UNDERSTANDING ROLE OF HR IN DEVELOPING SUCCESSFUL STRATEGIC ALLIANCE: CASE STUDY OF AUTOMOTIVE SECTOR

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Abstract

Human Resource (HR) managers tends to have the significant impact on the organisation activities and resource allocation. The business decisions are also affected by the HR manager activities and capabilities. Therefore, the current study aims to identify the impact of the HR in developing successful strategic alliance using the case of the automotive sector of Pakistan. The research is conducted using the quantitative research design. The data for the study was collected using the questionnaire survey based on the 5-point Likert Scale. The sample of the study included 100 HR managers of the automotive sector of Pakistan. The variables used for elaborating HR role were organisation culture, communication skills and leadership style. The collected data was analysed using descriptive statistics, correlation analysis and regression analysis using SPSS software. The findings of the study have revealed that organisation culture tends to have the insignificant impact on the successful strategic alliance. Furthermore, effective communication skills and leadership styles have the significant impact on successful strategic alliance.

The future studies can include indirect variables in the study that can impact on the relationship between the variables investigated in this research. Furthermore, mixed research design can also help future studies to gain comprehensive understanding and knowledge.

Keywords: Effective organisation culture, effective communication skills, leadership styles, successful strategic alliance

1. INTRODUCTION

Over the past few decades, the strategic alliance has gained a significant importance in business organisations due to increasing benefits and conveniences (Holmes et al., 2019; Ferraris, Erhardt and Bresciani, 2019). For instance; strategic alliances help the business organisations in optimising their production, adopting flexibility, accessing managerial skills, and overall strengthening their position at the marketplace (Holmes et al., 2019; Ferraris, Erhardt and Bresciani, 2019). Despite these benefits, most of the organisations have also failed in the successful implementation of the strategic alliance due to increasing complexities, uncertainties, and challenges faced in the environment (Elia, Petruzzelli and Piscitello, 2019). Additionally, inefficient resource allocation and lack of information is another major reason of failure in successful strategic alliances. Therefore, the role of HR is critical in developing a successful strategic alliance, as it helps in efficient resource allocation and management through effective leadership and communication skills.

Similarly, in the context of the automotive sector, increasing disruptions and uncertainties have also increased the problems for HR in successful implementation of strategic alliances (Yu, Lan and Zhao, 2021). Most of the firms, in the automotive sector have faced a failure in strategic alliances to enhance their production cycle, increasing the variety of products, and meeting overall customer expectations (Raut et al., 2020). However, the role of HRM in strategic alliance has been extensively researched (Ferraris, Erhardt and Bresciani, 2019; Elia, Petruzzelli and Piscitello, 2019; Holmes et al., 2019), but in the context of the automotive sector, it is largely missing. While those exist have been focused towards theoretical aspects, and not found inconsistent findings (Raut et al., 2020; Yu, Lan and Zhao, 2021). Therefore, the main emphasis of the current research is to understand the role of HR in developing successful strategic alliances, specifically in the automotive sector with the intention to extend our knowledge and fill a gap in previous studies. However, findings in the current research will significantly help the management and policy makers to successfully develop and implement strategic alliances in Automotive Sector. Additionally, it will also help in fulfilling a gap in prior studies regarding automotive sector, and overall extent our knowledge.

2. LITERATURE REVIEW

The term strategic alliances have attracted a significant importance in in literature review. In general, it refers to

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the involvement of two or more than two firms in partnership that is expected to provide benefits for both firms (Holmes et al., 2019). There are multiple forms that can take place in strategic alliances which includes minority equity investments, joint ventures, equity swaps, joint manufacturing, joint marketing, joint research and development, long-term sourcing agreements, standards-setting, and shared services/distribution (Pereira et al., 2021). The author further evaluated that mergers and acquisitions (M&A), franchising agreements, and multinational corporations are not involved in strategic alliances, as they are not involved in transfer of skills or technology with participating firms. However, the role of HR is critical in developing successful strategic alliances, as it is not simply alliance between two different firms, but about two diverse and vast culture coming together.

