Institut für Marktorientierte Unternehmensführung

Kuster, S. / Rilling, T.

Managers’ Marketing Alliance Formation Behavior: The Role of External Factors and Managers’ Personality Traits

Mannheim
January 2010

Sabine Kuster, Ph.D., Professor of Marketing
is Chair of the Marketing Department III at the University of Mannheim (Germany) and Director of the Institute for Market-Oriented Management.

Dipl.-Kfm. Thomas Rilling
is Doctoral Candidate at the Department of Marketing III at the University of Mannheim (Germany).
The Institute for Market-Oriented Management (IMU) at the University of Mannheim (Germany) considers itself to be a forum for dialogue between scientific theory and practice. The high scientific and academic standard is guaranteed by the close networking of the IMU with the three Chairs of Marketing at the University of Mannheim, which are highly renowned on a national and international level. The Academic Directors of the IMU are Prof. Dr. Hans H. Bauer, Prof. Dr. Dr. h.c. Christian Homburg und Prof. Dr. Sabine Kuester.

The IMU offers the following services and expertise:

◆ **Management Know-How**

   The IMU publishes papers geared towards managers in companies. Subjects highly relevant to business practice are presented here in a compact and concise manner, and scientific research results are efficiently communicated. In many cases, these publications are based on application-oriented research and cooperation projects involving a large number of global companies.

◆ **Scientific Working Papers**

   The scientific studies conducted by the IMU analyze new trends that have an impact on market-oriented management. On this basis, practice-oriented findings are derived and published in our series of scientific working papers. Today, many of our publications have been printed in prominent journals and honored with awards at international conferences (e.g., by the American Marketing Association).

◆ **Series Publication**

   In addition to publishing scientific working papers, the IMU, in cooperation with Gabler publishing house, issues a series featuring exemplary scientific findings from the field of market-oriented management.

◆ **Application-oriented Research**

   At IMU, research aims at generating scientific results that are relevant to market-oriented management. Therefore, the IMU offers you the option of submitting concrete questions arising from your company practice, which are then scientifically analyzed.

If you require additional information or have any questions, please contact the Institute for Market-Oriented Management, University of Mannheim, L5, 1, 68131 Mannheim, Germany (phone: +49621/181-1755) or visit our website at: [www.imu-mannheim.com](http://www.imu-mannheim.com).
The work of the IMU is supported by a group of partners comprising:

AUDI AG,
Peter Schwarzenbauer

BASF SE,
Hans W. Reiners

Dr. Ralf Bethke
Bremer Landesbank,
Dr. Stephan-Andreas Kaulvers

BSH GmbH,
Matthias Ginthum

Carl Zeiss AG,
Dr. Rainer Ohnheiser

Cognis Deutschland GmbH & Co. KG,
Dr. Jürgen Scherer

Continental AG,
Dr. Hartmut Wöhler

Coty GmbH
Bernd Beetz

Deutsche Bank AG,
Rainer Neske

Deutsche Messe AG,
Ernst Raue

Deutsche Post AG,
Thomas Kipp

Deutsche Telekom AG,
Dr. Christian Illek

Dürr AG,
Ralf W. Dieter

E.On Energie AG,
Dr. Bernhard Reuterberg

EvoBus GmbH,
Michael Göpfarth

Evonik Degussa GmbH,
Dr. Volker Grunwald

Fiege Holding Stiftung & Co. KG,
Heinz Fiege

Focus Magazin Verlag,
Frank-Michael Müller

Freudenberg & Co. KG,
Jörg Sost

Fuchs Petrolub AG,
Stefan Fuchs

Stephan M. Heck

HeidelbergCement AG,
Andreas Kern

Heidelberger Druckmaschinen AG,
n.n.

Heraeus Holding GmbH,
Jan Rinnert

IBM Deutschland GmbH,
Jörg Peters

Kabel BW,
Christoph Nieder

Knauf Gips KG,
Manfred Grundke

Prof. Dr. Dr. h.c. Richard Köhler

Körber PaperLink GmbH,
Martin Weckenmeier

L’Oréal Deutschland GmbH,
Rolf Sigmund

MVV Energie AG,
Matthias Brückmann

Nestlé Deutschland AG,
n.n.

Pfizer Pharma GmbH,
Jürgen Braun

Dr. Volker Pfahlert

Thomas Pflug

Procter & Gamble GmbH,
Willi Schwerdtle

Dr. Jürgen Rautert

Dr. h.c. Holger Reichardt

Hans Riedel

Robert Bosch GmbH,
Uwe Raschke

Roche Diagnostics GmbH,
Jürgen Redmann

Roche Pharma AG,
Dr. Hagen Pfundner

Rudolf Wild GmbH & Co. KG,
Carsten Kaisig

RWE Energy AG,
n.n.

