Master thesis

Alliance success;

A review of the literature with implications for research and practice in SMEs

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Preface:

This report is a master thesis in the master program Information systems at University of Agder spring 2010. The goal of the master programs is to gain knowledge in how IS/IT systems work in organizations, and to give an insight into strategy, efficiency and competitive ability in organizations.

The master thesis takes a look at how organizations operate when it comes to alliances and cooperating with other organizations. This field is relevant in all kinds of organizations, small, medium, big be it private or public sector, and even across borders.

Studying this part of organizations has been interesting and meaningful. Since most organizations form alliances of some kind, its valuable knowledge to possess. However the knowledge comes with a sacrifice, –job, all those who have conducted research know the sacrifices of time when doing a research study, in addition to working. Days, weeks, months went by working and conducting research at the same time, thus I am proud of the achievement and quality of this thesis.

I would like to thank Tom Roar Eikebrokk for his time and guidance during this thesis. Tom has had many good advices and tips on how to conduct this study.
I would also like to thank the library of UiA for providing articles by paying the fee required for access. Without the access to articles through UiAs library this thesis wouldn't be possible.

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Abstract

The original idea of this thesis was to get an overview of the literature on alliance success and then add experiences SMEs on issues identified in the literature review. Unfortunately the organization pulled out in the last second making it impossible to add empirical findings from SMEs. Still, the literature review is important and revealed interesting findings that is ready to be tested empirically with new empirical data. The literature has analyzed articles from various researchers with different perspectives within different research streams, but with a focus on alliance success. It has been reported by several researchers that alliance success is hard to achieve, and they report high numbers of alliance failure. When an alliance fail the implications for the organizations involved are higher costs, lost time and income, and sometimes even their competitive ability.

As a result, research on alliance success is a very important field. In this literature review we found many factors that seem to increase the success rate in alliances. The main enabling factors for success were choosing the right alliance government and control mechanism, and alliance formation particularly when firms depend on alliance partners with specific resources or characteristics. With a good partner and achieving complementary resources the chances of success increase. Trust was also found to be important for success in alliances, and was also found to reduce the likelihood of problems, conflicts and risks in alliances, thus further contributing to success. By being aware of and focusing attention on these factors identified as positive towards alliance success, a company should increase their success rate. As a result the literature review has an important contribution to practice. The literature review also suggests directions for future research on various topics within the area of alliance success.

Keywords: co-operation, collaboration, alliance, partnership, alliance success.

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1. Introduction

In all companies and organizations there is cooperation and collaboration. In order to succeed doing business whether it is for profit or non-profit, public or private sector there is a need to collaborate. Mitsuhashi & Greve (2009) argues that resources give competitive advantage when it is not easily appropriable by a company on its own. Langerfield & Smith (2008) argues that there is pressure for organizations to improve their competitiveness have encouraged collaboration with other organizations to access complementary competencies that would be too difficult or too time consuming to develop alone.

Organizations co-operate with other departments internally and externally with other partners. Together it is common to form partnership and alliances if the goals and values are equal. Business relations in industrial markets are often complex, involving people from different hierarchical levels and different functions in the organizations on both sides of the alliance relationship (Nordin, 2006). Unfortunately not all partnerships and alliances succeed with their goals. Gerwin (2004) reports high failure rates and problems involved in strategic alliances. Wittmann et.al (2008) argues that up to 70% of all alliances prove to be unsuccessful. (ibid) also argues that even though managers identify the importance of strategic alliances, they have difficulties identifying the factors that lead to alliance success.

This literature review will look into factors that can increase the chance of success for partnership and alliances. The purpose is to identify the critical success factors so that organizations might increase the success rate of their partnerships and make more informed choices when forming alliances. This work builds upon and extends Andersson (2006) who conducted a similar study. This thesis updates the literature review by adding work after 2005, thus contributing to increased overview for those interested and involved in alliances.

1.1 Problem statement

In order to take a closer look into the collaboration of organizations we need to delimit the field of study. In this literature review I will take a closer look at small- and medium-sized enterprises (SME) operating in various sectors. The reason for choosing SMEs is that an SME has a greater need to co-operate in order to succeed versus large organizations. Hoffman & Schlosser (2001) argue that small and medium businesses often have limited resources and will benefit more if they combine their resources. Mitsuhashi & Greve (2009) argue that if a resource is only obtainable through the market at a high cost or with some delay, then an alliance can produce the desired result at lower cost or higher speed.

According to the Norwegian bureau of statistics there are over 481 thousand companies in Norway where only 636 companies have more than 250 employees and classify as large companies, (see appendix A). This means there is a huge potential for SMEs to co-operate and find a partner with the same goals within Norway. If you add SMEs in Europe or in the rest of the world as well, there are a high number of potential partners.

Many companies do find other partners and form an alliance, however many of these co-operations are failures. According to Sivadas & Dwyer (2000) as much as 70 percent of the alliances fail. This makes it interesting to focus on how to prevent alliances from failing and how to increase the likelihood of success. The purpose of this study is to review the research literature to provide an overview of research into factors that can explain why some alliances fail while others succeed. Hopefully, this overview will provide SMEs and related stakeholders (public support agencies etc.) with an overview as well as increased awareness of factors that can increase the chances of a successful co-operation within alliances.

1.2 Motivation

With increased global challenges Hoffman & Schlosser (2001) argues that it is increasingly important that SME organizations collaborate and form alliances to remain competitive in the global market. Since a lot of alliances fail to achieve their goal a lot of effort is put into projects not yielding results, this cost a lot of money for the stakeholders involved. The time needed to find an alliance partner, form an alliance and cooperate effectively can take many years, a failure of the alliance can make the firms involved lose their competitive ability thus it is very important to focus on this area of alliances.

Another way for firms to lose their competitive ability is to not form alliances, thus the competitive world today force companies to cooperate. Often companies want to reduce costs or risk as well as provide an arena for sharing competence and increasing the likelihood of success in various projects.
An example of this is the Norwegian Offshore & Drilling Engineering (NODE) project in the Norwegian offshore industry. The NODE network is an alliance of several companies operating in the same industry and sharing knowledge with each other in order to benefit from stronger position in the market and explore new markets. The NODE project has been benefiting from networking alliance since 2005 and is considered to be a success, however it is only a success due to doing the right things at the right time.

In order to benefit from collaboration and form valuable alliances it is important to have a good relationship with external partners, this makes study is relevant. By looking into success factors within collaboration with external partners, it increases the chance for a successful partnership. A bigger chance of success is something all alliances want to achieve and is a motivation to look into the different aspects involved in an alliance success.

1.3 Thesis Structure

The structure of this thesis is built as logical steps like a research study, and are also following the recommended set-up by the University of Agder. The first chapter gives an introduction to the topic as well as a deeper understanding of the important research. The method chapter introduces the reader to the methods used in order to conduct the literature review in a satisfactory manner. This gives an idea on how the literature was collected and the different categories that exist on alliances.

The next chapter, theory, contains a literature review of the identified literature that exist on SME alliance success. It is meant to give a deeper insight of what is known about SME collaboration success today, the challenges involved and different factors involved to make a success. The literature is divided into logical groups and is structured and categorized in order to achieve a topic-centered presentation.

The discussion chapter shows the findings of the literature review and discusses topics based on the information put forward by the various researchers in the field. The discussion chapter also have thoughts on how to conduct future research and how this can be done to give the most beneficial data on alliance success as well as other topics related to success that might have an impact.

The final conclusion chapter wraps up what has been found, the limitations of the study and the contribution to the stakeholders involved.

2. Method

This chapter describes the methods used to identify relevant literature and the specific articles that are the basis of a literature review. Below we provide a detailed description of the procedures chosen for identifying the relevant literature –thus making it possible for others to evaluate and critically test the method used.

2.1 Finding relevant literature

In order to find literature that is relevant to our topic "alliance success" several search engines have been used. The UiA library pays many millions a year for access to published articles, and the relevant search engines. A list of search engines can be seen below.

- Isi web of knowledge

- Ebsco-Host

- Scholar Google

- Scirus.com

By accessing the search engines through University of Agder network it ensures a more academic search result, to be reviewed and access to published articles with no cost for students. UiA library was also helpful on information on how to use citation correctly as well as tips on searching for literature. A brief description of the search engine used can be seen below.

Isi web of knowledge
Web of science consists of seven databases containing information gathered from thousands of scholary journals, books, book series, reports, conferences and more. The three citation databases contain the references cited by the authors of the articles. The two conference proceedings citation indexes include the published literature of the most significant conferences, symposia, seminars, colloquia, workshops and conventions in a wide range of disciplines (Web of Science, 2010). (See appendix A)

EbscoHost
Ebsco is an search engine with access to thousands of e-journals containing millions of articles from hundreds of different publishers (EbscoHost, 2010) (See appendix A)

Google Scholar

Google Scholar provides a simple way to broadly search for scholarly literature. From one place, you can search across many disciplines and sources: articles, theses, books, abstracts and court opinions, from academic publishers, professional societies, online repositories, universities and other web sites. Google Scholar helps you find relevant work across the world of scholarly research (GoogleScholar, 2010) (See appendix B)

Scirus.com

According to the website scirus.com it claims to be the most comprehensive science-specific search engine on the internet. Driven by the latest search engine technology, Scirus searches over 370 million science-specific Web pages (Scirus.com, 2010). Scirus.com uses an advanced algorithm to filter out unnecessary results so that the most relevant findings of literature are listed on top. The algorithm for searches consists of the search word and the number of cited links. (See appendix B for a screenshot)

To find relevant literature a search has been conducted on the search engines described above. By using a combination of various search engines and several search words it makes the search more through and finds more articles that might be relevant. The searches look for articles and books from year 2006 up to this date 2010. All the search engines found a lot of articles, based on relevance to alliance success in their title and abstract field, the most interesting literature is sorted. A list of search words (in bold) and the relevant articles found

can be seen in table one below.

Alliance Management

Bouncken, Teichert & Koch (2007)
Bierly & Gallagher (2007)
Coltman (2009)
Heimeriks, Klijn & Reuer (2009)
Heimeriks (2010)
Holmberg & Cummings (2009)
Jiang & Li (2008)
Korhonen & Voutilainen (2006)
Ku & Fan (2009)
Langerfield-Smith (2008)
Liao & Chang & Lee (2008)
Lee (2007)
Lee & Park (2008)
Li & Liao (2004)
Metha et.al (2006)
Muthusamy & White (2006)
Nordin (2005)
Parast & Digman (2008)
Pit et.al (2006)
Rothaermel & Deeds (2006)
Rotterman (2008)
Sanchez, Urbina-crido, Martinez (2008)
Schoenmakers & Duysters (2006)
Standifer & Bluedorn (2006)
Ulubasoglu (2009)
Villiers (2008)
Walter, Lechner & Kellermanns(2008)
Wassmer (2008)
Welbourne & Pardo-del-val (2009)
Wu (2009)
Yang et.al (2007)

Alliance Success

Burgers, Vand den Boch, Volberda (2008)
Davies (2009)
Heimeriks (2010)
Heimeriks, Klijin, Reuer (2009)
Huang (2006)
Kale & Singh (2007)
Lee (2007)
Mitsuhashi & Greve (2009)
Nielsen (2007)
Pansiri (2008)
Reid, Smith, McCloskey (2008)
Savatsomboon et.al (2008)
Schumacher (2006)
Villiers (2009)
Welbourne, pardo-del-Val (2009)
Wittmann, Hunt, Arnett (2009)
Wu, Shih, Chan (2009)

SME partnership

Ayyagari, Beck & Kunt (2007)
Bradley, Meyer & Gao (2006)
Chi, Wu, Lin (2008)
Dickson, weaver & Hoy (2006)
Madill, Haines, Riding (2007)
Nakos & Brouthers (2008)
Okamuro (2007)
Howcroft et.al (2007)

Best practice alliance

Jiang, Li, Gao (2008)
McGill & Santoro (2009)
Li (2010)

SME processes

Hoyer (2008)
Jansson & Sandberg (2008)
Tunisini & Bocconcelli (2009)

Table 1: Search words and the literature found.

