

The Key Processes for Strategic Alliances Between Universities and Industries En-hancing Cooperation

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Abstract - In recent years, strategic alliances represent inter-firm cooperative agreements aimed to attain competitive advantages for the partners. The purposes of this paper are to suggest the key processes academia and industry collaboration in higher education in terms of policy initiatives and legal frameworks and to highlight the main challenges for the future. By discussing strategic alliances between corporations and institutions of higher education, and analyzing the success stories, it was found that research funding and cooperation with the industries are the main factors for competitiveness. In addition, continuous learning and restructuring process were enhanced by cooperation among universities. This paper offers an insight into how to improve others to effectively utilize strategic alliance between corporations and institutions of higher education.

Index Terms - Strategic alliances, Higher education,

1. Strategic Alliances

A strategic alliance is “a voluntary, formal arrangement between two or more parties to pool resources to achieve a common set of objectives that meet critical needs while remaining independent entities. Strategic alliances involve exchange, sharing or co-development of products, services, procedures and processes”(Serrat, 2009) . Strategic alliances can be effective ways to diffuse new technologies rapidly, to enter a new market, to bypass governmental restrictions expeditiously, and to learn quickly from the leading firms in a given field (Elmuti and Kathawala,2001). However, strategic alliances are not simple or easy to create, develop, and support (Elmuti and Kathawala,2001). Institutions of higher education have become important parts of a cooperative agreement that tries to tackle complex, fundamental industrial problems of major business or societal significance (Dismukes and Petkovic,1997; Elmuti et al,2005). Since advances in scientific understanding are important sources of technological opportunity, knowledge generated inside universities is likely to become ever more attractive in future.

2. Universities-Industries Strategic Alliances Treads

Strategic alliances are becoming more and more distinguished in the global economy. Peter Drucker , who has been known as a father of modern management theory states: “the greatest change in corporate culture-

and the way business is conducted- may be the accelerating growth of relationships based not on ownership, but on partnership; joint ventures; minority investments cementing a joint marketing agreement or an agreement to do joint research.....alliances of all sorts”(Drucker,1996 ; Elmuti and Kathawala, 2001). Strategic alliances have been formed more recently between business corporations and universities with the intent of mainly funding joint research programs in exchange for options of the results of the research that might solve their practical business problems (Wheelen and Hunger,2000; Elmuti et al,2005). A growing number of scientists in public and private offer potential benefits to both parties and are encouraged by many federal and state policies (Ervin et al.,2002).

3. The collaboration process

The basic collaboration process between academia and industry can start with each party by identifying what can possibly acquired from the alliance and the potential needs of the other party. It then proceeds to form a joint working group that basically develops the mission and organization of the strategic alliance (Elmuti et al, 2005). By applying Phibin (2008) and Elmuti et al (2005), Figure 1 shows the processes of developing the proposal of cooperation and formalizing the alliance.

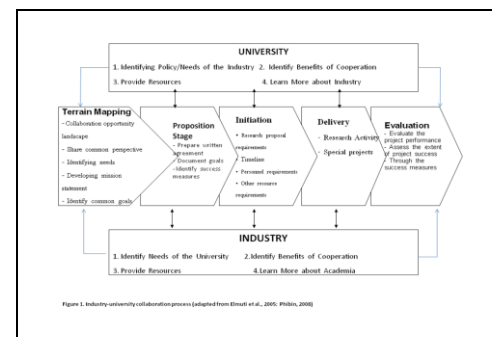


Fig. 1 Industry-University Collaboration Process

4. What does it take for strategic alliance to succeed?

Several studies (Elmuti & Kathawada, 2001; Elmuti et al., 2005; Das & He , 2006) identified the critical success factor for strategic alliances as follows:-

4.1 Partner selection.

Strategic alliance partners should be selected based on their expertise in the operation and their culture fit within the firms (Elmuti et al., 2005). Partner selection criteria are influenced by the motivations for entering into alliances as well as characteristic of the firm such as size, organization type and organization culture (Das & He, 2006).

4.2 Senior management commitment.

Senior management commitment to an alliance is important both to ensure that the alliance receive the necessary resources and to convince others throughout the organization of the importance of alliance. The focus on closed working relationship creates value for both partners. If senior management is not committed to alliance, adequate managerial resources, production and other resources, may not be assigned in order for alliances to accomplish their objectives (Elmuti & Kathawada, 2001). The involvement and commitment of middle managers to the alliance should be one of the importance criteria that entrepreneurial firms should use in the alliance project (Das & He, 2006).

4.3 Effective and strong management team.

A McKinsey study found that 50 percent of alliance failures are due to poor management (Elmuti & Kathawada, 2001 ; Elmuti et al., 2005). By dedicating people, time and attention to the differences within the partnership, the project management should balance their value in order to avoid conflicts.

4.4 Clearly defined, shared goals and objectives.

It is importance that alliances are aligned with the company strategy. Top management must discuss a clear their goals and objectives such as where it expects the industry's future profit will be, how much for their market share and where alliance will fit in the plan (Elmuti & Kathawada, 2001). Moreover, potential problems should be identified early enough to be resolved (Elmuti et al., 2005). Faculty, administration and industry leaders need to commit to and publish a clearly expressed mission statement. The mission and vision of the alliance project must be well understood and accepted by each partner. The acceptance of a common mission and vision would then become the foundation of planning activities (Tener, 1996).

4.5 Good communications

One critical success factors for university-industry partnerships is effective and good communication. Increased communication leads to understanding each other's needs,

expectations and capabilities (Kotnour et al, 2001). Poor communications, alliance may have the mistrust and doubt for each other.

4.6 Frequent performance feedback.

In order for strategic alliance to succeed, their performance must be continually assessed and evaluated against the short and long-term goals and objective for the alliance (Elmuti & Kathawada, 2001; Elmuti et al., 2005). It is important that the goals of alliance be well-defined and measureable. In addition, benchmarks for alliance performance should be set to assist management in evaluating alliance results (Elmuti & Kathawada, 2001). An alliance is successful if both partners achieve their objectives (Michelet and Remacle, 1992; Elmuti & Kathawada, 2001).

5. Conclusion

Strategic alliances strategy is an important tool for attaining and maintaining a competitive advantage for both industries and universities. Businesses began to shift to partnering with higher education in order to cut costs and encourage technology and knowledge transfer efforts (Elmuti et al., 2005). However, each part has a different working culture and values. Therefore, project management team should work together by continue learning and restructuring processes to overcome the differences between the partners (Elmuti et al., 2005).

6. References

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