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# The Pivotal Roles of Network Status in International Strategies Alliance and Assets Creation of Emerging Economies

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## Authors' contribution

This work was carried out in collaboration between all authors. Authors MP designed the study, wrote the protocol, and wrote the first draft of the manuscript. Author XP managed the literature searches, analyses of the study performed the social network analysis. Authors WS and XZ managed the experimental process and collect the data of case study. All authors read and approved the final manuscript.

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## ABSTRACT

The motivation of enterprises from emerging economies lies in their selection of international strategic alliance partners, while also considering market location, international expansion and technological exchanges. Based on the case study of Chinese Huawei Company, social network theory is adopted in this study to explore the influence of network status and creative assets on how these enterprises select their partners. These enterprises must select the central position in the network and then consider closer structural holes and rich creative assets as their strategic alliance partners.

*Keywords: Emerging economies; strategic alliance; network status; creative assets; case study.*

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## 1. INTRODUCTION

How do enterprises from emerging economies gain profit from international joint ventures? Although strategic motives and partner selection criteria have become popular research themes in the examination of international strategic alliances (ISAs), only few studies have specifically investigated the perspective of local partners [1,2,3], with the aim of providing a detailed analysis of enterprises from emerging economies. The continuous global economic integration has driven enterprises to expand via cross-border mergers and acquisitions, through which ISAs are established to develop the international market.

However, ISA studies from developing countries have given little consideration to the strategic objectives of local firms and have mainly treated them as passive partners [4,5]. This lack of consideration presents a particular weakness because the underlying motivations for ISA formation can differ markedly between local firms and their foreign partners [6,7,8,9].

Many studies on ISA partner selection have investigated the perspective of western multinational enterprises (MNEs) [10,11,12], but only few have specifically examined the perspective of enterprises from emerging economies [2]. Hitt. et al. (2004) contend that foreign and local partners differ tremendously in their strategic motivations and partner selection criteria for alliance formation. They find that organizational background and competitive advantage exert different effects on strategic alliance; hence, they encourage additional research on the perspective of local partners [2].

Yet though these theoretical views are helpful, outstanding issues remain. First, the empirical support for the existing theoretical views is limited. The empirical findings have often been statistically modest, and sometimes they have conflicted with theory or with each other [13]. Second, the existing theoretical views focus on development firms, the theoretical views of emerging economies is little, but it is important for emerging economies to know how to choose partner. Third, there is no empirically grounded, theoretical account of the distinct actions that executives take to create effective international strategies alliance.

To solve these problems, we examine several aspects of the main topic, including those stated below.

(1) We investigate the motivation of enterprises to establish ISAs. The strategic motives of enterprises from both developed and emerging economies differ in many areas. An ISA is a cross-country partnership among enterprises, which aims to achieve a specific strategic target. Strategic alliances can be formed through equity sharing, mergers, joint ventures, research and development (R&D) partnerships, joint production, joint marketing and distribution, and other forms of non-equity [14]. Coalition partners aim to achieve cooperation among international enterprises [1]. Previous studies have investigated the key factors involved in the selection of ISA partners, with earlier studies focusing on the perspective of local partners [15]. However, empirical studies on the partner selection process of enterprises from emerging economies are relatively few, considering that these enterprises are often investigated as extensions of western MNEs [16].

(2) We explore the relationship between the strategic motives and the partner selection criteria of enterprises from emerging economies, in accordance with a specific strategic purpose. The aim is to determine how such enterprises select task- or partner-related ISA partners.

(3) We investigate the enterprise network center status and creative assets partner selection criteria to explore whether enterprise network centrality and creative assets can influence partner selection.

We use case and data from MNEs in China, arguably the biggest emerging economy in the world, to test our assumptions. The development of China can be inferred from the data of its MNEs. Studies on the ISA partners of Chinese MNEs are mainly conducted from the perspectives of organization control, ownership arrangement, get-into strategy, and performance influence.

Studies on how Chinese enterprises establish ISAs are relatively insufficient. Studies on foreign investment and transnational investment mainly focus on Chinese enterprises and their current partner selection criteria. In response to the lack of related studies, the current study will investigate the actual situation of Chinese enterprises through literature review, web research, and other empirical research methods. We also analyze how Chinese enterprises select their ISA partners. We specifically investigate the international enterprise partner selection model

of Huawei, which is the most representative MNE in China, and is included among the Fortune 500 companies. We investigate the partnership of Huawei with 32 software and terminal product firms by examining the social networks that exist among them, and by analyzing the data from enterprises that tend to choose ISA partners based on their network center position and rich creative assets.

