“Risk management practice, alliance management capability, and enterprise resilience: Findings from Indonesian state-owned enterprises”

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In the era of high uncertainties, all businesses, including state-owned enterprises, are trying to be resilient, be able to absorb the negative impacts caused by the changes, adjust, rebound, and then thrive and success after the disruptions. This study aims to examine to what extent risk management and alliance management capabilities promote enterprise resilience among Indonesian state-owned enterprises using dynamic capability theory. Analysis was done using SPSS and Structural Equation Model – Partially Least Squares on 322 valid questionnaires that were received via an online survey from the boards of directors and senior management of state-owned enterprises and their subsidiaries. The study discovered that alliance management capabilities have a significant positive effect on enterprise resilience and risk management practice. Furthermore, the findings show that risk management contributes significantly to the formation of enterprise resilience and act as a mediator between alliance management capabilities and enterprise resilience. Thus, enterprise resilience can be developed by having the ability to form and manage alliances effectively and efficiently, as well as practicing risk management, which allows a firm to anticipate and plan mitigation actions in the face of an uncertain and disruptive situation.

**Keywords**
- dynamic capability
- uncertainty
- disruptive environment
- strategic alliance

**JEL Classification**
- G31
- L21
- L32

**INTRODUCTION**

The world is going through an unprecedented period of rapid and unpredictable changes (Nauck et al., 2021). The changes, among others, are the COVID-19 pandemic, which causes negative consequences (Wieczorek-Kosmala, 2022) that has changed the world and forced companies to develop a new strategy, climate change, technological and digital innovations, and geopolitical tension (Nauck et al., 2021). To survive and succeed, businesses must develop resilience, that is, the capacity to resist unanticipated threats or change and emerge stronger (Nauck et al., 2021). Businesses must think the unthinkable, adopt, adapt, adjust, or otherwise will perish. Previously, risks were viewed only as a threat to performance. However, some enterprises have succeeded in weathering potentially crippling disruption and then succeeding. This sample demonstrates that by managing risk comprehensively and holistically, they have increased their enterprise’s resilience (Starr et al., 2003). Risks are increasingly being used as one consideration in making policy of resilience (Smith & Fischbacher, 2009).
One of the fastest and largest growing multinational companies in the last two decades are state-owned enterprises (SOEs) (OECD, 2020). It is reported that the share of SOEs assets is around 20% of the world’s 2000 largest corporations, worth $45 trillion in 2018 (equal to 50% of global GDP). It is more than doubled compared to the last decade (International Monetary Fund, 2020). This number could show how important the global role of state-owned enterprises is. SOEs are growing more importantly in emerging countries than in developed countries. Kowalski et al. (2013) define SOE as any self-governing public entity engaged in commercial activity and controlled by the central or federal government, either directly or indirectly through other government-controlled institutional units. They also establish a legal distinction between three forms of SOEs: majority-owned listed firms, majority-owned non-listed enterprises, and statutory or quasi-corporations. Considering their important role, underperformance by some SOEs can hinder competitiveness and growth, imposing a budgetary burden and posing a fiscal risk on the state (Heo, 2018).

SOEs have and will continue to play a key role in Indonesia’s development (Khatri & Ikhsan, 2020; Ministry of State-Owned Enterprises – Republic of Indonesia, 2021). State-owned businesses are crucial to a country’s economic development. SOEs serve as both value generators and agents of development, two functions that have a major impact on national economic growth. Given their responsibilities, SOEs are concerned with more than just the bottom line and revenue generation but critical public services to the Indonesian people. Therefore, given their importance, their success, resilience, and sustainability become concerns for the policymaker. For that, the Indonesian Ministry of State-Owned Enterprises has established the transformation program that set the path as a road map for transforming Indonesian SOEs into world-class enterprises (Ministry of State-Owned Enterprises – Republic of Indonesia, 2021). Owned the capability to manage, integrate, and learn from strategic alliances is essential in today’s interconnected and globalized economy (Kohtamäki et al., 2018) since enterprises cannot develop all of the necessary strategic resources to compete in a highly competitive industry (Eisenhardt & Schoonhoven, 1996). According to Eisenhardt and Martin (2000), alliance formation is in the form of dynamic capabilities since it is a set of capabilities that could be identified distinctly.

1. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Enterprises are routinely exposed to disruptive and unexpected events as the global economy becomes more complex, uncertain, and volatile. Some organizations create a resilience profile to improve their ability to forecast, adapt, and adjust, or even gain a competitive advantage after a disruption (Morales et al., 2019). Disruptive events mean, among others, environmental jolts, which are defined by Meyer (1982) as transitory disruptions that occurrences are unpredictable and whose effects on organizations are disruptive and potentially harmful. This condition has put the concept of resilience become important. Companies must learn to anticipate, adapt, and recover swiftly in the presence of more severe disruptions, as well as build new capacities and ability to withstand such adversities and environmental pressures while seeking greater opportunities rather than merely regaining equilibrium (Morales et al., 2019). In these dynamic, uncertain environments, the concept of dynamic capability proposed by Teece et al. (1997) could explain how companies can maintain their competitive edge in dynamically changing environments by combining, developing, and rearranging their capabilities. The dynamic capabilities perspective demonstrates how businesses can deal with unexpected circumstances (Bogodistov & Wohlgemuth, 2017).

Lengnick-Hall et al. (2011, p. 244) define resilience as a “firm’s ability to effectively absorb, develop situation-specific responses to, and ultimately engage in transformative activities to capitalize on disruptive surprises; that threaten organizational survival.” Hamel and Välikangas (2003) described resilience as the capacity of a business to dynamically reinvent its models and strategies in response to changes, to foresee the environment continuously to be able to adjust ac-
Accordingly, to avoid the consequences that could jeopardize companies’ future. Thus, dynamic capabilities could support companies to attain resilience. Duchek (2014) suggests that organizational consists of three dimensions, each referring to a distinct time horizon; proactive, current, and reactive actions that all contribute to organizational resilience, and each dimension focuses on the capabilities organizations must develop to become resilient. Concerning a proactive strategy, Teece et al. (2016) propose the concept of agility and its relationship to dynamic capabilities. They highlight the need to comprehend the significant uncertainty (unknown the unknown), which is different from risk (known probabilities). Strong dynamic capabilities are essential to developing the organizational agility needed to deal with profound uncertainty.

1. Alliances are a valuable source of resources that can create competitiveness (Ireland et al., 2002). Alliance management capabilities are critical to enhance alliance skills and capture, share, disseminate, and use alliance management know-how (Heimeriks & Duysters, 2007). Sarkar et al. (2001) found that proactive alliance behavior results in higher market performance, with the benefit being stronger for small enterprises and in turbulent market circumstances. Mandal et al. (2021) studied tourism and found that alliance learning capabilities were a critical enabler of alliance management and integration capabilities. Mandal et al. (2021) also demonstrate the critical role of alliance capabilities in enhancing the agility and resilience of tourist supply chains. Saputra and Herlina (2021) analyzed the business resilience of SMEs in Java and Sumatra Island, Indonesia. One of the findings indicates a positive and significant relationship between alliance capabilities and business resilience. Inigo et al. (2020) studied 170 firms in Spain. It was found that proactiveness in alliances is associated with sustainable innovation and can reap higher benefits from open innovation. Therefore, alliance management capabilities enable businesses to attain sustainable competitive advantage and resilience.

