Human resources management
A success and failure factor in strategic alliances

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Abstract *The aim of the present study is to synthesise the main aspects associated with human resources and their influence on the success or failure of strategic alliances. With this purpose, and starting from the strategic process of co-operation, we analysed the role played by such variables as the management and leadership system, and the corporate culture or human resources practices in general in the formulation and implementation of an agreement. The study was carried out both from the perspective of the co-operating firm and from the alliance's point of view. It also considers the particular characteristics of international alliances and its influence on the human resources management and the corporate culture.*

Introduction

In recent years, co-operation between firms has become one of the main strategic vectors for many companies. The greater advantages and the fewer inconveniences it offers in contrast with other alternatives are undoubtedly behind this boom. However, despite the growing importance strategic alliances are acquiring, many of them still fail (Kogut, 1989; Das and Teng, 2000, pp. 79-80). The high failure rate is partly due to problems and circumstances that escape the reach and influence of executives and are very difficult or impossible to solve. Nevertheless, co-operation also faces other problems where the management of the alliance or the co-operating firms can play a very relevant role. Indeed, the difficulty of directing and managing a strategic alliance, in which one has to control and co-ordinate the resources of several firms, even more when the alliance is operating on an international scale and with different national and corporate cultures, is perhaps the first cause of its failure. This situation is aggravated when small- to medium-sized enterprises (SMEs) form part of the alliance, insofar as they usually have deficiencies regarding their executive capacity.

In this context, our aim in this paper is to analyse some of the success and failure factors in strategic alliances and, more precisely, those related to human resources (Schuler, 2001). If we see the co-operation scheme as a process structured in several stages, similar to the strategic management process, these

factors mainly intervene at the stage of strategy implementation, although they also exert an influence during the formulation or design of that strategy.

The alliance's failure really depends on the elements used for its design, including the selection of the most appropriate partner, but also on the executives' daily management of common operations: formulating strategies, co-ordinating partners' activities, sorting out conflicts, etc. It is precisely in these moments, in which the co-operation strategy takes place, when the processes of management and leadership, corporate culture and human resources acquire a special relevance. Let us analyse, then, the role these factors may play in the design and implementation, and therefore in the success of a co-operation agreement.

Organisational compatibility as a criterion for partner selection

An essential requirement for the co-operation scheme to be successful is that the partner chosen has the internal capacities needed for the performance of the activity which is the object of the agreement. Besides, it is also convenient that the partner's strategic profile should be accompanied by a compatibility study, both from the point of view of the congruence of his objectives and motivation with ours and from the perspective of organisational compatibility (Douma et al., 2000).

In connection with the latter, small differences in terms of management style and culture between the co-operating firms may end up becoming serious problems that make it difficult to create synergies, which ultimately leads to a poor financial performance. In this respect, certain aspects can be indicative of the differences existing between the organisations, such as differences in the size and structural design of the co-operating firms, or their belonging to different sectors (Schaan, 1988, p. 37; Geringer, 1988, p. 58). Nevertheless, there are many characteristics (honesty, positive disposition, efficacy, etc.) that are, in principle, considered as basic, and that can only be appreciated after several years of relationship. Given the difficulty to identify, a priori, the organisational compatibility between two firms, it can be convenient to use some specific procedures. Thus, it is possible to see whether the personnel feel at ease discussing with one another during the negotiation stage. On the other hand, working informally with another company before formalising a strategic alliance, normally for non-related products or markets in which there is no direct competition, can also represent a good way to assess the level of compatibility and its potential evolution, since it is with daily contact that we can discover the partner's habits and trends (Lei, 1993, p. 40; Parkhe, 1991, p. 589).