R+V Lebensversicherung AG,
Heinz-Jürgen Kallerhoff

Saint-Gobain Building Distribution Deutschland GmbH
Udo H. Brandt

Thomas Sattelberger

SAP Deutschland AG & Co. KG
Luka Mucic

Prof. Dr. Dieter Thomaschewski
FH Ludwigshafen

TRUMPF GmbH & Co. KG,
Dr. Mathias Kammüller

United Internet Media AG,
Matthias Ehrlich

VDMA e.V.,
Dr. Hannes Hesse

Voith AG,
Bertram Staudenmaier
W132e Kuester, S. / Rilling, T.: Managers’ Marketing Alliance Formation Behavior: The Role of External Factors and Managers’ Personality Traits, 2010
W129e Kuester, S. / Heß, S. / Stier M.: How to Design International Loyalty Programs, 2009
W125e Homburg, Ch. / Wieseke, J. / Kuehn, Ch.: If one Steps out of the Phalanx. Analyzing leaders’ influence on sales force automation adoption with a quadratic dataset, 2009
W123e Homburg, Ch. / Wieseke, J. / Hoyer, W. D.: Social Identity and the Service Profit Chain, 2008
W104e Homburg, Ch. / Fürst, A.: See No Evil, Hear No Evil, Speak No Evil: A Study of Defensive Organizational Behavior towards Customer, 2006
W102e Homburg, Ch. / Jensen, O.: The Thought Worlds of Marketing and Sales: Which Differences Make a Difference?, 2006
W101e Homburg, Ch. / Luo, X.: Neglected Outcomes of Customer Satisfaction, 2006
W091e Homburg, Ch. / Bucerius, M.: Is Speed of Integration really a Success Factor of Mergers and Acquisitions? An Analysis of the Role of Internal and External Relatedness, 2006
W055e Homburg, Ch. / Faßnacht, M. / Schneider, J.: Opposites Attract, but Similarity Works. A Study of Interorganizational Similarity in Marketing Channels, 2002
W053e Homburg, Ch. / Workman, J. P. / Jensen, O.: A Configurational Perspective on Key Account Management. 2002
W036e Homburg, Ch. / Pflesser, Ch.: A Multiple Layer Model of Market-Oriented Organizational Culture. Measurement Issues and Performance Outcomes. 2000

For more working papers, please visit our website at: www.imu-mannheim.com
Abstract

Market conditions pose a considerable challenge for companies as they face the need to create value. Researchers as well as managers have repeatedly stressed the importance of alliances to cope with these challenges and to create value for customers. Research so far has addressed several aspects with regard to alliances, such as their formation, their management, and performance consequences. This research suggests that alliance formation is contingent on external conditions such as the competitive or the market environment and internal resource endowments. However, managerial characteristics as drivers of alliance formation have been largely neglected so far. Especially alliances in marketing pose a relevant research area due to their frequent occurrence and their large potential to impact companies’ performance. Despite this, the formation of marketing alliances has not been studied before.

The objective of this study, therefore, is to investigate external drivers of marketing alliance formation as well as the impact of managerial characteristics in this context. Hypotheses are derived based on strategic behavior and resource dependency theories, RBV as well as the upper echelon’s perspective. To test the hypotheses, we follow an experimental research design and investigate managers’ marketing alliance formation propensity. Results show that competitive intensity has a positive impact and market maturity has a negative impact on marketing alliance formation propensity. We could also demonstrate the impact of managers’ personality traits. Marketing experience and managers’ proactive behavior have a positive effect on managers’ propensity to establish marketing alliances. Additionally, we find moderating effects of these personality traits. Companies which are planning engagement in marketing alliances should, therefore, be aware of the personality traits of key marketing decision makers.
Table of Contents

1 Introduction .................................................................................................................................. 1

2 Conceptual and Theoretical Basis ............................................................................................ 2
   2.1 Definition of Marketing Alliances ....................................................................................... 2
   2.2 Theoretical Explanations towards the Formation of Marketing Alliances ....................... 3

3 Development of Hypotheses ....................................................................................................... 4
   3.1 Company External Determinants of Alliance Formation .................................................. 5
      3.1.1 Competitive Intensity .................................................................................................. 5
      3.1.2 Market Maturity ......................................................................................................... 6
   3.2 The Influence of Managers’ Personality Traits on Alliance Formation ............................. 7
      3.2.1 Marketing experience ................................................................................................. 7
      3.2.2 Proactive behavior ..................................................................................................... 9