In prior studies, various factors have been identified by researchers and scholars from the perspective of HR role in developing a strategic alliance (Raut et al., 2020; Pham et al., 2020; Raut et al., 2020; Mwesigwa, Tusiime and Ssekiziyivu, 2020; Pereira et al., 2021). Likely, Raut et al. (2020) in their study indicated that organisation culture has a significant contribution in building successful strategic alliance. The author further evaluated that cultural building activities can help the employees in understanding the business organisation goals. Similarly, Pereira et al. (2021) in their study indicated that it is essential for business organisations to develop effective organisation culture. It can significantly help the HR managers in developing successful strategic alliance. Pereira further added that effective organisation enhances the capabilities of firms to predict customer needs, enhance employee productivity, out deliver competitors, and ensure the sustainable future of business. Hence, based on the aforementioned studies organisation culture has been suggested as positive factor to influence on strategic alliance. Therefore, following hypothesis have been developed:

- H1a: Effective organisation culture significantly helps in developing successful strategic alliance in the context of automotive sector.

- H0a: Effective organisation culture does not help in developing successful strategic alliance in the context of automotive sector.

Another important factor that influences on developing successful strategic alliance is effective communication (Pham et al., 2020; Raut et al., 2020). Likely, Pham et al. (2020) in their study indicated that bridging the communication gap can significantly help in solving disputes internally and between entities. Additionally, Raut et al. (2020) in their study indicated that it is essential to enhance the coordination, coercion, negotiation, manipulation and co-optation among employees and participation for the development of strategic alliances which can only be attained by providing a clear information and bridging a gap between communication. Therefore, effective communication is a positive factor to develop a successful strategic alliance. However, following hypothesis have been developed:

- H1b: Effective communication skills significantly help in developing successful

strategic alliance in the context of automotive sector.

- H0b: Effective communication skills does not help in developing successful strategic alliance in the context of automotive sector.

Further, HR leadership style is also positively associated with developing successful strategic alliance (Mwesigwa, Tusiime and Ssekiziyivu, 2020; Pereira et al., 2021). According to Mwesigwa, Tusiime and Ssekiziyivu (2020) effective leadership is crucial to develop a successful strategic alliance, as it helps in enhancing human integration, employee engagement, motivation level, and organisational identification in alliances. Similarly, Pereira et al. (2021) in their study advocated that organisation culture and leadership skills have a special relevance in strategic alliance, and it can significantly help in designing and implanting some successful alliances. However, based on aforementioned studies following hypotheses are developed to examine the role of HR Leadership style in developing successful strategic alliance:

- H1a: HR leadership style significantly helps in developing successful strategic alliance in the context of automotive sector.

- H0a: HR leadership style does not help in developing successful strategic alliance in the context of automotive sector.
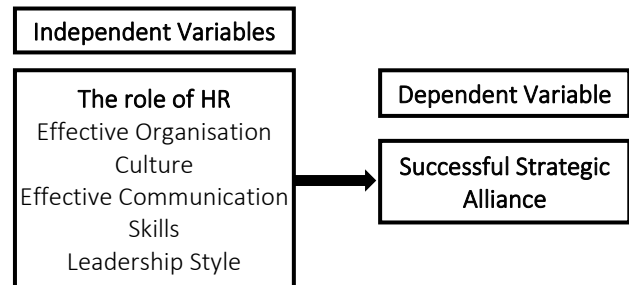
Independent Variables		Dependent Variable
The role of HR Effective Organisation Culture Effective Communication Skills Leadership Style	→	**Successful Strategic Alliance**

Figure 1 Conceptual Framework

3. METHODOLOGY

The main emphasis of the current research is to understand the role of HR in developing a successful strategic alliance in automotive sector. However, to carry out this research there are three types of method that are widely used qualitative research, quantitative research, and mixed research (Davies and Francis, 2018). Based on the objective and research problem, researcher has relied on quantitative research framework. The primary reason of using quantitative research design, as it helps the researcher in hypothesis formation step while minimising external errors and biases. However, selection of quantitative design, has significantly helped in determining the key factors that influence on successful implementation of strategic alliances in the context of automotive sector.

Further, data collection and analysis has also a significant importance in validity of research outcome. There are two types of method that are widely used including primary (first-hand information, and secondary research method (second hand information) (Johnston, 2017). In this specified research, based on the nature of the topic primary quantitative information has been opted, and data

is gathered using survey questionnaire. The sample of the study included 100 HR managers working in automotive sector. Although, participants were inquired using closed-ended questionnaire based on 5-point Likert scale. The justification of using primary method is that it is convenient, and less time consuming (Tanner-Smith and Tipton, 2014). For data analysis, descriptive statistics, correlation, and regression analysis were used using statistical software SPSS. Meanwhile, ethical considerations have also given a significant importance, and all personal information of participants were kept confidential.