Although the presence of asymmetries between partners has been described in the literature as an element that hinders the stability of a co-operative relationship, the empirical evidence shows contradictory results. Thus, Saxton (1997) finds negative evidence between organisational similarity and results. In turn, Harrigan (1988) finds out that the asymmetries related to the size and

level of experience derived from previous co-operation schemes have little explanatory capacity in connection with the alliance's success. Along these last lines, we can also refer to the work carried out by Park and Ungson (1997), whose results reflect that the compatibility measures do not seem to have relevant effects on the rates of dissolution of joint ventures, and by Schultz (1998), for whom cultural differences do not have a bearing on the success of European co-operative agreements in R&D matters, though the same author suggests that the impact would be more important when co-operation is extended to commercialisation and distribution. On the other hand, Bucklin and Sengupta (1993), Shamdasani and Sheth (1995) and Barkema *et al.* (1997) detect a positive relationship between compatibility and the degree of satisfaction of both partners. Finally, Geringer and Woodcock (1995) obtain positive evidence between cultural divergence (measured by the nationality of origin) and a poor performance, but the same does not happen when the analysis is done for certain cultural values, such as the attitude with respect to individualism/collectivism, uncertainty or the distribution of power within the organisation. Along the same lines, Barkema and Vermeulen (1997) conclude that cultural differences regarding uncertainty and the long-term orientation are more harmful for the alliance's stability and performance than differences in terms of values referring to individualism/collectivism, masculinity/ femininity and power distribution.

Human resources management in the implementation of the co-operative strategy

As we have previously pointed out, human problems are potentially important in the implementation of an alliance, and can, alone, decide its success or failure (Sunoo, 1995, p. 30). For this reason, a good human resources management (HRM) that identifies each person's skills, that motivates employees to use those skills and places the appropriate individuals at the key positions will have a great impact on the alliance's effectiveness.

HRM covers two large performance areas. On the one hand, it deals with matters related to leadership and employees' motivation and, on the other hand, it treats aspects linked with human resources practices (recruitment and selection, training, performance appraisal and finally, compensation management). Both types of questions have peculiar connotations in the case of strategic alliances, although other typical problems associated with co-operation between firms may arise. This is why we now make a differentiation between these three areas.

Resistance to change and HRM

A strategic alliance usually brings about the introduction of a series of changes in the co-operating organisation's behaviour. These changes may represent a potential source of problems and conflicts with the firm personnel, that can lead

to the co-operation failure if they are not properly sorted out (Marks and Mirvis, 2000).

These problems may arise, in part, because we find ourselves at a stage (the implementation) in which those people who had been until then out of the agreement come into play. In fact, along with the executives that have been in charge of the negotiations, other people now participate who are going to work together with the members of another organisation. These people can be a threat to the agreement reached by the top management for a series of reasons (Kanter, 1994, p. 104):

- The people who have not taken part in the negotiations may not be well informed about the co-operative strategy, and therefore may not feel so attracted by it as the top management. Besides, these people do not capture the strategic context in which the alliance is developed.
- Low-rank employees may be less "cosmopolitan" than top managers and less experienced at working with people from other cultures.
- As a general rule, only a few professionals dedicate themselves to co-operation full-time, whereas most of the executives and employees are evaluated according to the results of their activity in their respective firms, and therefore cannot comply with their duties in the alliance properly.
- There are people who oppose the relationship, especially in firms with very independent business units or when professional groups exist that have interests which differ from those of the organisation as a whole.

Besides, other problems appear quite often. According to Yoshino and Srinivasa Rangan (1996, p. 161) these problems are the following:

- many executives see in alliances a threat to their job;
- sometimes, alliances deeply affect the tasks of executives and engineers; and
- alliances can create in some people the feeling that they are the winners or the losers.

Consequently, from this perspective, there is nothing more important for the success of an alliance than the attitudes of the executives that have to do with it. In fact, we can state that the cornerstone for the implementation of an effective co-operative strategy is an appropriate management that tries to obtain the personnel's wholehearted collaboration. However, the process turns out to be naturally dangerous, since organisations, like individuals, are reluctant to change.