4 Methodology ............................................................................................................................ 10
   4.1 Data Collection and Experimental Design .......................................................................... 10
   4.2 Construct Measurement ...................................................................................................... 11

5 Results ........................................................................................................................................ 11

6 Discussion, Managerial Implications and Research Outlook .................................................... 13

Appendix ....................................................................................................................................... 16

References ..................................................................................................................................... 17
1 Introduction

Today, companies are facing challenges in the form of market dynamics, technological developments, and changing industry structures (Doyle 2000; Prahalad and Hamel 1994). Meanwhile, the need for value creation is evident (e.g., Fiss and Zajac 2004). To deal with these challenges, researchers and managers have repeatedly stressed the importance of establishing alliances (e.g., Dittrich and Duysters 2007; Lavie 2007). To gain a deeper understanding of firms’ alliance formation patterns, it is important to investigate the drivers of alliance formation (e.g., Ang 2008). An understanding of these drivers is relevant to “both practical issues in strategic management as well as to theoretical knowledge of […] the modern firm” (Hagedoorn 1993), because traditional boundaries of companies disappear, posing a challenge for managers, which they must address effectively.

The majority of the research regarding the drivers of alliance formation proposes that company external (e.g., market volatility, competitive intensity) and/or company internal factors (e.g., demand uncertainty, resource endowment) have an impact on alliance formation (Park, Chen, and Gallagher 2002; Dickson and Weaver 1997; Varadarajan and Cunningham 1995). However, theory as well as past research suggests that personality traits of managers affect strategic decisions in general (e.g., Hambrick and Mason 1984; Gupta and Govindarajan 1984) and also alliance formation and practice (e.g., Pansiri 2005; Dickson and Weaver 1997; Dollinger, Golden, and Saxton 1997). Yet, empirical research on company external as well as internal drivers of alliance formation and especially the impact of managers’ personality traits in this context is still scarce. Alliances can be observed in various corporate business functions, such as R&D, production, and marketing (Lavie 2007). Researchers have stressed the growing relevance of marketing alliances (e.g., Levin and Levin 2000; Simonin and Ruth 1998). Past research confirms a positive impact of marketing alliances on companies’ performance (e.g., Bucklin and Sengupta 1993; Varadarajan and Rajaratnam 1986). Therefore, a deeper understanding of the drivers of marketing alliance formation is important to both managers and researchers (e.g., Dickinson and Ramaseshan 2004). Previous research on drivers of marketing alliance formation is still scarce (Simonin 1999) and this study aims to close this gap by identifying relevant drivers of marketing alliance formation. More specifically, we will investigate whether company external factors,
particularly market maturity and competitive intensity, as well as managers’ personality traits, particularly marketing experience and proactive behavior, impact the formation of marketing alliances. We view managers’ proneness towards the formation of marketing alliances as the prerequisite of formation itself and, therefore, we do not observe actual alliance formation patterns but managers’ proneness to form marketing alliances, i.e. marketing alliance formation propensity.

The study contributes to the literature regarding alliances in several ways. First, we intend to add to the literature on drivers of marketing alliance formation that was previously identified as underdeveloped (Simonin 1999). Second, we empirically investigate whether managers’ personality traits have an impact in this context as has been proposed by several researchers (e.g., Pansiri 2005; Dickson and Weaver 1997; Dollinger, Golden, and Saxton 1997). Third, we contribute to the existing literature methodologically in that we complement the empirical base in this field by experimental data obtained from managers (Pansiri 2005).

2 Conceptual and Theoretical Basis

2.1 Definition of Marketing Alliances

We define marketing alliances as voluntary alliances between at least two companies at the marketing stage of the value chain (e.g., Adler 1966). In addition, these alliances are formed between companies from different industries. They are referred to as lateral or diagonal alliances, in which the objectives are mutually defined among the partners and these objectives are compatible and not opposing. Furthermore, they are visible to end-customers and increase customer benefits and, finally, they are built with the intention to explore growth potential (e.g., Kale, Singh, and Perlmutter 2000; Simonin and Ruth 1998; Glaister and Buckley 1996; Bucklin and Sengupta 1993). We provide the following examples to further clarify our understanding of the term marketing alliance:

- Co-sales (joint use of distribution channels),
- Co-promotion (joint promotion at the point-of-sale),
- Co-branding (single product with more than one brand name, possibly joint product development),
- Couponing (customers of one product get a coupon for the purchase of a partner product),
- Cross-referencing (brands as testimonials recommending a partner brand), and
- Product bundling (bundled products of different companies).