As we can see from the results there is a lot of literature available on alliances. The searchengine that found the most articles was Isi web of knowledge, in some cases the other search engines found no hits whereas Isi web of knowledge found several. The search contained the most interesting search words for a likely finding literature on alliance success., There are also some searchwords that was conducted, but did not end up with any results or relevant literature.

The criteria for the literature search included newer articles, published between 2006 and 2010. This in order to find newer literature on alliance success and expand Andersson (2006) work.

In some searches special conditions had to be set in order to get a reasonable amount of articles on the specific search topic. When searching for literature over a thousand hits appeared and a lot of these were non-alliance success articles. To get an overview of this, special conditions were set such as excluding other disciplines (e.g. chemistry, physics, healthcare, humanities and engineering). Also searching for the words described above produced results finding articles which were relevant, but should have been categorized differently than what we searched for. Further we can group these findings into more accurate groups matching their description and content. Grouping the articles was quite an effort, but was necessary in order to get a greater overview of the literature on alliances and to place articles in the right groups. After reading the title and abstract the following groups were made; notice that some groups have more than one 'topic', the reason being overlapping topics as they were found melting together on some points.

1. Alliance portfolios

2. Alliance partner selection

3. Knowledge and learning in alliances

4. Management of alliances

5. Supply chain in alliances

6. Small organizations versus medium organizations and their power discussions

7. Risk, conflict and success of alliances

8. Global alliances

9. Research alliances

10. Other (articles that did not fall into any of the categories)

With the groups decided we can present the articles in their corresponding group, this can be seen in table two below. Note that the category seven is highlighted in blue, since it's the most relevant one for our study.

Category -> Article	1	2	3	4	5	6	7	8	9	10
Ayyagari, Beck & Kunt (2007)									x	
Bradley, Meyer & Gao (2006)									x	
Bouncken, Teichert & Koch (2007)			x							

	1	2	3	4	5	6	7	8	9	10
Bierly & Gallagher (2007)		x								
Burgers, Vand den Boch, Volberda (2008)										x
Chi, Wu, Lin (2008)			x							
Coltman (2009)				x						
Davies (2009)							x			x
Dickson, Weaver & Hoy (2006)								x		
Heimeriks, Klijn & Reuer (2009)	x									
Heimeriks (2010)	x									
Holmberg & Cummings (2009)	x									
Howcroft et.al (2007)								x		
Hoyer (2008)										x
Huang (2006)		x								
Jansson & Sandberg (2008)								x		
Jiang & Li (2008)			x							
Jiang, Li, Gao (2008)								x		
Kale & Singh (2007)			x							
Korhonen & Voutilainen (2006)				x						
Ku & Fan (2009)			x							
Langfield-Smith (2008)			x				x			
Liao & Chang & Lee (2008)										x
Lee (2007)							x			x
Lee & Park (2008)				x						
Li & Liao (2007)				x						
Li (2010)								x		
Madill, Haines, Riding (2007)										x
McGill & Santoro (2009)	x									
Metha et.al (2006)					x					
Muthusamy & White (2006)						x				
Mitsuhashi & Greve (2009)							x			
Nakos & Brouthers (2008)							x			x
Nielsen (2007)								x		
Nordin (2006)							x			
Okamuro (2007)								x		
Pansiri (2008)						x				
Parast & Digman (2008)				x						
Pit et.al (2006)								x		
Reid, Smith, McCloskey (2008)								x		
Rothaermel & Deeds (2006)				x						
Rotterman (2008)			x					x		
Sanchez, Urbina-crido, Martinez (2008)								x		
Savatsomboon et.al (2008)								x		x
Schoenmakers & Duysters (2006)			x							
Schumacher (2006)							x			
Standifer & Bluedorn (2006)				x						
Tunisini & Bocconcelli (2009)								x		
Ulubasoglu (2009)								x		
Villiers (2008)				x						

Walter, Lechner & Kellermanns(2008)				x					
Wassmer (2008)	x								
Welbourne & Pardo-del-val (2009)						x			
Wittmann, Hunt, Arnett (2008)							x		
Wu (2009)		x							
Wu, Shih, Chan (2009)		x							
Yang et.al (2007)					x				

Table 2: The findings of the literature search after categorization.

The Hoffman & Schlosser (2001) article has been used as a basis for the literature review. (ibid) has conducted a comprehensive interview with executives in 164 organizations in Austrian SMEs. The study identifies the weights of various success factors in alliance-making in SMEs. The alliance evolution has been divided into five phases. This article was the main starting point for Anderssons (2006) thesis. In table three below we can see an overview of the follow-up literature review conducted by Andersson (2006). Notice that several of the articles are involved in more than one category, which can be explained by the complexity of alliances and that different topics may overlap.

Fase	1	2			3		4			Attributter		
Artikler	Kunnskaper om å samarbeide	Tillit mellom partnere	Resurstilgang og partnerkunnskap	Kulturforskjeller	Plikter og rettigheter	Beskyttelse av kunnskap	IT-toppiederstøtte/samordning	IT-forretningsforståelse	Kommunikasjon i samarbeid	Type studie	Store bedrifter	SMB
(Amit og Zott 2001)	X									59	X	
(Bassellier og Benbasat 2004)								X		326		X
(Bengtsson og Kock 2000)	X								X	3**		
(Brandenburger og Nalebuff 1996)	X									Bok		
(Cragg, King et al. 2002)							X			250	X	
(Chen og Paulraj 2004)									X	954*	X	
(Das og Teng 1998a)		X								K		
(Das og Teng 2002b)		X	X	X			X		X	K		
(Fryxcell, Dooley et al. 2002)		X								129*	X	
(Hamel, Doz et al. 1989)			X	X	X				X	15*	X	
(Hennart 1988)					X					K*	X	
(Hoffman og Schlosser 2001)	X	X	X	X	X		X			164	X	
(Ireland, Hitt et al. 2002)		X		X			X	X		K	X	
(Johnston, MaCutcheron et al. 2004)		X								164*	X	
(Kelly, Schaan et al. 2002)		X								59*		
(Lambe, Spekman et al. 2002)	X		X							145*	X	
(Levy, Loebbecke et al. 2003)		X					X			37		
(Luftman 2000)						X	X	X		-	X	
(Luftman, Papp et al. 1999)						X	X	X		1232	X	
(Mjoen og Tallman 1994)		X								K	X	
(Nalebuff og Brandenburger 1997)	X									K	X	
(Porter 2001)							X			K	X	X
(Rai, Borah et al. 1996)				X	X					30	X	
(Ross, Beath et al. 1996)							X	X		K	X	
(Sivadas og Dwyer 2000)					X					350	X	
(Terziovski 2003)							X			550	X	
(Tidström og Virtanen 2002)	X	X		X			X			345		X
(Tsang 2000)	X									K*	X	
(Turban, King et al. 2004)	X									Bok		
(Zeng og Chen 2003)	X									K		

K = Konseptuel, Antall respondenter (f. eks. 59) = Empirisk, * Allianser, ** Case Studie

Table 3: Literature reviewed by Andersson (2006)

Table seven sums up the literature review by Andersson from 2001 to 2006. However the literature review ends at year 2006, this is where this literature review starts, by reviewing what happened in the literature-scene from 2006 until 2010. All the articles reviewed by Andersson (2006) will not be reviewed again here, but more effectively the findings and results of have been written in literature chapter.

One of the articles found was Kale & Singh (2009) named "*Managing strategic alliances what do we know now, and where do we go from here*". It has a review of many articles about strategic alliances, including ones that were not discovered by Andersson (2006).

A greater focus has been put on this article as it reviews many interesting articles. The most interesting and also the ones used in this literature review can be seen below in table four, divided into groups of their respective topics.

Complementary resources	Alliance governance
Shah & Swaminathan (2008) Dyer & Singh (1998) Harrigan (1988) Mowery Oxley & Silverman (1996) Beamish (1987) Gundlach, Achrol & Mentzer, 1995) Rothaermel & Boeker (2008)	Williamson (1985) Hennart (1988) Kogut (1988) David & Han (2004) Mayer & Argyres (2004) Poppo & Zenger (2002) Reuer & Arino (2007) Granovetter (1985) Gulati (1995)
non-profit-commercial alliance Prahalad (2006) Houston & Sakkab (2006) Chesbrough (2005)	Uzzi (1997) Zajac & Olsen (1993) Filatotchev, Stephan & Jindra (2008) Bradach & Eccles (1989) Ghoshal & Moran 1996) Gulati & Nickerson (2008) Purnam & Vanneste (2009)
Alliance portfolios Hoffmann (2000) Lavie (2006) Sarkar et.al (forthcomming)	Managing Acquisitions Gulati (1995) Hespeslagh & Jemison (1991) Zollo & Singh (2004) Purnanam & Sirkanth (2007) Kale & Singh (2008)

Table 4: Literature reviewed by Kale & Singh (2009).

The idea of Kale & Singh (2009) is to incorporate the literature relevant for alliance success, into this review thus making a better understanding of alliances and success. In point 3.10 the most important findings of (ibid) can be seen. As seen in the table (ibid) reviews over 30s articles in various topics of alliances. The article itself reviews even more articles however these 30s in table were the ones identified that touched the topic alliance success or alliance failure. Although not all topics above are the main focus of this review (e.g. alliance portfolios and non-profit-commercial alliance) these have been included as it gives a broader view of the alliance topic and the understanding that it may exist other conditions for success and failure of these. Also the names of articles are listed which is interesting for those who look at specific topics of alliance success within the broad alliance topic.

2.2 Delimitation of the literature search process

There are a few limitations that had to be done during the literature review. First of all the literature on alliances are comprehensive and complex. In order to get a full overview of the literature and select what is relevant several articles had to be filtered out. The criteria for the selection of relevant literature was briefly mentioned earlier during the comprehensive search. The search was the first delimitation for finding relevant literature. By being selective already in the search process a lot of time was later saved by not reviewing articles that had no relevance. First of all the subject is about alliances success, this means non-alliance articles did not pass search criteria. The searchwords itself found a lot of information, even things that were not relevant. This was a time consuming process of reading titles and abstracts to find the relevant literature.

Although some articles passed the search criteria it was up for a second review. Due to the topic being about alliances success of company-to-company some literature was considered not relevant in this case. First of all the SME had to be there. This means an exclusion to all articles about large enterprises and their success/failures. The criteria is given in the theory/literature chapter, SME companies was defined as a headcount for less than 250 employees.

Another criteria of exclusion was based on Andersson (2006) review of Hoffman & Schlosser (2001) phase five. The phase five is about termination of the partnership and was not considered significant in Andersson (2006), nor was it considered significant here. The reason for this is the focus of the study is cooperation with partners, thus the termination part is not considered since it is the last end to a partnership after the project is considered success or failure. The termination itself is a reaction to the decision already made.

There have also been articles that are based on both public and private organizations with alliances. The focus has been put on private organizations interested in making profit. Thus excluding the public organizations since its special conditions related to this. Public organizations are first of all focused on service and not making profit. Secondly public organizations often have special needs and regulations that do not apply to private organizations. The healthcare sector is an example of this, with its strict rules and regulations of serving the people and not necessarily do what is best for the profit and alliance.

Some articles were found containing information about alliances in political environments. Political alliances are made for a purpose of winning elections or govern the country, these types of alliances are not considered in this thesis. Often political alliances involve a great deal of lobbyism as well, which in itself has regulations of what is allowed and not.

City to city alliances was also found during the search of literature. This proved to be public governments conducting partnerships with other cities in order to enhance tourism and share

knowledge in order to make city to city processes more effective. Again, as written about public organizations, special conditions is active making this less interesting to explore, due to this city to city alliances have been excluded.

