The Degree of Cooperation in International Strategic Alliances and Value Creation Outcomes: Empirical Study on Service Firms in Yemen

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Abstract

International strategic alliances (ISAs) are one of the partnership options that may be used by firms in achieving their goals. It is an inter-firm cooperation where firms commit some of their resources and capabilities towards the alliance to create a competitive advantage. Yemeni services industry need to improve its competitiveness and the quality of services it provides to the people and therefore, forming a strategic alliances with foreign partners is considered as one of the best strategies. Although the involvement of Yemeni's service firms in ISAs are evidence, but there is no previous study conducted to determine whether these alliances do create value to the firms or not. Therefore, this study is conducted with the objectives of determining whether Yemeni's service firms' involvement in ISAs do create value to the firms or not, and what kind of value creation outcomes are created by this ISAs. Alliances may also come in various forms with different degree of cooperation. This study will also look at the influence of the degree of cooperation in ISAs on the value creation outcomes. Survey of 214 service firms' managers revealed that ISAs do create value to the organization with financial value top the list. Improvement in customer service and better return on investment (ROI) are among the most important advantage gain by these service firms from their involvement in ISAs. This study also posits a significant positive relationship between the degree of cooperation in ISAs and the value creation outcome.

Keywords: international strategic alliances, service firms, value creation, alliance attributes

1. Introduction

Over the last two decades, there has been an increase in international strategic alliances (ISAs) in many different industries worldwide, due to intense global competition and the constantly growing demand for new technologies (Zamir, Sahar, & Zafar, 2014). Strategic alliances are one of the partnership options that can be used by companies to achieve each partner's goals, where it is based on cooperation between companies (Mockler, 1999). In strategic alliances, firms combine some of their resources and capabilities to create a competitive advantage and undoubtedly, it has become a cornerstone of firms' competitive strategy (Hitt, Ireland, & Hoskisson, 2014). Thus, partnership through strategic alliances enable firms to respond quickly and flexibly towards accelerating change in technology, competition, and customer preferences (Webster, 1992). In addition, ISAs may also help partnering firms improve their competitive advantage, provide access to new markets, supplement critical skills and experiences, and allow sharing of risk and cost of major development project (Išoraite, 2009). The success of ISAs relies on various factors and one of them is the degree of cooperation between participating firms. This is demonstrated by Anderson and Weitz (1992) where they found a positive relationship between the degree of cooperation in ISAs and alliances outcomes such as efficiency, profitability, and effective marketing activities. Another study by Oum, et al. (2004) found out that the horizontal alliances tend to have a significant and positive impact on profitability when they involve high-level cooperation. In addition, high-level cooperation tends to produce higher overall productivity gains than low-level cooperation in strategic alliances.

In several countries, ISAs have been considered as a source of capital investment and new technology acquisition that may spur its economic development. One of these countries is Yemen where the government encourages local firms to engage in international alliances as one of the means to attract foreign direct investment, enhance the partnerships between public and private sectors internally and externally. Firms are encouraged to venture abroad and become multinational firms by involving in ISAs and partnerships with foreign firms. At the same time Yemeni government has also privatized state-owned enterprises, while continuing to gain profitability and to some degree control the business. The objectives is to attract foreign capital, to bring new resources to Yemeni firms, and to improve overall Yemeni economic performance quickly (Central Intelligence Agency, n. d.). Service sector is one of the important catalysts for economic growth in Yemen. In 2013, the service sector contributes up to 57.4% of the Gross Domestic Product (GDP), while the commodity producing sector contributes 41.6%, followed by agriculture, forestry and fisheries sector 16%. The trend is expected to continue in 2013 (Central Bank of Yemen, 2013). The manufacturing sectors contribute a mere 5.8% towards Yemen GDP. There are four sub-sectors classified under the service sector in Yemen namely transportation and communications; finance, real estate and business services; trade, restaurants and hotels; producers of government service sector (includes health service, post office, higher education) and other sectors (Central Bank of Yemen, 2013).

