

STRATEGIC ALLIANCES IN THE ASIA PACIFIC

An Overview of Strategic Orientation and Performance in Malaysia

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This article presents an overview of the strategic orientation and performance of the cooperative alliances entered into by Malaysian companies in Asia Pacific.. A questionnaire survey to 433 companies was conducted to study the operations of their strategic alliances in Asia Pacific.. A total of 182 companies or 42.0% responded to the survey. It reveals that the companies are mostly local market oriented, and their success is closely associated with three factors; working relationships with partners, difficulties in partnering agreements, and difficulties arising from environment and cultural differences. The three factors above are important regardless of the varying objectives, motives and opinions concerning the benefits and governance of the alliances. In addition to filling a gap in the literature, the study can also serve as a useful reference for Malaysian companies assessing business opportunities in Asia Pacific, which may be actively searching for potential alliance partners and also for foreign companies in seeking business partnership in Malaysia.

Abstract



Keywords: Strategic Alliances, Partnership, Business Opportunity, Asia Pacific, Malaysia.

In the last two decades, the world market environment has changed dramatically. Breath taking advances in communication technology, increased world commerce, deregulation, privatization, and lowering of trade barriers have to a great extent integrated individual country markets into one global market. Rapid developments and diffusion of industrial technology have also resulted in a regular stream of new products coming into the market.

At the same time, the enormous capital requirements for research and development and increased product sophistication have meant that companies can seldom undertake all operations alone. Irrespective of how large and resourceful a company is, it cannot have a competitive advantage in each and every step of producing and marketing a product for world markets. Consequently, strategic alliances are often the instrument international companies choose to maintain or advance their competitive positions.

The proliferation of strategic alliances has generated much discussion among practitioners and business academicians on the conceptual foundations of alliances (e.g., Doz and Kosonen 2008; Culpan 1993;

Ohmae 2008; Sheth and Pravatiyar 1992; Varadarajan and Cunningham 1995), on their performance (e.g., Ainuddin et al. 2007; Chowdhury 1992; Geringer and Frayne 1992) and conditions for their success (e.g., Bleeke and Ernst 1993; Dussauge and Garrette 1999; Lorange and Roos 1991).

While recognizing that there are many possible scenarios of strategic partnering, and that there is no single determinant nor simple measure of alliance success, general agreement exists that there are some essential conditions for the successful formation and performance of cooperative alliances. These include compatible objectives, complementarity of strength, mutual commitment, trust and equitable sharing of benefits. Underlying these essential conditions, however, is always the strategic orientation of the company, which determines why alliances are entered into, what resources are committed to them and how partners are selected.

This article presents an exploratory overview of the strategic orientation and performance of strategic alliances entered into by Malaysian companies in the Asia Pacific including China, Hong Kong, Indonesia,

Japan, the Philippines, Singapore, South Korea, Taiwan and Thailand. A strategic alliance is here broadly defined as any corporate linkage form or agreement ranging from but not including, an arm's length vendor customer relationship to a corporate merger. It includes equity and non equity joint ventures, joint product development, technology swaps, collaborative research programs, licensing, contract manufacturing, information exchange agreements, sharing of complementary assets, and reciprocal distribution, promotion and servicing arrangements (Hamilton et al., 1996).

Research and Methodology

The Asia Pacific Region, like the rest of the world, is now in the throes of three major problems gripping the globe, that is, the global financial and economic crisis, the spectre of rising energy and food prices and the danger of imminent infectious pandemics. World leaders, individual countries and organizations such as the Asia-Pacific Economic Cooperation (APEC) are working round the clock to find solutions to the current world crises.

Regardless of those recent three major problems especially the global economic

chaos, Asia Pacific has been the most vibrant economic region of the world in the last two decades. With Japan and China as the world's second and third largest economies and with India rapidly emerging to claim its rightful place, few will deny that the time for Asia has come. Undoubtedly, Asia Pacific particularly Asia will be the powerhouse and economic dynamo of the world's economy and this has opened up many new market opportunities including Malaysia. Malaysia, as a nation state in the Asian Pacific region is within that category of Asian countries whose GNP collectively amounts to a quarter of global GNP and may climb to half by the middle of the next century.