The most important decision regarding the search process was to limit the search criteria to only 2006 -2010 literature. The world changes fast and a new IT system with competitive processes five years ago can be old and ineffective today. This may create special conditions on cooperation and the alliance success as well. The literature that we would like to identify should include competitive information about today's market and cooperation created between 2006 and up to this date. A lot has changed the past years and puts a special demand on cooperation conducted over the internet, which may not have been that present five, six, seven years ago.

By excluding literature search older than 2006 also have a propitious effect on the time available to conduct the research. This means a deeper technique for finding relevant literature can be used and thus increasing the chances of getting a review of what is important information today, 2010. However the articles found from 2006 -2010 often builds on existing knowledge from previous years. If a theory has been developed and tested, proven to be valuable information this can still have an impact on today's alliances. The idea is to build on existing knowledge, but still seek out newer articles thus putting a focus on 2006-2010.

3. Theory and literature

In this chapter all the literature that was found on SME alliances success can be found. The literature comes from library search engines and references list of relevant articles. The literature review will take a look at general alliance information before it moves over to success factors of SME, this to get a deeper understanding of the topic.

In order to clarify the terms used in this thesis I have decided to write the definitions used. This will make it easier to identify what terms is used in the literature and making comparison more adoptable. Based on the literature a lot of different terms are used which more or less means the same, although with slight variations. By defining the terms it will become clear what the words means and their combined meaning. It also gives a better view of how the researcher thinks and why the terms are relevant to the study. The definitions are written in the relevant sections on the fly.

3.1 SME

Small and Medium sized Enterprises (SME), are defined here according to the definition put forward by the European Commission. Table five below sums up the definitions of SMEs (European Commission, 2005). As we can see, SMEs are companies with less than 250 employees. The EU commission further divides SMEs into small and micro enterprises.

Enterprise category	Number of Employees
Medium-sized	< 250
Small	< 50
Micro	< 10

Table 5: Definition of SME (The European Commission).

The importance of definition can be quoted by the European commission (2005) argues that; "*In a single market with no internal frontiers, it is essential that measures in favor of SMEs are based on a common definition to improve their consistency and effectiveness, and to limit distortions of competition.*"

3.2 Alliances and their definition of success

An alliance is established when two organizations or more, mutually see collaboration as beneficial, so organizational goals and external opportunities jointly determents the alliance formation (Mitsuhashi & Greve, 2009). There are many forms of alliances conducted with many different types on organizations. The focus in this literature review is alliances consisting of organizations that cooperate in order to achieve a goal that gives some kind of profit. Schumacher (2006) define alliances as voluntary, explicit, long-term agreement made between independent companies for the purpose of achieving a common objective through joint actions.

Wittman et.al (2008) defines business alliances as collaborative efforts between two or more firm in which the firms pool their resources in an effort to achieve mutually compatible goals that they could not easily achieve alone.

The success or failure of an organization or alliance can often be seen as the total performance. If an alliance has a bad performance it means it is less successful than an alliance with a good performance. Often in the academic world the word performance has been adopted as a replacement for "success". There is however, currently no scale of what degree of performance that exists, so in these rare cases the words "bad" and "good" has been used as its easily understandable and adoptable.

Often in the real world of organizations and alliances there is no acceptance for normal performance, such performance is often viewed as a failure and project is either closed or changed. A typical example of this are organizations that do make substantial profit, but still fire employees in order to create even higher revenue.

On defining alliance success Wittmann et.al (2008) defines three ways of success which are adopted.

- Resource based approach

- Competence based approach

- The relational factors approach

The fundamental thesis of the resource-based view is that, because resources are significantly heterogeneous across firms each firms resource set is in some way unique (ibid). Alliance strategy is about creating the most value out of one's existing resources and by combining these with other resources (ibid).

The competence view of business success is that a competence is an ability to sustain the coordinated deployment of assets in a way that helps a firm to achieve its goals (ibid). Competences enable firms to use their resources efficiently and/or effectively, competences

are the logical extension of the resource-based view (ibid). Because knowledge management is central to alliance competence development and maintenance it is important to collect and disseminate the knowledge in a firm that resides within the individuals involved in an alliance.

In the relational factors view theorists posit that many factors are associated with successful relational exchanges and are also important building blocks for alliance success (ibid). Effective cooperation allows alliance partners to combine successfully their resources in ways that contribute to the development of competitive advantages (ibid).

3.3 Alliance formation motives

Johansson & Ylinenpää (2006) has conducted a study looking into why organizations form alliances, in this section I will cover the most important reasons to cooperate. (ibid) argues that there are two motivations to form an alliance, those who are concerned with building business and introducing new products or those concerned with improving the current business. (ibid.) also mention principal reasons to form an alliance; to achieve economies of scale and of learning, to gain access, capital, products or workforce.

Johansson & Ylinenpää (2006) argues that the formation motives often is to reduce risk by sharing capital requirements of new product development, to reach new markets, to enjoy first mover advantage by exploiting speed to market, and to achieve transformative synergies via process rationalization, system improvement and other benefits of learning (see figure six).

Motives/reasons	Building new businesses or introducing new products	Improving current businesses
To achieve economies of scale		X
To achieve economies of learning	X	
To gain access to other firms' resources	X	
To achieve transformative synergies via process rationalization		X
To reduce risk by sharing capital requirements related to new product development	X	
To enjoy first mover advantage by reducing time to market	X	
To exploit new markets	X	

Table 6: Principal reasons for entering strategic alliances (Johansson & Ylinenpää, 2006).

Van Gils & Zwart (2009) argues that most CEO prefers to form alliances with previous partners. However in the marketing/distribution study the location of the potential partner is more important. In the production/technology segment the type and size of the potential partner has a larger influence on the cooperation decision (ibid).

Alliance formation is a selective process in which organizational characteristics influence the likelihood of participation and the specific pairings that result, (Mitsuhashi & Greve, 2009). (ibid) argues that it is critical to understand the criteria that determine the chances of forming an alliance, and mention two criteria, preexisting ties and resource endowment. With preexisting ties lies information that can be used to determine the risk of forming an alliance with the specific organization.
With resources available an organization can be more interesting partner in an alliance, (ibid.) argues that the more resources the more interesting partner. Organizations seek alliances when each organization has access to markets not possessed by the others. Firms also seek to develop business opportunities jointly when each has resources that must be combined to realize the opportunities. An example of this is shipping companies forming alliances that can swap access to port terminals they own, or share information about customer demands and preferences in specific markets, (ibid.) Other examples include transportation of goods and supply chain efficiency. The word used to describe the phenomena is "resource capability", it has four positive consequences put forward by Mitsuhashi & Greve (2009):

1. It gives customers products and services of consistent quality from any of the alliance members.

2. The jointly produced service is as efficient as a service produced by a single firm, and thus it is less vulnerable to competition from a single firm-entrant to the market.

3. The pooling of the compatible assets in an alliance can increase production capacity sufficiently to give scale advantages.

4. It is easier to distribute the benefits of the collaborative activity because the provision of compatible resources simplifies the task of equalizing inducements and contributions.

Alliances with greater market complementary or resource compatibility contribute more to organizational performance than other alliances, (ibid). Wittmann et.al (2008) argues that supplementary resources benefit alliances, however research suggest that complementary resources are especially important to alliance success.

Organizational survival and financial performance are functions of market success and costs, and can reveal the effectiveness of alliances (ibid). Alliances enable firms to serve the same production or service delivery capacity with fewer resources, or to obtain greater capacity than they would be able to serve solely with their own resources.

One of the outcomes of inter-organizational cooperation is innovation and performance. Mitsuhashi & Greve (2009) indicates managers of an organization have to make the right decision whether to form an alliance or not. Forming an alliance with organizations with higher complimentarily and resource compatibility result in better matched alliances which can increase the performance and can improve the survival rate for both companies.

3.4 Trust and risk in alliances

Langfield-Smith (2008) argues that most definitions of trust focus on exposing oneself to vulnerability. Trust is having confidence that one's expectations will be realized. (ibid) argues that trust is particularly relevant to alliances as trust is important in situations where there is risk.
Another form of trust is *competence trust,* which focus on ability and expertise. Nooteboom (1996) defines trust in alliances as trust to a partners ability to perform according to the specified agreement or contract.

Schumacher (2006) defines trust as the decision to rely on the alliance partner under a condition of uncertainty and vulnerability, with the expectation that each party will act in a way that is not detrimental to the other.

Schumacher (2006) has found that trust and cooperation performance are positively correlated. There is empirical support for the level of trust will be greater in successful alliances than in less successful partnerships (Schumacher, 2006). Low levels of opportunism and high level of trust enhance performance, however trust becomes less effective as opportunism levels rise. Alliances with high level of trust between the partners also require fewer safeguards. Nordin (2006) argues that trust in alliances is argued to be a meditating factor for the level of opportunism and conflict. Trust reduces the need for safeguards, which in turn reduces the transaction costs. A reduction in transaction cost may ceteris paribus increase cooperation profits, making continued interaction more attractive (Schumacher, 2006).

In forming alliances, managers are often limited by behavioral and environmental uncertainty. Behavioral uncertainty arises from the difficulty in anticipating the intentions and actions of alliances partners. Environmental uncertainty arises from conditions that are outside of the control of an alliance, but which may affect the execution of agreements and the outcomes of the cooperation (Langfield-Smith, 2008).
(Ibid.) argues that high uncertainty can lead to higher risk in alliances and defines two types of risk, relational risk and performance risk. Relational risk is the probability and consequences of having a partner that does not cooperate. Performance risk is the risk of not achieving the alliance objectives, even when partners cooperate fully. To reduce the

uncertainty and risk often alliances tries to review the alliance government structure. Contracts is one way to reduce the risk involved, but it doesn't eliminate the need for control mechanisms in alliances.

Marlene et.al (2010) suggests the need of recalibrating the roles in a partnership in order to avoid risk and possible failure. In order to reach shared goals, gradual progression through iterative role calibrations is required. (Ibid) argues that partners sustain momentum toward success by developing a stronger degree of relational attachment; this in turn mitigates relational risk.

By relational capital we mean the capital organizations and alliances have together. This can be many things, for example customers, knowledge, resources such as employees or materials or supply chain purposes. Often these relational capitals are not in possession of one organization, but rather the alliance capital.

Capelloand & Faggian (2005) has the following definition.
"Relational capital can be defined as the set of all relationships, market relationships, power relationships and cooperation established between firms, institutions and people that stem from a strong sense of belonging and a highly developed capacity of cooperation typical of culturally similar people and institutions"

