

## Partners Sharing Resources, Costs, and Risks

**Authors :** Lee Li

**Abstract :** The strategic management literature posits that the major motive of strategic alliances is to share resources, costs and risks. However, the literature also indicates that such sharing leads to transaction costs which are positively correlated with environmental dynamism. As such, it is not clear why firms are willing to cover high transaction costs for sharing resources, costs and risks. This study categorizes resources into firm-specific and general resource; costs into accounting and non-accounting cost; and risks into visible and invisible risks. Using data from 167 Canadian firms in technology industries, we find that sharing firm-specific resources and non-accounting costs are negatively correlated with environmental dynamism but sharing general resources, accounting costs and visible risks are positively correlated with environmental dynamism. Findings suggest that sharing certain resources, costs and risks do not necessarily incur high transaction costs.

**Keywords :** environmental dynamism, strategic alliances, resource/cost/risk sharing

**Conference Title :** ICSRD 2020 : International Conference on Scientific Research and Development

**Conference Location :** Chicago, United States

**Conference Dates :** December 12-13, 2020