1.2. Risk management practice and enterprise resilience

Businesses are subject to a range of disasters in today’s volatile environment, and the majority of firms are unprepared for such uncertainties and negative events (Hudakova & Lahuta, 2020). Firms that have lack strategic risk understanding and foresight may find themselves unable to deal with such profound uncertainty (Slagmulder & Devoldere, 2018). One of the strategies that can be done is by practicing enterprise risk management that assists in the prevention of crises and leads to increased organizational resilience (Hudakova & Lahuta, 2020). As an inherent component of a dynamic capability, risk management allows en-
enterprises to create risk resilience under volatile conditions (Bogodistov & Wohlgemuth, 2017). There have been breakthroughs in risk management practice that it has now developed into a variety of specialized sectors. It now has a broader holistic, integrated, strategic, and enterprise-wide risk management approach (Hopkins, 2017). Risk management manages the risk that could jeopardize an organization’s objectives and handles opportunity management that could raise from the negative events because the more optimistic perspective is to acknowledge the inherent risk in competition and progress and to embrace each setback as a chance for learning and adaptation and triumph (Fiksel et al., 2015; Hopkins, 2017). Hudakova and Lahuta (2020) empirically studied 370 owners from various industries in Slovakia in 2019 on the relation of risk management and resilience. The findings indicate that investing in risk management will improve their business resilience and performance, resulting in increased stability and competitiveness. The primary impediment to corporate risk management implementation for owners and managers is a lack of awareness about risk management strategies and methods. Florio and Leoni (2017) analyzed listed companies in Italy. The findings indicate that SME strategic alliances continue to be a risky strategy for firms to pursue, necessitating a coordinated effort from all interested parties to take appropriate mitigation steps to avoid financial harm caused by alliance failure by minimizing risk exposure. Nair et al. (2014) studied 60 US insurance companies after the 2008 financial crisis. They position enterprise risk management as a dynamic capability and examine whether an organization’s ERM competence enabled it to adapt successfully to the 2008 financial crisis. It was discovered that greater ERM competence is connected with a lower stock price decline during a downturn and increased profitability during an upturn. Slagmulder and Devoldere (2018) reveal that firms develop a competency for risk management with a forwarding thinking and strategic approach.

Annarelli and Nonino (2016) pose questions about why do some firms succeed in overcoming these setbacks while others fail miserably. What enables these firms to survive in the face of adversity and cope with change? It was concluded that even though studies on resilience have emerged nonetheless, the literature is far from a consensus over how to achieve operational resilience and how to establish and maintain resilient processes. It has been necessary to include it into a proactive approach to foresee the future, including environmental changes, and to enhance the everyday efficacy of operations and processes. Parker and Ameen (2018) discovered that proactive risk management behavior and the flexibility to reconfigure resources (which is part of dynamic capability) have a favorable effect on firm resilience. Risk management practice was used as mediating variable in this study (Al-Abrrow et al., 2019; Ambulkar et al., 2015).

1.3. Alliance management capabilities and risk management practice

The alliance must be built with all careful consideration, calculating all the costs and benefits and considering all the risks. The findings of Anderson et al. (2014) provide a detailed list of the specific risks that managers expect across various types of inter-firm alliances. The findings indicate the existence of another unique risk category: compliance and regulatory risk are major elements of risk management systems in accounting. They discover that performance risk is frequently associated with prudent partner choice and formal outcome agreements; relational risk is frequently associated with explicit exit contracts, and compliance and regulatory risk are frequently associated with informal controls. Globally, strategic partnerships have grown in importance as a source of growth and competitiveness. Partnerships help firms achieve a competitive advantage, expand their market reach, and access vital resources and capabilities (Russo & Cesarani, 2017). Alliance management capability enables partners to expand joint activities by facilitating coordination to leverage their interdependency, improving information and knowledge flows to identify and continue to expand collaborative activity potentials, and establishing connections that mitigate issues about risks or uncertainties related to alliance activities (Schreiner et al., 2009). Despite their strategic value, alliances rarely succeed (Rambo, 2012; Russo & Cesarani, 2017). Thus, there is a possibility/risk that the alliance management capabilities owned by the firms could not develop competitive advantages (Russo & Cesarani, 2017).
The positive association of alliance management capability and the attainment of various business objectives inside an alliance demonstrates that alliance capability enables a business to realize and maximize its potential. This collaboration could promote cooperation, information sharing, risk mitigation, and open communication among alliance members, improving the likelihood of overall success (Russo & Cesarani, 2017). The capacity to manage risks is critical to the success of an alliance (Schreiner et al., 2009). Rambo (2012) shows that strategic alliances continue to be risky endeavors that necessitate a collaborative effort from all stakeholders to undertake suitable mitigating strategies to avoid economic losses caused by alliance failure.