Langefield-Smith (2008) argues that trust develops over time through processes of learning and adaption, which are essential to the strengthening of the relationship between partners making the relationship more durable in the face of conflict. Close relationships between alliance partners may involve the sharing of information, joint product and process development and joint cost improvement activities. Certain minimum levels of trust are essential in all inter-firm relationships, to reduce the possibility of opportunistic behavior (Langfield-Smith, 2008). Goodwill trust can emerge and strengthen over time through developing mutual interests, building individual and team-based trust, building institutional trust and engaging in joint dispute resolution. Figure one below shows how trust and risk are linked to the control form of the alliance.
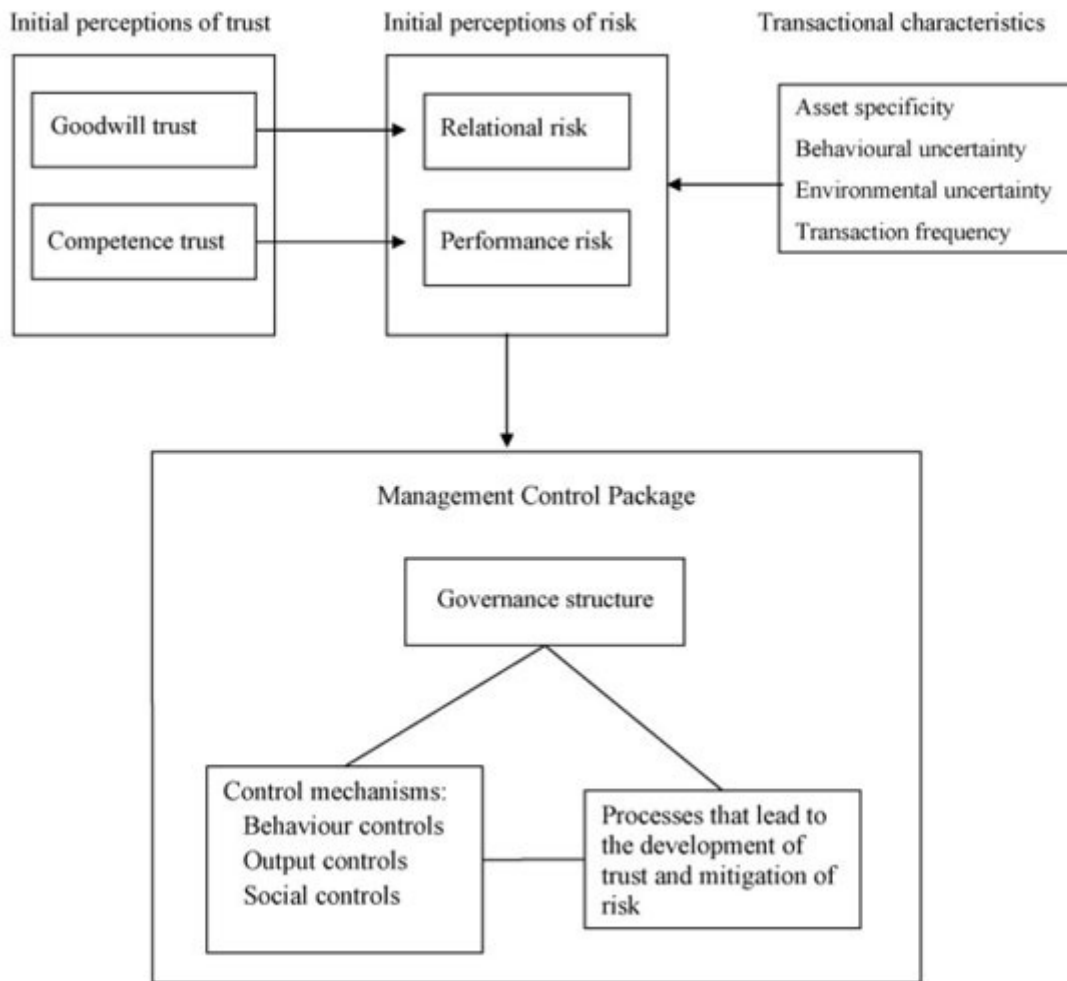
Figure 1: Influences of management control package (Langfield-Smith, 2008).

3.5 Alliance conflicts

Nordin (2006) argues that there is evidence that the efforts of firms to implement successful alliances have failed to meet expectations. During the implementation of an alliance, firms experience changes in their operations and as a result, the differences in needs, interests, values and preferences across individuals and groups within the organizations often leads to conflicts (Nordin, 2006). In order to understand the problems involved in implementing alliances it is necessary to investigate more deeply the relationships inside alliances by studying the relationships between the different functions in the involved partner firms (Nordin, 2006). (ibid) argues that researchers suggest conflicts in alliances are one of the most prevalent reasons for alliance failure. Many of the problems encountered during alliance implementation are very often about soft issues related to collaboration among people involved in the alliance (ibid).

The words collaboration and cooperation are different yet means the same. In our view the symbol effect of these words is to interact with another company or organization in a way that gives potential benefits. These benefits can be different things, knowledge, more effective supply chain, financial benefits or sharing competence with one another.

The problems alliances are facing are often several, one of them is insufficient specifications or quality problems. There can also be strategy problems such as the risk of losing key competencies to the partners. (ibid) argues that there are also problems related to alliance performance and the alliance results. Kelly et.al (2002) conducted a research looking into alliance conflicts and found that strategic and performance problems composed of only a small part of the problems. Their result was that relationship problems consisted of 55 % and operational problems 29%, strategic was 11% and alliance results only 5% as seen in figure two. Kelly et.al (2002) investigated in manufacturing, services and R & D alliances that were in their early stage.
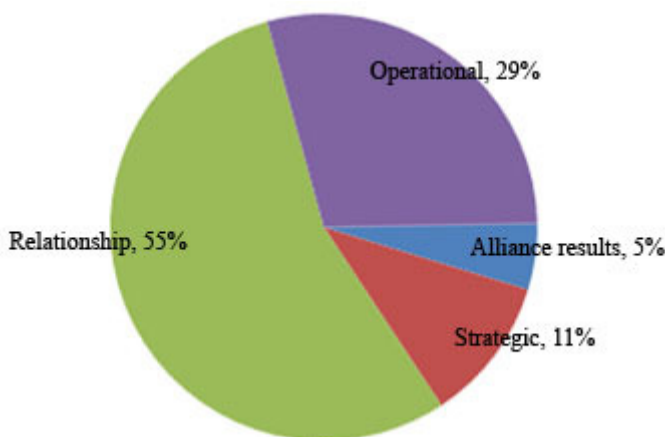

Figure 2: Alliance problems illustrated in a pie diagram.

Looking further into what is in the respective groups (Kelly et.al, 2002).

- People/relationship Issues involving problems related to communication, culture and roles.

- Operations issues involving problems related to the technical details of implementation, e.g. technology transfer, scheduling etc.

- Strategic agenda issues or problems concerning the goals and objectives of the venture.

- Results or problems related to the performance of the venture.

Nordin (2006) expects it to be different conflicts varying on the type of market the alliances operate in. Industrial business relationships are often complex with broad interaction between the involved parties, and consequently involve more opportunities for conflict (ibid). In Nordin (2006) study the three groups of alliance problems were alliance scope, customer relationships and alliance implementation. The results of the study suggested that the alliance scope should be determined such that the customer relationship is not put at risk (ibid). The alliance scope may affect the implementation process, thus the alliance scope and the implementation process should involve customers and other stakeholders (ibid). All conflict areas should be taken into consideration together since neglecting any of the areas is likely to lead to conflicts that will spread to other areas, resulting in a vicious circle (ibid).

3.6 Alliance government structure and control mechanisms

Wittmann et.al (2008) argues that because business alliances enable partners to gain access to each other resources, but not control them a governance structure is needed to facilitate the sharing of resources. Alliance government structure is often divided into equity and non-equity. Equity alliance is a legally separate entity owned by two or more partners, whereas non-equity is formed through contracts. In an equity alliance control is exercised by the partners through an alliance board, autonomous management structures and control mechanisms are similar to those found in an independent organizations (Langfield-Smith, (2008).

Langfield-Smith (2008) argues that there are various forms of control mechanism for alliances, but they divide into two groups, behavior controls and output controls. Behavior controls such as standard operating procedures, specify and monitor individual behavior. Output controls involve measuring and monitoring the outputs of operations and behavioral through performance measures. (ibid) argues that in stand-alone alliances there are

opportunities to implement the same types of control mechanisms as found in hierarchical organizations. However the extent of reliance depends on the level and type of risk that needs to be managed.

A stand alone alliance allows partners to deal effectively with contractual and approvability hazards, particularly where there is development, transfer or exploitation of technological knowledge (Langfield-Smith, 2008). Decision making authority and control resides with the alliance board and senior management, and an autonomous hierarchical structure provides monitoring and control, (ibid.). The shared interests of the partners in the alliance create goal alignment which minimizes opportunism, and there is mutual hostage situation as both partners have made substantial investments and are dependent on each other performance (Langfield-Smith, 2008).

Kale & Singh (2009) argues that an alliance exposes a firm to several transaction or coordination hazards that can adversely affect the firm itself or its partners. How a firm construct alliance governance during the design phase of the alliance lifecycle is crucial to alliance success, (ibid). Kale & Singh (2009) suggest three ways to address governance issues in an alliance.

Creating an equity-based alliance (wherein one partner takes an equity state in the other, or both partners create a new independent venture wherein both take a state) means the equity has three governance properties to address the hazards involved. (ibid) continues;

- By owning equity partners are not only required to make ex ante commitments toward the alliance, but also their concern for their investment reduces the possibility of futuristic opportunistic behavior.

- Second, equity facilitates hierarchical supervision to monitor day-to-day functioning of the alliance and address contingencies as they arise.

- Third equity ownership creates a basis for each partner to receive a share of the returns from the alliance in proportion to its level of ownership.

The second mechanism of effective government is contractual provisions. Contracts can help manage exchange hazards in several ways (Kale & Singh, 2009).

- A contract clearly sets forth mutual rights and obligations of partners by specifying each firms input to the alliance.

- Contracts limit information disclosures by partners during the operation of the alliance, specify how each partner will interact with third parties, and outline ways which the alliance will end.

- Two more ways that will increase contract effectiveness in governing alliances are enforcement provisions that relate to IP protection and the specification of breaches that might necessitate termination or adjudication and informational provisions that facilitate required coordination between alliance partners (Kale & Singh, 2009).

The third mechanism of effective alliance government is self-enforcing governance, relying on goodwill, trust and reputation. Kale & Singh (2009) argues that this is sometimes referred to as "Relational governance". Relational governance enhances the likelihood of alliance by reducing the contract costs in three ways:

- Contracting costs are minimized because firms trust their partners to behave fairly.

- Monitoring costs are lower because external third party monitoring is not required.

- Costs of complex adaptation are lowered because partners willing to be flexible in response to unforeseen circumstances.

Kale & Singh (2009) argues that it is important to understand some of the subtle relationships between governance mechanisms when making choice about governance. Reuer & Arino (2007) has found out that equity alone is not sufficient to guarantee successful alliance governance and that the three mechanisms above actually complement each other in alliance success.

Process control and output control

Process control focus on alliance behavior consist of attempts by one partner to influence the behavior of the other alliance partners; helping to alleviate problems of opportunism and to enhance alliance cooperation (Nakos & Brouthers, 2008). (ibid) suggests using process control and commitment as a meditating role to improve alliance performance. Figure three below describes the relationship.
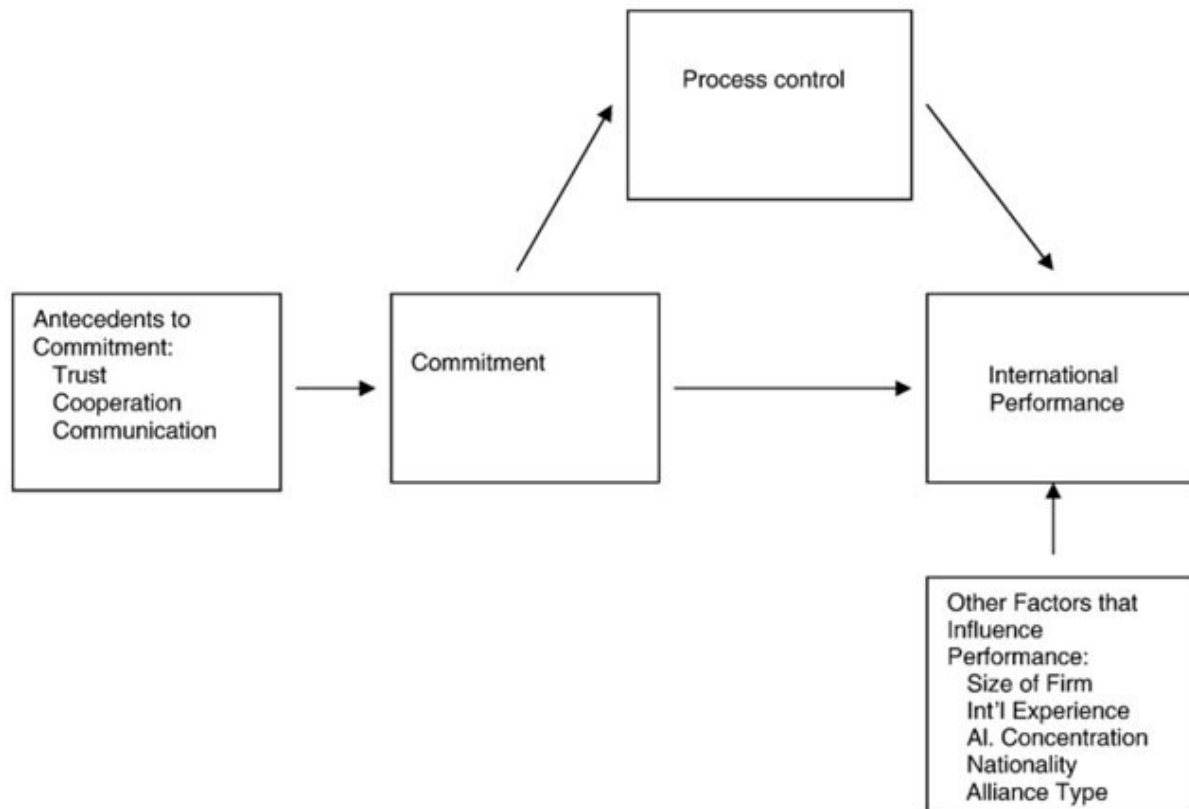
Figure 3: The meditating influence of process control (Nakos & Brouthers, 2008)

Output control focus on alliance results and consist of monitoring the outputs (e.g. sales, profitability) of the alliance.

