

Planned short-term dyadic strategic alliances: A social exchange perspective

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Abstract

Purpose – The purpose of the article was to develop a social exchange perspective of planned short term dyadic strategic alliances.

Design/methodology/approach – The article adopts a conceptual approach drawing on social exchange theory to elicit innovative conclusions about short-term dyadic strategic alliances.

Findings – Finds that planned short-term dyadic strategic alliances are difficult to manage, limit social control mechanisms, limit reciprocal activity and interrupt the development of trust.

Practical implications – The article can help managers and analysts working in investment banking to better understand the underlying causes of alliance instability and/or failure in their industry.

Originality/value – The article offers practical insights into the functioning and management of short-term dyadic alliances which will be of interest to both researchers and practising managers.

Keywords Strategic alliances, Social exchange, Investment bank, Reciprocity, Trust

Paper type Conceptual paper

Introduction

The aim of this paper is to develop a social exchange perspective of planned short-term dyadic strategic alliances. For the purposes of this paper, social exchange is defined as “voluntary actions of individuals that are motivated by the returns they bring from others” (Blau, 1964, pp. 91). Planned short-term dyadic strategic alliances, in turn, are defined as “the pooling of separate functions, activities or business units, which are directed at a specific objective...are often of a temporary nature and do not affect the primary mission and the ownership and control of the participating firms” (Gerybadze, 1995, pp.75).

Planned short-term dyadic strategic alliances are alliances formed for a pre-determined period of time for the purposes of achieving a specific objective or goal. These alliances are different to long-term, network and constellation type alliances. Unlike long-term, network and constellation type alliances, planned short-term dyadic strategic alliances are temporary. The partners, from the time of inception, have a clear idea of when they want the alliance to end. Additionally, planned short-term dyadic strategic alliances are not strictly relationship based. Most of the relational factors that are normally found in long-term strategic alliances are not found in planned short-term dyadic strategic alliances (Spekman, 1998; Parkhe, 1993; Jones, Chonko & Roberts, 2003)

Planned short-term dyadic strategic alliances are commonly found in the investment banking industry. These alliances are known as syndicates. Syndicates are usually formed to handle initial public offerings (IPO). By engaging in strategic alliances, firms expect to enhance their performance and create value. By pooling their resources and capabilities with other companies, firms expect to have the ability to

initiate projects that they could not have successfully done alone. In theory, mutual gain can be achieved via the alliance if partners can complement each other's weakness since each partner in an alliance can access complementary capabilities of their partners (Chung *et al*, 2000).

Unfortunately, the reality is very different. The findings of this paper indicate that, when compared to long-term strategic alliances, planned short-term dyadic strategic alliances are more difficult to manage. First, the article's findings indicate that these alliances encourage independent behaviours, have limited recourse to coercive techniques and are excessively prone to conflict. Second, the article's findings indicate that the independent ownership/control structures and short-term nature of these alliances limit reciprocal activity. Such alliances are limited to one type of reciprocal action, known as specific reciprocity. Third, the article's findings indicate that, in addition to its reliance on specific reciprocity, exchange partners have less recourse to a specific type of reciprocal action, known as 'tit for tat.' Tit for tat is a social control mechanism that allows partners to punish and reward each other. Last, the article's findings indicate that, planned short-term dyadic strategic alliances interrupt the development of benevolent and credibility trust and promote the development of a weaker form of trust, known as calculus based trust.

This paper analyses these alliances from a social exchange perspective. Although dyadic strategic alliances have some similarities with other kinds of partnerships, they are also significantly different.