2.2 Theoretical Explanations towards the Formation of Marketing Alliances

Research on the formation of alliances is mostly based on the theoretical perspectives of organizational economics (more specifically transaction cost economics (TCE), e.g. Combs and Ketchen 1999), the resource based view (RBV) (e.g., Eisenhardt and Schoonhoven 1996) as well as strategic behavior theory (e.g., Shan 1990), and resource dependency theory (RDT) (e.g., Dickson and Weaver 1997). According to the TCE (Williamson 1975), transactions can be carried out via markets, hierarchies or hybrid forms of coordination. The rationale of the TCE is to find the form of coordination which minimizes transaction costs for a given transaction. From this perspective, an alliance is seen as a hybrid form of coordination which is established to reduce transaction costs (Glaister and Buckley 1996). From the perspective of the RBV (Barney 1986; Wernerfelt 1984), a resource is defined as any tangible or intangible asset, which is “tied semipermanently to the firm” (Wernerfelt 1984). Building upon the allocation of resources, the RBV pinpoints the importance of resources and capabilities that are rare, valuable, and difficult to duplicate or to substitute in order to obtain a competitive advantage and achieve superior performance (Eisenhardt and Schoonhoven 1996). The RBV proposes that alliances are formed to overcome resource scarcities and to obtain access to a partner’s resources (Combs and Ketchen 1999) in order to achieve competitive advantages. In contrast to the TCE, strategic behavior theory (Kogut 1988) proposes that firms’ primary objective is to maximize profits. The theory addresses the question how the competitive position influences firm value (Kogut 1988). Strategic behavior theory suggests that alliances are formed in order to impede market entry or undermine competitors’ positions and are a response to market uncertainties and opportunities (Park,
Chen, and Gallagher 2002). Alliances are seen as an instrument to reduce competition (e.g., by cooperating with competitors) or as an offensive strategy to exert pressure on rivals (Glaister and Buckley 1996). The RDT (Pfeffer and Salancik 1978) holds that existing dependencies and power differentials between companies need to be managed effectively to obtain access to critical resources (Pfeffer and Salancik 1978). External dependencies result in uncertainty. The theory posits that alliances are a strategy to cope with external uncertainty (Pfeffer and Salancik 1978) and that companies seek alliances to acquire the necessary resources to achieve sustainable competitive advantages (Dickson and Weaver 1997).

Organizational theorists have argued that organizational behavior is contingent upon beliefs, values, and individual constraints of top managers, suggesting that the same holds for the formation of marketing alliances. One such theory is the upper echelon’s (UE) perspective (Carpenter, Geletkanycz, and Sanders 2004; Hambrick and Mason 1984) which focuses on organizational outcomes as “reflections of the values and cognitive bases” (Hambrick and Mason 1984) of its top managers. It takes into account observable manager characteristics (e.g., age, tenure in the organization, functional background etc.) and their influence on strategic choices, such as product innovation, diversification, and alliance formation (Pansiri 2005; Carpenter, Geletkanycz, and Sanders 2004; Hambrick and Mason 1984).

3 Development of Hypotheses

The aim of our study is to investigate the impact of company external factors and managers’ personality traits on the formation of marketing alliances. Our conceptual model is depicted in Figure 1 showing the external factors as independent variables hypothesized to impact our focal dependent variable and the moderators marketing experience and proactive behavior. In the following we will develop the hypotheses.
3.1 Company External Determinants of Alliance Formation

3.1.1 Competitive Intensity

Past research shows that alliance formation may be contingent on competitive conditions (e.g., Ang 2008; Stuart 1998; Shan 1990). Building upon RDT (Pfeffer and Salancik 1978), an alliance can weaken the competitive position of rivals, thereby reducing the competitive intensity a firm faces and mitigating competitive pressure (Kogut 1988). Shan (1990) argues that firms use cooperative arrangements to improve the own competitive position in relation to rivals. Results show that the more competition a firm faces, the more likely it makes use of alliances to commercialize an emerging technology (Shan 1990). Ang (2008) states that firms facing moderate competition have the most opportunities to cooperate while firms facing high levels of competitive intensity are unattractive cooperation partners. Firms that face low levels of competitive intensity, on the other hand, have a weak incentive to cooperate. However, she finds only partial support for the hypothesized effects. Instead, she finds a positive effect of competitive intensity on the formation of cooperations (Ang 2008).
When competition is intense the strategic position of a company is threatened or vulnerable. Margins and profits decline and with “many look-a-like firms and products in highly competitive markets, it is difficult for firms to set themselves apart from others.” (Eisenhardt and Schoonhoven 1997). Following the RBV, alliances in general and more specifically marketing alliances can potentially improve companies’ strategic position in competitive markets by providing valuable resources that enable them to share costs and risks (Eisenhardt and Schoonhoven 1997). Furthermore, marketing alliances, which are visible to customers, help to differentiate from competition, which is particularly important when a firm faces intense competition. Additionally, marketing alliances allow firms to mitigate competitive pressure (Pfeffer and Salancik 1978).

