EXPLORING THE FRAMEWORK FOR ALLIANCE PERFORMANCE BETWEEN MALAYSIA-JAPAN DEFENCE MANUFACTURING COMPANIES – A CONCEPTUAL STUDY

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ABSTRACT

The defence industry is considered an important element of the overall defence capability of any country. Due to this, developing nations across the world have acknowledged the benefits of building a defence industrial base. Hence, there is rising interest in the defence sector to develop a strategic alliance for analysing the role, effect and nature of different types of cooperative behaviour among transnational companies. Hence, this paper intends to explore the antecedents that can help to assess the alliance outcomes for Malaysia-Japan defence companies. The study was based on RBV (resource based view), to discuss the alliance outcomes for both of these countries' defence manufacturing companies that can help to gain access to their resources for the purpose of increasing their value through a suitable combination of resources. Moreover, four organizational success factors of alliance management are also discussed as a part of the framework explored in this study. This study provides meaningful insights for the defence manufacturing company managers and administrators to plan their current and future investments in building up the organizational success factors for alliance performance discussed in this study to achieve competitive advantage and sustainability in the long run.

Keywords: Malaysia, Japan, Defence Manufacturing, Strategic Collaboration

RESEARCH HIGHLIGHTS

The present study is based on RBV ("Resource Based View"). RBV, as proposed by Lacity and Cocks (2008), turns over on the resources and/or capabilities that a firm possesses. In quite the same way, Rantakari (2010, p.23) sees the resource based view working in the cases of firms "where the outsourcing decision is based on the client company's abilities to invest in internal capabilities and thus sustain competitive advantage". Hence, the resources are the main elements of their performance, which also amount to their capability. Besides these resources/capabilities may add to a competitive advantage of the firms as well, which can also help their sustainability. In the theoretical explanations of the RBV, there are explicit references to the significance of strategic alliances as well as the prerequisites for firms' success. Moreover, organizational culture and organizational structures as particularly critical "organizational capital resources" (Barney, 1986, p.663).

GRAPHICAL ABSTRACT

Research Objectives

Malaysia and Japan already have good bi-lateral relationships throughout the past decades which is remarkable also due to the impact of 'Look East Policy'. Hence, exploring the framework on strategic alliance success between these two countries' defence manufacturing companies can be a timely endeavour. As come under the scope of international business and transnational politics (or geopolitics, to be more precise), "Strategic alliances" are voluntary business activities between two or more companies geared towards a specific objective of improving the competitive position and designed for a medium-term period (Gulati, 1998, p.293; Das & Teng, 2000, p.33). This study intends to explore the antecedents of alliance performance framework to enhance the capabilities of defence manufacturing companies through collaboration between Malaysia and Japan.

Methodology

This study uses a qualitative research method of discussions and interview with the purposely targeted group or individuals in the selected companies. The managerial heads and experts of the defence manufacturing companies working in Malaysia are interviewed to get the insights regarding their existing resources, organisational culture, organisational structure, alliance experience that are helpful to establish successful alliance performances with Japan Defence manufacturing companies. The interviews are focused on aspects such as how dynamic and entrepreneurial the business unit is; whether business unit accentuates the growth and the acquisition of new resources; having support for the management of R&D alliances through a central authority; how many research and development (R&D) alliances the particular defence company/business units have been involved in over the past five years; the level of satisfaction with the overall performance of their R&D alliances with their counterparts, that is Japanese defence Manufacturing companies, etc.

Findings

The present study offers meaningful descriptive insights into the factors that drive the success of the alliance performance between transnational defence manufacturing company such as Malaysia and Japan. The factors discussed in this study that simultaneously affect multiple alliances of a defence manufacturing company and are therefore of major importance to the company in its overall impact. Managers invest continuously in building up the organizational success factors discussed in this study. Overall an effort was made based on the RBV to identify a comprehensive set of success factors on an organizational level. Nevertheless, with the help of further theoretical approaches, such as the transaction cost theory, future research projects could aim to identify other organizational factors influencing the success of the alliance for transnational defence manufacturing companies.

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