This article is arranged into several sections. First, we introduce the theory background; we explore the motives of enterprises and the selection criteria to seek strategic alliance partners. Second, we discuss the research methods; we investigate the partnerships of Huawei with foreign companies from a social network perspective, with the aim of investigating that how network location and creative assets influence its selection of strategic partners. Third, we find that network center position, closer structural roles, and rich creative assets of foreign enterprises are the criteria used by enterprises from emerging companies to select ISA partners.

## 2. THEORETICAL BACKGROUND

Case study method is a door to have its own unique research postulate, applicable condition, and the research path and research methods. Case study as a means of academic research and policymaking has been widely used. Most scholars generally agree that the case study method is a set of clear and systematic procedures and technology. Used to analyze the large original data obtained by the field, and the concept of Form rooted in the theory of the real world; A case study from the specific empirical fact to the general theory of a research tool. It is the integrated use of a variety of data collection, information technology and means. Based on a particular social unit (individuals, groups, communities, etc.) in the background of the important events and activities, dig deep and detailed description of the process present the real appearance and rich background things, on the basis of the analysis, interpretation, judgment, evaluation or prediction.

Some scholars think that the case study method emphasizes from the general scene or the combination of all factors, it describes the phenomenon of processes or events consequences, the circumstances of individual behavior research, analysis and hypothesis. Case study is a kind of method system research

for a special event; and also case study is a general term for a group of research methods, these methods focus on study of an event. The kind of case study mainly has four kinds: Single case study, integrity of case studies and embedded case study and case studies, holistic case studies and embedding more case studies [17]. In this paper, we use single case study—A Chinese Company Huawei, to explore Huawei how to choose its international partner, and the pivotal roles of network status in international strategies alliance and assets creation.

The selection of ISA partners must be driven by a certain motive. By establishing such partnerships, enterprises can gain complementary resources and additional market knowledge. This venture also helps a company study the management knowledge, technology, and new products of their partner firms to improve the former's competitive advantage.

Local and multinational enterprises have different strategic motives for selecting ISA partners. The considerable heterogeneity in the institutional environments, resources, and asymmetric abilities may affect the motivation of enterprises from developed and developing countries to form ISAs. Such differences often lead to formation of different partner selection criteria. For example, enterprises from developing countries consider technology exchange, learning management skills, and access to the international market as their main strategic motivations [18]. Such firms also choose strategic partners to improve their technical abilities [19], learning management experience [20], and profit [21] as well as to earn foreign exchange through exports. By contrast, enterprises from developed countries consider access to the local market, international expansion [22], local government policy implementation [23], and access to cheap resources [24] as their strategic motivations. From the perspective of enterprise resource base theory, Hitt. et al. (2004) find that a technological gap exists between enterprises from emerging and developed countries, in which the former depends on the latter to enhance their technical abilities [1]. Specifically; enterprises from emerging economies are attracted by the highly advanced enterprises from overseas. By cooperating with these advanced enterprises, those from emerging economies can quickly learn new key technologies.

Enterprises from emerging economies also consider market location, international expansion,

and technological exchanges as their motivations for establishing ISAs. These enterprises select task- and partner-related partners according to their strategic motives.

Based on the literature review, we find that the research on the ISAs of enterprises from developed countries has attracted relatively mature transnational investments, whereas the partner selection criteria of enterprises from emerging economies have attracted limited research attention. Previous studies have mostly employed a static perspective to explore such alliance. Given its different development stages and characteristics, alliance management is considered a dynamic process.

Therefore, from the perspective of motivation, we argue that enterprises from developed countries and emerging economies have different strategic motivations and partner selection criteria. Enterprises from emerging economies also have different motives for selecting task- and partner-related partners.

The continuous global economic integration has led to the emergence of international business strategic alliances. The formation of such alliances not only presents the most common strategy for enterprises to enter the international market, they also provide opportunities to shared resources and acquire knowledge through long-term cooperation. However, the formation of strategic alliances has a very high failure rate; thus, selecting the right partner is a key factor in the success of such alliances. Choosing the appropriate ISA partners is essential in ensuring the success of such alliances [25]. Having the right selection criteria also helps strengthen the skills and resources of the involved enterprises, thus affecting the ability of such alliances to achieve their strategic goals [15].