\[ H_1: \text{The stronger the competitive intensity the higher will be managers’ propensity to form marketing alliances.} \]

3.1.2 Market Maturity

Prior research has also indicated that the formation of alliances may be contingent upon market conditions (e.g., Park, Chen, and Gallagher 2002; Eisenhardt and Schoonhoven 1997). Park, Chen, and Gallagher (2002) investigate internal and external drivers of alliance formation among semiconductor start-ups. They test two conflicting hypotheses stating the impact of market growth on alliance formation versus the impact of market decline on alliance formation. They find strong support for the hypothesis that firms are more likely to form alliances when market demand grows (Park, Chen, and Gallagher 2002). The reasoning is based in strategic behavior theory. The main argument is that alliances are used to leverage the opportunities of growing markets (Park, Chen, and Gallagher 2002). Eisenhardt and Schoonhoven (1996) include the stage of a market (i.e., market maturity) into their investigation of entrepreneurial high-technology firms. They argue that firms in emergent-stage markets are in a vulnerable strategic position, which can be improved by the use of alliances (Eisenhardt and Schoonhoven 1996). In mature markets on the other hand, uncertainty with regard to market demand is low; speed and flexibility are of minor
importance. Eisenhardt and Schoonhoven (1996) state that in mature-stage markets “firms often have resources from past investments and knowledge which they have built up over time that they may be reluctant to share in alliances. Alliances, therefore, offer firms few advantages in mature markets” and are less likely to be formed (see also Hagedoorn 1993). Results of Eisenhardt and Schoonhoven (1996) are in support of these arguments.

According to our definition, marketing alliances are used to leverage growth potential. Managers will therefore perceive marketing alliances as offering few advantages in mature markets since they are characterized by low dynamics and slow growth.

\( H_2: \) The more mature the market, the lower will be managers’ propensity to form marketing alliances.

3.2 The Influence of Managers’ Personality Traits on Alliance Formation

In addition to company external conditions, we argue that managers’ personality traits will have an influence on marketing alliance formation propensity (Pansiri 2005; Dickson and Weaver 1997; Dollinger, Golden, and Saxton 1997). We include two distinct personality traits, marketing experience and proactive behavior, into our investigation. Additionally, we argue that managers’ personality traits will moderate the aforementioned direct effects of company external variables.

3.2.1 Marketing experience

Various researchers have argued that top managers’ work or marketing experience has an influence on strategic decision making (e.g., Melone 1994; Gupta and Govindarajan 1984) and on the evaluation and formation of alliances (e.g., Combs and Ketchen 1999; Tyler and Steensma 1998; Eisenhardt and Schoonhoven 1996). Melone (1994) suggests that “as executives advance in their professions, adaptation to their responsibilities and roles may lead to a deeper but narrower understanding of corporate decisions.” In a similar vein, Tyler and
Steensma (1998) find that managers with technical work experience assess potential technological alliances more favorably than executives with work experience from other areas. Part of the reasoning is that managers are more sensitive towards matters that occurred in the functional area in which they had gained experience (Walsh 1988). In the context of marketing alliances, we therefore argue that experienced marketing managers might be biased towards strategies in their own functional area and might have a higher propensity to form a marketing alliance.

Earlier we have proposed that the competitive intensity will impact managers’ propensity to form marketing alliances. We suggest that marketing experience will moderate this relationship, since experience makes managers sensitive towards matters in their own functional area (Walsh 1988) and are biased towards marketing strategies (Tyler and Steensma 1998; Melone 1994). Therefore, experienced marketing managers are more favorable of marketing alliances as an instrument to mitigate competitive pressures and improve their strategic positions. Hence, we suggest that the positive effect proposed in H1 will be further pronounced when experienced marketing managers are involved.