In 2007, Malaysia's trade with twenty countries in Asia Pacific were valued at US\$850,794.39 million, which was increased almost US\$100 billion that of 2005 (MITI 2008). Presently, Asia Pacific accounts for 76.6% of Malaysia's total trade of about US\$1109, and USA, Singapore, Japan, China, South Korea and Taiwan are among Malaysia's top ten export markets. In addition to merchandise trade, Malaysia's business activities in Asia Pacific include extensive direct investment and exports of project management, engineering consulting and other industrial services.

Most of this is in infrastructure and resource development such as telecommunications, transportation, energy, mining and environmental management (MIDA 2008; Matrade 2008).

In their business pursuits, many Malaysian companies are linking themselves with foreign companies in strategic alliances. This represents part of a global trend; but for several reasons strategic alliances are especially pivotal for Malaysian companies in Asia Pacific.

First, Malaysian companies are late comers in the international arena, and in Asia Pacific in particular. Because of the country's history and geography, Malaysian companies have traditionally been oriented toward Western Europe and America in their foreign trade and investment; the great majority has had little experience in Asia Pacific. In contrast, the U.S.A., Japan and many Western European countries have had a long history of political ties with Asia Pacific countries. Their companies in Asia Pacific are generally more established and better connected than Malaysian companies.

Second, few of Malaysia's multinational companies are large by world standards.

Among the 500 largest corporations (Fortune Global 500) of the world in 2008, only one was a Malaysian company that is Petronas (www.cnn.com, 29 November 2008). This number is much smaller than those of the U.S.A, Japan and most Western European countries which are, in many industry areas, Malaysia's major competitors in Asia Pacific markets. As foreign marketers in Asia Pacific, Malaysian industrial companies are usually smaller in size and more limited in capability.

Third, the Malaysian economy is traditionally resource based, and its industrial competitive advantages are in resource and skill intensive industries. In world markets, a small number of large multinational corporations based in the U.S.A., Japan or Western Europe dominate marketing and control distribution in these industries. In order to successfully compete, Malaysian companies must position themselves in niche markets within the industry, or get themselves into the industry network by linking either directly with these multinationals, or with local Asia Pacific companies that have industry network connections.

There are no official records of corporate linkage agreements between Malaysian and

foreign companies. Based upon the records from Business Expectations Survey (BES) conducted for the period of June 2007 to September 2007 conducted by Department of Statistics Malaysia, as well as reports in the business press, slightly more than one thousand Malaysian companies and organizations had business interests in Asia Pacific up to mid of 2007 (MIDA, 2008). Of this number, 433 were industrial companies and the rest were government agencies, bank offices, consultants, legal firms, investment service representatives, business associations and cultural organizations.

A survey was conducted on these 433 companies to study the operations of their strategic alliances in Asia Pacific, if any. The survey instrument employed was questionnaire sent to the executive in charge of each company's Asia Pacific operations. It contained 16 questions covering company background, extent of use of cooperative alliances, alliance objectives, formation and management, experience to date, and the company's perception and evaluation of the alliance relationship and its success. The questionnaire had been pre-tested in a smaller scale pilot survey. The questions were mostly derived from the wide body of

literature on the formation and governance of international business alliances, but some were specifically designed for the targeted Malaysian companies. The companies' perceptions and opinions on performance and success were measured using seven point Likert scales.

There are many discussions in the literature of the essential organizational and human factors for successful partnering. Those about organizational factors generally focus upon compatible objectives (Lorange and Roos 1991), complementarily of strength and contribution (Hamel and Prahalad 1996; Porter and Fuller 1986), a common set of values (Perlmutter 1997) interdependence, and equitable sharing of benefits. Those about human factors tend to emphasize the importance of commitment (Perlmutter 1997), coordination, harmony and trust (Parkhe 1991).

Despite the abundance of discussions, there has been no developed model for measuring alliance success, and there is little systematic knowledge about what makes alliances succeed (Bleake and Ernst 1991). Because cooperative alliances are seldom simple relationships with a single purpose, and the

partners may have different orientations and motives, even what constitutes success is elusive. Measures of alliances success may be objective or subjective, but neither is totally satisfactory (Geringer 1991; Mohr and Spekman 1994). Objective measures include cash flows, sales, income and market share. These yardsticks are tangible and precise, but raise the question of how to determine what proportions of the changes in these measures can be attributed to the alliance.

