## CHAPTER 5: CONCLUSION AND RECOMMENDATION

### 5.1 Introduction

The chapter, in particular, underpins the conclusion and recommendation of the entire analysis conducted in this study. The chapter encompasses summarised findings which encapsulate the results generated with the help of correlation and regression analysis. In addition, the section also discusses the attainment of the objective set by the research study in the initial chapters. The chapter then contains a section for the research directions to be followed in future as to how the results can further enhance and improved in future. Additionally, it sets recommendations as well on the basis of the findings obtained in the previous chapter.

### 5.2 Summarized Findings

The research study focuses on the automobile industry of Pakistan where the researcher has striven to investigate the relationship between relational capital and financial performance, and the mediating effect of firm size. The research specifically focused on gathering data from 100 employees of the 5 major automobile market leaders. Precisely, on the basis of the correlation analysis, the results signify the relationship of the customer capital, supplier capital and internal capital network with financial performance. The initial part of the findings contained correlational analysis where all the independent and dependent variable indicated a significant association with the financial performance, with (P=.000) value which strong and positive as well. Moreover, the coefficients were obtained to be 0.933, 0.955 and 0.903 of customer capital, supplier capital, and internal capital with the firms' performance. In addition, the association of firm performance was also computed to be significant, positive and strong (P=.000), where the coefficient value was 0.891.

However, on the basis of regression analysis, the impact of the independent variables is examined on the dependent variable along with the moderating effect. The regression analysis further incorporated the model summary, ANOVA table and the coefficient value of the dependent and independent variable. R square of the model summary indicated that the model was statistically fit and the variables used as independent ones depicting relational capital were sufficiently explaining the firms' performance. The computed R square of the relational capital and the firm's size was 93.4% which following the adjusted reduced to 93.2%. In addition, the ANOVA table indicated that the overall effect of relational capital on firms' performance because the p-value was below 5%. The coefficient table also helped in defining the significance of the relationship, where internal capital was found to have a p-value of .222 implying that the effect was statistically insignificant on the firms' performance. The table further found that the effect of customer capital and supplier capital was computed to be significant having negative and positive effect accordingly. The findings of the study are similar to the research of Raheman et al (2010) where it was found that the automobile sector operating around the world gets highly affected by the relational capital.

Moreover, this research study was also able to attain the defined objectives. Initially, the research study comprehended the concept of relational capital as the association with the stakeholders which is also supported by the study of Cai et al., (2014). The findings related to firms' performance suggested that it can largely be influenced by the external and internal environment, however, on various occasions, it can also exert positive influence. The objective related to the moderating impact of firms size and relations capital on firm's performance, however, the study exhibited that the association was insignificant on the basis of regression

analysis. Overall, it was found that the performance of Pakistan's automobile industry is heavily affected by the customer capital and supplier capital irrespective of the size of the firms.

### 5.3 Future Implications

This research study underpins the case of the automobile industry of Pakistan, whereas, in future, the research can be based on any other industry, for instance, the pharmaceutical industry. The results suggested that in order to sustain the market pressure and function properly in the market is necessary that automotive firms improve the relational capital by enhancing the relationship with all the stakeholders. However since the firm performance can be influenced by numerous of sources such as stock rate and external factor, future research study can be based on study aspects related to the other factors which can possibly affect the firm performance. The research can be further improved in future with the help of an increase in the sample size. In addition, this research has underpinned employees perspective which can be altered in future be collecting data from the key managers only. In furtherance, this research is based on quantitative assessment, therefore, future researchers can interview the key stakeholders to enrich the findings of the study or by using a mixed research design.

### 5.4 Recommendations

As the relational capital refers to the combination of the various different variable such as supplier capital, customer capital and the internal network capital, it is important that stakeholder relationship is managed. The research further recommends stressing on the agile supply that network of the automobile industry. The research further suggests on improving the firm size which has a positive association with the firm performance. The research further recommends that relational capital is not particularly responsible for improving the firm performance but the

crucial decision making and significant leadership style can also impact firm performance as asserted in the literature review. This implies that the leadership of the automobile industry should be vigilant in devising policies to maintain stakeholders' relationship. Moreover, the key focus of the management should be on the supplier and customer capital as this research proposes on the basis of regression analysis.

## 5.5 Conclusion

The research study, in particular, was focused on the automobile industry. The research examined the impact of relational capital and firm's size on the firm performance. It was found from the analysis that the effect of customer capital and supplier capital as a part of relational capital were more significant in explaining firm performance than any other variable. However, on the basis of correlation analysis, all variables including the moderating variable were computed to have a positive association with the firm's performance in the case of the automobile industry. Conclusively, the research signified the importance of relational capital in the maintenance of stakeholder relationship and ultimately the firms' performance.