Given that choosing ISA partners is a very difficult process, which affects the success of an alliance, several studies have investigated several ISA partner selection criteria. Geringer [11] classifies such criteria into task-related selection and partner-related selection criteria. The former refers to the success of an enterprise in gaining competitive and strategic resources as well as in securing the required skills for establishing strategic consistency between partners. The latter refers to how partners collaborate effectively to achieve consistent cooperation among organizations.

Johnson [26] proposes five dimensions related to

how enterprises choose their partners, namely, duration, frequency, link diversity, symmetry, and cooperation. Seirra (1995) proposes the "3C" standard, namely, Compatibility, Capability and Commitment, for choosing strategic partners. Wilkinson [27] analyzes the "4C" framework for choosing ISA partners, in which partner firms that provide complementary skills and organization culture with one another have the same goals and commensurate levels of risk, allowing them to realize their cooperation target [28]. However, Rackham [29] finds that business relationship cannot be used as the basis of partner selection; instead, he proposes the following conditions of partnership options: creation of contribution potential, shared value, environment, and favorable partnership with suppliers.

From the perspective of foreign enterprises, Luo, Y.D. suggests that the desire of Chinese enterprises to access the local market, secure scarce or cheap resources, and promote international expansion has driven them to establish strategic alliances with foreign companies. The differences in their motives have led to the formation of different partner selection criteria [30]. Luo, Y.D. argues that variations in culture, infrastructure, and government policies across countries have generated different purposes for establishing strategic alliances. Moreover, a change in the external environment of the partner selection criteria can also change the purpose behind the formation of strategic alliances [30].

Li Dong [31] argues that the selection criteria are highly associated with the task determined by the strategic motivation. The task type related to the selection criteria is usually specific to the alliance, whereas the partnership type related to the selection criteria is more inclined to the comprehensive properties of the alliance.

### 3. RESEARCH METHODS

Given limited theory about how the pivotal roles of network status in international alliance strategies and assets creation of emerging economies, we relied on inductive theory building using Chinese Huawei Company. Huawei is the second largest telecommunication equipment supplier, the third largest smart phone manufacturer, and the leading supplier of information and communication solutions in the world. Huawei constantly promotes the internationalization of its R&D department and actively seeks ISA partners. However, its partner

selection criteria remain unknown.

Given that Huawei primarily provides software, network and terminal products, we select several enterprises that develop software and related end products according to the following criteria: (1) higher turnover, high level of technical production and a strong capability to digest and absorb technology; (2) a large number of creative assets; and (3) a high proportion of corporate research and development input. After the screening process, we select the following companies as Table 1: from the US, Motorola(摩托罗拉), Microsoft (微软), Dell (戴尔), Apple (苹果), UTstarcom (UT斯达康), Palm, IBM, Cisco (思科) and Alcatel-Lucent (阿尔卡特朗讯); from Germany, Siemens (西门子), Bosch (博世), SAP, Covey (科维), 3S, Bit-side, Cekay (科策) and Keller; from Japan, Toshiba (东芝), Sony (索尼), Panasonic (松下), Sharp (夏普), Fujitsu (富士通) and NEC; from South Korea, Samsung (三星), LG, NC and Tmaxcore; and from India, Seeley (斯利技术公司), Infodys, HCL (HCL技术公司), MrDia (萨迪亚姆), and Micromax.

We use social network model to explore Huawei how the pivotal roles of network status in international strategies alliance and assets creation of emerging economies.

Huawei choose the partner, which depends on its strategic motive, the partner of international strategies alliance. To access to the technology,

Huawei choose Motorola (摩托罗拉), Microsoft (微软), Dell (戴尔), Apple (苹果), UTstarcom (UT斯达康), Palm, IBM, Cisco (思科) and Alcatel-Lucent (阿尔卡特朗讯) and another firms who has great technology skill. To access to the international market, Huawei choose the firms that has good brand of its local market, and the key location of network, to improve the profile of Huawei to access to international market.

Ucinet is used on the collected enterprise cooperation data. Net Draw is then used to illustrate the enterprise cooperation network, which is presented in the Fig. 1.

#### 4. DATA COLLECTION

The links between nodes reflect the cooperative relationships among enterprises. This study adopts the network retrieval method to determine the cooperation among the enterprises within the networks. At present, the lack of systematic information or data can result in massive workload. Given that the cooperation among international enterprises cannot be accurately reflected by statistical data alone, the network information retrieval method can be used to determine the cooperation among enterprises. Information must be retrieved as much as possible to create a comprehensive, accurate, and complete dataset.