According to international organizations' reports such as the Economic and Social Commission for Western Asia (ESCWA) and International Civil Aviation Organization (ICAO), Yemeni firms need to enhance their international alliances in different activities to achieve many advantages. In air transportation sector, Yemeni firms need to expand their passengers and cargo services to many destinations and airports in different countries. This will lead to improve airlines' profits; to minimize the cost; and to enhance their competitive position and market share (United Nations, 2007). At the same time, improving the telecommunication technology sector will play a vital role in enhancing the markets and trade. ESCWA member countries must enhance production efficiencies by further exploiting comparative advantages in domestic markets, thereby benefiting from economies of scale that are made possible through market expansion. In the financial sector, ESCWA report emphasized the necessity for cooperation among financial sectors in Arab States to enhance their network and to reform the existing banking system in order to increase the efficiency of local banks. Banks should also increase its cooperation with foreign banks by involving in international alliances, as well as trying to encourage commercial banks to involve in equity alliances to create a smaller number of operating banks.

Even though the involvement of Yemeni's service firms in ISAs are evidence, but there is no previous study conducted to determine whether these alliances do create value to the firms or not. At the same time, there is also lack of studies that look at the impact of the degree of cooperation in ISAs towards value creation. Therefore, this study is conducted with two main objectives. First is to determine whether Yemeni's service firms' involvement in ISAs do create value to the firms or not, and what kind of value creation outcomes are created by this ISAs. The second objective is to determine the impact of the degree of cooperation among firms in ISAs on value creation outcome. This paper will discussed some literature on ISAs and value creation, the conceptual framework, followed by the research methodology adopted and the result of data analysis. Discussions on the findings together with the contributions and conclusions then deliberated at the end of this paper.

2. Literature Review

2.1 International Strategic Alliances (ISAs)

Strategic alliance is defined as voluntary cooperation between two or more firms to achieve competitive advantage. It involves various activities such as exchange, sharing, or co-development of products, technologies, or services (Das & Teng, 2000; Gulati, 1998). International strategic alliances meanwhile refer to a form of cooperation between two or more firms belonging to different countries whereby each partner seek to add to its competence by combining its resources to share compatible goals (Parkhe, 1991). One of the reasons why two or more firms participate in international strategic alliances is to share each other's resources and strength especially in research and development. The risks for such venture are also collective and shared as firms enter into international strategic alliances with the same objective (Li & Malin, 2009). In addition, firms involve in international Strategic alliances to create many values and benefits such as to share knowledge (Hashim & Bakar, 2007), share skills and expertise between partners, risks and costs reduction, and to develop new products and technologies (IšoraIte, 2009).

ISAs are also formed by firms with the objective of creating an entry barrier that deter competing firms from entering the market (Gulati & Singh, 1998). Strategic alliances can be divided into two forms of alliances, which is an equity-based alliance and a contract based alliance. Equity based alliances may results in creation of new

entities (joint venture, consortia or subsidiaries) or improvement in existing entities. Non-equity alliances are contract based alliance such as joint product development, joint research and development, joint sourcing, joint manufacturing and joint marketing (Mockler, 1999). International joint venture is among the most common equity based alliance implemented by firms. It can provide access to unique business opportunities and new geographic markets that may not otherwise be available, especially to smaller and medium sized businesses (Stewart & Maughn, 2011). On the other hand, firms choose the non-equity alliances to source knowledge and compete in multiple countries and regions without the liabilities associated with foreign direct investments or joint ventures (Palmberg & Pajarinen, 2005).