1.4. Risk management practice, alliance management capability, and enterprise resilience

Wieland and Wallenburg (2012) found that supply chain risk management (SCRM) is important to a business’s agility and robustness of the firm. Both agility and robustness appear to be vital to achieving optimal performance. Agility and robustness must be commensurate with the competitive strategy. It is proposed that ideas like flexibility and agility are ideally suited to enhance the robustness status quo by addressing the frequently challenging indirect and non-physical paths of disruption, hence increasing the resilience of transportation systems (Markolf et al., 2019). Venkatesh et al. (2021) using the qualitative method found that enterprise risk management acts as a second-order DC in alliance building to deal with crises and to achieve survivability. The respondent said that partnerships are an effective approach for SMEs to acquire the resources necessary to deal with competitive surprises, as SMEs lack of resources to acquire on their own the tools necessary to confront the harsh competition. As a result, it is proved that despite the presence of potential dangers, certain SMEs tend to grow. Thus, this study follows previous studies, aiming to investigate the mediating role of risk management practice on the relation of alliance management capabilities and enterprise resilience.

Based on the literature review, the study tests the following hypotheses:

H1: There is a significant relationship between alliance management capability and enterprise resilience.

H2: There is a significant relationship between risk management practice and enterprise resilience.

H3: There is a significant relationship between alliance management capability and risk management practice.

H4: Risk management practice is mediating the relationship between the alliance management capability and enterprise resilience.

Figure 1 shows the conceptual framework proposed for this study based on the literature review.

2. AIMS

The study aims to enrich the limited empirical studies that relate risk management and dynamic capability, especially alliance management capabilities in creating enterprise resilience, particularly in public companies operating in emerging markets, which remains largely unexplored.
3. METHODS

This study is done with quantitative and a cross-sectional design and causal analysis using PLS-SEM to test the hypotheses, with purposive sampling, using an online survey by google platform. The respondents were members of the Board of Directors and senior management of Indonesian SOEs and their subsidiaries from 114 SOEs and 537 SOEs subsidiaries, as they are the firms’ key decision-makers. Indicators were adopted from previous studies. There are fourteen indicators denoting enterprise resilience (ER). Alliance management capabilities (AMC) have been reflected in nine indicators as an independent variable. Eleven indicators were used to assess risk management practices (RMP) as a mediating variable. The risk management measurement was derived from the ERMi – Enterprise Risk Management Index (Maruhun et al., 2018). Measurement of resilience was adapted from Erol et al. (2010), Lee et al. (2013), McManus (2008), and Stephenson et al. (2010). Measurement of AMC was adapted from Schilke and Goerzen (2010).

Each indicator was then operationalized using a seven-point Likert scale, with one denoting strong disagreement and seven denoting strong agreement (for enterprise resilience, risk management practice, and alliance management capabilities) and from very weak to very strong for financial resilience. Following Youndt et al. (1996), the study chose to use self-reported financial performance measures in demographic data. The respondents were asked to indicate the extent to which a firm’s actual performance was superior to that of its competitors for each measure. Firm size (average companies’ revenue for the last three years) and firm age (the number of years since the establishment of a company) are used as control variables. All indicators are reflective. The procedure recommended by Podsakoff et al. (2012) was followed to address the potential common method variance (CMV). It is mentioned in the cover letter the responses will be kept confidential. The data was then processed using (SPSS) 23 and the SEM partial least squares (PLS) method with Smart-PLS 3.0 software.