Planned short-term dyadic strategic alliances

Generally speaking, there are two broad types of inter-firm partnerships: strategic alliances and alliance networks. Both strategic alliances and alliance networks represent inter-organizational relationships aimed at generating cooperative advantage. The main difference between the two is that an alliance network is simply a collection of several alliances, whereas a strategic alliance is one cooperative arrangement involving two (dyad) or more firms, such as equity joint ventures, joint R&D and joint production. A strategic alliance is a single arrangement that includes two or more firms, and an alliance network includes several alliances (Uzzi, 1997; Das and Teng, 2002). This paper focuses specifically on one type of strategic alliance – planned short-term dyadic strategic alliances. For the purposes of the paper, these alliances are defined as “the pooling of separate functions, activities or business units, which are directed at a specific objective...are often of a temporary nature and do not affect the primary mission and the ownership and control of the participating firms” (Gerybadze, 1995, pp.75). Dyadic strategic alliances are different to other strategic alliances in the following ways. First, they are temporary. The partners, from the time of inception, have a clear idea of when they want the alliance to end. Second, the partner firms do not exchange resources with firms outside the dyad. Resources are shared exclusively with the partner involved in the dyad. Third, the alliance does not affect the ownership and control of the participating firms. The participating firms share resources for a predetermined time period and separate once the objectives of the alliance have been achieved. Partners may also separate at the end of a pre-arranged period of time even if the objectives have not been achieved (Gerybadze, 1995).

Gerybadze's (1995) definition can be compared and contrasted to other more prevalent definitions of strategic alliances. For example, Spekman (1998) defines a strategic alliance as "a close, long term, mutually beneficial agreement between two or more partners in which resources, knowledge, and capabilities are shared with the objective of enhancing the competitive position of each partner" (1998, pp. 748). The definition implies that strategic alliances are close, long-term relationships with an equally long exchange horizon. This clearly does not conform to the reality of planned short-term dyadic strategic alliances. The latter are different because they are not designed to have a long-term exchange horizon. In fact, they are designed to achieve a short-term objective or goal, e.g. to manage an Initial Public Offering, and are disbanded once that objective has been achieved or at the end of a pre-arranged time period. Additionally, this definition implies that there are no limits to the number of partners that can be involved in a strategic alliance. Dyadic strategic alliances do not conform to this criterion. By definition, dyads are limited to two partners. Firms involved in the partnership may transact with other firms in the environment but the alliance partnership is limited to two.

Another definition commonly found in the literature states that strategic alliances are "relatively enduring inter-firm cooperative arrangements, involving flows and linkages that utilize resources and/or governance structures from autonomous organizations, for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring firm" (Parkhe, 1993, pp. 794). This definition implies that the goals of strategic alliances must be linked to the corporate mission of the organization. This clearly does not conform to the reality of planned short-term dyadic strategic alliances. Dyadic strategic alliances are unique because the goals of the alliance do not have to be linked to the corporate mission of the organization. In fact, the short-term nature of these alliances allows the partnering firms to partially decouple the alliance from the corporate mission. Experimentation with goals that fall outside the immediate scope of the organization's corporate mission can be accommodated.

Last, Jones, Chonko and Roberts (2003) define strategic alliances as "long-term, trust based relations that entail highly relationship-specific investments in ventures that cannot be fully specified in advance of their execution" (2003, pp. 337). Once more, this does not reflect the reality of dyadic strategic alliances. Planned short-term dyadic strategic alliances are different because the goals of the alliance are determined in advance. The partners then work to a specific timetable to achieve them. Additionally, it implies that successful strategic alliances are based on trust or other relational factors such as inter-personal attraction and social ties. This clearly does not conform to the reality of short-term dyadic alliances. The latter are different because they are not strictly relationship based. In fact, most of the relational factors that are normally found in long-term strategic alliances are not evident. This may be due to the fact that all cooperation is for the short term preventing partners from establishing trust or reputation capital. As a caveat, this may not be applicable if the partners engage in repeated short-term alliances over an extended period of time. Alternatively one may speculate that in dyadic strategic alliances, accountability is relatively high and free riding relatively easy to detect and remedy. In effect, this may downgrade the need for trust, solidarity, social support and other relational factors normally associated with long-term strategic alliances. Within a short-term alliance context, relational factors may even encourage alliance instability and hinder alliance efficiency.

Proposition 1: Planned short-term dyadic strategic alliances are unique because they are temporary, are limited in the number of partners, are not directly linked to the corporate mission and are not relationship based.

Social exchange theory

Social exchange theory was developed by George Homans (1958), John Thibaut (1959), Harold Kelley (1959) and Peter Blau (1964), all of whom were sociologists and social psychologists, not economists (Emerson, 1976). Unlike macro and micro economic theories, which were designed to examine economic exchanges, social exchange theory was designed to examine interpersonal exchanges that were not considered to be purely economic. As such, the theory analyses people’s social behaviour in terms of exchanges of resources. According to the theory, exchange is created and maintained by the scarcity of resources, prompting actors to engage with one another to obtain valuable inputs (Das and Teng, 2002).