When markets are mature, we argue – analogous to the previous effect – that managers’ marketing experience leads to a bias towards strategies in their functional area. This leads experienced marketing managers to – at least partly – neglect the characteristics of mature markets. Accordingly, low growth opportunities do not prevent experienced marketing managers from marketing alliance formation. We, therefore, put forth the argument that the positive effect of marketing experience will, in part, level out the negative effect of market maturity.

\[ H_3: \quad \text{A manager’s marketing experience is positively related to the propensity to form a marketing alliance.} \]

\[ H_{3a}: \quad \text{The positive effect between competitive intensity and marketing alliance formation propensity will be stronger, the more experienced the manager in marketing.} \]

\[ H_{3b}: \quad \text{The negative effect between market maturity and marketing alliance formation propensity will be weaker, the more experienced the manager in marketing.} \]
3.2.2 Proactive behavior

Lastly, we investigate whether managers’ proactive behavior (e.g., Bateman and Crant 1993) has an impact on the propensity to form a marketing alliance. Proactive behavior is defined as a stable behavioral tendency to effect environmental change (Bateman and Crant 1993). The essential characteristic of proactive managers is that they “intentionally and directly change their current circumstances” (Bateman and Crant 1993). Venkatraman (1989) further specifies that proactiveness often implies an unrelentless exploration of markets for opportunities and preparedness to respond to dynamics of the market place. These new opportunities may, in fact, be unrelated to the current business (Venkatraman 1989). Proactiveness is, therefore, assumed to be a relevant personality trait for the decision to form a marketing alliance. Managers who have the tendency to actively seek for market opportunities, solve problems, and change their environment will be more prone to form marketing alliances.

Additionally, we suggest that in the situation of intense competition proactive managers will be even more prone to establish a marketing alliance. Proactive managers constantly strive for problem solutions and growth opportunities. They intend to actively drive changes in their environments rather than being exposed to change (Bateman and Crant 1993). As the lack of differentiation opportunities in intense competition poses a threat to future growth, we assume that proactive managers highly value marketing alliances as instruments of differentiation especially when competition is intense.

For the moderating effect of proactive behavior on the relationship between market maturity and marketing alliance formation propensity we argue differently. Proactive managers search actively for market opportunities (Venkatraman 1989). However, market opportunities do not exist or are limited in mature markets (Eisenhardt and Schoonhoven 1996; Anderson and Zeithaml 1984). Proactive managers recognize this circumstance even more, making marketing alliances an unattractive option since they are primarily an instrument to achieve growth.
H₄: A manager’s proactive behavior is positively related to the propensity to form a marketing alliance.

H₄ₐ: The positive effect between competitive intensity and marketing alliance formation propensity will be stronger, the stronger a manager’s proactive behavior.

H₄₉: The negative effect between market maturity and marketing alliance formation propensity will be stronger, the stronger a manager’s proactive behavior.

4 Methodology

4.1 Data Collection and Experimental Design

To test the hypotheses, scenarios were set up in which we manipulated the degree of competitive intensity and market maturity. We depicted a company situation which had to be evaluated by the participants according to their willingness to form a marketing alliance, assuming that they were the key marketing decision-maker faced with the described conditions of the respective scenario. The unit of analysis, therefore, is the manager. We chose a 2 (competitive intensity: low/high) x 2 (market maturity: low/high) between subjects design, resulting in four different scenarios. For the scenarios, we chose fictitious consumer goods companies to prevent participants from being biased by evaluations of real-world companies. We judged the B2C context as adequate because marketing alliances are common among consumer goods companies.

Prior to the experiment, we had pre-tested the effectiveness of the manipulations twice in order to validate the scenarios and refine construct measurement. To do so, we conducted the experiment with undergraduate business students (n = 53). During the second pre-test we involved participants of an executive MBA program and marketing managers (n = 25) in the experiment. Minor revisions were made in terms of scenario description and construct measurement. The actual main experiment was conducted with members of an online manager panel. Participating respondents received a nominal monetary incentive to improve response rates. To improve validity of the data we aimed at managers with a B2C background and who have already been involved in at least one alliance (John and Reve 1982). We
obtained a total number of 154 participants. Participants were randomly assigned to one of the four experimental scenarios resulting in equally sized groups. They were asked to read the respective scenario carefully before proceeding with the questionnaire. The participating managers came from (financial) services (21.3%), retail (20.0%), sport/leisure (8.8%), tourism (5.6%), food (5.6%), media (5%), electronics (5%), automotive (3.8%), and others (24.9%). On average, managers had work experience of 17.74 years and had participated in 5.79 alliances.