2.2 Value Creation Outcomes

Value creation resulted from alliances can be defined as the benefits that each organization enjoyed as a direct result of the work they did together (Doz & Hamel, 1998). Among the value that may be created through ISAs are reduction of risks and costs (Isoralte, 2009), increase profitability (Ray, 2013), improvement in firm's productivity (Oum et al., 2004), organizational learning and knowledge transfer (Janczak, 2008). Alliances also allow firms to remain focused on its core product or service while reaching a huge number of new customers with the assistance from its partners. It helps firms to transform the relationship between the company and its suppliers, and thus creating networks advantages (Sambasivan et al., 2011). Other empirical study by Hashim and Bakar (2007) on the knowledge acquisition between Malaysian firms' learning capacity and accessibility to knowledge of foreign partners found out that ISAs allow Malaysian firms to learn and tap the knowledge of their partners. Firms also can increase their accessibility to knowledge from foreign partners when there is a trust among partners. A shared trust enables local firms to work cooperatively as trust can lower the obstacles that might be confronted by local partners (Rajasekar & Fouts, 2009). In order to determine the value creation outcomes of ISAs, firms should understand how alliance's value creation outcomes have been evaluated. However, there is no universal consensus on the appropriate measures of value creation outcomes of ISAs. In general, previous studies on alliance's value creation outcomes or alliances outcomes have employed various methods in measuring ISAs' value creation outcomes such as through the changes in stock market value (IšoraIte, 2009). Financial indicators have also been used such as profitability, growth, and cost position (Ariño, 2003), productivity, price, profitability, outputs and quality of services (Oum, Yu, & Zhang, 2001), together with net income, total assets, market value of equity, and return on investment (ROI) (Gleason, Mathur, & Wiggins, 2003). Some use the objective measurements of alliances outcomes such as survival, termination, duration, and subjective or process-oriented measures such as goal attainment, satisfaction, learning and competence building, survival and stability (Gulati & Singh, 1998).

Coulibaly and Sauvée (2009) then grouped all the value creation outcome of strategic alliances into three categories namely financial, competitive and consumer value. Financial values are the values and benefit that firms' gain through strategic alliances such as increase in profitability, productivity, sales growth and return on investment. Alliances create financial value by decreasing the production costs and increasing the benefits for partners. Moreover, Gleason, et al. (2003) found that strategic alliances significant abnormal returns were of 0.66% on average and the abnormal returns were significantly positive across all strategic alliances motives. An abnormal return is the difference between the expected return and the actual return of a stock. This also provides competitive advantages and overall improvement in financial outcomes. Competitive values meanwhile refer to the values and benefit that firms' gain through strategic alliances which enable them to compete effectively against their competitors. This includes improvement in firms' reputation and brand recognition, increase market share, and access to new markets (Sambasivan et al., 2011; Coulibaly & Sauvée, 2009). Consumer value refers to the benefits enjoyed by the customer as a result of ISAs, which includes better product quality, product diversification, and improve customer satisfaction. Improvement in the quality of product and product diversification will initially increase consumer satisfaction. This value is not determined by the firms, but by the actual customer perception. In this sense, the customer value is actually the customer perceived value and not the firm itself. It is the balance between perceived benefits obtaining and missing. Many firms quantify the value of individual customers and serve them differently; providing better privileges, discounts or other inducements to high value customer (Subramanian, Raju, & Zhang, 2007).

Many literatures such as by Hashim and Bakar (2007), together with (Janczak, 2008) highlight knowledge sharing as the drivers for involving in ISAs. The importance of knowledge sharing as an outcome of alliances are evidence and therefore, knowledge value is considered as one of the value creation outcome of international strategic alliances. Knowledge value refers to the new knowledge that firms' acquired from their partners through ISAs such as new operational ideas and skills, new ways to perform tasks, new product-specific technologies, new manufacturing specific skills, and new marketing expertise (Jiang & Li, 2009). Based on the

above literature on the type of values created through ISAs, the value creation outcomes of ISAs that will are incorporated in this study consist of three values as stated by Coulibaly and Sauvée (2009) namely financial value, competitive values, and consumer values, together with one additional value which is knowledge value.