This is a period of maximum uncertainty and anxiety for the employees, during which the firm must find a response to their logical concerns, offering those workers something better that what they have, thus succeeding in stabilising the situation long enough to guarantee some permanent results. It is,

therefore, a special project requiring a proper follow-up that must count on the greatest efforts of the best executives in the firm, with the aim of actively encouraging the personnel to work for the good of the association and not only of its company.

In this respect, among the mechanisms used to overcome resistance to change, Robbins (1996, p. 726) lists the following: coercion, manipulation and co-optation, negotiation, communication, support for employees and participation. However, it seems quite clear that information is essential for executives and low-rank employees never to feel cut off from the process. The most important task at this stage is that of creating an atmosphere that favours innovation and change, for which all employees assigned to the alliance must know about its significance and objectives, as well as the positive and negative impacts the alliance will have on them (Ansoff and McDonnell, 1990, p. 414).

However, the leadership capacity is perhaps one of the most necessary elements in this process (Bruner and Spekman, 1998). The participation of senior managers must go beyond the formulation of a strategy based on alliances; they must personally take part in the co-operation management and show their commitment and enthusiasm in the alliance (Hoffmann and Schlosser, 2001, p. 363; Inkpen and Roos, 2001, p. 141). Indeed, the way in which a firm's top management deals with an alliance gives its executives and other lower-rank employees an idea of its relevance, establishing in that way the context and delimiting the likely evolution of the relationship. As is pointed by many authors, "the success of the operation largely depends on the firm management's will to let know its vision and personalise its message so that it can be understood and accepted by employees".

Typical human resources problems in strategic alliances
Apart from reluctance to change, strategic alliances are usually accompanied by a series of problems that have to do with human resources. These aspects may present peculiar aspects depending on the type of alliance we are dealing with, a joint-venture or a contractual agreement, or a coalition for a project of fixed or indefinite duration. Following Lorange and Roos (1993) and Lorange (1996), some aspects linked with HRM are particularly important in the context of strategic alliances, among them:

- the assignment of executives to the alliance;
- personnel transferability;
- the distribution of time between strategic and operative matters made by the executives assigned to the alliance; and
- problems related to loyalty.

Regarding the problem of assignment, each firm must provide the specialised executives and engineers just as it was agreed during the negotiation. Moreover, the firms should assign the best executives to the alliance. However,

it very often happens that firms assign to the alliance their worst executives, those whom no department wants, keeping the best managers for the firm's internal activity. This fact is nothing but a reflection of the lack of commitment to the alliance on the part of the firm and ultimately implies that co-operation is not too important for the company's competitive advantage.

On the other hand, it is always better to designate many people from the firm to work in the co-operative strategy, since that gives the organisation the chance of controlling the joint venture's activity and of making sure its needs and objectives are taken into account (Geringer and Frayne, 1990; Frayne and Geringer, 1990). Besides, the potential to learn from partners obviously depends on the quantity and quality of the resources assigned to the alliance. Neither is it reasonable, though, to appoint a person from each firm for the different activity areas in the alliance, as this would lead to a duplication of the structure.

Finally, it is important to rotate the executives assigned to the alliance for several reasons, not only to favour organisational learning, but also to avoid becoming too dependent on a specific individual who can turn out to be irreplaceable. Indeed, it happens in many cases that when an executive leaves the alliance (for whatever reason), the firm finds it difficult to fill the post that has been left vacant. This is why it would be advisable for the top management to try and prevent any person from "monopolising" (stopping other members of the organisations from participating) a part of the strategic alliance (Lorange and Roos, 1993, p. 214).

Regarding transferability, this has to do with the degree of control a firm has over the executives it has assigned to the alliance, bearing in mind that these people can return to the organisation at any time or when the co-operation comes to an end. Normally, when the alliance has an indefinite duration, the executives can be assigned to it for the rest of their professional career. The most important problems, however, arise in projects of a fixed duration, since it may happen that a person has great trouble to find a suitable post in his organisation where he can properly develop his skills once the alliance has finished.

