround Afghanistan and other Asia countries. The firm is dedicated for providing contemporary design solutions tailored to the unique needs of our clients the firm is consisting of professionals who have the skills and experience to develop an innovative and effect solution.

The company has been in existence for over 15 year and, over the years, has won over 30 national and international awards for its business, design and environmental practices. The firm has a strong design focus and culture, and equally strong environmentally friendly policies. Nearly half of its business revenue derived from it Gulf operations, with rest coming from Afghanistan. Their current plans are to extend to the south Asian market and their strategic alliances are mainly on the technical side, with these partners based mainly in Gulf and Asian markets. The company has around seventy nine employees in Afghanistan.

The Smart City strength is their ability to offer complete design services, including master planning, project development, site design, landscape design, architectural design, interior design, lighting design, and consultancy services.

They pay particular attention to issues of site, locality, history, culture, scale, intensity, sustainability and climate context to express an appropriate but innovative architecture. The success of their projects comes from the personal collaboration forged between the owner, architecture and builder. It is the personal dedication that is the core of their work.

Method of Data Analysis:

Analyzing qualitative data may be best described as a progression, not a stage; an ongoing process, not a one-time event. According to Marshall and Rossman (1989), "Data analysis is the process of bringing order, structure, and meaning to the mass of collected data. It is a untidy, unclear, time-consuming, creative and fascinating process. It does not proceed in a linear fashion; it is not neat. Qualitative data analysis is a search for general statements about relationships among categories of data; it builds grounded theory. The collection and analysis of the data obtained go hand in hand as theories and themes emerge during the study." In this research, data analysis and data collection are developed together in an iterative process. This may be its strength, as it follows theory development, which has to be grounded in empirical evidence.

In order to provide a clear insight into the analyzed data, this section presents the steps that are taken during the analysis. According to Yin data analysis can be broken down into the six sections, each of which has its own particular strengths and weaknesses:

- Document Review
- Archival Records
- Interview
- Direct Observation
- Participant Observation
- Physical artifacts

In choosing to utilize documentation review and interviews as appropriate data collection methods, the research sought to easily compare responses and evaluate comparisons within a multiple case design. Easterby-Smith, Thorpe and Lowe (1991) suggest that unstructured or semi structured interviews are appropriate methods when:

- It is essential to understand the construct that the interviewee uses as a basis for his or her opinions and beliefs about a particular matter or situation.
- Unique aim of the interview is to gain an understanding of the respondents' world so that the researcher might influence it, either individually or collaboratively.
- The step by step logic of situation is not clear.
- The subject matter is commercially sensitive
- The applicant might be unwilling to be straight other than in a climate of confidentiality in a one to one situation.

There are several problems associated with conducting interviews, not the least of which is that they can easily become time consuming and overpriced. On the other hand there can be a danger of bias due to poorly constructed questions, and there are significant issues of confidentiality. However, the case study method was successfully used with a full range of enquiry techniques, some of which were included in the current research as follows:

- Interviews with senior managers
- Investigating of all publicly available material
- Discussions within the researcher/supervision team to share and refine perceptions.

For each of the above firms, interview data was collected from three separate sources:

- Private interview with the President of the firm or General Manager
- Private interview with a production manager or other relevant floor-level manager
- Evaluation of promotional brochures, website and other publicly available material.

Interviews were conducted on a face to face basis, and typically lasted between 30 - 45 minutes. Though interviews were semi-structured, based on the research questions, they were conducted as far as possible in an identical manner, with the same questions being used as interviewee prompts, and asked in the same sequence – follow-up probes were used were used as appropriate to clarify issues or generate a greater depth of response. All interviews were audio recorded and transcribed into written documents and these were reviewed and marked up to highlight the response to the specific research questions. The transcribed documents were further reviewed for common themes within each specific question category and used to compile the results of this research.