2.3 Degree of Cooperation and Value Creation Outcomes

The degree of cooperation as defined by Thoumrungroje and Tansuhaj (2004) is the extent to which a firm cooperates with other international firms in the alliance in coordinating alliances activities such as customer service, advertising, promotion, and sharing distribution channels. Although this study focuses on service industry, the principles and reasons behind alliances are similar as service industry also stress on customer service, advertising and others. Therefore, this definition of the degree of cooperation is adopted for this study. Literatures are lacking in terms of explanation on the effect of the degree of cooperation in ISAs on value creation outcomes. There are only a couple of studies that look at the impact of the degree of cooperation in alliances but not on value creations. Anderson and Weitz (1992) for example study the impact of degree of cooperation and firm's efficiency, profitability, and effective marketing activities. Another study by Oum, et al. (2004) studies the impact of high-level cooperation on profitability and productivity. Both studies posit positive relationships between the degree of cooperation of an alliance with the dependent variables studied. Therefore, the hypothesis developed for this study is:

H_1: There is a positive relationship between the degree of cooperation of ISAs and value creation outcomes.

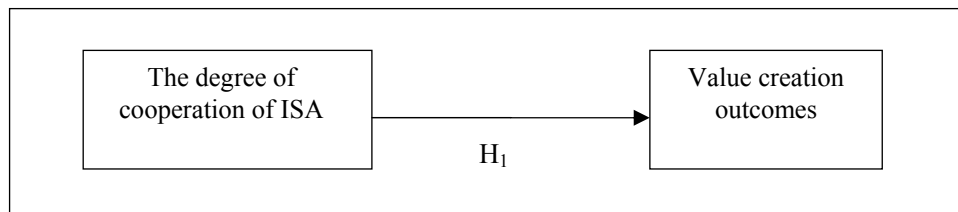Thus, the conceptual framework for this study is shown in Figure 1.

Figure 1. Conceptual framework

3. Research Methodology

The study aims to obtain a good understanding on the value creation outcomes among Yemeni service firms that involve in ISAs and to study the impact of the degree of cooperation of ISAs on value creation outcomes. Therefore, a quantitative research design with data gathered through survey questionnaire method was employed. The unit of analysis for this research was the Yemeni service firms that have been involved in international strategic alliances which include transportation and communications; finance, real estate and business services; trade, restaurants and hotels; health service, higher education and other sectors. Hence, the population of the study consists of all service industry firms in Yemen. Proportionate stratified random sampling method was used in determining the sample size, where the number of sampling units drowns from each stratum (industry) is in proportion to the population size of that stratum (Zikmund et al., 2011). The list of Yemeni service industry firms were obtained from the Yemeni Tax Authority. A total population of 462 service firms in Yemen was identified. Therefore, the sample size based on Krejcie and Morgan (1970) sampling table is about 210. The survey questionnaire was developed based on the items used in previous study, as shown in Table 1. Five point Likert scale was used to measure the degree of cooperation and value creation outcomes. For the degree of cooperation, the scale used is from 1 (Low cooperation) to 5 (Very high cooperation), and the variable consists of ten items as shown in table 2. Meanwhile, the scale for value creation outcomes measures the respondent's level of agreement with each given statements, from 1 (Strongly disagree) to 5 (Strongly agree).

Before the survey questionnaires were distributed, a pilot study was conducted among 30 service firms in Yemen to test the reliability of the survey questionnaire. Reliability was evidence as the the Cronbach Alpha value for both variables as shown in table 3 exceed the threshold value of 0.70. The relationships between the independent and dependent variables were analyzed using Partial Least Square (PLS) regression analysis. SmartPLS 3.0 statistical software is used to test the hypothesis. PLS is a structural equation modelling approach that has the ability to model latent constructs under conditions of non-normality and small to medium sample sizes as it places minimal restrictions on measurement scales and residual distribution (Chin, Marcolin, & Newsted, 2003).