Process control and output control is a form of monitoring the alliance to make sure the alliance is moving in the right direction and has the quality that is expected to be deliver. (ibid) argues that none of the control mechanism is right or wrong, it is just two ways of achieving the same purpose. (ibid) suggest control mechanism can have a positive impact on alliance performance as the firm signals commitment to the alliance. In addition to this the process control provides the "relational quality" that may act to increase the overall commitment that an alliance needs to succeed.

Process controls tend to exchange knowledge directly and share information that can result in a better match between foreign market knowledge and product specific knowledge (Nakos & Brouthers, 2008). This exchange of knowledge and increased cooperation results in better performance than could be achieved by either alliance partner alone because each partner may lack knowledge in one or more critical areas.

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3.7 Organizational resources in alliances

Wittman et.al (2009) claims the importance of positional advantage as a meditating factor between alliances higher order resources and alliance success. (ibid) study suggest that alliance success is influenced by a combination of resources (alliance competence, idiosyncratic resources and the cooperation that results from relational resources), which affect the alliance positional advantage, and in turn, its success. (ibid) suggest that alliances have a lot to gain on managers developing the resources identified as important.

- Focus on developing top management support for the alliance.

- Chose alliance partners who have complementary resources.

- Strive to develop cooperative relationships with the alliance by fostering inter-firm communication, trust and relationship commitment.

The three views together provide a more complete picture of how resources necessary for alliance success are identified, developed and deployed (ibid) In order to illustrate the connection between the three views Wittman et.al (2009) made a model in figure four.
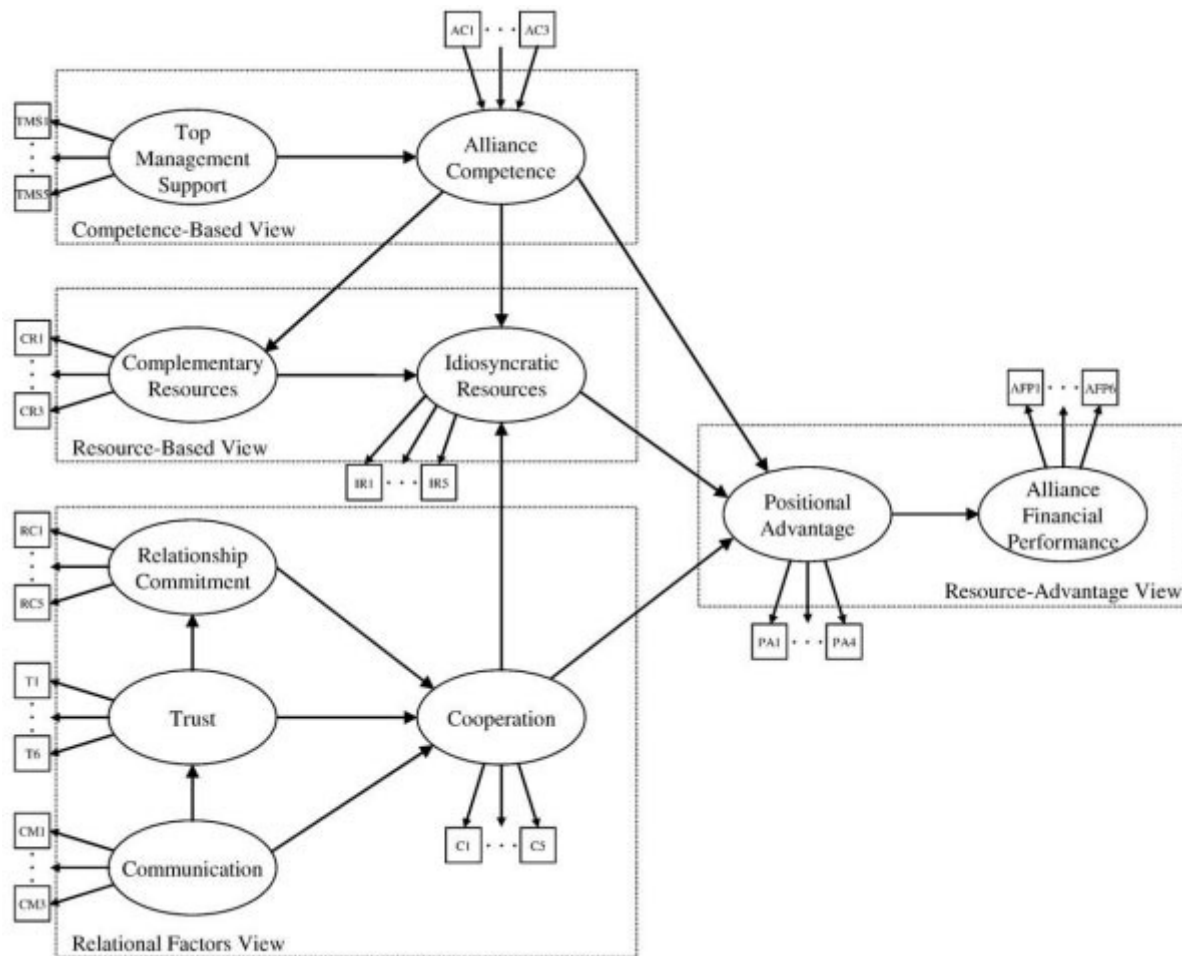
Figure 4: An integrative model of alliance success (Wittman et.al (2008).

The model of Wittman et.al (2008) was tested among several firms and proved that managers should recognize that investing in only one approach or alliance success view may be short-sighted. When alliance members develop all three perspectives they are more likely to be successful (ibid).

Andersson (2006) provides in his review an overview of different definitions of knowledge, including the definition by Thyphon International Corp (2003).

"*Knowledge is all that the mind knows, from whatever source derived or obtained, or whatever process; the aggregate facts, truths or principles acquired or retained by the mind, including alike the institutions native to the mind an all that has been learned respecting phenomena, causes laws, principles, literature, etc.*"

And Davenport & Prusak (1998).

"*Knowledge is a fluid mix of framed experience, values, contextual information and expert insight that provides a framework for evaluating and incorporating new experiences and*

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information. It originates and is applied in the minds of knowers. In organizations, it often becomes embedded not only in documents or repositories, but also in organizational routines, processes, practices and norms."

As we can see the common elements in these definitions are the knowledge one possess or an organization possesses whether it is information, routines, values or expert insight. Organizations use this knowledge to build organizational routines, processes, practices and norms.

To define competence we have adopted Peppard & Ward (2004).

"*Competence is the ability to use a combination of organizations special resources to conduct a specific task.*" In other words if a company uses an individual to perform a specific task, the competence of the individual or group is used. There are different types of resources, an individual employee, a group, or financial allocations are resources used by the organization. The competence comes from using these resources right.

Both knowledge and competence are based on information, values and expert insight to perform specific tasks. It is logical to group these two together as the meaning of these two is quite similar.

3.8 Hoffman & Schlosser (2001) five phases of alliance life-cycle

Hoffman & Schlosser (2001) is one of the literatures reviewed in Andersson (2006), Based on four phases of the alliance-lifecycle it creates a framework for strategic alliances and lists several critical success factors. Transaction-cost theory, resource based, knowledge based and sociological approaches has been used to come up with a list of five phases of alliance evolution. A short summary of the phases can be seen below.

Phase 1 - Strategic analysis and decision to cooperate

Hoffman & Schlosser (2001) argues that a company looking for alliance partners must have something to offer and seek complementary or similar resources for transferring and pooling. (ibid) propose that a company seeking a successful alliance must contribute individual strengths and look for complementary resources.
The planning of the decision to cooperate should ensure that objectives for the alliance are

derived from the company's business strategy. This strategic analysis must evaluate if and how an alliance can improve the company's strategic position in this particular business (Hoffman & Schlosser, 2001).

Hoffman & Schlosser (2001) argues that the process of forging and developing alliances takes time as it requires a myriad negotiations to get the potential partners agree on all major points. When an alliance is established it can take years before an alliance can fulfill its strategic potential.

Phase 2 – Search for a partner

Hoffman & Schlosser (2001) argues that trust is important for the partnership, and it can help increase the chance of success. Alliances provide access to the partner resources thus improving a company's own resource endowment. It is crucial that a chosen partner have definite strengths in the field of co-operation. Co-operation partners can have complementary resources which when combined create synergies. Business strategies should be compatible, though not necessary identical, if they do not conflict it can provide a solid basis for co-operation (Hoffman & Schlosser, 2001).

When selecting a partner the cultural fit should be considered. Important prerequisites for the future success of the co-opetition are joint business expertise and agreement on fundamental values (Hoffman & Schlosser, 2001).

Phase 3 – Designing the partnership

Hoffman & Schlosser (2001) argues that if behavioral uncertainty is too high, it increases the control costs and therefore reducing the efficiency of the alliance. Conflicts such as duties and sharing outputs can hinder possible benefits from the co-operation. This can be avoided by establishing precise targets and task definitions (Hoffman & Schlosser, 2001).
(ibid) further suggest that the power structure of an alliance should be equal, to increase success rate.

The alliance should also focus more on the benefits instead of the costs of transactions. (ibid) argues that experience show that alliances that are particularly successful spend less time arguing over the distribution of the joint "pie", and more time on making the joint "pie" as big as possible.

In the design phase of a partnership it should also be discussed ways to minimize disputes over what Hoffman & Schlosser (2001) calls "out-learning". By "out-learning" (ibid) means strategies that one organization in the alliance acquire as good strategy the other can feel is endangering its own competitive advantage. As mentioned in phase three, trust can help increase the success rate in such issues. (ibid) suggests creating a professional project

management with clear and realistic objectives. The design phase is important to create a successful co-opetition and should contain a plan of action with fixed milestones.

Phase 4 – Implementation and management of the partnership

In phase four it is important to establish an information and co-ordination system linking the parent companies to one another and to the co-opetition unit (ibid). Also the financial funds, employees, tangible and intangible assets need to be provided. (ibid) argues that the partners have to agree on whether these input factors remain in property of each partner or become mutually owned.

Top management is also an important success factor, the senior executive commitment and support. Hoffman & Schlosser (2001) argues that one of the top management important tasks is maintaining an even relationship to the partner and visible supporting the co-operation in one's own company. It is important to provide the alliance with the required resources as time unfolds. In order to take full advantage of an alliance partnership the ongoing evaluation of performance is needed. This to make sure the co-operation is not heading in the wrong direction.

Hoffman & Schlosser (2001) states it is important to monitor the exchange of information and deliberately increase mobility barriers to protect its core resources. However it is also important to share knowledge with partners to increase the learning capacity of the alliance. In alliances the success in learning is determined by the desire to learn and the absorptive capacity of the company (ibid). A way to measure results is also important for alliance success. Early success provides a dynamic to strengthen alliance management and convince skeptics (ibid).