**Table 1. International strategic alliance of enterprise cooperation network nodes**

	USA	Germany	Japan	Korea	India
C1	Motorola (摩托罗拉)	Siemens (西门子)	Toshiba (东芝)	Samsung (三星)	Seeley (斯利技术公司)
C2	Microsoft (微软)	Bosch (博世)	SONY (索尼)	LG	Infodys
C3	Dell (戴尔)	SAP	Panasonic (松下)	NC	HCL (HCL 技术公司)
C4	Apple (苹果)	Covey (科维)	Sharp (夏普)	Tmaxcore	MrDia (萨迪亚姆)
C5	UTstarcom (UT 斯达康)	3 s	Fujitsu (富士通)		Micromax
C6	Palm	Bit - side	NEC		
C7	IBM	Cekay (科策)			
C8	Cisco (思科)	KELLER			
C9	Alcatel-lucent (阿尔卡特朗讯)				

We relied on two data sources: search engines and company websites. The data source provides more accurate information and improves the robustness of the resulting theory. We compare two enterprises using the retrieved information to determine whether a partnership exists between them. Cooperation is established between two enterprises if they have signed an agreement to cooperate with each other. We obtain information on the cooperation and exchange of the 32 selected enterprises by visiting their websites, as followed Fig. 1. We use columns as benchmarks for the company selection process, in order to determine the relationship of one enterprise with another. When two companies sign cooperation agreement or framework, the cooperation network relations between these companies is marked as 1, if there is no agreement, it is marked 0. Table 2 shows the 496 observations collected in the data search.

## 5. DATA ANALYSIS

### 5.1 Degree Centrality

Degree centrality reflects the importance of the enterprise in its embedded social network. A higher level of degree centrality signifies that an enterprise has high reputation, credibility, and capability to use external resources, enabling it

to generate more resources and information for its own advantage. According to Tsai, an enterprise located closer to the center of the social network has a greater access to a large number of other enterprises and to the latest knowledge of the industry, allowing it to enhance the depth of its existing knowledge. An enterprise located at the core of the enterprise cooperation network has a higher tendency to select strategic partners. In terms of information superiority, an enterprise positioned at the center of the network has the advantage of increasing its creative assets. Therefore, enterprises from emerging economies tend to be positioned at the center of the network to establish an ISA. The degree centrality of the selected firms is analyzed below.

Located at the center of the enterprise network, IBM is considered the most important enterprise within the cooperation network diagram. From the Table 3; we can see that IBM followed by Microsoft, Apple and Cisco, which has a large number of creative assets similar to the top 500 enterprises in the world. Meanwhile, HCL technologies, Infodys, and Keller have the least number of creative assets and are considered the least important enterprises in the network. Therefore, when choosing ISA partners, enterprises must choose those firms with a high degree centrality (e.g., IBM, Microsoft, Apple, and Cisco).

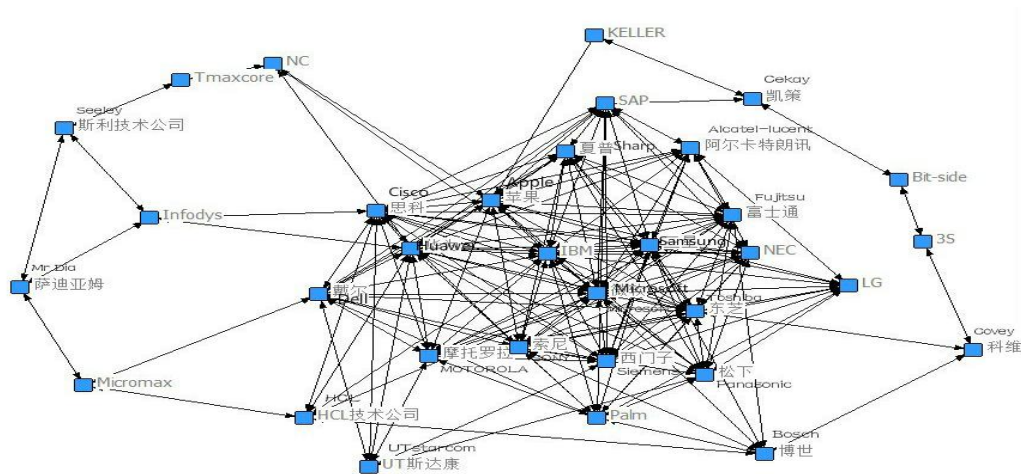


Fig. 1. International strategic alliance enterprise cooperation network diagram

Table 2. International strategic alliance cooperation access list

Search engine		Company web		Other way		Not retrieved		Total
Number	Rate	Number	Rate	Number	Rate	Number	Rate	
105	21.20%	18	3.60%	9	1.80%	364	73.40%	496