In third place, the executives assigned to the alliance must dedicate the necessary time to that coalition, combining it with the time they dedicate to the management of their own firm. However, many managers are usually reluctant to take part in the alliance, mainly because it is normal for a strategic alliance to require an effort in the present so that results can be obtained in the future, and also because the executives are usually assessed according to the results they obtain within their own organisation. In this respect, the firm's incentive system must foresee the loss of productivity derived from the dedication to the alliance.

Finally, a rather usual problem, especially when a new organisation is created through the alliance, is the lack of loyalty or the infidelity on the part of the executives assigned to it with respect to the objectives of their

parent firm (Li *et al.*, 2002). In fact, since the alliance is a long-term one and because those executives will probably not return to their firm of origin, they will surely be more faithful to the current position. In order to avoid this situation, it may be interesting to rotate the people assigned to the alliance, that is, their assignment should be a short-term one, even though the inconvenience in this case may be that the worker does not know whether he has to be loyal or not to the objectives of the firm he will soon return to or to those of the alliance. At any rate, the top management must be tolerant with this quite logical and unavoidable situation.

Human resources practices in strategic alliances
The above-mentioned problems are going to be reflected in the human resources practices applied to strategic alliances in terms of recruitment and selection, training, career development, performance appraisal and the system of rewards (Lorange and Roos, 1993; Anfuso, 1994; Cyr, 1995). Furthermore, the personnel strategies followed in co-operative agreements will be different depending on whether we are in a joint venture or in a contractual alliance (Cascio and Serapio, 1991; Lei and Slocum, 1991).

Therefore, the assignment problems are directly associated with the process of recruitment and selection of executives. From this perspective, the analysis to be applied consists of two main steps (Stonich, 1983):

(1) defining the working positions required to implement the strategy; and

(2) determining the needs related to human resources and the convenience of training or hiring them.

Regarding the first step, which consists in defining the basic profile of the executives needed according to the requirements inherent to the strategy that has been chosen, the executives assigned to an alliance should be experts in the function or activity that serves as the basis for the co-operation (marketing, R&D, manufacturing, etc.). The more experience they have in a specific activity, the better they are going to understand what they know and what they must learn about it during the co-operation; in short, they are going to know how co-operative strategy can help to improve their firm's competitive position (McGee *et al.*, 1995, p. 567).

However, in general, the people who are going to work in the alliance, apart from having all the skills necessary for the tasks to be carried out, must also have certain characteristics that we can synthesise concerning working and deciding together with other people and cultures, and with an open, receptive mentality that makes it possible to learn from partners. In more detail, Lewis (1993, p. 349) lists the following skills:

· *A flair for negotiation:* the talent to analyse differences in a creative way, to determine the shared area and to find solutions.

· *Flexibility:* the ability to give different answers and approaches, depending on the needs of each case.

- *Humbleness:* the ability to accept the others as equally worthy of consideration.
- *Acceptance of risk:* not being afraid to make mistakes.
- *Ability to reconstruct:* the ability to repair deteriorated personal relationships.
- *Integrity:* being naturally honest and reliable.
- *Sensitivity:* finding it easy to listen and observe attentively, to capture subtle data from conversations and non-verbal communications, and to know when and how problems must be raised.
- *Patience:* the ability to perform very well in unforeseen and uncomfortable situations.
- *Curiosity:* a permanent interest in investigating and learning.

After describing the posts, we will have to determine whether human means are available to occupy them or whether the firm's current personnel have the skills required. If that is not the case, the missing human resources can be trained or hired. The training of executives to make them qualified and able to respond to the demands of the strategic alliance has as a drawback that it requires long periods of time, while the external hiring of executives has the advantage of being a quick process, apart from favouring the creation on the part of the alliance of its own culture. However, as was argued by Perlmutter and Heenan (1987, p. 56), using employees that already form part of the company's personnel is also a good strategy, as those employees will show more loyalty to the firm and its strategies, i.e. to the co-operation.