Phase 5 – Termination of the partnership

When a partnership is to be terminated all parts need to be treated with respect so that the reputation is intact as well as future business opportunities are not jeopardized (Hoffmann & Schlosser, 2001). Already in the design-phase should plans be developed on how to successfully end the partnership.

Andersson (2006) conducted a study based on the Hoffman & Schlosser (2001) article, and looked into relationships, competence and performance in SMEs alliances. Although Anderssons study slightly differs from the topic of our study it still relevant. Andersson identified several related articles which was made post-2001.

Based on the literature Andersson (2006) conducted a literature review as well as a survey of 164 SME in southern Norway. It was also conducted interviews with 6 companies. This combined with the literature gave a basis for analysis and conclusions, these conclusions are relevant for this study and a wrap-up can be seen below.

There are three hypothesis in Andersson (2006) that came out positive, the first one was leaders that believe collaboration can lead to a better development of products, safer access to orders and better reputation. Levy & Loebbecke et.al (2003) confirms this saying that in SME partnerships it is more important to collaborate in order to reach a bigger market for their products and services.

The second important focus is cultural differences between organizations. It was found that if an organization is unaware of a partner culture, it could lead to conflicts. Rai & Borah et.al (1999) confirms the need to be aware of cultural differences as important. It is important that a company fit strategically and culturally with the partner (Tidström & Virtanen, 2002). Hamel, Doz et.al (1989) point out that Asian companies are mostly interested in learning from their partners while European organizations focus on low risk and need for investment found.

The third important focus is the need for exchange of updated information to be at the right time in order to have a higher chance of success. Chen & Paulraj (2004) article confirms the need of updated information at the right time.

3.9 Kale & Singh (2009)

Kale & Singh (2009) argues that greater complementary between partners the greater the likelihood of alliance success. Partner complementary is the extent to which a partner contributes non-overlapping resources to the relationship. (ibid) argues that partner complementary seem to have greater impact on alliance success when one partner is relatively younger than the other. When the alliance is such that it is difficult for partners to fully specify the exact outcomes of the alliance is actually beneficial for success.

Kale & Singh 2009 divides the alliance lifecycle into three phases in figure five, whereas Hoffman & Schlosser (2001) uses five phases.
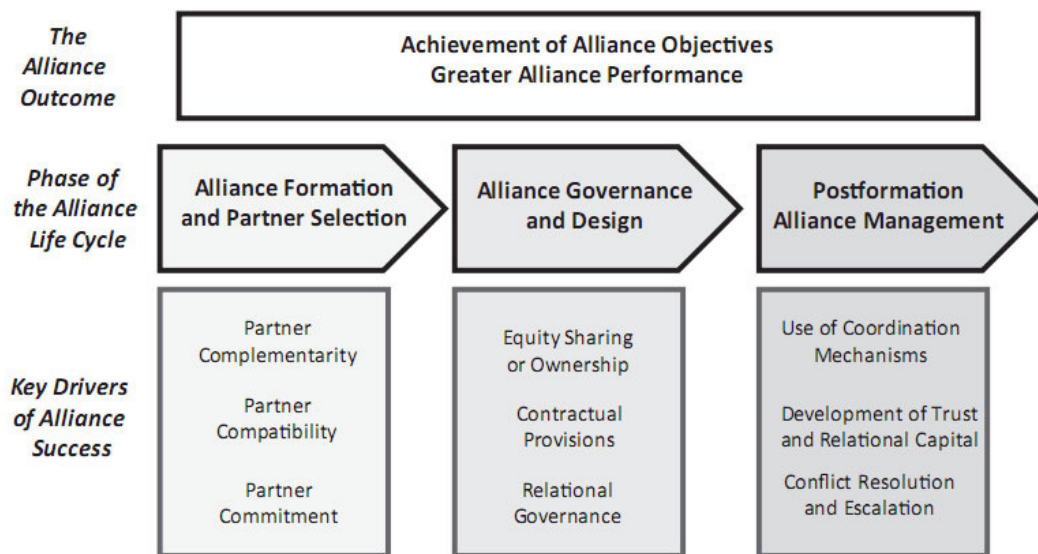
Figure 5: Alliance life-cycle for single alliances (Kale & Singh, 2009).

Non-profit-commercial alliances

Kale & Singh (2009) argues that there is a new form of alliances, non-profit organizations now often partner with profit organizations. To accelerate their growth many firms are expanding in emerging companies by serving poor-customers at the so called bottom of the pyramid.
Often the alliances are also collaborating directly with single persons or individuals. Commercial organizations often partner with such organizations to address the large untapped market. (ibid) argues that the challenges of managing such alliances and the factors and the best practices that lead to success may also be different from what we know from our study of traditional inter-firm alliances. These types of alliances are different not only because it involves non-profit organizations, but also because the concerned partner has a different set of skills and organizational culture.

Alliance portfolios

Kale & Singh (2009) argues that many firms today engage in more than one alliance, this puts a lot of focus on its portfolio. A company needs to know how to configure its alliance portfolio to avoid unwanted drawbacks and gain an advantage (Kale & Singh, 2009) has a list:

- It must assess the extent to which its portfolio is complete such that collectively all its alliances meet its strategic needs.

- Building the alliance portfolio firms must guard against competition that might arise between individual alliances in that portfolio.

- Some alliances in a portfolio might actually complement rather than compete with each other such that the benefits they offer are extra-addictive, e.g. research in one alliance and development of same product in another alliance.

Kale & Singh (2009) argues that a lot of organizations still focus on single alliances and thus they do not fully exploit synergy benefits that might exist from portfolio alliances. (ibid) argues that managing such portfolios is different from single-alliances, and argues that there has not been much research on the topic.

Managing Acquisitions

Kale & Singh (2009) argues that instead of alliances a firm can also use a different mode to access resources of another firm it can acquire that firm. In an acquisition the focal company purchases control rights over the asset and operations of another firm and in the process the

two companies usually become one organization to realize the desired benefits of coming together.

The success of an acquisition relies on how an acquirer manages the acquired firm after completing the transaction (ibid). In most cases the acquirer fully integrates the acquired organization within itself, combining the boundaries of the two firms. Consequently the acquired company loses its separate identity and independence in the market. (ibid) lists three important points in the new acquisition:

- The acquirer needs to choose appropriate coordination-mechanisms to leverage the independence between the two separate firms.

- It needs to build trust between the two firms such that employees in each firm work in interest of both firms and are willing to share relevant know-how with each other for mutual benefit

- It needs to establish appropriate mechanisms to resolve or escalate any conflict that might arise.

3.10 The nature of the empirical studies

In this section I would like to write some background information from the literature that have been used in the review. The idea is to get a better overview of the different studies conducted in the literature reviewed.

As we can see from table seven below all the articles are collecting empiric data from private firms, operating in different segments. We can also see the most common method of data collection is survey sent out to many companies. The number of companies in the table is the actual response rate on surveys the sent out. Geographical locations vary from all over the world and seem to be a good collection of world-wide data on alliance success. As we see from the table Asia is not represented and thus needs more empirical data from Asian countries. We also see that a few articles are case studies, which makes it harder to generalize to other alliances due to special conditions that may be present.

Researcher/year	Type of study	Sector	Geographic area	SME
Hoffman & Schlosser (2001)	Survey 164 companies	Private	Austria	X
Johansson & Ylinenpää (2006)	6 Manufacturing companies, 64 interviews over 3 years.	Private	Sweden	X
Kale & Singh (2009)	--	yes	---	X
Kelly et.al (2002)	Survey. 59 companies	Private [CATA]*	Canada	X
Mitsuhashi & Greve, 2009)	unknown	Private Shipping industry	Global shipping industry	unknown
Nakos & Brouthers (2008)	Survey. 119 companies	Private, exporting companies	Greece and Caribbean countries	X
Nordin (2006)	Case, Observative	Private Industrial firm	HQ Europe, company operate all over the world.	
Schumacher (2006)	Survey, 67 companies	Private	German	X
Wittman et.al (2008)	50 companies, survey alliance managers.	Private	USA	X
Lagerfield-Smith (2008)	Case, interviews with managers	Private, alliance of 4 firms.	unknown	unknown

Table 7: Presentation of literature background.

* Canadian Advance Technology Association.

The Kale & Singh (2009) article is a summary of several articles and creates an overview of the different topics on alliances, as a result of this it is not possible to write all details from their study.

After the literature was reviewed and reported in the literature review, the next table presents the reviewed literature by the various fields. In table eight below we can see the different fields identified in the literature review, and the respective researchers that have contributed. Notice that some researchers contribute on more than one field.

Field	Researchers contributed
Alliances and their definition of success	Mitsuhashi & Greve (2009), Wittman et.al (2008)
Alliance conflicts	Nordin (2006), Kelly et.al (2002)
Alliance formation motives	Johansson & Ylinenpää (2006), Van Gils & Zwart (2009), Mitsuhashi & Greve (2009)
Alliance government structure and control mechanisms	Wittmann et.al (2008), Langfield-Smith (2008), Kale & Singh (2009), Nakos & Brouthers, 2008)
Organizational resources	Wittman et.al (2009), Andersson (2006), And Davenport & Prusak (1998), Peppard & Ward (2004)
Alliance life-cycle	Hoffman & Schlosser (2001), Kale & Singh (2009)
Trust and risk in alliances	Langfield-Smith (2008), Nooteboom (1996), Schumacher (2006), Nordin (2006) , Marlene et.al (2010), Capelloand & Faggian (2005)

Table 8: Researchers contribution sorted by fields

Notice the majority of the literature are published within past years and thus, should be relevant for the different alliances operating today.

4. Discussion and future research

In this chapter we will discuss the findings reported in the previous chapter. The findings will be discussed based on the relevant theory that was found earlier and reported in the previous chapter. We will also suggest avenues for further research into this important topic.

One of the biggest concerns of alliance success is the lack of focus from researchers. As we have seen there are a lot of literature on alliances and various topics within alliances, but the keyword "success" is a neglected area of research. The effort to find the literature on alliance success took quite a lot of time and effort in order to find and categorize the material into respective groups. Alliances and future organizations who is about to form an alliance would benefit from the findings of researchers, thus be more open about collaboration with researchers on alliance success.

The results of the literature review showed that alliances are a complex area of research with many variables to consider, in order to find specific evidence for positive factors toward success. As we have seen from the literature review alliance success can depend on type of industry and if the alliance is a result of an acquisition or part of an alliance portfolio. As for the specific main study of alliance success in a normal alliance, many factors are identified as having an impact on success. These factors were identified by researchers conducting various studies in organization performing collaborative efforts. I will describe every one of these factors described by researchers in the next section.

4.1 Factors contributing to alliance success

Alliance formation are the first step towards partnership and cooperation. As expressed by several researchers it is important to know the organization before forming an alliance. Organizations also often tend to partner with previous partners in alliances Van Gils & Zwart (2009). To increase the chance of success it has been proven that partnership with a mismatch organization is more likely to fail.
Mitsuhashi & Greve (2009) indicates that managers of an organization have to make the right decision whether to form an alliance or not.

When firms have decided to collaborate, the design phase starts, Kale & Singh (2009) and Hoffmann & Schlosser (2001) has a model of various phases involved. In these different phases there can be success factors that have yet to be identified by researchers. Alliance formation was just mentioned and alliance government is also important phase. An alliance can have different government structures mentioned by Wittmann et.al (2008). Choosing the right government structure for the alliance can have an impact on alliance success. (Hoffman & Schlosser, 2001) suggest that the power structure of an alliance should be equal, to increase chance of success. Also there can be different control mechanisms structures in an alliance (Langfield-Smith (2008). Control mechanisms can have a positive effect for alliance success

by signaling commitment to the alliance (Nakos & Brouthers (2008). The decision to use specific types of control mechanisms are closely related to the trust factor. Schumacher (2006) defines trust as the decision to rely on the alliance partner under a condition of uncertainty and vulnerability

When conducting collaborative an effort within alliances there need to be trust between the partners in order to share the information with each other. As argued by Van Gils & Zwart (2009) trust may be one of the reasons why firms often partner with previous partners.