4.   FINDINGS AND ANALYSIS

Respondents Demographics

Table 1 Demographic Profile of Respondents

Gender		
	Frequency	Percent
Male	67	67
Female	33	33
Age		
Up to 25	16	16
26-30	27	27
31-35	41	41
36-40	12	12
Above 40	4	4
Years of Experience		
1-3 Years	29	29
4-5 Years	43	43
Above 5 Years	28	28

Table 1 above indicates the demographics of the participants that includes the 100 HR managers of the automotive sector. It can be stated that 67% and 33% of the participants were males and females. Regarding the age factor, 16% of managers were aged up to 25 and 27% of the respondent were aged between 26 to 30 years. 41% of participants were aged in 31 to 35, and 12% of the HR managers were aged in 36-40 and the remaining 4% of HR managers were above 40 years. Moreover, 29% of managers have experience of 1 to 3 years and 43% of the managers have experience of 4-5 Years and the remaining 28% of managers had experience of Above 5 Years.

Descriptive Statistics

Table 2 Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Organisation Culture	100	1	5	3.11	0.99
Effective Communication Skills	100	1	5	3.42	0.79
Leadership Styles	100	1	5	3.22	1.01
Strategic Alliance	100	1	5	3.50	0.96

Table 2 above refers to the descriptive statistics, and it can be seen that Organisational culture has a mean value of 3.11 and its standard deviation is computed as 0.99 which indicates that the mean value can be increased or decreased by 0.99. The mean value for effective communication skills is computed as 3.42 and this value can be deviated by 0.79. Moreover, leadership style has a mean average value of 3.22 and this value can be increased or decreased by 1.01.

Reliability Analysis

Table 3 above shows the reliability analysis of the variables. As per the study of (), the Cronbach's alpha value greater than 0.7 shows that the items used for measurement are reliable. It is indicated above that organisation culture (α= 0.763>0.7), effective communication skills (α= 0.899>0.7), leadership styles (α= 0.889>0.7), successful strategic alliance (α= 0.923>0.7) are reliable and have higher internal consistency.

Table 3 Reliability Analysis

	Cronbach's Alpha	No. of Items
Organisation Culture	0.763	3
Effective Communication Skills	0.899	3
Leadership Styles	0.889	3
Strategic Alliance	0.923	3

Correlation Analysis

Table 4 Correlation Analysis

	[1]	[2]	[3]	[4]
[1] Organisation Culture	1	.288**	.650**	.456**
[2] Effective Communication Skills	.288**	1	.197*	.270**
[3] Leadership Styles	.650**	.197*	1	.594**
[4] Strategic Alliance	.456**	.270**	.594**	1
** Correlation is significant at the 0.01 level (2-tailed).				
* Correlation is significant at the 0.05 level (2-tailed).				

Table 4 above shows the correlation analysis of the variables. It is shown from the table that organisation culture and strategic alliance are moderately and significantly correlated (r=0.288). Furthermore, effective communication skills and successful strategic alliance tends to have weak and significant correlation (r=0.270). Leadership style and strategic alliance are moderately and significantly correlated (r=0.594).

Regression Analysis

Table 5 Regression Analysis

	Coefficient	Std. Error	Sig.
(Constant)	1.093	0.39	0.006
Organisation Culture	0.077	0.105	0.462
Effective Communication Skills	0.176	0.102	0.086
Leadership Styles	0.486	0.1	0
R-Squared	0.381		
Adjusted R-Squared	0.362		
F-Significant	0		

Table 5 above shows the regression analysis to identify the impact of independent variables on dependent variable. It is identified that R-Squared value is 0.381 which shows that 38.1% of the variation in the successful strategic alliance is explained by the variation in organisation culture, effective communication skills and leadership styles. F-significant value is indicated to be 0.00 showing that the overall model is significant.

Furthermore, it is shown that organisation culture (B=0.077, P-Value = 0.462) have positive and insignificant impact on successful strategic alliance. Furthermore, effective communication skills (B= 0.176, P-Value = 0.086) have positive and significant impact on successful strategic alliance. Finally, leadership styles (B= 0.486, P-Value = 0.00) have positive and significant influence on the strategic alliance.