Furthermore, they cannot be applied when a company's alliance objectives are qualitative in nature, such as acquiring technology or pre-empting competition, or when the alliance is undertaken for amorphous purposes in highly uncertain and risky settings (Anderson 1990). Subjective measures are based upon the respondent's perceptions of how pleased or satisfied the company is with the alliance. These measures are imprecise; there can be substantial personal bias in both expectations and assessments.

Despite the obvious limitations, only subjective measures were used in the present questionnaire survey. Objective measures were not used because the pilot survey revealed that Malaysian companies generally did not have precise and measurable targets

for their strategic alliances with Asia Pacific companies.

Moreover, solicitation of information on cash flows, sales, incomes and market shares in the questionnaire would deter these companies from responding. They would either be unwilling or unable to provide the information, and this could lower the rate of response significantly. Hence, no attempt was made to request such information, or to use it for assessing the degree of alliance success. Instead, respondents were simply asked to subjectively rate the success of their alliances along a seven point scale based upon their own perceptions and expectations.

A total of 182 companies (42.0 % of population) responded to the survey. Ten undelivered questionnaires were returned by the post office because the companies had either moved and could not be traced. Of the responses, eighty four replied that they did not have strategic alliances in Asia Pacific even though they had business interests therein. Two companies admitted that they had strategic alliances, but refused to participate in the survey.

Ninety six companies filled out the questionnaires, but three were incomplete

and had to be discarded. The next two sections are based upon the response of the remaining 93 companies.

In examining the strategic orientation of the responding companies, mean values of items constituting different measures in the questionnaire were used. The items were not rank ordered in the questionnaire by the respondents; they simply assigned values on a seven point scale for each item presented to them. Regarding alliance performance and success, attribute variables included their experience in business alliances and their perceptions of difficulties encountered by the companies in alliance formation, objectives and motives, working relationships with alliance partners, and opinions on alliance benefits and governance.

In the analysis, independent attribute variables were factor analyzed and correlated with subjective success ratings using ordinary least square multiple regression methods to decompose the partial effects of each of the predictor variables and to eliminate redundancy. The normality of the frequency distribution of the dependent variable, the linearity of the relationship, and homoscedasticity of the residuals were

also tested. The data reduction method used was principal axis factoring-varimax rotation. The cut off value used for factor loadings was $>.50$. The factor analysis was run separately among items used to measure each category. Eigen values greater than one was taken as the cut-off for factor recognition. Factor scores were computed using mean values of the items loading on to the factor.

Factor analysis revealed clear theoretically justifiable groupings of the indicators into a parsimonious structure. The results were checked with principal component analysis using the oblimin rotation methods. No significant difference was revealed in the factor loading patterns when different methods of factor analysis and rotation were used. Nor were any problems detected in the use of ordinary least square regression methods.

Strategic Orientation

The great majority of Malaysian companies' with strategic alliances in the Asia Pacific are as expected, medium to high tech companies, and are small in terms of employment. Of the ninety three companies, forty two (45.2%) consider themselves as high tech companies, forty six (49.5%) as medium tech, and only five

Table 1. Strategic Alliance Functional Activities

Functional Activity	Number
Distribution	252
Sales Promotion	234
Market information exchange	132
Product servicing and maintenance	91
Contract manufacturing	52
Licensing with technology transfer	43
Multi purpose joint ventures	39
Joint product development	32
Collaborative research and development of technology	27
Others	14
Total	916

Notes:

1. Number of strategic alliance agreements = 661

2. One alliance agreement may cover more than one functional activity

Others include legal representation, consulting, engineering services, shipping arrangements and use of office facilities.

(5.4%) as low tech. Thirty three companies (35.5%) have a work force of less than fifty employees, nineteen (20.4%) have fifty to 100 employees, and the remaining forty one (44.1%) have more than 100 employees. A total of 661 strategic alliance agreements in one form or another have been entered into by these 93 companies with local companies in Asia Pacific. Their strategic orientation can be reflected by (i) the functional activities covered by the agreements, (ii) partners' contributions and responsibilities, and (iii) their objectives and motives.