It is especially important to decide who must hold the post of the alliance's CEO (belonging to the board of directors), above all when the alliance's management is dominated by one of the partners or is independent (Killing, 1983; Schaan and Beamish, 1988; Killing, 1998). Indeed, the figure of the alliance's CEO appears as one of the key elements when it comes to determining the coalition's correct functioning, fundamentally for two reasons. On the one hand, he is the person responsible for executing, and often designing the joint strategy. On the other hand, he has the difficult task of keeping the group's cohesion, acting as a mediator in the efforts to find a solution to conflicts. The performance of the joint venture or consortium consequently depends on its CEO's characteristics in two ways:

(1) skills in the activity field that is the object of the co-operation; and

(2) leadership and negotiation skills that can help to achieve an appropriate level of cohesion by joining the parties' interests around a common objective.

For this manager to operate effectively, he must be worthy of trust by both partners. This is why, according to many authors, the person that has to hold

this post should not come from one of the co-operating firms or have bonds of familiarity with them. As for his personal features, they must be similar to those of a CEO or a senior manager, with a special emphasis on those innate skills that cannot be learnt (Macavoy, 1997, p. 13). In fact, there are many firms that look for people who have previously been CEOs or top executives to rule alliances and vice versa (Yoshino and Srinivasa Rangan, 1996, p. 191). Furthermore, he must have specific skills associated with the main functions he must perform (Cauley De La Sierra, 1995, p. 124 and ff.):

- The alliance's CEO must be independent and skillful to move away from the management of his firm of origin. He must manage to find a balance between the alliance's own interests and those of the partner-firms. The situation becomes particularly difficult when he comes from one of the firms and has among his plans to return to that firm.

- He must have enough power and autonomy to make decisions and to direct the strategic alliance towards its objectives, for which he can use his own mechanisms and procedures, even if they are different from those applied in his firm of origin.

- He must give the same weight to the needs and interest of all partners. This turns out to be specially difficult when ownership is asymmetric and the manager follows orders from his own organisation.

- He must be confident and self-assured and has to know clearly who he is, what he represents and what duties he has with respect to the alliance, his own firm and the partners.

- He must be honest and committed to the alliance, in order to create a co-operative spirit among employees on whom he often has no direct authority. In that sense, he must become a leader.

- He has to be able to promote and create an atmosphere of trust between the partners. It is important for this purpose that he should know how to contact other people and relate with different national and corporate cultures.

This person must equally have a great self-learning capacity that allows him to overcome all the obstacles he will have to face in the context of the co-operative strategy, which will inevitably have a direct bearing on the agreement's success (Frayne and Geringer, 1992, 1994).

On the other hand, it is quite normal that the assignment of an executive to an alliance should mean a situation of high uncertainty for him, due to several reasons. Firstly, they are usually worried about the stability of his job and about the evolution of their professional career when the co-operation finishes. They often get to think that the executives who have remained in the firm are going to be promoted first and to better jobs, while they are forgotten in his posting at the alliance. Secondly, being assigned to an alliance may require a

removal that affects living quality in general (family problems, change of address, a more expensive life, etc.), and besides, can mean a loss of purchasing power, of the seniority gained in the firm, and of the other benefits to stop working for that firm. In order to avoid all these de-motivating problems, both economic and emotional ones, it is necessary to design a good career planning for the people assigned to the strategic collaboration that must include establishing some re-incorporation mechanisms for employees when the alliance comes to an end, giving them the chance of performing their previous activity or occupying a similar or higher-level post.

Regarding performance appraisal and the system of rewards, particularly when an organisation is created to develop the co-operative activity, it should be the same for all the individuals intervening in the alliance, no matter which firm they come from, since otherwise, problems of justice and equity can arise (Leung *et al.*, 1996, 2001; Cook, 1991; Haines, 1997). In this respect, to prevent each partner from favourably assessing executives coming from their own organisation, it is advisable to create an appraisal committee formed by members of both firms. Besides, all individuals should be valued and respected according to what they give to the alliance, since the use of stereotypes about personal behaviour can inhibit their desire to participate in the co-operation.