4. RESULTS

The sample received (n = 322) of the study consisted of 85.1% male and 14.9% female. It showed that in the board of directors and senior management positions, the males were a majority. Among respondents, 13.9% were 41 years old and below, 37.3% were in the range of 41-50 years old, and the majority of them are in age above 50 years old. 66.5% of them are in the Board of Directors position, and 59.0% of them are from the subsidiaries.

Common method bias was done since there was a single informant that answered both exogenous/independent variable and endogenous/dependent variable. The full collinearity test proposed by Kock (2015) and Kock and Lynn (2012) was done. A VIF greater than 3.3 indicates that there is a possibility of collinearity and common method bias. As shown in Table 1, all VIF values are less than 3.3. Thus, the model proposed is CMV-free.

4.1. PLS measurement model

Figure 2 shows the path model. All the indicators in AMC and RMP have values greater than 0.708, suggesting that the constructs account for more than half of the variance in the underlying construct (Hair et al., 2019). Some factor loading for ER has a value lower than 0.708 but since the value of AVE is higher than 0.5, that represent indicator reliability are still greater than 0.50, then the convergent validity met the criteria. Path coefficient from AMC to RMP is 0.723 and from AMC to ER 0.623. Thus, the relationship of AMC to RMP and AMC to ER is quite strong. The path coefficient RMP to ER is 0.254, lower than the two previous coefficient values. The $R^2$ is .695. Thus, 69.5% the proportion of the variance of ER could be explained by AMC and RMP.

Table 1 exhibits the results of reliability, convergent validity, and discriminant validity for all constructs. Cronbach’s alpha and Composite Reliability were used to test internal reliability (Hair Jr. et al., 2017a). All the values of internal consistency using Cronbach’s alpha and Composite Reliability are ≥ 0.90, thus considered satisfactory. The value of convergent validity in Table 1 is ≥ 0.50, suggesting that all indicators explain the constructs. For discriminant validity, as shown in Table 2, the procedure
suggested by Henseler et al. (2015) was used, which involves constructing the heterotrait-monotrait ratio matrix (HTMT). The matrix’s maximum value was 0.69, which was less than the conservative criterion’s 0.90 threshold value. As a result, there was sufficient evidence that the measures met the requirements for discriminant validity. The lateral collinearity for all relationships (Inner VIF values) is < 3.3 (Diamantopoulos & Siguaw, 2006), and SRMR value is 0.062 with a maximum value of 0.08 (Henseler et al., 2014). The value of SRMR indicated a good fit. Thus, the results show that all components in the measurement model met the criteria.

Table 1. PLS results for measurement model analysis and model fit indices

| Variables and Relationship between variable | Internal Consistency¹ | Convergent Validity² | Discriminant Validity³ | Lateral Collinearity³ | Model Fit ⁴ |
|-------------------------------------------|-----------------------|-----------------------|------------------------|-----------------------|-------------|
|                                            | Cronbach’s alpha | CR | AVE | HTMT | Inner VIF values | SRMR |
| AMC                                       | 0.936                | 0.947 | 0.666 | <0.85 | <3.3 | 0.062 |
| ER                                        | 0.940                | 0.948 | 0.567 |       |       |      |
| RMP                                       | 0.942                | 0.950 | 0.634 |       |       |      |
| AMC – ER                                  |                      |       |      |       |       |      |
| AMC – RMP                                 |                      |       |      |       |       |      |
| RMP – ER                                  |                      |       |      |       |       | 2.137 |

Note: ¹Hair Jr. et al. (2017a, 2017b), ²Henseler et al. (2015), ³Diamantopoulos and Siguaw (2006), ⁴Henseler et al. (2014).