Functional Activities: In the cooperative alliances between Malaysian and Asia Pacific

companies, the sales and marketing function activities (distribution, sales promotion, market information exchange) covered by the agreements far outnumber the production and product development function activities (product servicing and maintenance, contract manufacturing, licensing with technology transfer, joint product development, collaborative research and development).

There are 39 multi purpose joint ventures, and 14 other activities such as legal representation, consulting, engineering services, shipping arrangements and use of office facilities. Of the 863 functional

Table 2. Partners' Contributions and Responsibilities

	Malaysian Companies	Partner Companies in Asia Pacific
Local distribution/promotion	163	259
Employee training	135	60
Product/process research and development	95	44
Raw material and component part supplies	92	50
Local management	86	128
Production technology	72	24
Foreign distribution/promotion	58	29
Production equipment	47	33
Equity capital	43	67
Others	22	2

Note: Total number of strategic alliances = 661

activities specified, 618 or more than two-thirds (69.3%) are in sales and marketing functions and 245 (28.4%) are in production and product development functions (Table 1). This spread of functional activities covered by the agreements indicates that most Malaysian companies have a marketing orientation in their strategic alliances with Asia Pacific companies.

Partners' Contributions and

Responsibilities: With regard to partners' contributions and their responsibilities in the strategic alliances, **Table 2** reveals that even though local distribution/promotion is the most frequently mentioned responsibility for both parties, Asia Pacific partner companies shoulder this responsibility much more

frequently than the Malaysian partner companies. The second most common contribution/responsibility mentioned is employee training or Malaysian companies and local management for their Asia Pacific partners.

On the whole, Malaysian companies shoulder two to three times more contributions/responsibilities related to production and product development, whereas their Asia Pacific partners' contributions/responsibilities center more often on local management and marketing. This suggests that Malaysia-Asia Pacific strategic alliances often represent vertically integrated 'X' alliances in which the partners have different strengths, and not horizontally integrated 'Y' alliances intended

to achieve economies of scale (Porter and Fuller 1986).

Also, it is noteworthy that among the 661 strategic alliance agreements, only forty three (6.5%) involve equity contribution by Malaysian companies and sixty seven (10.1%) by local companies. In other words, the great majority of Malaysia-Asia Pacific strategic alliances are contractual in nature.

Since the 39 multi purpose joint venture alliances would most likely require equity contributions for their establishment, this means only four (43-39) of the remaining 622 (661-39) alliances have Malaysian equity injection. This may also reflect of the fact that the Malaysian industrial companies, being small in size, are unwilling or unable to commit capital investment in these cooperative alliances.

Objectives and Motives: In essence, strategic alliances allow partner companies to compensate for their competitive disadvantages and overcome their capability limitations. Individual alliance partners, however, may have different objectives and motives. These can be oriented toward resources (e.g., materials, components, capital, management skill), marketing

(e.g., distribution networks, competitive uncertainty, government restrictions, cultural differences), or production (e.g., technology, synergy, flexibility, integration).

The Malaysian companies' objectives and motives for entering into cooperative alliances in Asia Pacific are given in **Table 3**. In long term objectives, growth and increased profits are rated as significantly more important than income stability, risk reduction and survival which are more defensive in nature. This suggests that while entering into cooperative alliances may be pivotal for Malaysian industrial companies competing in Asia Pacific markets, the companies are in Asia Pacific in the first place because of the region's opportunities for growth and profits, and not because their viability is being threatened at home in Malaysia.