**Table 3. The degree centrality of the selected firms**

	<b>Degree</b>	<b>Nrm degree</b>	<b>Share</b>
<b>IBM</b>	19.000	61.290	0.064
<b>Microsoft</b>	18.000	58.065	0.060
<b>Cisco</b>	17.000	54.839	0.057
<b>Samsung</b>	17.000	54.839	0.057
<b>Toshiba</b>	16.000	51.613	0.054
<b>Apple</b>	16.000	51.613	0.054
<b>Sony</b>	15.000	48.387	0.050
<b>Fujitsu</b>	14.000	45.161	0.047
<b>Siemens</b>	14.000	45.161	0.047
<b>Dell</b>	13.000	41.935	0.044
<b>NEC</b>	13.000	41.935	0.044
<b>SAP</b>	13.000	41.935	0.044
<b>Motorola</b>	12.000	38.710	0.040
<b>Sharp</b>	12.000	38.710	0.040
<b>Panasonic</b>	12.000	38.710	0.040
<b>Palm</b>	11.000	35.484	0.037
<b>Alcatel-lucent</b>	10.000	32.258	0.034
<b>LG</b>	10.000	32.258	0.034
<b>Bosch</b>	7.000	22.581	0.023
<b>UTstarcom</b>	5.000	16.129	0.017
<b>HCL</b>	5.000	16.129	0.017
<b>Covey</b>	3.000	9.677	0.010
<b>MrDia</b>	3.000	9.677	0.010
<b>Cekay</b>	3.000	9.677	0.010
<b>Infodys</b>	3.000	9.677	0.010
<b>NC</b>	3.000	9.677	0.010
<b>Seeley</b>	3.000	9.677	0.010
<b>Micromax</b>	3.000	9.677	0.010
<b>Tmaxcore</b>	2.000	6.452	0.007
<b>KELLER</b>	2.000	6.452	0.007
<b>Bit-side</b>	2.000	6.452	0.007
<b>3S</b>	2.000	6.452	0.007

## 5.2 Closeness centrality

Closeness centrality determines the tightness or distance between each node within the social network. A higher degree of closeness centrality indicates that a node has the shortest distance to other nodes and that the rest of the nodes are closely positioned with one another. This measure also identifies the node located at the center of the network.

Located at the center of the network, from the Table 4, IBM has the highest closeness degree with the other companies in the network, followed by Microsoft, Apple, and Cisco. HCL Technologies, Infodys, and Keller have the least amount of creative assets and have the lowest closeness degree with other companies. Therefore, when choosing ISA partners, enterprises must select those firms that are located in the center of the network (e.g., IBM,

Microsoft, Apple, and Cisco).

## 5.3 Betweenness Centrality

This refers to the distance between a node and the center of the network. The extent to which the other nodes are connected with one another is termed "mediation." A node located close to the network structural holes (intermediary centrality) of an enterprise generates a bridge (bridging) effect in the information dissemination process. As shown in the Fig 1. A structural hole has a large number of "weak links" or weak ties. From the Table 5, the mediation degrees of Cisco and IBM are high, and the location of these enterprises enables them to diversify their information control as well as to understand the technological status quo and future development of other sectors in the market; in turn, this increases the breadth of their information. As mentioned earlier, diversifying information

superiority, advantage, and control can increase the creative assets of an enterprise. Therefore, an enterprise must position itself at the center of the network to establish an ISA. Such position allows it to access a variety of market information, enhance its information control, and boost its creative assets.

#### 5.4 The Pivotal roles of Network Status in International Alliance Strategies and Assets Creation of Emerging Economies

In this work, we investigate the network centrality and creative assets of enterprises from emerging economies and their ISAs partners through a case study. An excellent network location attracts

more social capital for the enterprise, provides quick access to resources, facilitates the rapid collection and dissemination of information on market and technology, and enhances the credibility of the individual or organization.