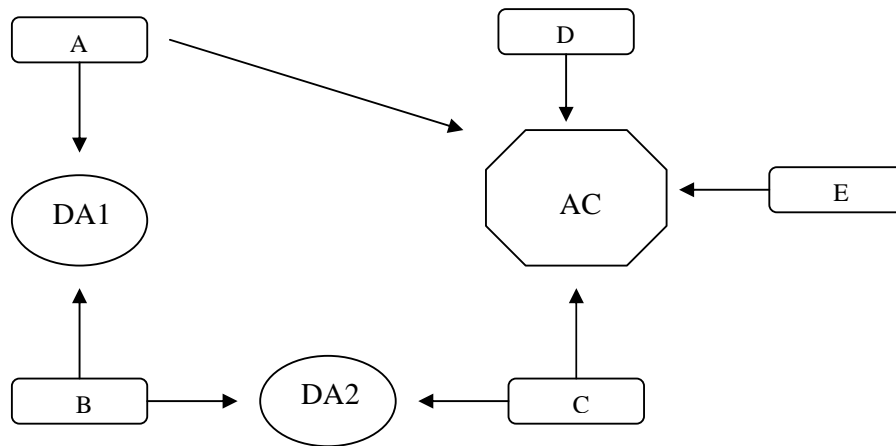
There are important differences between social exchanges and economic exchanges. The differences stem from the content of the exchange transaction and from the conceptual units of analysis employed. Social exchanges can be purely social or a combination of social and economic exchanges. In contrast to pure economic exchanges, the benefits from social exchange often are not contracted explicitly, and it is voluntary to provide benefits. Thus, social exchange theory focuses on the social relations and personal ties among the actors that shape the exchange of resources and benefits. Personal ties are the bonds that result from successful, mutually rewarding interactions over time. They are founded upon trust, reciprocation and reward. In contrast to social exchanges, economic exchanges take place in the market. Such transactions imply the allocation of resources with disregard to personal ties, in favour of an immediate maximization principle of profit making (Emerson, 1976). Before the emergence of social exchange theory, researchers and theorists had concentrated all of their efforts on measuring exchanges that “could be mathematically enumerated” (Jacobs, 1974, pp. 46). After the emergence of social exchange theory, researchers broadened their scope to include factors such as trust, social ties, reciprocity and reward into their exchange equations. Table 1 provides a summary of the differences between social exchange theory and general economic theories.

Table 1: Social exchange theory & economic theories (summary)

Social Exchange Theory	Economic Theories
Focus on the social relations and personal ties that shape the exchange of resources	Focus on price as the mechanism to govern exchange
Examines a combination of economic & non-economic exchanges	Examines economic exchanges only
Exchange is voluntary	Exchange is mandatory
Exchange is not contracted explicitly	Exchange is contracted explicitly
Exchange takes place within a social system	Exchange takes place within the market

While its origins are at the individual level, social exchange theory has been extended at organizational and inter-organizational levels and divided according to the different types of exchange (Jacobs, 1974; Levine & White, 1961). As mentioned by Das and Teng (2002), social exchanges can be either restricted or generalized. Restricted social exchange takes place when “two parties directly exchange favours with each other, which is also known as dyadic or mutual exchange” (2002, pp. 448). In other words, within the restricted social exchange context, what A receives from B is contingent upon what A gives to B. Within social exchange theory, this constant process of giving and receiving is known as reciprocity which, according to Keohane (1986), is defined as “actions that are contingent on rewarding reactions from others and that cease when these expected reactions are not forthcoming” (1986, pp. 6). Fig 1 provides a pictorial representation of restricted and generalized social exchange within dyadic and network alliances.

Fig 1 (Das and Teng, 2002):



Firms $A + B + C + D + E + DA1 + DA2 + AC$ are involved in a network with generalized social exchange. Generalized social exchange can be seen between firm B, C and network hub AC. Firm A & B (DA1) and B & C (DA2) are in dyads with restricted social exchange.