Among the motives, to gain access to foreign market is far ahead of all the others, and overcome trade barriers is also rated highly among the 17 motives listed. Again, this serves as evidence to a marketing orientation. Also, the globalization related motives (increase company's credibility and image as a global company, facilitate the

Table 3. Objectives and Motives

Objectives	Mean
Growth	6.3
Increased profits	5.8
Income stability	4.8
Risk reduction	4.0
Survival	3.7
Motives	
Gain access to foreign market	6.2
Increase company's credibility and image as a global company	5.0
Facilitate the company's initial international expansion	4.9
Overcome trade barriers	4.2
Integrate/rationalize the company's global operations	3.9
Reduce competitive uncertainty	3.7
Reduce/share the business risk	3.6
Generate/incorporate new ideas to stimulate internal innovation	3.4
Make use of foreign labour	3.0
Gain access to foreign capital	3.0
Protect the company's proprietary assets/technology transferred	3.0
Reduce/share cost of product research and development	2.8
Gain access/control to foreign material supplies	2.7
Circumvent local government investment restrictions	2.7
Gain access to foreign management	2.6
Gain political protection	2.5
Gain access to foreign technology	2.4

Notes:
 1. Number of companies = 93
 2. Mean is calculated on a scale of 1 (= not important) to 7 (=very important)

company's initial international expansion, integrate/rationalize the company's global operations) are all being rated as more important than those related to resource acquisition (make use of foreign labour, gain access to foreign capital, gain access/control to foreign material supplies, gain access to

foreign management, gain access to foreign technology). However, it seems that even when some Malaysian companies have a globalization orientation, their cooperative alliances in Asia Pacific are not integrated with Malaysian operations to form an integral part of their international operations.

Table 4. Experience and Perception Attributes

	Mean
Difficulties in Alliance Formation	
-Finding as suitable company as partner	4.7
-Differences in corporate culture/organizational structure hampering agreement negotiations	4.1
-Agreeing with partner on each party's contribution to the alliance	3.9
-Agreeing with partner on how alliance is to be managed	3.8
-Differences in personal social/cultural attitudes hampering agreement negotiations	3.7
-Agreeing with partner on sharing of future benefits	3.6
-Lack of company resources (human or financial) to enter into alliances	3.6
-Local government's legal restrictions on collaborative agreements	2.9
Working relationships with Partners	
-mutually beneficial	5.5
-comfortable	5.4
-harmonious	5.2
-profitable	5.2
-trusting	5.2
-stable	5.1
-formal	4.2
Opinion on Alliance Benefits and Governance	
-both parties would benefit more if they knew clearly the other's objectives	5.4
-both partners would benefit more if the alliance's real terms go beyond the legal agreement	5.1
-alliance's benefits to the partners cannot be guaranteed by a formal legal contract	5.0
-the partner who is more willing to learn from the other partner will benefit from the alliance	4.9
-both partners would benefit more if the alliance is an evolving agreement	4.8
-continuous mutual dependence is vital to the success of an alliance	4.5
-equal contribution by partners is not an important attribute to the success of an alliance	4.4
-equal sharing of management is not an important attribute to the success of an alliance	4.3
-longevity should not be used as a measure of success of an alliance	4.3
-the success of an alliance can only be measured in terms of its objectives	4.1
-both partners would benefit more if there is some vagueness & flexibility in the agreement	3.9
-equal sharing of benefits is in practice impossible in an alliance	3.9
-a partner whose contribution is tangible gives up more than the partner whose contribution is intangible	3.3
-alliances benefit the Asian partners more than the Western partners	2.9
-a common goal is not an important attribute to the success of an alliance	2.7
-harmony is not an important attribute to the success of an alliance	2.3

