Strategic alliances and competitive performance in the pharmaceutical industry

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Abstract

This paper aims to improve knowledge about the relationship between strategic alliances and performance. It begins by proposing a moderating role for the alliance management capability. Next, it advances an explanation of the impact of the alliances on performance, which is based on the firms' ability to deploy their product portfolios and their alliance portfolios. The research hypothesis formed a structural model that was tested using partial least squares (PLS). The context for the empirical application was the Portuguese pharmaceutical industry. The results confirmed that the proposed moderating role is significant. Additionally, alliances are effectively used for growing and for innovating. Generic drugs are an important way to reconfigure the firms' portfolios and to explain performance; however, they do not significantly depend on alliances. The main lessons are: (a) a better understanding of the reasons 'why' alliances enhance performance; (b) managers should develop their firms' alliance management capabilities, in order to fully exploit the benefits of alliance; and (c) a sensible criterion for firms to evaluate the potential alliances is to evaluate the alliance's ability to leverage growth and innovation.

Key words