Table 1. Source of survey questionnaire items

Variable	Dimensions	No of Items	Sources
The degree of cooperation of ISAs (DCISA)		10	Thoumrungroje & Tansuhaj (2004)
Value creation outcomes (VCO)	Financial value	3	Coulibaly & Sauvée (2009)
	Competitive value	4	Coulibaly & Sauvée (2009)
	Consumer value	3	Coulibaly & Sauvée (2009)
	Knowledge value	5	Jiang & Li (2009)

Table 2. List of items for the degree of cooperation of ISAs

Items
- International research and development R&D
- New product development for international markets
- Sharing production facilities for exported products
- International sales promotion
- International advertising
- Providing international customer services
- International distribution
- Joint venture with various percentage of ownership in new entities
- Investments of capital in joint ventures in existing entities
- Cross participation in capital Product development sourcing

Table 3. Reliability test for pilot study (N = 30)

Variable	No. of items	Cronbach Alpha value (α)
Degree of cooperation of ISAs	10	0.834
Value creation outcomes	15	0.762

4. Findings

In total, 300 survey questionnaires were distributed and 243 were returned, giving the response rate of 81%. After preliminary data assessments on the returned questionnaires, 29 were removed from further analysis due to various reason such as incomplete, many missing data or the firms did not involve in ISA. As a result, 214 survey questionnaires were analyzed and the results are described below.

4.1 Demographic

Table 4 summarizes the demographic information of the service firms involved in this study. The total sample size of this research is 214 firms and all of them involved in ISAs with foreign firms. These firms came from four subsectors of service industry namely transportation and communications with 37 firms (7.3%), finance, real estate and business services with 68 companies (31.8%), trade, restaurants and hotels firms consist of 77 companies (36%), followed by health, higher education and other services with 32 companies (15 %). Majority of firms have been operating for more than 13 years, with a combined total of 143 firms (66.8%). Only 4 new companies which are operating for less than 3 years involved in this study. In terms of employees, half of these firms employ more than 50 employees (107 firms) while the other half employs between 1 to 49 employees. It indicates that the samples involve in this study is quite balance in terms of their size, based on the number of workers. The demographic analysis also reveals that the service firms in Yemen seem to have a very long involvement and experience in ISAs, as a total of 125 firms or 58.4% stated that they have been having ISAs with foreign firms for more than ten years.

4.2 Value Creation Outcomes

Table 5 shows that the Yemeni's service firm's managers involved in this study agree that international strategic alliances helps increase their customer satisfaction as it scores the highest mean of 4.63, followed by the increase in return on investment (ROI) with mean value of 4.50. Next is improvement in brand recognition (4.43). These are the top three value creation outcomes that have the highest mean score value. All the other value creation outcome measures have a mean value of more than 4.00 except one item which is new marketing expertise, where the mean value is 3.96. This finding indicates that managers initially agree that their involvement in ISAs do create value to their respective firms. Overall, Yemeni's service firm's involvement in ISAs brings financial value to the organization as it has the highest cumulative mean of 4.36. Second is competitive value (4.32), followed by consumer value (4.21) and knowledge value (4.15).

Table 4. Demographic information (N = 214)

Categories	Frequency	%
Sector:		
Transportation and communications	37	17.3
Finance, real estate and business services	68	31.7
Trade, restaurants and hotels	77	36.0
Health service, higher education and others	32	15.0
Years of operations:		
Less Than 3 Years	4	1.9
4-7 Years	36	16.8
8-12 Years	31	14.5
13-18 Years	43	20.1
19-24 Years	64	29.9
25 and Over	36	16.8
Number of Employees:		
Less than 19	28	13.1
20-49	40	18.7
50-99	39	18.2
100-149	68	31.8
150 And Over	39	18.2
Experience in ISAs:		
Less Than 5 Years	31	14.5
6-10 Years	58	27.1
11-15 Years	54	25.2
16-20 Years	39	18.2
More Than (20) Years	32	15.0

4.3 PLS Analysis-Reliability and Validity Assessments

This section presents the reliability and validity assessments of the measurement model, based on the output of Partial Least Squares (PLS) Regression Analysis using SmartPLS 3.0.

