

When do firms use alliances for technology transfer?

A comparison of alliances in India, China and the U.S.

Abstract

The changing R&D landscape has created opportunities for firms to capitalize on knowledge and innovation in countries like China and India. However these opportunities exist simultaneously with the potential threat of appropriation due to lax intellectual property regimes. How do firms reconcile the opportunities presented with the threats in the Indian and Chinese context? Furthermore do firm strategic actions systematically differ from those in the U.S., given its stronger IP regime? Our research examines these issues by evaluating strategic alliances in these three countries. We hypothesize that national and strategic factors predict the likelihood of an alliance being used for technology transfer. We propose that technological sophistication and the strength of the IP regime of the country where the alliance is located as well as prior alliances between partners increase the likelihood of technology transfer. We also posit that greater differences between the institutional environments of participant countries decrease the likelihood of technology transfer. We test our hypotheses using domestic and international alliances established in India, China and the U.S. Our research has important implications for management of innovation by firms in emerging economies like India and China and presents an interesting contrast to managing innovation in the U.S.