Given that all reciprocity is voluntary, social exchanges are subject to significant risk of free riding. However, because dyadic alliances entail direct reciprocity between parties, accountability is relatively high and free riding relatively easy to detect and remedy. Jacobs (1974), sharpened this notion by talking about “the organization as a role incumbent presumably faced with sanctions and rewards from various external actors in its role set” (1974, pp. 46). Thus, social exchange theory can be considered to be an innovative and complex way of analysing economic and non-economic transactions between organizations.

Proposition 2: Planned short-term dyadic strategic alliances encourage the development of restricted social exchanges and discourage the development of generalized social exchanges.

Planned short-term dyadic alliances and long-term alliances: A social exchange perspective

The following section describes how short-term exchange horizons have a negative effect on most relational factors, including reciprocity and trust.

Short-term exchange horizon

Planned short-term dyadic strategic alliances are different because they have a short-term exchange horizon. Partners involved in these alliances exchange resources for a pre-arranged time period in order to achieve a specific objective and separate at the end of that time period. Conversely, partners involved in long-term strategic alliances exchange resources for an indefinite time period and separate due to problems associated with the alliance, such as inter-partner conflict (Powell, 1990; Das and Teng, 2000), competitive pressures (Reuer and Zollo, 2000), learning imbalances (Doz, 1996; Spekman, 1998) and cultural mismatch (Das and Teng, 2003). The following discussion explores the problems associated with these alliances. It will focus on the short-term exchange horizon of these alliances and its effects on alliance management, interdependence and inter-partner conflict.

When compared to long-term strategic alliances, short-term dyadic alliances are more difficult to manage because they encourage independent behaviours while they simultaneously discourage interdependent behaviours. A problem that can be directly attributed to the short-term exchange horizon found in these alliances. The allying organizations do not have forward-looking expectations or the expectation of sustained positive payoffs from mutual cooperation. Partners involved in such relationships place little effort in establishing mutually beneficial cooperative social exchange relationships. In effect, partners who are aware that they are destined to cooperate and exchange resources for pre-determined time period, naturally seek independence as an outcome of the alliance. Independent behaviour is also encouraged by the alliance's ownership structure and by the control structures of the participating firms, but this does not affect the ownership and control of the participating firms. These alliances are designed to achieve a short-term objective or goal and are disbanded once that objective has been achieved or at the end of a pre-arranged time period.

In addition to the promotion of independent behaviours, planned short-term dyadic strategic alliances are more difficult to manage because the partnering firms have limited recourse to coercive techniques. Coercive techniques include punishment and other social sanctions. This is a significant issue because sanctions promote cooperative behaviours (Diekmann, 2004). Within dyadic alliances, a short-term exchange horizon limits the partner's ability to punish. In these alliances, punishment and other social sanctions are reliant upon the expectation of alliance continuation and/or the expectation of repeated cooperation over a number of years. The short-term exchange horizon prevents partners from punishing one another, as they have very little time to enforce the punishment or to enforce behaviour modifying sanctions. Any dissatisfaction with the partner is likely to result in the harshest form of sanction – alliance termination. Even when partners do have access to sanctions, punishment is often costly to both partners (Carpenter *et al*, 2004). The biblical maxim “a life for a life, eye for eye, tooth for tooth...bruise for bruise” (Exodus 21: 23-25), is a venerable moral precept that provides social approbation for revenge (Eisenberger *et al*, 2004).

However, within an alliance context, it serves very little purpose if the partners do not expect to maintain a long-term exchange. In effect, punishment within short-term alliances causes instability and may be the cause of alliance discontinuation, jeopardizing the goals and objectives of the alliance. Punishing can maintain cooperation, but why individuals should engage in costly and destabilizing punishment is unclear (Panchanathan and Boyd, 2004).

Last, dyadic strategic alliances are more difficult to manage because they are excessively prone to conflict. Conflicts often occur because the partners have not previously worked together and misperceive one another's actions. In effect, these partners fall victim to miscommunication. In these alliances, behavioural history has not been established and reputation may not be available. This situation is not problematic if the allying firms 'perceive' that they are satisfied with their pattern of interaction and that they have good relational quality as they will be quick to attribute any shortfall to causes outside the partner's control. On the other hand, if they are dissatisfied with the pattern of interaction, and the relational quality is low, they will be suspicious about their partner's behaviour, and will be more likely to attribute shortfalls to causes within the partner's span of control. Seeing oneself as 'victim' and the partner as 'culprit' in these situations is quite a common, but erroneous point of view. This erroneous point of view often leads to conflict within planned short-term dyadic strategic alliances (Parkhe, 1993).