The location of the “central” social network reflects its ability to control and use its embedded resources. Network centrality has three forms, namely, degree centrality, mediation centrality and closeness centrality. Degree centrality reflects the embedded importance of the enterprise in its social network, while mediation centrality reflects the closeness of an enterprise in the social network to the structure hole. It is also of the main measures of the individual in the network between two structural indexes.

**Table 4. The closeness centrality of the selected firms**

	<b>in farness</b>	<b>out farness</b>	<b>in closeness</b>	<b>out closeness</b>
<b>IBM</b>	47.000	48.000	65.957	64.583
<b>Microsoft</b>	49.000	50.000	63.265	62.000
<b>Apple</b>	50.000	54.000	62.000	57.407
<b>Toshiba</b>	51.000	56.000	60.784	55.357
<b>Cisco</b>	52.000	50.000	59.615	62.000
<b>Samsung</b>	52.000	50.000	59.615	58.491
<b>Dell</b>	53.000	54.000	58.491	57.407
<b>Fujitsu</b>	54.000	55.000	57.407	56.364
<b>SAP</b>	54.000	55.000	57.407	57.407
<b>Sharp</b>	55.000	59.000	56.364	52.542
<b>Siemens</b>	55.000	59.000	56.364	56.364
<b>NEC</b>	56.000	56.000	55.357	55.357
<b>Motorola</b>	57.000	59.000	54.386	52.542
<b>Sony</b>	57.000	59.000	54.386	55.357
<b>Alcatel-lucent</b>	60.000	61.000	51.667	50.820
<b>Palm</b>	61.000	60.000	50.820	51.667
<b>Panasonic</b>	61.000	60.000	50.820	49.206
<b>LG</b>	63.000	67.000	49.206	46.269
<b>HCL</b>	64.000	65.000	48.438	47.692
<b>Bosch</b>	67.000	67.000	46.269	46.269
<b>UTstarcom</b>	70.000	71.000	44.286	43.662
<b>NC</b>	72.000	72.000	43.056	43.056
<b>Covey</b>	73.000	77.000	42.466	40.260
<b>Micromax</b>	74.000	75.000	41.892	41.333
<b>Infodys</b>	75.000	73.000	41.333	42.466
<b>Cekay</b>	77.000	77.000	40.260	40.260
<b>MrDia</b>	92.000	93.000	33.696	33.333
<b>Tmaxcore</b>	95.000	95.000	32.632	32.632
<b>3S</b>	97.000	100.000	31.959	31.000
<b>Seeley</b>	99.000	97.000	31.313	31.959
<b>Bit-side</b>	101.000	101.000	30.693	30.693
<b>KELLER</b>	107.000	77.000	28.972	40.260



**Table 5. The betweenness centrality of the selected firms**

	<b>Betweenness</b>	<b>n Betweenness</b>
<b>Cisco</b>	141.403	15.205
<b>IBM</b>	113.103	12.162
<b>Toshiba</b>	88.244	9.489
<b>Cekay</b>	83.659	8.996
<b>Dell</b>	73.197	7.869
<b>Infodys</b>	70.516	7.582
<b>Apple</b>	60.156	6.468
<b>Covey</b>	57.500	6.183
<b>NC</b>	53.730	5.777
<b>Microsoft</b>	38.666	4.158
<b>Micromax</b>	32.253	3.468
<b>Bosch</b>	23.513	2.528
<b>Samsung</b>	22.773	2.449
<b>HCL</b>	19.648	2.113
<b>Fujitsu</b>	16.844	1.811
<b>SONY</b>	16.258	1.748
<b>Siemens</b>	15.957	1.716
<b>Panasonic</b>	12.070	1.298
<b>Motorola</b>	10.918	1.174
<b>3S</b>	10.471	1.126
<b>Seeley</b>	9.933	1.068
<b>NEC</b>	9.827	1.057
<b>Bit-side</b>	9.338	1.004
<b>Mr Dia</b>	9.070	0.975
<b>Palm</b>	8.082	0.869
<b>Tmaxcore</b>	7.664	0.824
<b>Sharp</b>	4.729	0.509
<b>Alcatel-</b>	3.603	0.387
<b>lucent</b>		
<b>KELLER</b>	1.873	0.201
<b>UTstarcom</b>	1.873	0.195
<b>LG</b>	1.810	0.195

An enterprise with a higher degree centrality has higher reputation, credibility, and capability to use external resources. Degree centrality can bring more resources and information that are beneficial to the enterprise [32]. The external network takes a center position in the social network; here, a closer contact with an increasing number of enterprises provides an organization with more access to the latest industry knowledge and enhances the depth of the latter's existing knowledge [33]. In other words, an enterprise that is more inclined to choose a strategic partner is located in the core of the enterprise cooperation network [34].

