

The Need for Scale as a Driver of Alliance Formation:
Choosing between Collaborative and Autonomous Production

Bernard Garrette, Xavier Castniier and Pierre Dussauge'

!
HEC School of Management, Paris

December 1, 2005

Collaborative versus Autonomous New Product Development

In this paper, we reconsider why firms choose' to form horizontal alliances when launching a new product rather than to undertake such a project on their own. We observe that past work on alliance formation has focused on resource complementarity as the main driver for inter-firm collaboration and, on this basis, has identified firm characteristics that induce them to collaborate. We propose that scale-related motives are also a major driver of alliance formation and argue that firms forming scale alliances exhibit different profiles than those forming complementary alliances.