Table 5. Factor Analysed Scales

Description of items constituting factor analysed scales	Factor loadings	Mean
Working relationships with partners		.8782
- comfortable	.8672	.8355
- harmonious	.8819	.8327
- mutually beneficial	.7388	.8591
- profitable	.6644	.8971
- stable	.8265	.8449
- trusting	.8721	.8383
Difficulties in alliance formation		
1. Partnering agreement		.6858
- Finding a suitable partner	.5564	.8312
- Agreeing with partner on each party's contribution to alliance	.9065	.3615
- Agreeing with partner on how to manage alliances	.8678	.4980
2. Environment and cultural differences		.7969
- Differences in corporate cultures	.8655	.7125
- Differences in personal social/cultural attitudes	.8568	.7188
- Lack of company resources	.5022	.8239
- Local government restrictions	.7415	.7519
Motives for alliance formation		
1. Resource acquisition		.6282
- Gain access to foreign capital	.8428	.5257
- Gain access to foreign technology	.6584	.5320
- Gain access to foreign management	.7204	.5232
2. Global competition		.7217
- Integrate/rationalize the company's global operations	.6489	.7017
- Reduce competitive uncertainty	.6808	.6270
- Facilitate the company's initial expansion	.6191	.6653
- Increase credibility as a global company	.8488	.6407
Objectives of alliance formation		
1. Expansion		.7120
- Growth	.8427	.7120
- Increased profits	.8690	.7120
2. Defensive		.5483
- Income stability	.7202	.3889
- Risk reduction	.7807	.3268
- Survival	.6648	.5835
Opinions on alliance benefits and governance		
1. Flexibility and openness of contracts		.6968
- Terms of contract should go beyond legal agreement	.8684	.5641
- Partners would benefit more if there is flexibility in contracts	.7852	.6069
- Partner willing to learn more from another will benefit more	.6204	.6269
2. Equity and sharing of benefits		.5767
- Equal sharing of management is not important to success	.6841	.5767
- Equal contribution by partners is not important to success	.8502	.5767

Experience, Perceptions, and Success

The data generated on the experience, performance and success indicate that Malaysian companies have had only moderate success in their strategic alliances in Asia Pacific. In this section the association between their evaluation of alliance success and their partnering experience and perceptions is explored.

The scale reliabilities for the factors 'resource acquisition' (.6282), 'equity and sharing of benefits' (.5767) and 'defensive objectives' (.5483), are only fair to poor. It can be expected that these factors will not be constituted of items that are representative of the measured variable. Also, any associations sought to be established with these variables may not be statistically significant.

Table 6 shows the multiple regression results of the nine factor model which seeks to examine how alliance success is associated with the three factors in partnering: 'working relationships with partners', 'difficulties in partnering agreement', 'difficulties in alliance formation arising from environment and cultural differences' and six factors on motives, objectives, and opinions on benefits and performance; 'resource

acquisition', 'global competition', 'expansive objectives', 'defensive objectives', 'flexibility and openness of contract', and 'equity and sharing of benefits'. The multiple regression coefficients are reported in terms of both the unstandardized 'b's and standardized 'B's along with the ordinary least square t-values. It is proposed that alliance success will have a positive association with WORKPART and ENVICULT, whereas the association with PARTAGRE will be negative. For WORKPART, the underlying premise is that a cooperative alliance will likely be more successful if the partners display more congenial working relationships (Mohr and Spekman 1994).

For ENVICULT, the assumption is that companies entering into alliances in unfamiliar and culturally distant environments may have lower expectations, and consequently, tend to be more absolving in their evaluation of alliance success. There is a negative association with PARTAGRE, because, even though the two parties did eventually resolve their differences and form an alliance, the very fact that difficulties were encountered in the first place might suggest that the alliance was not built upon solid foundations. The direction of association of the other six factors is, however, indeterminate. It can be

Table 6. Results of Multiple Regression (9-Factor Model)

Variables	d.v. = Success 'b'	d.v.= success 'B'	T-values
R	.1501		
Adjusted R	.1356	F=2.3628	.0217
Intercept (Constant)	1.3044		2.165
Working relationship with partner (WORKPART)	.2962	.2565	2.065
Difficulties in alliance formation			
Partnering agreement (PARTAGRE)	-.2423	-.2785	-2.091
Environment and cultural factors (ENVICULT)	.3985	.4377	2.989
Motives for alliance formation			
Resource acquisition (RESOACQU)	-.1323	-.1886	-1.311
Global competition (GLOBCOMP)	.0034	.0042	.035
Objectives of alliance formation			
Expansive (EXPAOBJE)	.0328	.0042	.322
Defensive (DEFEOBJE)	.0801	.0370	.773
Opinions on benefits and performance			
Flexibility and openness of contract (FLEXOPEN)	.1007	1.081	
Equity and sharing of benefits (EQUISHAR)	.1692	.1997	1.632

* p<.05

positive or negative depending on whether or not something preferred is actually attained. These six factors are exploratory variables entered into the equation to examine their effect, if any, on the association test results. It is likely that with different expectations, opinions, motives, and objectives of alliance formation, the responses would vary and would nullify any significant connections.