Proposition 3: Planned short-term dyadic strategic alliances encourage instability and conflict via the fulfilment of short-term goals.

Reciprocity

Planned short-term dyadic strategic alliances are unique because their independent ownership/control structures and short-term nature constrain reciprocal activity. The following discussion explores these issues by focussing on the types of reciprocal activity that can and cannot occur.

Unlike long-term strategic alliances, which are characterized by diffuse reciprocity, dyadic alliances are limited to one type of reciprocal action, known as 'specific reciprocity.' Diffuse reciprocity is different to specific reciprocity. It consists of a sequence of actions that may continue indefinitely, never balancing out but continuing to entail mutual concessions within the context of shared commitments and values (Keohane, 1986). In effect, it is a mechanism that induces partners to remain socially indebted by inhibiting complete repayment. It induces a certain amount of ambiguity as to whether indebtedness has been repaid and, over time, generates uncertainty about who is in whose debt. Gouldner (1960) referred to this mechanism as the 'shadow of indebtedness.' Diffuse reciprocity occurs in long-term dyadic strategic alliances and alliance networks/constellations. It may also occur in short-term alliances when the partners plan to engage in repeated cooperation over a number of years. Conversely, specific reciprocity is time bound and occurs in a strict sequence. It consists of an exchange of items of equivalent value. If any obligations exist, they are clearly specified in terms of rights and duties. Additionally, specific reciprocity entails simultaneous exchange. It requires an appropriate quid for every quo, every time an exchange takes place. There is never a 'debt' or 'credit' since the exchange is balanced. According to Keohane (1986), this is often an indication of a lack of confidence and may even indicate some hostility towards the partner. As such,

specific reciprocity is an appropriate principle of behaviour when norms of obligation are weak. Norms of obligation state that “people should help those who have helped them and that people should not injure those who have helped them” (1986, pp. 21). Specific reciprocity occurs in planned short-term dyadic strategic alliances. That is, assuming the partners do not plan to engage in repeated cooperation over a number of years. Should the partners plan to engage in repeated alliances, then specific reciprocity may evolve to diffuse reciprocity over time. Social exchange theory alerts us to the importance of this transformation from balanced exchange to temporarily unbalanced exchange and the obligations that such imbalances create. Unbalanced exchanges create mutual confidence, since repayment over a period of time provides information to lenders about the habits and character of borrowers (Keohane, 1986).

In addition to its reliance on specific reciprocity, exchange partners in planned short-term dyadic strategic alliances have less recourse to a specific type of reciprocal action, known as ‘tit for tat.’ Tit for tat consists of starting with cooperation and thereafter doing what the other partner did on the previous move. In other words, returning good for good and bad for bad (Axelrod, 1984). According to Parkhe (1993), tit for tat works effectively over the long-term because it permits the partners to punish and reward each other. Through expectations of future reciprocity, the partner’s moderate their current behaviour. They curtail their tendency to seek immediate short-term gains via opportunism and seek long-term gains via cooperation. This bond between future benefits and present actions is known as the ‘shadow of the future’ (Axelrod, 1984). According to Axelrod (1984), cooperative performance is better promoted via long-term exchange or long shadow, since forward looking expectations of gains hold opportunistic tendencies in check. Conversely, a short-term exchange or short shadow provides the opposite expectation. Alliance partners that cooperate for a short period of time have a limited ability to punish partners that engage in opportunistic behaviour. Additionally, in such alliances, partners have very little incentive to engage in other types of reciprocal behaviour, e.g. rewarding one another. That is, unless they plan to engage in repeated cooperation over a number of years. Yet, effective reciprocity from partners rests not only on the identification of agreement violations, but also on the timing of suitable reply. The time taken to respond has important signalling properties. Slow reactions may indicate a ‘don’t care’ or ‘laissez faire’ attitude towards a decision or action. Fast reactions may indicate the opposite. Fast decisions are important because the power of the signals fade with time. In other words, partners understand the effects of reciprocal behaviour when action and reaction are bound in time (Parkhe, 1993).