Table 2. Discriminant validity (HTMT)

|         | AMC | Age | Rev | ER | RMP |
|---------|-----|-----|-----|----|-----|
| AMC     |     |     |     |    |     |
| Age     | 0.072 |     |     |    |     |
| Rev     | 0.023 | 0.199 |     |    |     |
| ER      | 0.849 | 0.051 | 0.039 |    |     |
| RMP     | 0.767 | 0.141 | 0.066 | 0.741 |     |

Note: Discriminant validity is established at HTMT < 0.85 (Diamantopoulos & Siguaw, 2006), HTMT < 0.9 (Henseler et al., 2015).
4.2. PLS structural measurement

To test the hypotheses and to measure the structural (inner) model, the bootstrapping function in PLS-SEM 3.0 with 5,000 bootstrap samples was used. The result of the structural model, as shown in Table 3, exhibited that all t-values of the factor loadings are highly significant at (t-value > 1.96 two-tailed) \( p < .05 \) (Hair Jr. et al., 2017a, 2017b). The \( R^2 \) for ER is .691 and for RMP is .521. Thus, the model has a moderate to substantial level of predictive accuracy (Cohen, 1988; Hair Jr. et al., 2017a, 2017b). The effect size of predictor relationship (\( f^2 \) value) AMC to ER is 0.627 (substantial), AMC to RMP is 1.095 (substantial) and RMP to ER is 0.099 (small) (Cohen, 1988). Thus, variable AMC would predict the variable RMP and ER substantially, but RMP has a low prediction on ER. The predictive relevance of the model (\( Q^2 \)) for ER is 0.385 and for RMP is 0.328. Since the value of \( Q^2 \) is larger than 0, the exogenous construct (AMC) shows the predictive relevance of the model with respect to the endogenous latent variables (RMP and ER) (Hair Jr. et al., 2017a, 2017b). To conclude, the model has quite substantial predictive capacity.

4.3. Hypotheses testing

The results show that alliance management capabilities have a significant direct positive effect on enterprise resilience (\( \beta = 0.634, p-value = .000 \)). Bootstrapping results show that risk management practice significantly has a positive direct effect on enterprise resilience (\( \beta = 0.254, p-value = .000 \)). Alliance management have a significant positive direct effect on risk management practice (\( \beta = 0.723, p-value = .000 \)). The fourth hypothesis is to examine whether risk management practice mediates the relationship between dynamic capability and enterprise resilience. Bootstrapping was done to evaluate the indirect effect, whether risk management can mediate the effect of dynamic capabilities, that is, alliance management capabilities, on the enterprise resilience. The findings indicate that risk management acts as a mediating variable in the relationship between alliance management capability and enterprise resilience (\( \beta = 0.184, p-value = .000 \)).

5. DISCUSSION

The objectives of this study were to investigate the effect of alliance management capabilities on enterprise resilience and the mediation effect of risk management practices in this relation on state-owned enterprises and their subsidiaries in Indonesia. Prior research found the positive influence of alliance management capabilities on enterprise resilience, but there is still a lack of knowledge about how this relationship will be in public enterprises (e.g. SOEs), especially in emerging countries. The findings support the hypothesis of the positive and significant effect of alliance management capabilities on enterprise resilience, as found by Inigo et al. (2020), Mandal et al.
Saputra and Herlina (2021), and Sarkar et al. (2001). This result implies that Indonesia SOEs and their subsidiaries could invest in building the alliance management capabilities to enable them to take advantage of the alliance to support their resilience and to overcome the limitation of resources.

The findings of this study support the hypothesis that there is a positive and significant effect of risk management practice on enterprise resilience. This observation corroborates Florio and Leoni (2017), Hudakova and Lahuta (2020), Nair et al. (2014), Parker and Ameen (2018), and Slagmulder and Devoldere (2018). This result strengthens the support to the proactive risk management approach and suggests that firms establish strategies to prepare for the uncertain future and the impacts that will be beneficial for the companies.