Known as strategic assets, creative assets are developed from natural resources. These assets are tangible on the day they are created, but may become invisible two days after they are created. Creative assets include the inherent assets of

people, the ownership system, as well as the capability of organizations to accumulate knowledge, skills, learning, and experience. In terms of information superiority, an enterprise located at the center of the network has a higher tendency to increase its creative assets. Therefore, enterprises from emerging economies tend to place themselves at the center of the enterprise network to establish an ISA. This summary suggests:

#### **5.4.1 Proposition 1a**

A central position in the enterprise network affects the ability of an enterprise to accumulate creative assets. Furthermore, a higher degree centrality makes an enterprise more conducive to accumulate creative assets.

#### **5.4.2 Proposition 1b**

A central position in the enterprise network affects how enterprises select their ISA partners. Furthermore, a higher level of degree centrality motivates enterprises from emerging economies to establish a strategic alliance.

Closeness centrality determines the tightness or distance between each node within the social network. A higher degree of closeness centrality indicates that a node has the shortest distance to other nodes and that the rest of the nodes are closely positioned with one another. Therefore, enterprises from emerging economies tend to choose the partner who is close to another firm of the enterprise network to establish an ISA. This summary suggests:

#### **5.4.3 Proposition 2a**

The position in the enterprise network affects the ability of an enterprise to accumulate creative assets. Furthermore, a higher closeness centrality makes an enterprise more conducive to accumulate creative assets.

#### **5.4.4 Proposition 2b**

The position in the enterprise network affects how enterprises select their ISA partners. Furthermore, a higher level of closeness centrality motivates enterprises from emerging economies to establish a strategic alliance.

By contrast, an enterprise that is positioned closer to the whole (intermediary centrality) of the enterprise network has a higher capability to

disseminate information in the bridge (bridging). Given that a hole has a large number of “weak links” or ties [35], an enterprise located near a hole has the advantage of being able to diversify its information control by understanding the status of other industries and the future development of the market and technology [34]. By diversifying information superiority and advantage, thus facilitating information control, an enterprise can increase its creative assets. Therefore, enterprises from emerging economies tend to establish ISAs in the core of the network, increase their access to a variety of market information, enhance their information control, and boost their creative assets. This summary suggests:

#### **5.4.5 Proposition3a**

The position of the hole in the enterprise network can influence how enterprises accumulate creative assets. Furthermore, a higher degree of mediation centrality increases the breadth of the accumulated creative assets.

#### **5.4.6 Proposition 3b**

The position of the hole in the enterprise network affects how enterprises from emerging economies select their strategic partners. Furthermore, a higher intermediary centrality increases the tendency for enterprises from emerging economies to establish an international alliance.

## **6. DISCUSSION**

A distinguishing feature of this paper is that the findings are reported based on a case study of Chinese parent firms and their strategic alliances with foreign enterprises. The highest-ranked strategic motives of enterprises from an emerging economy include maintaining market position, international expansion, and technology exchange. By contrast, the major strategic motives of foreign firms (as perceived by their Chinese partners) include market penetration and learning how to operate successfully in China. This study contributes to the existing literature by identifying the relative importance of network location and creative assets on the formation of strategic alliances between ISA partners, which has been rarely investigated in previous studies. Based on our findings, the distance of an enterprise from the center of the network affects its selection criteria when forming ISA partnerships. A higher degree centrality increases the tendency of enterprises from

emerging economies to establish an alliance, hence supporting Proposition 1b.

Closeness centrality determines the tightness or distance between each node within the social network. According to the case study, the firm who is close to other firms, it has more creative assets. A higher degree of closeness centrality indicates that a node has the shortest distance to other nodes and that the rest of the nodes are closely positioned with one another, hence supporting Proposition2a and Proposition2b.

We also examine how the position of a hole in the network structure can influence the accumulation of creative assets. Table 5 shows that a higher mediation centrality improves the breadth of the accumulated creative assets. The location of the hole can also affect how enterprises from emerging economies select their strategic alliance partners. A higher intermediary centrality increases the tendency of enterprises from emerging economies to establish alliances with a particular enterprise, hence supporting Proposition3a and 3b.