The previous discussion was based upon the distinction between diffuse and specific reciprocity within strategic alliances. It also analysed the effects of ‘tit for tat’ on long-term and short-term strategic alliances. For the purposes of this discussion, it is important to specify that reciprocity is not merely present or absent in different types of alliances but is, instead, quantitatively variable. The differences stem from the type of reciprocity involved and the amount exchanged. On one side of the spectrum, we find planned short-term dyadic strategic alliances and on the other side, we find long-term, network and constellation types of alliances. Relations with little or no reciprocity are socially impossible. Such relations quickly destabilize and collapse (Gouldner, 1960).

Proposition 4: Planned short-term dyadic strategic alliances encourage the formation of specific reciprocity via a finite exchange horizon and an independent ownership/control structure.

Trust

Dyadic strategic alliances are different because they are not strictly relationship based. In fact, the nature of these alliances inhibits the development of most relational factors, including inter-firm trust and reputation capital. One could even speculate that, due to the short-term exchange horizon of these alliances, trust may not even be a required component of these alliances. Conversely, long-term, network and constellation type strategic alliances are built upon a foundation of trust. In fact, the literature explicitly mentions that a 'lack of inter-firm trust' is one of the main reasons for strategic alliance failure (Kelly, 2002). The following paragraphs will discuss these and other issues by comparing the aspects of trust found in long-term alliances with the aspects of trust found in planned short-term dyadic strategic alliances.

Unlike long-term strategic alliances, which promote the development of benevolent trust and credibility trust, planned short-term dyadic strategic alliances interrupt the development of benevolent and credibility trust and promote the development of calculus based trust. According to Cullen *et al.* (2000), benevolent trust is a belief that an alliance partner will behave with good intentions towards the alliance and the partner. It is a belief based on a subjective assessment of the partner and represents the emotional side to trust. In order to develop benevolent trust, each partner must exhibit a behavioural tendency towards helping and supporting the other partner, a tendency to promote and seek closeness with the other partner by encouraging sharing, understanding, mutual interest and openness (Phan *et al.*, 2002). Conversely, credibility trust is the rational component of trust. It is the confidence that the partner has the intent and the ability to meet their obligations and make their promised contributions to the alliance (Cullen *et al.*, 2000). In order to develop credibility trust, each partner must exhibit signs of self confidence and ability to express clearly his/her views and skills, knowledge and/or technical competence required for the assigned role/tasks (Phan *et al.*, 2002). It is very difficult for benevolent trust or credibility trust to develop in planned short-term dyadic strategic alliances. Benevolent trust is an expectation of help and support that is contingent upon the establishment of a mutually rewarding relationship. Such relationships usually form over time. As a result, closeness, sharing, understanding, mutual interest or openness may never develop in a planned short-term dyadic strategic alliance. That is, unless the partners plan to engage in repeated cooperation over a number of years. Relatedly, credibility trust is the confidence that the partner has the skills, knowledge and abilities to complete the required task. It develops as a result of actions and is reinforced by repetition. Following this logic, a single display of ability over a short period of time signifies that the partner may have some skill and knowledge. Multiple displays over an extended period signify that the partner is skilful and knowledgeable. The longer partners cooperate, the greater the assurance of competence and the greater the probability that 'credibility trust' will develop. Unfortunately, the reverse is also true. Partners that cooperate over a short period have a limited ability to display their skills. The result is an inhibited development of credibility trust.

The type of trust that is promoted in planned short-term dyadic strategic alliances is known as calculus based trust. According to Kelly (2002), calculus based trust occurs when the partners have a limited knowledge of each other. Given that limited knowledge, the partners assess the viability of the alliance by weighing the potential risks of the alliance against the potential benefits of the alliance. If the calculation validates the formation or continuation of the alliance, then the partners must consider alliance formation/continuation as a viable alternative. Conversely, if the calculation invalidates the formation or continuation of the alliance, then the partners may need to consider alternatives. Calculus based trust is prevalent in planned short-term dyadic strategic alliances due to the lack of behavioural transparency and imperfect information problem inherent to this type of alliance.