Content validity: All scales used in this research were derived from previous studies related to international strategic alliances and value creation outcomes. A first draft of the questionnaire was discussed with a few lecturers who were experts in strategic alliance and also statistics, before a pilot study was conducted involving 30 Yemeni service firms. The Cronbach Alpha value for each variable is above the cut-off level required as discussed in previous section. Moreover, content validity is assumed to be fulfilled in this research.

Convergent validity: The convergent validity represents the common variance between the indicators (items), and their construct indicates that a set of indicators are measuring the same underlying construct (Henseler, Ringle,& Sinkovics, 2009). Convergence validity is evidence when the Average Variance Extracted (AVE) value

is above 0.50 (Hair et al., 2012). Table 5 shows that all constructs have an AVE value of more than 0.50 and thus convergent validity is evidence.

Composite reliability: PLS result in table 6 shows that the composite reliability values for both variables are more than 0.70, which is above the suggested threshold value (Hair et al., 2012). Therefore, composite reliability is evidence for this study.

Table 5. Results of value creation outcomes analysis

Code	Value Creation Outcomes	Mean	S.D
Financial value:		**4.36**	
VC1	Increase profitability	4.28	.708
VC2	Increase productivity	4.29	.707
VC3	Increase ROI	4.50	.683
Competitive value:		**4.32**	
VC4	Increase market share	4.23	.800
VC5	Access to new markets.	4.37	.788
VC6	Reduction of competitive threat	4.28	.936
VC7	Increase brand recognition	4.43	.765
Consumer value:		**4.21**	
VC8	Diversification of product.	4.26	.710
VC9	Improved customer satisfaction.	4.63	.485
VC10	Improved quality of product.	4.18	.773
Knowledge value:		**4.15**	
VC11	New operational ideas and skills.	4.19	.875
VC12	New ways to perform the task.	4.39	.778
VC13	New product-specific technologies.	4.01	.822
VC14	New manufacturing specific skills.	4.21	.978
VC15	New marketing expertise.	3.96	.987

Table 6. AVE and composite reliability value

Construct	Code	AVE Value	Composite Reliability
The degree of cooperation of ISAs	DCISA	0.64	0.93
Value creation outcomes	VCO	0.53	0.84

Discriminant validity: Discriminant validity is the degree to which a construct can be established as truly being different from other constructs in the model (Byrne, 2010). In order to assess discriminant validity, this study made use of the square root of the average variance extracted (AVE) value which was calculated using Microsoft Excel. The value is then compared with the correlations among the latent variables using the latent variable correlation matrix output of PLS (Chin, et al., 2003). It is important that the square root of average variance extracted (AVE) of every latent variable should be greater than the correlations among latent variables (Forrnell & Larcker, 1981). The latent variable correlation matrix and the square root of the AVE are indicated in table 7. The square root of average variance extracted (AVE) for the degree of cooperation of ISAs and value creation outcome is 0.800 and 0.724 respectively. Both are higher than the correlation of value creation outcome (VCO) and ISA, which is 0.212. Therefore, it can be concluded that the PLS measurement model analysis statistically confirmed the discriminant validity, where all constructs are statistically discriminated from the others.

Table 7. Square root of AVE value and latent variable correlation matrix

Construct	Code	ISA	VCO
The degree of cooperation of ISAs	DCISA	0.800	
Value creation outcomes	VCO	0.212	0.724

4.4 PLS Analysis Results

Table 8 shows the result of PLS model analysis and it details out the path coefficients, their *T*-values, *P*-values, the level of significance and the R Square value (R^2) for this relationship. The result shows a significant positive relationship between the degree of cooperation of international strategic alliance (ISA) and value creation outcome (VCO). The path coefficients value is 0.178 which indicates a moderate relationship between both variables. Past studies such as by Johnson (1997) classified path coefficient of above 0.20 as having a strong relationship, path coefficients of between 0.10 to 0.20 as moderate, and path coefficients below 0.10 as weak. The variance explained values (R^2) for the relationship between degree of cooperation of ISA and value creation outcome is 0.291. It means that the model explains 29.1% of the variance in the value creation outcome among Yemeni service firms.