4.2 Construct Measurement

We define marketing alliance formation propensity as a manager’s proneness to form a marketing alliance. We developed a multiple item measurement scale for marketing alliance formation propensity. The scale consists of six items from different behavioral intention scales (e.g., Bower and Landreth 2001; Oliver and Bearden 1985) and a scale which measures collaboration propensity (Birnholtz 2007). Proactive behavior was measured with a scale consisting of six items, which was developed by Bateman and Crant (1993). It is defined as "behavior that directly alters environments" (Bateman and Crant 1993). Marketing experience was measured with a single item assessing the extent of the experience a manager has accrued in the marketing function following the recommendation for the measurement of concrete attributes (e.g., Bergkvist and Rossiter 2007; Rossiter 2002). All items were measured on 7-point Likert scales. All scales were validated and purified in both pre-tests. Reliability measures revealed very good results for all constructs. Cronbach’s alphas ranged from .840 for proactive behavior to .889 for marketing alliance formation propensity. All composite reliability measures are greater than .880 (see Appendix, Tables A-1 and A-2).

5 Results

Manipulation checks revealed that for the scenario in which competition was described as intense participants perceived it accordingly (M = 5.18), while the opposite is true for the scenario in which competition was described as mild (M = 3.59). We also found that
participants perceived the market as more mature in the corresponding scenario (M = 5.09) and vice versa (M = 3.61). All differences were significant on the .01 level. Subsequently, we asked participants whether they regard the competitive environment, the market situation, and the overall scenario as realistic, revealing satisfactory results (M = 4.93/M = 4.91/M = 4.77 for the different scenarios, respectively).

ANOVA results of the main effects show a positive effect of competitive intensity on marketing alliance formation propensity, thus supporting H1 (F = 5.475; p < .01). The results also reveal that market maturity has a negative impact on marketing alliance formation propensity (F = 3.380; p < .05). Thus, we find support for H1 and H2.

We then analyzed these direct effects as well as direct and moderating effects of the personality traits with partial least squares (PLS) structural equation modeling. PLS can be applied when analyzing small sample sizes as it is required in this study (Reinartz, Haenlein, and Henseler 2009). To estimate the model paths, we used SmartPLS 2.0.M3. The inner weightings are estimated with the path method (Chin 2001). Standard errors and T-statistics are estimated using the bootstrapping procedure with a resample size of 200 (Chin 1998).

The results show that competitive intensity has a significant positive effect on managers’ propensity to form a marketing alliance (B = .161; p < .05). We, therefore, found empirical support for H1. Additionally, we find support for H2 where we posited that market maturity will have a negative impact on marketing alliance formation propensity (B = -.167; p < .01). In a mature market, managers’ propensity to form a marketing alliance is lower compared to a market with low maturity. In support of H3, marketing experience shows a positive impact on managers’ marketing alliance formation propensity (B = .166; p < .05). We also find support for the direct effect of proactive behavior on marketing alliance formation propensity (H4). Proactive managers are more willing to form a marketing alliance compared to managers with rather passive behavioral patterns (B = .185; p < .01). Thus, all direct effects could be confirmed.

To analyze the proposed moderating effects we followed the PLS product indicator approach for measuring interaction effects proposed by Chin, Marcolin, and Newsted (2003). We found no moderating effect of marketing experience on the relationship between competitive intensity and marketing alliance formation propensity. Thus, H3a is not
supported (B = -.003; p > .1). H3b can be confirmed since the negative effect between market maturity and marketing alliance formation propensity is moderated by marketing experience (B = .113; p < .1). Finally, we tested the moderating effects of managers’ proactive behavior. We find a significant moderating effect between competitive intensity and marketing alliance formation propensity (B = .136; p < .1), thus confirming H4a. In H4b we propose that proactive managers will be less likely to form marketing alliances in mature markets than passively acting managers. Results of our analysis (B = -.220; p < .05) support this hypothesis. Thus, hypotheses 4a and 4b can be confirmed.

6 Discussion, Managerial Implications and Research Outlook

To gain a deeper understanding of firms’ alliance formation patterns, it is important to investigate the drivers of alliance formation (e.g., Ang 2008). Therefore, it was the objective of this study to investigate the impact of company external variables and managers’ personality traits on the managers’ propensity to form a marketing alliance. We could demonstrate a positive impact of competitive intensity and a negative impact of market maturity on managers’ marketing alliance formation propensity. This suggests that managers see marketing alliances as instruments to defend themselves from competition. Marketing alliances can improve companies’ strategic position in competitive markets by providing valuable resources and functioning as a means of differentiation from competition (Eisenhardt and Schoonhoven 1997). Additionally, managers are willing to explore market opportunities in young and less established markets via marketing alliances (e.g., Eisenhardt and Schoonhoven 1997). As stated earlier, exploring growth potentials is a central endeavour of marketing alliances.