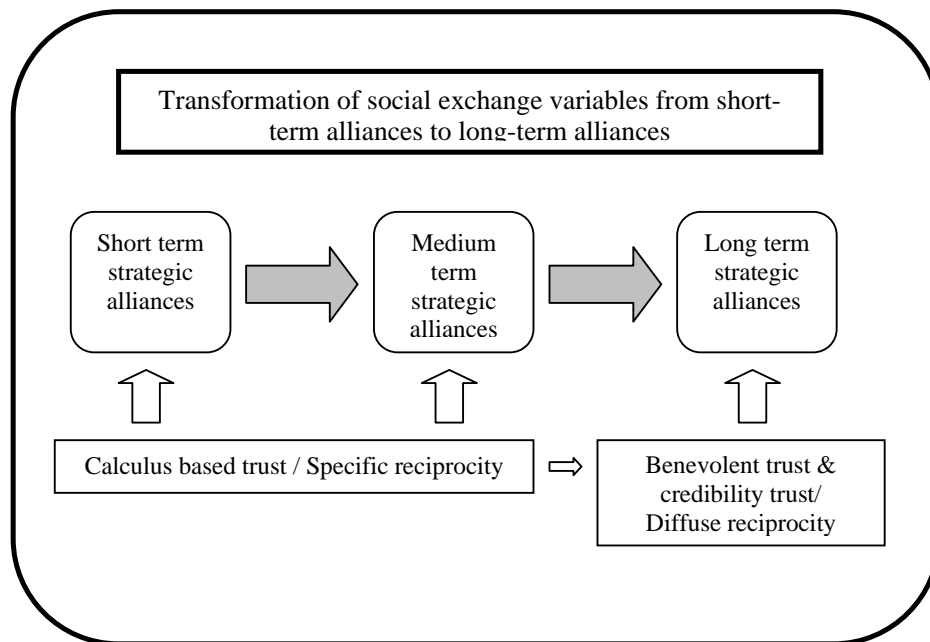
Proposition 5: Planned short-term dyadic strategic alliances interrupt the development of benevolent and credibility trust and promote the development of calculus based trust.

Discussions & conclusions

This article developed a social exchange perspective of planned short-term dyadic strategic alliances. Despite their prevalence in several industries, these alliances have not received adequate attention in the literature. The main reason is that most researchers have not seen this type of alliance as a unique form of inter-firm relationship. Although dyadic alliances have some similarities with other kinds of partnerships, they are also significantly different in many ways.

Based on social exchange theory, this article first noted the differences between planned short-term dyadic strategic alliances and other strategic alliances. The former are temporary. The partners, from the time of inception, have a clear idea of when they want the alliance to end. Additionally, they do not affect the ownership and control of the participating firms. The participating firms share resources for a predetermined time period and separate once the objectives of the alliance have been achieved. Second, the discussion noted that planned short-term dyadic strategic alliances are characterized by restricted social exchanges, not generalized social exchanges. Third, when compared to long-term strategic alliances, dyadic alliances are more difficult to manage. They appear to encourage independent behaviours, have limited recourse to coercive techniques, and are excessively prone to conflict. Fourth, the discussion noted the independent ownership/control structures and short-term nature of these alliances constrain reciprocal activity. Dyadic strategic alliances are constrained to one type of reciprocal action, known as specific reciprocity. Fifth, in addition to its reliance on specific reciprocity, exchange partners have less recourse to a specific type of reciprocal action, known as 'tit for tat.' Tit for tat is a social control mechanism that allows partners to punish and reward each other. Last, the discussion noted that, dyadic strategic alliances interrupt the development of benevolent and credibility trust and promote the development of calculus based trust. Figure 2 illustrates the transformation of social exchange from short-term strategic alliances to long term strategic alliances.

Fig 2:



These findings increase our understanding of planned short-term dyadic strategic alliances. It provides a fresh perspective on these types of alliances. As such, this approach will be especially helpful for those managers and analysts working in the investment banking industry.

Implications for further research

The proposed social exchange perspective of planned short-term dyadic strategic alliances suggests important research issues for future explorations, beyond the empirical testing of the various propositions developed here. For instance, assuming partners plan to engage in repeated short-term alliances, would it be useful to trace the history of cooperation by analysing the shift from specific reciprocity to diffuse reciprocity? This question will probably allow us to trace the evolution of cooperation in dyads using reciprocity as the measuring device. Another research question concerns how relational factors, such as trust and reputation capital, can be created, in repeated short-term alliances. An attempt by future researchers to answer these questions will require a more process oriented examination of restricted social exchanges than is now evident in the literature.

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