Table 8. Result of PLS model analysis

Path	H	Path Coefficients	*T*-Value	*P*- value	Sig.	R^2
DCISA -> VCO	(+)	0.178	2.465	0.014*	Yes	0.291

* Significant, *p* < 0.05

5. Discussions and Contributions of the Study

The first objective of this study is to determine whether Yemeni service firms' involvement in ISAs do create value to the firms or not. Data analysis of 214 survey questionnaires reveals that firms' involvements in ISAs do create values to the organization. Financial value is the main outcome of ISAs where it helps these service firms increase ROI, productivity and profitability. This result comes as no surprise at all as the relationship between ISAs involvement and financial value outcomes is expected. Previous studies stated that ISAs may create up to 33% revenues for firms and increase firms' profits and/or decreases its costs (Hitt, Ireland, & Hoskisson, 2014). It is then supported by Coulibaly and Sauvée (2010) who found out that alliances increase financial value by decreasing the production costs and increasing the benefits for partners. The second most important value creation is in terms of firm's competitiveness. This finding supports previous study by Nonaka (1994), which revealed that strategic alliances improve operating performance and competitiveness in the market. Through ISAs, service firms may increase their brand recognition, access new market and so on. Consumer value comes third but one of the elements in this value which is improvement in customer satisfaction scores the highest mean among all 15 elements of value creation. It indicates that ISAs could improve the quality of services offered by firms and eventually leads to customer satisfaction. Similarly, Coulibaly and Sauvée (2010) also found that the alliances may result in improvement in the quality of product and increase product diversification that will initially increase the consumer value.

The second objective is to identify whether or not there is a significant positive relationship between the degree of cooperation of ISAs and value creation outcomes. It is clear from the results that there is a significant positive relationship between these two variables (t = 2.465; p < 0.05). Therefore, there is enough evidence to reject null hypotheses and thus H_1 is supported. This finding indicates that better degree of cooperation among members of an ISA may create more values to each of them. It supports the finding of previous studies such as by Coulibaly and Sauvée (2009, 2010), Marciukaityte, Roskelley and Wang (2009) and Nonaka (1994). All of them also found a positive relationship between alliances and value creation outcomes. There are a number of contributions of this study from both the academic and managerial perspectives. Academically, this study highlights which type of value mostly create by ISAs, which is financial value. It even points out which element of value creation is much more prevalent than the others, specifically increase in ROI as it has the highest mean score. This study also provides empirical evidence that involvement in international strategic alliances is one of the strategies that can be undertaken by firms to grow internationally and create value. From the managerial perspective, this study contributes towards better understandings on the possible outcome of ISA activities and how it may positively contributes towards firms' success. At the same time, managers especially in Yemeni's service industries may improve the current level of value creation especially the one that has lower mean score such as providing new marketing expertise, creates new product-specific technologies and so on.

6. Limitations and Direction for Future Research

There are some limitations of this study. First, it includes all service firms in Yemen regardless of their industry. The replication of the study where the analysis is conducted based on specific industry, such as banking or

transportation only would provide new insights into the value creation outcomes of international strategic alliances, based on service industry. Second, this study does not look at the relationship between value creations and other variables. Future study may consider a more comprehensive empirical analysis which study the relationship, either having value creation as independent or as dependent variables. The data collected for this study is small due to unusable political situation in Yemen after 2011 crisis. The final limitation is in terms of the generalizability of the findings. It is rather limited as this study focuses only on service firms in Yemen. Generalizing these findings to an organization in another country and within another cultural environment should be done with caution. A replication of this study with data gathered from various countries might improve the generalization and allow the comparison of result between countries.

7. Conclusions

This study has discovers that Yemeni service firms consider international strategic alliances as a strategy that helps improved firms strategic position in services industry. Alliances do create value to the organization with financial value top the list. Improvement in customer service and better return on investment (ROI) are among the most important advantage gain by these service firms from their involvement in ISAs. The degree of cooperation among the alliance members is also expected to increase the level of value creation created by the international strategic alliance.

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