Selecting ISA partners has an important theoretical and practical significance for enterprises from emerging economies. These enterprises are motivated to form ISAs to penetrate the market and obtain knowledge from partner enterprises coming from developed countries. The former also aim to secure a position in the market, achieve international expansion, and facilitate technology transfer. By empirically analyzing the selection criteria of Huawei, a major Chinese company, we find that enterprises from emerging economies must choose those firms that are located in the center of the network and have a large number of creative assets when forming strategic alliances.

This study suggests the following managerial implications. First, the process by which enterprises from developed countries choose their ISA partners has been documented in many studies. However, how enterprises from emerging economies choose their strategic alliance partners has gained limited research attention. This study has a certain practical significance by addressing this research gap. The emerging market local firms are likely to have different strategic motives and to seek different types of partners compared to firms from developed countries. The foreign firms entering ISAs in emerging markets must consider their local partners’ strategic motives and needs

as well as their own, if the alliance is to be successful. Emerging market local firms not only select foreign partners for their resources and capabilities which are important for the alliance to be strategically viable, but also on the basis of a number of partner-related selection criteria (trust, financial stability, good reputation, etc.) in order that the alliance is operationally stable and financially sustainable.

Second, in the emerging market context, local firms' strategic motives for ISA formation are likely to be dynamic and contingent on a wide array of environment factors such as the firms' competitive position, as well as the nature and intensity of competition in the market. Consequently, a mere learning from and acquisition of foreign partners' technological and managerial capabilities may not hold as the most important strategic motives for developing-country firms over time. The findings of the study suggest that the emerging firms are strongly motivated to form ISAs with foreign firms in order to effectively compete with existing competitors and to maintain competitive position in the market. Essentially, strategic alliances are being utilized as competitive weapons in the battle for national and global market share. Given that strategic motivation and partner selection standards differ across enterprises, enterprises hailing from emerging economies must choose their partners according to their own unique strategic motives.

Third, creative assets are very important to an enterprise, and those with a large number of creative assets are usually positioned at the core of the network. Therefore, enterprises from emerging economies must choose partners with a large number of creative assets when establishing strategic alliances to increase their own creative assets.

Despite its contributions, this field of study still has several limitations. First, a universal international partner selection model for enterprises from emerging economies has yet to be developed. Second, related studies are being hindered by limited amounts of data. Therefore, future studies must expand their data sample to improve the reliability of their results. Third, it is not easy to categorize emerging economies into a homogenous group, because these countries greatly vary from one another. Therefore, further national-level and comparative research must be conducted to determine the differences among these economies.

A number of future research avenues are apparent. First, the findings demonstrate that the strategic motives for alliance formation do exhibit patterns of relative importance according to social network location and creative assets. However, the reasons underlying this evolution of strategic motives for alliance formation are an under-researched area. In particular, longitudinal studies that examine in-depth the dynamics of strategic motives would shed light on the understanding of the way in which the relative importance of strategic motives evolves over time, and how this varies with the strategic contexts. Second, the potential overlap between task-related and partner-related selection criteria, suggests that a greater clarification of task-related and partner-related selection criteria based on contextual variables (e.g. culture of the partners, industry of the partner firms and the nature of the ISA) would be useful, we should extend this context by looking at different types of alliances (i.e. distinguish between licensing agreements, R&D agreement, marketing alliances etc.) and different types of control. Moreover, an explicit link between partner selection and performance needed. Perhaps then we will be able to answer the important question of how firms select their partner in successful international strategic alliances. Third, the key variables influencing the relative importance of task-related and partner-related selection criteria is a largely unexplored area but one clearly worthy of investigation. Finally, future studies which examine the task-related and partner-related selection criteria of both partners in an alliance are encouraged in order to better understand the reciprocal dependencies of ISAs.

## 7. CONCLUSION

This study is based on the case study of Chinese Huawei Company, we use social network theory in this study to explore the influence of network status and creative assets on how these enterprises select their partners. This finding provides grounds for us to conclude that enterprises must select the central position in the network and then consider closer structural holes and rich creative assets as their strategic alliance partners. It has managerial implications for enterprises from emerging economies.

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## COMPETING INTERESTS

Authors have declared that no competing interests exist.

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