Cultural problems in the implementation of a strategic alliance
Cultural problems in this context can be both those that appear in the co-operating firm, insofar as the organisation is reluctant to the implementation of the alliance, and the cultural conflicts that arise when the partners come into contact. We are going to refer to both types of problems below.

The firm's organisational culture in the implementation of the strategic co-operation
The organisational change derived from the creation of a strategic alliance is conditioned by the attitude of human resources with respect to it, as we pointed out in the previous section, but this attitude in turn depends on the personnel's own values or the corporate culture. The literature on Strategic Management constantly refers to culture as a possible internal barrier that hinders implementation, insofar as the strategic insertion may clash with established values. As Boseman *et al.* (1986, p. 96) argue:

> ... the corporate culture of a firm can be a major strength if it is consistent with its organisation strategy. However, managers will experience difficulty implementing a strategy at odds with the corporate culture.

In this respect, the culture of many western companies does not offer the opportunity to acquire the qualifications required for the management of alliances. Indeed, following their line of thought, any situation where the firm has not the indisputable control over the operations is bad, and therefore, they are reluctant to the loss of autonomy that derives from entering into a

co-operative strategy. Thus, executives are unwilling to distribute the use of some strategic assets that would otherwise be their own, and which, besides, can be used by their partner to improve his own competitive position. The same happens with the profits generated by the alliance which have to be shared out with other firms.

Changing the often negative perspective that many senior managers have about alliances is, therefore, a fundamental task. Nevertheless, a dilemma appears at this stage: can or must the corporate culture be modified when it is not in accordance with the strategy the firm has decided to apply or, on the contrary, one must reject any strategies that do not respect the values already assumed by the corporation? Claver Cortés (1995, p. 228) thinks the solution to this dilemma is going to depend on three aspects:

(1) the need for a new strategic introduction (if it is a critical matter that affects survival itself);

(2) the degree of strength of the existing culture (associated with the organisation's age); and

(3) the level of confrontation between the culture and the strategy in question.

If it is feasible to adapt the organisation's culture to its strategy, there are three areas (related to co-operation) that top managers must deal with through direct intervention (Yoshino and Srinivasa Rangan, 1996, p. 218):

(1) The attitude of confrontation with respect to co-operation that prevails in most organisational layers (they are unwilling to collaborate with their potential partners).

(2) The "not made here syndrome" in connection with organisational learning. There are many firms that are reluctant to accept innovations coming from other organisations. This behaviour is due to cultural egocentrism or the tendency to think that one's own things are always the best (Levinson and Asahi, 1995).

(3) The ability to achieve a balance between the spirit of co-operation required to guarantee the alliance's success and the competence level needed to preserve the partners' independent, competitive position.

An educational programme designed by experts, consultants, academicians and executives from other companies that had taken part in alliances, that informs the middle management about the strategic logic, the risks, and the key questions associated with alliance management can be helpful in this respect.

Bleeke and Ernst (1993, p. 13), in turn, establish a typology for corporate culture, analysing the role that it plays in strategic alliances as well as in mergers and acquisitions. According to this typology, a firm can be situated in any of the following categories:

- *Type I.* It can transfer skills but not receive them. These are usually firms with a very clear hierarchical organisation, in which communication is always top-to-bottom. This lack of flexibility tends to be problematic in strategic alliances.
- *Type II.* It can transfer and receive skills. These organisation are highly qualified to reach co-operation agreements.
- *Type III.* It can neither transfer nor receive skills. These are companies whose very distinctive culture hinders both co-operation and merger/take over strategies.
- *Type IV.* It can receive skills but not transfer them. These firms are very fit to learn through the creation of strategic alliances, but tend to have problems with mergers and acquisitions.