As indicated in **Table 6**, the direction of influence of the first group of factors (WORKPART, PARTAGRE, and ENVICULT) turns out as expected, and is statistically

significant at p<0.05. These three factors in the model explain 14% of the variation in the reported success of the alliances. **Table 6** also shows that none of the other six factors (RESOACQU, GLOBCOMP, EXPAOBJE, DEFEOBJE, FLEXOPEN, EQUISHAR) display a statistically association with success. Even in a limited model incorporating only the first group of factors (WORKPART, PARTAGRE, ENVICULT), all three factors continue to show a statistically significant association (p<.05) in the predicted direction (Appendix A). In other words, these three factors are not attenuated or changed by incorporating the six additional factors in

the nine factor model. Furthermore, the R does not change between a limited model with only the first three factors as independent variables and the extended nine factor model. It remains at around 14%, indicating the importance of these three factors in explaining variations in the dependent variable which is alliance success.

Conclusion

This article presents an exploratory overview of the strategic orientation and performance of the cooperative alliances entered into by Malaysian companies in Asia Pacific. It is primarily intended to provide comprehensive data to use in more detailed studies. There are many empirical studies on characteristics of business alliances formed by U.S., European and Japanese companies (e.g., Terpstra and Simonin 1993), but no such studies on Malaysian international alliances are available.

In addition to filling a gap in the literature, the study can also serve as a useful reference for Malaysian companies assessing business opportunities in Asia Pacific, which may be actively searching for potential alliance partners. Strategic alliances are not easy to form and manage, especially cross cultural

alliances such as those between Malaysian and Asia Pacific companies. There are many potential problem and risks. Despite the abundance of published guidelines on how to form and manage strategic alliances (e.g., Bleeke and Ernst 1993; Gates 1993; Lynch 1993; Raphael 1993; Robert 1992), there have been as many failures as successes (Lorange and Roos 1991).

But many Malaysian companies simply have no choice. In the past they could be comfortably marketing exclusively in Malaysia under a “protective environment”, but they are now facing global competition and must re-examine their competitive positions and strategies. They realize that eventually they will have to ‘go international’ in order to successfully compete. The only question is ‘where?’ Asia Pacific has had the highest rate of economic growth in the last 30 years and is expected to continue outperforming all other regions in the remaining years of this century. It clearly offers the best prospect. How successful Malaysian companies will be in their struggle for survival in a hyper competitive global environment and in their internationalization efforts will depend upon the success of their business pursuits in Asia Pacific. This in turn, may depend on how

Table 6. Results of Multiple Regression (9-Factor Model)

Variables	d.v. = Success 'b'	d.v.= success 'B'	T-values
R	.1501		
Adjusted R	.1441	F=5.88423	.0011
Intercept (Constant)	2.1946		2.538
Working relationship with partner (WORKPART)	.3930	.3419	3.232
Partnering agreement with difficulties (PARTAGRE)	-.1903	-.2221	-1.842
Environment and cultural difficulties (ENVICULT)	.3393	.3880	3.156

* p<.05

effective they are in finding and maintaining strategic alliances with local companies.

This article in examining the association between experience, perceptions and success, does not develop or test an alliance success model. Because the data on both the dependent and independent variables have been collected from Malaysian sources, they only represent the Malaysian perspective. Furthermore, no similarly broad based empirical investigation of this nature has been conducted for other countries’ cooperative alliances in Asia Pacific. This is no grounds for comparison. Hence, the findings here are only preliminary, and have limited validity outside on Malaysian alliances. Finally, since the data collected were aggregative, analysis specific to individual sectors or host countries could not be performed. There

is a wide range of functional/industry/geographical relationships in cross national strategic alliances, and different alliance partners generally have different objectives, constraints and priorities. It is impossible for a single strategy to be effective for all situations. Each individual company must design its own strategy tailored to its particular needs and purposes. Nonetheless, the association tests performed on the collected data clearly point to the importance of three factors; working relationships with partners, partnering agreements, and environment and culture. Irrespective of their objectives, motives and opinions on the benefits and governance of strategic alliances, Malaysian companies now pondering alliance relationships with local companies in Asia Pacific should pay special attention to these factors. ■

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