Hypothesis Assessment

However, based on the findings in the current research following hypothesis have been accepted or rejected:

Table 6 Hypothesis Assessment

	Hypothesis Statement	Accepted	Rejected
H1a	Effective organisation culture significantly helps in developing successful strategic alliance in the context of automotive sector.		Rejected
H0a	Effective organisation culture does not help in developing successful strategic alliance in the context of automotive sector.	Accepted	
H1b	Effective communication skills significantly help in developing successful strategic alliance in the context of automotive sector.	Accepted	
H0b	Effective communication skills do not help in developing successful strategic alliance in the context of automotive sector.		Rejected
H1c	HR leadership skills significantly helps in developing successful strategic alliance in the context of automotive sector.	Accepted	
H0c	HR leadership skills does not help in developing successful strategic alliance in the context of automotive sector.		Rejected

Discussion

However, based on the findings in the current research following hypothesis have been accepted or rejected:

The study of Pereira, et al., (2021) states that culture-developing activities assist the workforce in comprehending the organizational goals of the business and it significantly assists the HR executive of the organization in establishing a successful strategic alliance. The results of the above study are in contraction to the following study as the results of the current study show that there is the organizational culture of the automotive sector insignificantly impacts the strategic alliance. However, the study of Samad, et al (2020) further discusses that executives utilize the organizational culture as an approach that leads and manages the behaviours of strategic management. Therefore, the null hypothesis will be rejected in favour of alternate hypothesis.

The results of the following study have also revealed that the there is a significant role of effective communication of HR in developing a successful strategic alliance. However, the results indicate that effective communication skills significantly impact the development of successful strategic alliances in the automotive sector. Increasing communication may greatly aid in internal and external conflict resolution. For the creation of strategic alliances, it is crucial to improve employee engagement, collaboration, coercion, negotiation, deception, and co-optation which can only be done by giving clear information and overcoming communication gaps. Consequently, having good communication is essential to creating a successful strategic collaboration (Holmes, et al., 2019).

The study further analyses the role of leadership style on the strategic alliance as the results from the correlation and regression analysis states that there is a positive and significant impact of the leadership style on the successful strategic alliance. Similarly, the study of Mwesigwa, Tusiime and Ssekiziyivu (2020) states that a successful strategic partnership requires effective leadership because it increases organizational identity, employee engagement, human integration, and motivation levels. Moreover, Sayyadi Ghasabe and Provitera, (2018) one of the key aspects of an alliance that gives inspiration regarding how to transmit and spread information, as well as how to satisfy the demands of worker vision, confidence, and cooperation, is transformational leadership. For the Hb and Hc the null hypothesis will be accepted.

5. CONCLUSION

The aim of this study was to evaluate the role of HR in developing a successful strategic alliance considering the case study of Automotive sector that has not been focused in the previous studies. The focus of the study is to help policy makers to develop and implement strategic alliance in the automotive sector successfully. In this regards, effective organisation cultural, effective communication skills and HR leadership style are key variables of the interest that have been found to affect the successful strategic alliance. However, the lack of the empirical evidences compelled to undertake this primary investigation, where survey was conducted from 100 human resources professionals. A survey based close-ended questionnaire was designed and used to collect data; and SPSS as a statistical software was used for the empirical investigation. The empirical findings of the study have revealed that there is a positive and significant relationship of organisational culture, communication skills and leadership styles with the strategic alliance. Similarly, the regression results also reveal that effective communication skill and leadership styles have a significant influence on the strategic alliance. Therefore, it is recommended that automotive sector, the HR must have a strong communication skills and leadership styles that allow organisation to for strategic alliance. Meanwhile, this research has only focused on the role of HR in the development of strategic alliance in automotive sector but the extended by inclusion of CSR and employee training and development. These two variables could also explain if the strategic alliance is influenced by these two variables. Lastly, this study could also be extended by conducting study through mixed method where interviews could be conducted from the HR professionals.

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APPENDIX: QUESTIONNAIRE

Demographic Information

1. Specify your gender

   - Male
   - Female

2. Age

   - Up to 25
   - 26-30
   - 31-35
   - 36-40

   - Above 40

3. Years of Experience as HR manager

   - 1-3 Years
   - 4-5 Years

   - Above 5 years

Rate the following statements on the scale of 1 to 5, 1 being strongly disagree and 5 being strongly agree.

Organisation Culture	SD	D	N	A	SA
1. Organisation culture is inclusive and diverse					
2. The culture of my organisation supports innovation and change					
3. The organisation culture supports employee wellbeing					
Effective Communication Skills					
1. The interpersonal communication is effective					
2. The conflicts are effectively resolved on time					
3. There is no difficulty in coordinating change with employees					
Leadership Style					
1. Leadership requires staying out of the way of employees as they do their work.					
2. Supervisors need to help employees accept responsibility for completing their work.					
3. Leader motivates employees to work under change					
Successful Strategic Alliance					
1. The strategic alliance was done successfully with lower hurdles					
2. The objectives of strategic alliance were attained successfully					
3. The strategic alliance was well accepted by the employees					