Cultural divergences between partners
We already underlined, when we were talking about the selection of partners, that it was advisable to ally with culturally-compatible firms. Nevertheless, no matter how compatible they may be, there will always be divergences between the co-operating parties that must be properly dealt with, unless we want to run the risk of failure in the alliance. Indeed, cultural problems become particularly relevant in mergers and acquisitions of firms, since both cultures must be integrated into a single one, or one has to be absorbed by the other (Buono, 1991). However, difficulties also arise in strategic alliances, since, although the co-operating firms continue to be independent organisations, a new situation appears in which an interaction is going to be established between two firms with different cultures. This usually implies different leadership styles, different objectives, etc. which may lead to lack of trust between the parties and to conflicts which may arise when the time comes to make decisions.

Although cultural conflicts may take place in the stages prior to the implementation, mainly during negotiations, it is at this moment that they turn out to be specially relevant (Peterson and Shimada, 1978; Lichtenberger and Naulleau, 1993). During this period, cultural divergences become visible in the strategic planning process, in the leadership style, in the assessment of the alliance's performance, etc. However, as Schultz (1998, p. 109) points out, the importance of cultural divergences varies depending on the activity around which the co-operation agreement was designed. As a general rule, technological alliances are the ones with the lowest level of cultural conflict. This is due to the fact that the habits of scientists and engineers are practically the same on a worldwide basis. In contrast, cultural differences usually become most evident in decisions related to product commercialisation. Similarly, cultural conflicts are more common in joint ventures, where a closer contact between the partners is required, than in contractual alliances.

Considering all the above, the fact that a considerable number of authors highlight how important it is for the partner-firms to be culturally compatible

does not surprise us. We must make clear, though, that the appearance of
cultural conflicts does not mean they cannot be solved (Hall, 1995). In this
respect, Parkhe (1991, p. 585) thinks the process must start by trying to
understand the partners' way of thinking and behaving, an effort in which the
use of training programmes for cultural understanding can provide a valuable
help. Along the same lines, Swierczek (1994) highlights the importance of
multicultural skills in the managers working for the alliance. Other authors, in
turn, also point out the possibility of changing, or at least of forcing a firm's
organisational culture to evolve, so that problems of this kind can be
minimised. Accordingly, a range of mechanisms are available that can be used
to adapt the cultures of both partners in the context of strategic alliances.
Indeed, education and training, the joint use of rituals and ceremonies (e.g. the
celebration of annual meals), or the sharing out of benefits such as status and
acknowledgements, etc., can facilitate the adaptation of the partners' behaviour
and code of conduct. The hiring of new employees can also be helpful for the
process. Should everything else fail, one can hire the services of a consultant
that can provide recommendations and programmes to sort out conflicts.

On the other hand, after a period of several weeks or months during which
the firms have been working together in the alliance, a hybrid culture must be
created that combines a series of common regulations and values shared by
both partners, especially when the alliance takes the shape of a joint venture
(Salk, 1997). However, if we refer to the process of acculturation (the one
through which two organisations come into contact and solve the cultural
conflicts and problems derived from their co-operation), the intensity of the
cultural shock that takes place where two organisations work together, will
depend, among other factors, on the degree of similarity between the cultures
that are combined, on how strong and deep-rooted those cultures are, and on
the way the employees of a firm assess the culture of the other by comparing it
to with theirs. According to Nahavandi and Malekzadeh (1993, pp. 62-5), the
main potential results of these interactions are the following:

- *Assimilation* – when the majority of employees see the other firm's
  culture as more attractive than their own, which they are ready to
  abandon.

- *Integration* – when most of the employees of both firms want to keep
  certain elements of their own culture and, simultaneously are willing to
  accept other elements, which they regard as better, coming from the other
  culture. In this case, some conflicts may arise if an imbalance appears
  between the elements of each of the firms that join to form the new
  culture.