The findings of this study are consistent with earlier research that show AMC influenced positively and significantly on risk management practice (Rambo, 2012; Russo & Cesaraní, 2017; Schreiner et al., 2009). This result suggested the management develop alliances since this strategy will spread the sources of input, the channel of distribution, which in turn will drive the companies to find a way to reduce risk by improving risk management practices.

Finally, the result shows that risk management practice mediates the relation between AMC and enterprise resilience, as discovered by Markolf et al. (2019), Venkatesh et al. (2021), and Wieland and Wallenburg (2012). This result implies that proactive practice on risk management, when doing and managing alliances, has positive influences on firm resilience (Parker & Ameen, 2018). The result is promising since it implies that resilience can be developed by leveraging existing excellent practices such as RMP in a responsive adaptable manner. The mediation of proactive risk management practice demonstrates how the firm’s proactive risk management provides the mechanism for being alert and prepared with the mitigation strategies for possible negative events enhancing resilience. By taking proactive measures, SOEs create new business opportunities to deal with these adversities (Annarelli & Nonino, 2016).

From the findings mentioned above, this study advances the understanding of the dynamic capability, alliance management capabilities, risk management practices, and enterprise resilience nexus. The result contributes to a more comprehensive understanding of how hybrid enterprises, such as SOEs that operate in emerging countries, cope with a dynamic and disruptive environment and what capabilities they should develop and enhance to be resilient. It is suggested that organizational resilience is critical for SOEs and their subsidiaries to ensure their long-term viability in a rapidly changing business environment. Given that SOEs have special missions related to national development, the concept of resilience becomes more critical to consider (OECD, 2020). This is to ensure that SOE’s role as the agent of development and creators of value in the Indonesian economy is not hampered. Thus, the findings contribute to the development of knowledge and the enrichment of dynamic capability theory and enterprise resilience from the perspective of public enterprises or SOEs. The future studies could explore further whether the relation of AMC, RMP, and ER in each different industry where the SOEs operate, or in each type of SOE (whether SOE or subsidiary, whether fully owned by the government or publicly listed), or SOEs in other countries or private companies so that comparisons could be made. Further studies on AMC and resilience and its antecedents could enrich the literature and practical guidance for SOEs. Another area of research that may be pursued further is investigating other capabilities and how they contribute to the resilience of SOE.

From a practical standpoint, this study could be considered by policymakers to make regulations that will strengthen Indonesia’s SOE. The Board of Directors and senior management team could develop strategies such as resilience orientation required to build resilience. The ministry of SOEs as regulatory and shareholder could consider the findings for policy development and regulation formulation on how to create strong, resilient, and sustain world-class Indonesia SOEs. These policies and regulations will create proactive strategies that are more robust in confronting the dynamic environment and identifying risk mitigation strategies for their businesses. On alliance management capability development, the necessary policies, regulations, and standard operating procedures are needed by the SOEs to be able to engage in sound and profitable alliances that will also enable them to create, develop or enhance alliance management capability.
CONCLUSION

This study explains the impact of alliance management capabilities on risk management practice and enterprise resilience. The study results indicate that alliance management capabilities have a significant positive relationship with enterprise resilience. In other words, the better and the higher the capabilities owned by the companies to manage their alliances, the more resilient the companies. Thus, the companies could detail alliance management capabilities and enterprise resilience that could be developed and improved to create resilient enterprises. The findings also demonstrate that the alliance management capabilities positively and significantly affected risk management practice. This study supports the idea that risk management practices positively affect enterprise resilience. This outcome bolsters the argument that corporations will benefit from a proactive strategy to prepare for an unpredictable future by practicing good risk management. Finally, the results demonstrate that the risk management approach mediates the relationship between alliance management practice and enterprise resilience. Thus, proactive risk management in doing and managing alliances improves company resilience.

AUTHOR CONTRIBUTIONS

Conceptualization: Jamaliah Said, Haslinda Yusoff.
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Funding acquisition: Ancella A. Hermawan.
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