Langefield-Smith (2008) argues that trust develops over time through processes of learning and adaption, which are essential to the strengthening of the relationship between partners making the relationship more durable in the face of conflict.
Kelly et.al (2002) found that relationship problems consisted of 55 % of the total problems alliances face. Alliance problems, conflicts and uncertainty should be avoided in alliances to increase success chance (Nordin, 2006). Marlene et.al (2010) suggests the need of recalibrating the roles in a partnership in order to avoid risk and possible failure. Hoffman & Schlosser (2001) argues that if behavioral uncertainty is too high, it increases the control costs and therefore reducing the efficiency of the alliance. Thus the statements of the researchers suggest avoiding problems, conflicts and risk in order to achieve higher success chance.

Partner complementary is another factor that has showed to improve success chance in the literature review. This is closely related to formation of alliances and the decision to partner with specific organizations in order to achieve complementary resources (Hoffman & Schlosser, 2001; Mitsuhashi & Greve, 2009). Mitsuhashi & Greve (2009) argues that alliances with greater market complementary or resource compatibility contribute more to organizational performance than other alliances. This is also backed up by Kale & Singh (2009) that argues the greater complementary between partners the greater the likelihood of alliance success.

To sum up, we see that the success of alliances is influenced by the following factors: management of the alliance (including definition of roles, government, handling of conflicts) trust, partner characteristics such as complementary resources, control mechanisms and formation prior to entering alliance.

4.2 Future research

In this literature review we have identified several factors that may have an impact on alliance success. However we have not been able to test this empirically with the organizations that are collaborating in alliances on a daily basis. It would be interesting to see whether active alliances today experience the same success factors. Although the literature reviewed is gathered from various researchers that have conducted empirical research into the specific factors, there is a need for more research in this field. Future research should investigate the alliance effects identified in this literature review. Some articles may put a greater focus on the theory rather than the empirical results, thus empirical data is needed. Table seven in literature review also showed that case studies and survey was the most used method for research. Managers also appeared to be frequently used in data collection.

Based on the different phases of alliance life-cycle identified by Hoffman & Schlosser (2001) and Kale & Singh (2009) a future research, preferable empirical study can be done based on specific phases of the life-cycle. There can be critical success factors to be identified in one phase that is not present in another. Especially phase one which is the selection of alliance partners is appealing to look further into, one could think the destiny of an alliance is pre-determined by the selection of a partner. Future research may also find evidence of geographical differences on alliance relationships or alliance performance. Based on table seven over the nature of literature we saw studies from various geographical area, however Asia was not present. The research studies were sporadic conducted across the globe making little ground for specific geographical conclusions. Thus this area of research needs more focus on a world-wide basis and between different sectors of industries.

The article of Kelly et.al (2002) focuses on alliance problems and grouped the problems into categories where relationships problem was 55%. By looking into alliance success future research should have Kelly et.al (2002) empirical study in mind and take a closer into these relationship problems. In order to achieve alliance success the alliance problems and conflicts needs to be addressed, thus studying the relationship problems alone can be a good contribution towards higher alliance success. Kelly et.al (2002) suggests looking into relationship problems and suggests cultural factors may influence communication and trust, which in turn may influence perceptions about roles and responsibilities. From our literature review trust appeared to be correlated with alliance success and several researchers (Langfield-Smith, 2008; Nooteboom, 1996; Schumacher, 2006) describe trust as relevant.

Future research should also be conducted based on each of the success factors identified to identify to what degree they affect alliance success. We have made table nine to illustrate the different fields within alliance success that should be studied. The background for these topics is the literature review and the findings. These fields are not in focus due to the limited articles available, but we want the primary focus to be on alliance success and suggest future

research look into alliances with the 'success perspective'. Nordin (2006) suggests future research should look at problems and conflicts, in order to test generalization of the previous findings. Due to several of our reviewed literature are case-studies it's a good idea for future research to test generalization from these cases. This should also be tested on various segments to ensure the findings are not bound to specific segments of the industry.

Future research topics based on the alliance success perspective:
Alliance control and control mechanisms
Alliance formation
Alliance life-cycle
Alliance problems, conflicts, risk and uncertainty
Complementary resources
Trust and its effects on alliance success
Empirically test the alliance success factors identified with companies performing alliances.

Table 9: Suggestions for future research.

Although these topics have been identified as possible correlation with alliance success there may be other unknown factors that may prove to be more important. This is why alliance success in general should be in focus by researchers and academics. The high number of alliances that failed to meet goals as reported in the start of this review, show that it is an important field to investigate. Also for the organizations and alliances involved there is money and time to be saved by focusing on this field of research.

Future research into SME alliances should focus on the following issues: competence, organization, training, development of mutual activities and processes, all in alliance success perspective. All of these factors have unknown affect on alliance success and should be in focus to uncover their relation.

5. Conclusion and implications

As a conclusion to the topic on success factors for collaboration, I will here write the important topics found from the literature review. In the previous chapters we discussed the findings and discussions, the following will be a short and spot-on summary of the conclusions.

There is no doubt success is an important topic on alliances. To avoid loss of money and time alliances should focus more on alliance success and beware of the conditions revealed by researchers. Our findings can help an alliance to be alert and more aware of the factors involved in success and thus benefit from the literature review.

There are three views of success, Wittman et.al (2008) explains

1. Resource based approach - Alliance strategy is about creating the most value out of one's existing resources and by combining these with other resources Wittmann et.al (2008).

2. Competence based approach - A competence is an ability to sustain the coordinated deployment of assets in a way that helps a firm to achieve its goals Wittmann et.al (2008).

3. The relational factors approach - Effective cooperation allows alliance partners to combine successfully their resources in ways that contribute to the development of competitive advantages Wittmann et.al (2008).

5.1 Summary of findings

Alliance success articles

The most noticeable finding was the lack of focus on alliance success, and factors involved in improving success rate. Of all 70s-80s of articles found only a few set the focus on improving alliance success. There might be more literature on topic created previous to 2004, however the recipe for success five years ago might not prove to be a success today. The amount of articles produced between 2006 and 2010 is alarmingly low, it is surprising it is not more focus on alliance success when we already know that the number of alliances are pretty high.

Alliance control and control mechanisms

Control mechanism such as output control or process control can have a positive effect on alliance performance. Nakos & Brouthers (2008) suggest using process control as a monitoring mechanism for alliances to enhance performance and signal commitment to the alliance. (ibid.) argues that process control often tend to exchange knowledge directly with the alliance. *"This exchange of knowledge and increased cooperation results in better performance than could be achieved by either alliance partner alone because each partner may lack knowledge in one or more critical areas."* (Nakos & Brouthers, 2008).

Alliance formation

In the literature review it was found that an improved chance of success can be determined already before the alliance started and also in the early phases of design. Kale & Singh (2009) argues that *"how a firm construct alliance governance during the design phase of the alliance lifecycle is crucial to alliance success"*. Mitsuhashi & Greve (2009) indicates that managers of an organization have to make the right decision whether to form an alliance or not. (ibid) *"Forming an alliance with organizations with higher complementarity and resource compatibility result in better matched alliances which can increase the performance and can improve the survival rate for both companies."* Thus the chances of success are increased if a company chooses the right partner for an alliance.

Alliance life-cycle

There are several ways of dividing the alliance-lifecycle, I've reviewed both Hoffman & Schlosser (2001) and Kale & Singh (2009). There is no right and wrong way to divide the life-cycle, but both have interesting points of view. Through the various parts of the life-cycle there can be various reasons that have an impact on alliance partner relations and alliance performance. When conducting empirical research a closer look at these phases should be

kept in mind, for this review the whole life-cycle has been relevant. Kale & Singh (2009) in figure five explains the life-cycle in their model from 2009.
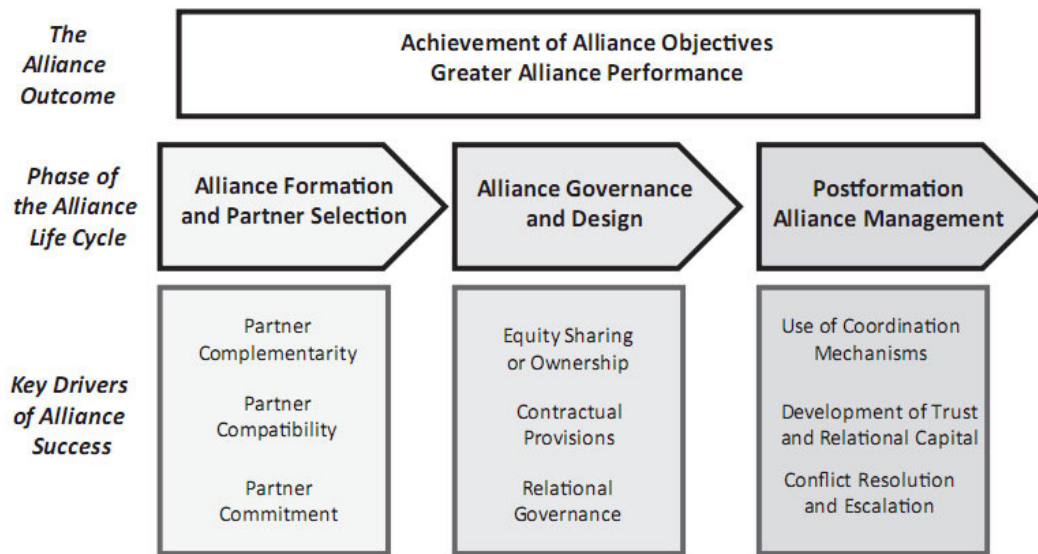
Figure 5: Alliance life-cycle for single alliances (Kale & Singh, 2009).

Alliance problems

In order to achieve alliance success and good collaboration, problems need to be identified and handled correctly. Kelly et.al (2002) article put focus on the problems on alliances and found and categorized the problems into groups.

Kelly et.al (2002) result was that relationship problems consisted of 55 % and operational problems 29%, strategic was 11% and alliance results only 5%. Kelly et.al (2002) investigated in manufacturing, services and R & D alliances that were in their early stage, (equivalent to phase 3 of Hoffman & Schlosser (2001) and phase 2 of Kale & Singh (2009).

The biggest group on 55% was relationship problems, which Kelly et.al (2002) defined as people/relationship issues involving problems related to communication, culture and roles. Thus putting a greater focus on relationships in alliances can increase the chances off alliance success.

Partner complementary

Kale & Singh (2009) argues that partner complementary seem to have greater impact on alliance success when one partner is relatively younger than the other.

This is also backed up by Mitsuhashi & Greve (2009) arguing that "*alliances enable firms to serve the same production or service delivery capacity with fewer resources, or to obtain greater capacity than they would be able to serve solely with their own resources.*" Forming an alliance with firms of higher complementary and resource compatibility result in better

matched alliances which can increase the performance and can improve the survival rate for both companies (Mitsuhashi & Greve, 2009).

Wittmann et.al (2008) argues that supplementary resources benefit alliances, however research suggest that complementary resources are especially important to alliance success. Alliances with greater market complementary or resource compatibility contribute more to organizational performance than other alliances (Mitsuhashi & Greve, 2009).

Trust
Trust is a big concern between partners in alliances and can itself weaken the collaboration if the partners doesn't trust each other and want to share information. As seen earlier there are ways to minimize the risk and create trust between alliance members. Langfield-Smith (2008) argues that *"trust develops over time through processes of learning and adaption, which are essential to the strengthening of the relationship between partners making the relationship more durable in the face of conflict."*
One way to create trust upon partners in an alliance is to implement a government structure and use control mechanisms. To reduce the uncertainty and risk alliances often tries to review the alliance government structure. Langfield-Smith (2008) argues that *"Contracts is one way to reduce the risk involved, but it doesn't eliminate the need for control mechanisms in alliances."*

To enhance the presentation of the findings from the literature review we made table ten with topics and the comments on success argued from the researchers. These are points the researchers suggest may have a positive impact on alliance success.