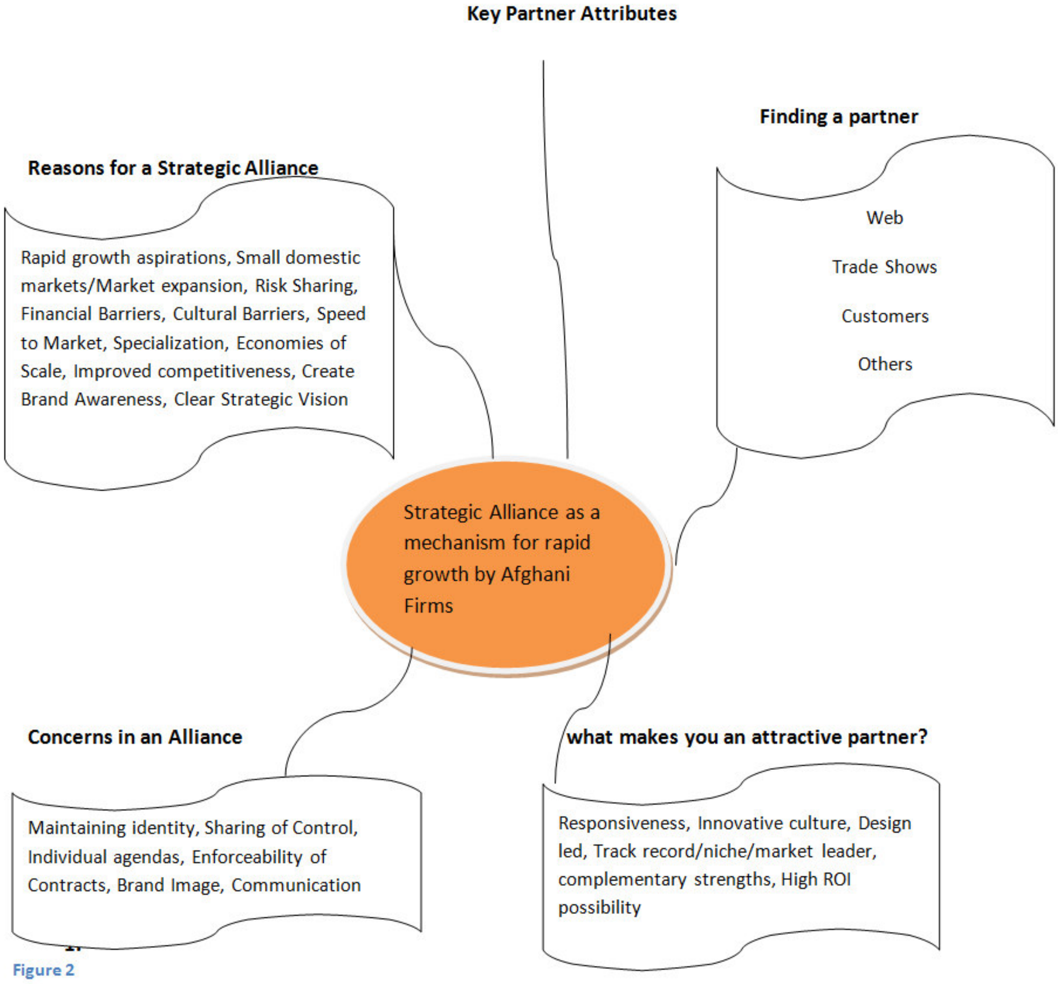

Figure 2

The concept map discussed above helped to formulate the research questions. Answers were sought to these questions in the interviews by means of a research strategy which had to be feasible within the necessary time scale and available resources. Two important aspects of the process were identified.

Conclusion

Strategic alliances are more than simple instrumental means for achieving collective goals directly benefiting the collaborator. They also constitute each partner firms' corporate social capital, providing potential access to various assets controlled by other strategic alliance network members. Alliance provides opportunities for participants to tap into the resources knowledge, and skills of their immediate partners in a portfolio of inter-firm agreements. Further, given latent reachability across strong ties and possibilities for activating brokerage embedded with an organizational field net of a strategic alliance offer enormous potential for significantly leveraging its member firms' resource capabilities. Theoretical conjectures and empirical investigations of strategic alliances over the past decades reveal an accelerating proliferation of these inter-organizational phenomena. Arm's length market exchanges may prove less efficient than alternative inter-firm arrangements for carrying out many complex co-production processes, such as R&D on highly uncertain technologies, as well as for overwhelming legal political cultural barriers to cross national transactions. Present debates over the globalization of business systems emphasize how both local and international environments foster international joint venture partnerships, but these environments may also inhibit the full realization of benefits obtainable through such relationships. The images of mixed advantages and drawback accruing from collaborative enterprises reflect the current ambiguous state of knowledge about strategic alliance networks and their multidimensional consequences.

While this report has focused on alliances between firms, is this perhaps the way of the future at all levels of human endeavor? Governments have recognized the economic growth potential of firms working collaboratively with each other, and are now stepping up their support in order to accelerate and support this growth more effectively for the mutual benefit of the countries involved. With increase government support and assistance, more and more Afghanistan firms will be encouraged towards global success through the formation of successful strategic alliances with international partners.

In order to withstand the pressures of today's global economy of constant change and instability, strategic partnerships will have to be nurtured and built robustly. This research indicates that the key contributor to success or failure of alliances is whether all the parties will benefit equitably from the venture and the relative strategic importance of the alliance to the stakeholders. As an example, the research indicates that an alliance which is critically important to one member but of only minor importance to another is more likely to fail.

A finding from this research is that being service led was a key attribute of the business that attracted the best possible alliance partners. The importance of this finding cannot be understand and is of special relevance to Afghanistan businesses and their ability to compete in a global economy.

A surprising finding from the research is that none of the participants had a clear strategic vision that drove the formation of the alliance. It appears that the alliances were formed to address more immediate operational and tactical issues rather than long term strategic positioning. However, developing trust with stakeholders is the cornerstone of building strong relationships. Even though this study did not focus intensely on trust, the question of trust was raised as part of the study and has reiterated the findings of other research that trust is a key ingredient for long term success.

Another finding which appears at odds with intuition is that cultural differences do not appear to be a significant obstacle to forming of good alliance. The literature review also suggested that cultural differences, while important, are "one of the least important causes of alliance failure." This research authenticates that literature review but emphasizes that the parties to the alliance need to be mindful of the cultural differences and that they take great care to ensure they are aware of them and accepting of these.

In this report, the research question "What is and will be the role of strategic alliance as mechanisms for rapid growth in the Afghan Firms?" was explored and expounded through semi structured in-depth interviews with senior staff from three innovative and construction/logistics firms. These three firms have achieved global success and in each case their sales turnover was higher in domestic markets than in international market, due in no small part to leveraging off their strategic alliances to achieve rapid growth. In each, this growth has been synonymous with business globalization, providing an example and a trend for other aspiring Afghanistan businesses to follow. A significant gap in the literature, relating to the effectiveness of strategic alliances between small and medium Afghanistan construction/logistics firms and their international partners, was addressed through this research and it is anticipated that this research and its findings will be of significant to similar Construction/Logistics firms that have gaps in resources and their competitive capabilities.

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