

## **Implementation of Expansion Strategy – Impact of Industry and Firm Context**

### **Abstract:**

This study investigates how firms choose among acquisition, alliance, and internal development to implement their expansion strategies. These expansion modes provide different options to firms and also help them to build different capabilities. Selecting an expansion mode has become an important part of a firm's new business development strategy. The two main inputs into this process are the industry structure and the firm's own resources. Prior studies have failed to garner empirical support and some make contradictory predictions with regard to a variable's effect on the choice of expansion mode. This study tries to resolve the ambiguity in prior work by testing those factors in an emerging institutional context and also incorporating a range of new explanatory variables drawn from multiple theoretical lenses. The dataset covers 1830 deals (in the period 2000 – 2007) announced by 996 firms belonging to Indian industries. Multinomial logistic regression and discriminant analysis have been done to test the hypothesis. Discriminant analysis is also done to check the robustness of group classification. Findings support explanations based on resources, transaction costs, real options, and organizational economics. This study highlights the importance of ownership structure and brings out the need to consider this variable in future studies of expansion modes.

***Key Words:*** Implementation Strategies, Industry Context, Firm Context, Ownership Structure.