

# Technology alliances and firm performance

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## ABSTRACT

This paper addresses the question of causality between technology alliances and firm performance and looks at the ability of firms to exploit the alliance outcomes. The study is based on the experience of 41 Portuguese manufacturing SMEs who participated in the EU-sponsored CRAFT (1994-98) programme. The findings provide considerable evidence to support the hypothesis that alliance success, measured here by the degree of firm's satisfaction, does not necessarily imply better firm performance. However, the latter normally requires at least the partial fulfilment of the alliance objectives. Firms have to have the capability to exploit the alliance outcomes and materialise the potential benefits generated together. The intermediate stage between the research period and the exploitation of results may involve a great deal of collaboration and require further actions not under the firm's control, thus involving a risk of failure. The results confirm the potential benefits firms can get with technology alliances, however more than 60% of all firms in the study did not have significant effect on performance.

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