Mechanisms of Hybrid Governance:
Administrative Committees in Non-Equity Alliances

Jeffrey J. Reuer
Krannert School of Management
Purdue University
403 West State Street
West Lafayette IN, 47907-2056
Tel: (765) 496-6695
Fax:(765) 494-9658
Email: jreuer@purdue.edu

Shivaram Devarakonda
Krannert School of Management
Purdue University
403 West State Street
West Lafayette IN, 47907-2056
Tel: (765) 494-4517
Email: shiv@purdue.edu

November 2012
Mechanisms of Hybrid Governance:  
Administrative Committees in Non-Equity Alliances

Abstract

Recent research on hybrid organizational forms has focused on the contractual foundations of collaborations and the ways in which firms might craft complex contracts and enhance the adaptive limits of contracts. We extend this research by considering the contractual delegation of specific authority to a dedicated structural interface, which can help partners guide their interactions, address contingencies that arise, and mitigate conflict. We argue and show that partners establish steering committees in response to their monitoring and coordinated adaptation needs. Specifically, based on an analysis of the design of nonequity alliances in the biopharmaceutical industry, we find that partners are more likely to employ a steering committee when a collaborator is able to appropriate its technology, technological uncertainty is higher, or the alliance requires significant coordination. We also empirically distinguish administrative control and incentives as the principal dimensions of formal governance supporting adaptation needs in collaborative agreements.