Our results also show that experienced managers are more prone to establish marketing alliances since they are more sensitive towards matters occurring in the functional area in which they accrued their experience (Tyler and Steensma 1998; Walsh 1988), which leads to a functional bias. Additionally, marketing experience moderates the relationship between market maturity and marketing alliance formation propensity. This can be ascribed to managers’ functional bias as well (e.g., Dollinger, Golden, and Saxton 1997). We also
showed that the characteristics of proactive managers drive marketing alliance formation propensity (e.g., Bateman and Crant 1993). Managers who have the tendency to actively seek for market opportunities, solve problems, and change their environment have a higher marketing alliance formation propensity as compared to non-proactive managers. Furthermore, we demonstrated a stronger positive impact of competitive intensity on marketing alliance formation propensity for proactive managers. Intense competition leads proactive managers even more to form marketing alliances as compared to non-proactive managers. According to our results, proactive managers recognize the limited market opportunities in mature markets to a stronger degree as compared to passive managers, which makes them more unwilling to form a marketing alliance under these market conditions.

To benefit from alliances it is necessary for companies to understand which external conditions and which managerial characteristics facilitate versus impede the formation of marketing alliances. We contribute to existing literature in the field of alliance formation by investigating the specific form of marketing alliances, a field which is still underutilized in alliance research. An additional contribution of this study is that we shed light on the impact of managers’ personality traits in the context of marketing alliance formation. Especially, companies interested in creating marketing alliances should be aware of the personality traits of key marketing decision makers that they involve in establishing these alliances. In this regard, an interesting result of this study is that experienced managers seem to be biased towards strategic actions in their own area of responsibility. An alternative explanation of the positive effect of marketing experience on alliance formation propensity may be that experienced managers do not overrate the possible dangers or disadvantages of marketing alliances. A company that strives for a marketing alliance should, therefore, be aware of the experience its marketing executives have accumulated. Managers’ proactive behavior enhances marketing alliance formation propensity. In addition, proactive managers perceive market opportunities and downturns, respectively, more sharply. This enables them to react to external conditions more intensely. Hence, companies should also be aware of the degree of their managers’ proactiveness.

Our study also points out avenues for further research. One possible extension of our research is to investigate other psychological constructs influencing marketing alliance
formation such as tolerance of ambiguity (e.g., Gupta and Govindarajan 1984) and entrepreneurial orientation (e.g., Dickson and Weaver 1997). Additionally, past research mostly neglected to focus on marketing alliances from a strategic perspective.
Appendix

Table A-1: Measurement and Item Reliability – Proactive Behavior

<table>
<thead>
<tr>
<th>Proactive behavior*</th>
<th>Cronbach’s Alpha</th>
<th>AVE</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.840</td>
<td>.551</td>
<td>.880</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item-to-total-correlation (ITTC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. If I see something I don't like, I fix it.</td>
</tr>
<tr>
<td>2. No matter what the odds, if I believe in something I will make it happen.</td>
</tr>
<tr>
<td>3. I love being a champion for my ideas, even against others' opposition.</td>
</tr>
<tr>
<td>4. I am always looking for better ways to do things.</td>
</tr>
<tr>
<td>5. I love to challenge the status quo.</td>
</tr>
<tr>
<td>6. When I have a problem, I tackle it head-on.</td>
</tr>
</tbody>
</table>

Table A-2: Measurement and Item Reliability – Marketing Alliance Formation Propensity

<table>
<thead>
<tr>
<th>Marketing alliance formation propensity**</th>
<th>Cronbach’s Alpha</th>
<th>AVE</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.889</td>
<td>.643</td>
<td>.915</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item-to-total-correlation (ITTC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In the situation described, I decide to engage in marketing cooperations.</td>
</tr>
<tr>
<td>2. I am eager to form a marketing cooperation under the specified conditions.</td>
</tr>
<tr>
<td>3. In the situation described, I intend to form a marketing cooperation.</td>
</tr>
<tr>
<td>4. It is likely that I form a marketing cooperation under the specified conditions.</td>
</tr>
<tr>
<td>5. The likelihood that I form a marketing cooperation under the previous conditions is…</td>
</tr>
<tr>
<td>6. My willingness to form a marketing cooperation under these conditions is…</td>
</tr>
</tbody>
</table>

* Items were measured on 7-point Likert scales with seven indicating “I strongly agree”

** Items 1-4 were measured on 7-point Likert scales with seven indicating “I strongly agree”; items 5 and 6 were measured on 7-point Likert scales with seven indicating “very high”
References


Proceedings of the 17th International Conference of Information Systems, Cleveland, Ohio, 21-41.


Doyle, Peter (2000), Value Based Marketing. West Sussex: John Wiley and Sons.