Topic	Comment
Alliance control and control mechanisms	Nakos & Brouthers (2008) suggest using process control as a monitoring mechanism for alliances to enhance performance and signal commitment to the alliance.
Alliance formation	Kale & Singh (2009) argues that how a firm construct alliance governance during the design phase of the alliance lifecycle is crucial to alliance success. Mitsuhashi & Greve (2009) indicates that managers of an organization have to make the right decision whether to form an alliance or not.
Alliance problems	Kelly et.al (2002) study showed that relationship problems consisted of 55 % and operational problems 29%
Partner complementary	(Mitsuhashi & Greve, 2009) argued that forming an alliance with firms of higher complementary and resource compatibility result in better matched alliances which can increase the performance and can improve the survival rate for both companies Kale & Singh (2009) argues that partner complementary seem to have greater impact on alliance success when one partner is relatively younger than the other. Wittmann et.al (2008) argues that supplementary resources benefit alliances, however research suggest that complementary resources are especially important to alliance success.
Trust	Langfield-Smith (2008) argues that trust develops over time through processes of learning and adaption, which are essential to the strengthening of the relationship between partners making the relationship more durable in the face of conflict

Table 10: Alliance success topics and the argumentation from researchers.

5.2 Limitations

Time has been a limited resource for this study. Time often influences the frame as well as the quality of the research project. In this case we're lucky to have a pre-defined schedule to follow so that we had a goal and a concrete setting to use. With more time the study could have gone deeper into the material and conducted more literature search on a wider scale. This could have an impact on the total produced material in terms of findings and conclusions. One of the most time-consuming tasks on this thesis was the amount of time spent on conducting searches, decide limitations and categorize material for further investigation.

Another limitation is not having a survey to test the actual findings. The original plan was to combine the review with interviews that could inform us on some of the issues identified as less studied in the literature review. Unfortunately, this was not possible. This is something that is described in the future research chapter. There might also be geographic differences between companies in west and the eastern part of the world, industrial countries and developing countries. Looking into these factors is out of the scope due to the time available in this thesis.

Limitations was also found when reviewing the literature, unfortunately, not all articles explained whether it was tested empirically in SME or larger organizations. This applied to two articles in the literature review. Although most literature did say it was for SME alliances. Case studies can contain special activities that are only relevant to a particular organization and/or partnership. The literature reviewed is a mix of multiple partnerships surveys were used to find data that is generalizable. The data that was found belonging to one specific partnership could be exclusively interesting to that partnership, and have no value for other organizations. The minority of the literature reviewed were case studies.

Some articles could be classified into different groups, the focus of this review was alliance success. The field of alliances are more complex than one could expect, thus several of the identified groups during categorization could have an impact. However the time that were available did not allow 100s articles to be reviewed. The amount of articles that was found and identified to belong to alliance success group was also less than one could be predict in advance. From 2006 to 2010 there were only about 5-6 articles on alliance success, which were reviewed. To compensate for lack of relevant articles a few articles were found through citation of relevant literature. Some articles may represent different aspects on alliances, however still relevant to alliance success.

5.3 Implications

The field of alliance success is important for organizations and alliances in order to save money, time, effort and remain competitive. Although we can report some focus on alliance success in this review, there is still a lot of uncertainty in the discipline. In this literature review we found several factors that may have an effect on alliance success and how alliances today operate. This should be interesting to all the stakeholders involved such as researchers, academics, stockholders and the alliances themselves. Since the start of this review reported findings from several researchers arguing the bad odds for alliance success the alliances have a lot to gain from staying updated on research. This can be as crucial as a live or die situation for the alliances. Often it's the unknown, hidden dangers that caught the alliances off guard that causes the most damage, this is why every organization and alliance should stay updated on the research conducted. The fact that alliances are willing to let researchers conduct studies and interviews to investigate the field of alliance success prove that many are open for new research. However as we experienced in this study not all organizations are willing to open up for researchers, thus excluding themselves for new knowledge and possible alliance failure.

From our literature review there is several factors that contribute towards alliance success. Its up to the alliances themselves to decide which factors they find the most relevant for their operation, but one factor that should be common is trust. As seen previously trust can enhance collaborative relationships and work pre-emptive for problems and conflicts. By reducing conflicts which can also be done with a good government and process control, the alliances take a big step for a more long-term partnership. Alliances should also be more alert on seeking partners with complementary resources, and beware of partner selection in early alliance life-cycle. With complementary resources, trust and control mechanism alliances can potentially show more commitment which in turn may have a positive effect on the alliance success.

5.4 Contribution

The literature review reviews articles since 2006 and contains articles that have been found relevant to success factors of SME. It lists literature relevant to SME alliances and issues around it. The literature review puts down a solid foundation for conducting research from organizations, and to check empirically the findings reported.

It also contributes towards new articles that researchers want to conduct on the topic alliances. The literature found, identified and categorized is comprehensive, and the best of all is that its newer material from 2006 an onward. Everyone interested in conducting research on alliances can use this literature review as a reference and look further into specific articles or authors on their respective field.

For organizations involved in alliances today or plan to enter a partnership this literature review provided a solid overview of the issues that may be faced down the row. To be aware of these issues is a benefit to the organizations and to its alliance. With the issues reported the alliances can create detailed plans on how to avoid the possible problems and have a greater chance of succeeding with their alliance. The literature review also has interesting literature from authors contributing to the alliance discipline regularly thus the potential for new research is present if followed by the organizations and alliances.

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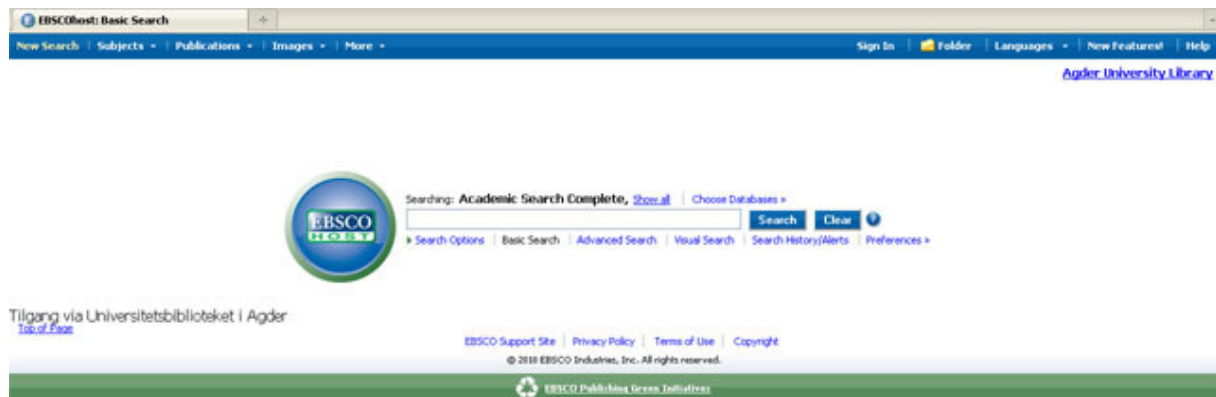
Wittmann, M. et.al. (2008). *Explaining alliance success: Competences, resources, relational factors and resource-advantage theory.*
Industrial marketing management 38. P 743-758.

Appendix A: Illustrating search

Isi web of knowledge
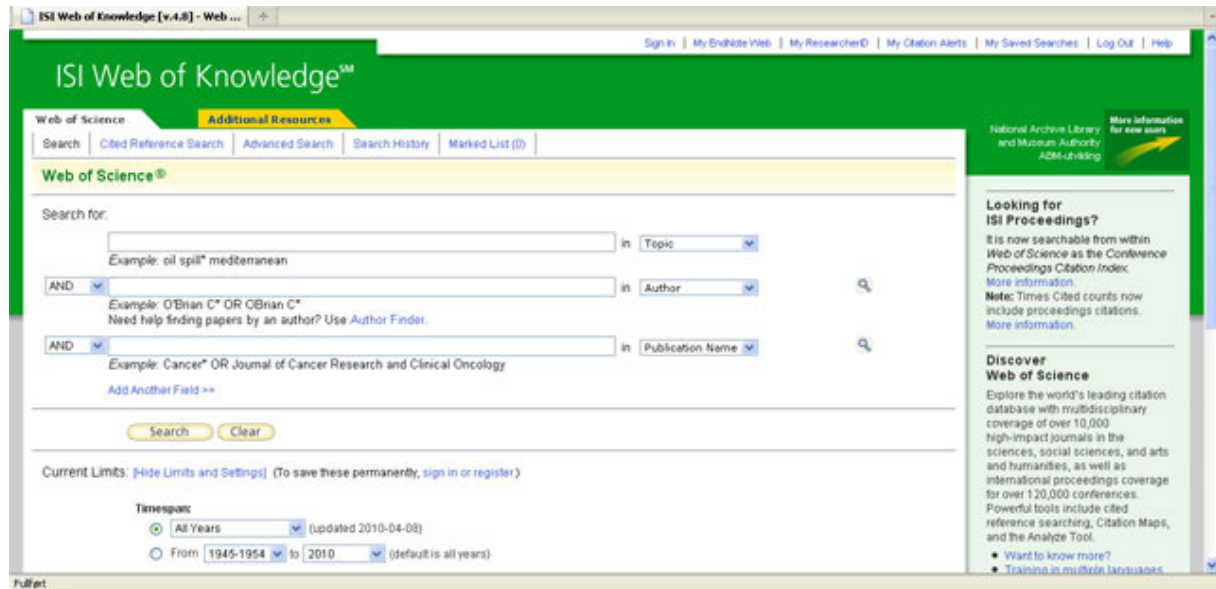
EbscoHost

Appendix B: Illustrating search

Google Scholar

Scirus.com

Appendix C: Statistisk sentralbyrå

Bedrifter

2 Bedrifter, etter ansattegrupper og fylke. 1. januar 2010

Fylke	Bedrifter i alt	Uten ansatte	1-4 ansatte	5-9 ansatte	10-19 ansatte	20-49 ansatte	50-99 ansatte	100-249 ansatte	250 ansatte og over
I alt	481 720	289 289	102 180	39 259	26 113	17 025	4 952	2 266	636
Østfold	25 462	15 382	5 411	2 063	1 350	880	242	109	25
Akershus	47 917	28 984	10 487	3 586	2 366	1 705	494	228	67
Oslo	67 652	41 521	14 180	4 836	3 377	2 294	769	489	186
Hedmark	20 221	12 724	3 975	1 569	1 062	644	161	76	10
Oppland	22 299	14 523	4 172	1 578	1 137	636	186	57	10
Buskerud	27 194	16 597	5 766	2 156	1 382	919	257	91	26
Vestfold	22 622	13 512	5 083	1 758	1 175	755	227	95	17
Telemark	16 489	9 836	3 480	1 379	924	643	144	74	9
Aust-Agder	10 466	6 119	2 327	956	560	351	106	43	4
Vest-Agder	16 798	10 031	3 500	1 413	973	604	171	86	20
Rogaland	38 222	22 624	7 939	3 127	2 203	1 568	477	214	70
Hordaland	41 037	24 145	8 688	3 469	2 353	1 597	479	222	84
Sogn og Fjordane	13 492	8 305	2 838	1 116	680	394	119	37	3
Møre og Romsdal	24 788	14 248	5 312	2 392	1 483	988	253	90	22
Sør-Trøndelag	27 159	16 240	5 601	2 305	1 532	979	320	142	40
Nord-Trøndelag	14 726	9 221	3 014	1 168	722	418	129	47	7
Nordland	22 735	13 143	4 883	2 190	1 416	785	209	87	22
Troms Romsa	14 616	8 095	3 433	1 395	903	575	143	60	12
Finnmark Finnmárku	7 825	4 039	2 091	803	515	290	66	19	2