- *Separation* – when both partners wish to keep their own cultural values.
  In this situation, depending on the above-mentioned factors, it may
  happen that partners tolerate each other or that they strongly clash with
  one another.

time (Von Glinow and Teagarden, 1988; Goodall and Warner, 1997; Lu and Björkman, 1997, 1998; As-Saber *et al.*, 1998; Björkman and Lu, 2001).

Some problems associated with human resources that can arise in an international joint-venture are highlighted by Zahra and Elhagrasey (1994). Thus, for example, the executives assigned to the alliance may have trouble due to the conflicting demands from the parent firms. At the same time, the concentration of power in the hands of foreign executives, excluding natives from the management of activities, may also be a source of conflict.

Regarding human resources practices in international coalitions, these can make reference to two basic questions:

(1) the transfer of practices between partners; and

(2) the management of expatriate employees (Scullion and Starkey, 2000; Iles and Yolles, 2002, p. 628).

So, one of the problems is if the human resources practices of foreign partner can be transferred to local partner, which will depend on the congruence between values and principles in the home countries of partners. Besides, the foreign partner has to consider, in case it assign managers from his country to the alliance (located in other country), the attributes that a good expatriate manager has to have, how to design its career planning, how to provide special compensation to expatriates, or how to be successful in repatriation. Many of the studies that we have mentioned previously deepen in these aspects, although also they make reference to other factors that impact on the instability of the alliances in general, domestic or international ones.

On the other hand, in relation to the culture, Hofstede (1980) studied the similarities and differences among cultures, from the analysis of five dimensions: power distance, individualism, uncertainty avoidance, masculinity/femininity and long-term/short-term orientation. From this analysis, researchers have worried to examine the effect of national culture relatedness on international alliance's performance (Merchant and Schendel, 2000; Barkema and Vermeulen, 1997; Park and Ungson, 1997). Recently, Pothukuchi *et al.* (2002) examine the effect of dimensions of national and organisational culture differences on international joint venture performance. They found that the presumed negative effect from culture distance on alliance performance originates more from differences in organisational culture than from differences in national culture.

The differences in the national cultures also can impact on the behaviour of partners and, therefore, on the alliance design and its governance structure (Pan, 2002; Pangarkar and Klein, 2001; Steensma *et al.*, 2000). Li *et al.* (2001), otherwise, analyse the national cultural impact on the behaviour (invest in technology, equity ownership, use of expatriate managers) and performance of the firms that participate in the alliance. Finally, as Luo *et al.* (2001) say, when cultural distance between nations is great, the control exercised by the foreign partner may be ineffective in the sense that it will fail to achieve the desired

goals. On the contrary, being familiar with the values and operating modes, local partners should have less difficulty transacting with the international alliance, i.e. cultural distance should have little or no influence on the ability of the local firm to use control in achieving its goals.

Conclusions

Strategic alliances are becoming one of the main tools firms have to improve and maintain their level of competitiveness, specially when their small size prevents them from undertaking many projects on their own. Nevertheless, the number of co-operating agreements that usually fail is very high. This is often due to an inadequate management of the problems affecting joint operations. In this respect, we think that a deep knowledge of the co-operation process and the effective management of that process constitute key factors for the success of the alliance and, consequently, for the firms' improved competitiveness.

Among the factors intervening in the alliance process, specially stand out those linked with the management of the human resources that participate in the agreement. Problems related to the management and leadership system, the corporate culture and HRM in general, arise every day in the course of joint operations, although their intensity may partly depend on the compatibility existing between the co-operating firms, hence the importance attributed to the correct selection of partners.

In short, human and cultural aspects alone can decide the success or failure of an alliance, which leads us to think about the need to know its influence along the collaborative process and, therefore, the need for employers to be trained along these lines, two aspects that we see as key elements to take advantage of these agreements' whole potential. Nevertheless, this topic has been seldom treated in the literature, and only very few theoretical and empirical works have been fully dedicated to it, at least as far as the implementation stage is concerned, although researchers have recently felt a greater inclination to study the role of organisational compatibility as a success factor. The problem is particularly important in international alliances.

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