**Discussion: Challenges of Strategic Alliances**

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**Challenges of Strategic Alliances**

Relationship management is critical to strategic procurement. Strategic alliances despite their benefits to the supply chain and procurement have their set of issues, challenges/disadvantages as discussed below:

One of the major disadvantages is the presence of constant conflict with other companies in the agreement due to the difference in structures, cultures, workflows and organizational personalities. Conflict restricts optimal efficiency and lead to disruptions of the workflow. For example if one organization has a communal culture where everyone works towards the success of a project and the other is individualistic, the cultures are likely to clash causing conflict and affecting the delivery of required milestones.

Another challenge with strategic management is the loss of autonomy. Strategic procurement alliances require more than one company to come together and share the decision making authority on matters relating to their agreed upon alliance (Mamédio et al., 2019). The company has to focus on the goals of other partners as well and not only on its own goals. It thus loses independence and the unilateral ability to handle or determine its own outcomes. For example if a company’s goal was to focus on profits, they cannot decide on the best strategy to increase such profits when their partner’s goals were to increase awareness which requires funds; eating away profits. The companies have to create new goals and objectives based on the strategic alliance and have joint decision-making authority over desired outcomes.

Differences in management style might also cause an issue in strategic alliances. When an organization in the strategic alliance fails to adjust to the new style of management, it creates obstacles for success. For example one organization might be focused on a Laisez faire style of management while the other company in the alliance uses a more authoritarian style. The employees in the former organization are likely to lack motivation towards achieving objectives set as they are used to being self directed other than being controlled by a leader or supervisor. On the other hand employees that are used to being guided to attain goals might fail to achieve such goals when left to be self directed (Mamédio et al., 2019). Organizations entering strategic alliances therefore have to create the most appropriate style of leadership that will serve the purpose of the organization by motivating staff towards optimal performance.

**References**

Mamédio, D., Rocha, C., Szczepanik, D., & Kato, H. (2019). Strategic alliances and dynamic capabilities: A systematic review. *Journal of Strategy and Management*, *12*(1), 83-102. <https://doi.org/10.1108/JSMA-08-2018-0089>