The Polycentricity of Expansion Strategies: Beyond Performance as a Main Driver

Organizations undertake alliances, joint ventures (JVs), and mergers and acquisitions (M&As) to expand, overcome dependencies, and improve their autonomy, legitimacy, and performance. In this dissertation, a polycentric perspective is applied to investigate the origins and performance of alliances, JVs, and M&As. The results suggest that resource dependence theory is one of the primary explanations of the prevalence of the forenamed expansion strategies. In terms of performance, we find that the effect of less invasive arrangements, such as alliances, is more positive in the short-term, whereas the effect of M&As often manifests itself in the long run, through first enhancing an organization’s autonomy and legitimacy and then its accounting-based returns. Moreover, organizations have responded to antitrust legislation by forming more alliances and JVs, whereas such legislation is detrimental to the formation and performance of M&As. Additionally, organizations base their decisions to form alliances or JVs or to pursue M&As on the experience they have obtained from previous similar arrangements. Last, a micro-level perspective is used to examine how advisors interact with decision makers to propel their deal-driven orientation, their desire to acquire, while preserving their ignorance and even promoting information asymmetries. Through this the dual role of advisors is exposed, as they seem to simultaneously generate and escalate momentum. In sum, the findings suggest that a combination of environmental, contextual, organizational, and interpersonal factors explain the origins and success of expansion strategies. In particular, these factors seem to be more interrelated than has been previously noted in studies that assess how organizations can maintain their performance. Therefore, several macro- and micro-level factors explain the origins and performance of expansion strategies.