

**We are happy to announce the following Management seminar at the Graduate School of Business Administration**

**Speaker**:

**Mr. Yaron Amir**

**Technion**

**Title:**

**Multimarket Competition and Alliance Formation**

# Abstract

This study examines the association between multimarket competition and the formation of horizontal alliances. Prior research has suggested that multimarket competition attenuates competitive pressure via mutual forbearance that facilitates implicit cooperation. Recently, scholars have revealed that multimarket competition between two rivals increases their propensity to form a joint alliance, assuming alignment between implicit and explicit cooperation. We shift from the dyad to the firm level, suggesting that explicit cooperation substitutes for implicit cooperation arguing that firms attenuate the competitive pressure that they face either by explicit cooperation (via horizontal alliances) or by implicit cooperation (via multimarket competition). Once mutual forbearance transpires, it mitigates the need for explicit cooperation, resulting in an inverted U-shaped association between multimarket competition and the formation of horizontal alliances. The study further suggests that firm size mitigates this inverted U-shaped association, because when possible, firms rely on their internal assets to unilaterally deter rivals instead of resorting to mutual forbearance. Panel data on 242 U.S. publicly-traded software firms operating during 1990-2001 support these conjectures. This study bridges research streams on alliances, multimarket competition, and competitive dynamics by identifying multimarket competition as an antecedent of alliance formation and uncovering the interplay of explicit and implicit cooperation.

**Keywords:** Alliance formation; multimarket competition; cooperation; competitive dynamics

**Tuesday, November 28, 2017, 14:00**

**Room (301), Economics and Business School Building (504)**