INFLUENCE OF STRATEGIC ALLIANCES ON PERFORMANCE OF TELECOMMUNICATION ORGANIZATIONS IN KENYA

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A RESEARCH THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT OPTION) OF KENYA METHODIST UNIVERSITY

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DECLARATION

Declaration by the Candidate

This research thesis is my original work and has not been presented to any other institution or examination body. No part of this research thesis should be reproduced without my consent or that of Kenya Methodist University.

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Declaration by the Supervisor

This research thesis has been submitted with my approval as a University supervisor.

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DEDICATION

I dedicate this work to my loving family for patience, love, understanding, inspiration and moral support during my period of study at Kenya Methodist University.

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ABSTRACT

Strategic alliances are a common scenario in businesses and organizations. This is attributable to the rising number of business collaborations anchored not only on ownership but also on affiliations which have eventually caused enormous changes to the business culture and running of organizations in the modern world. Strategic alliances are aimed at enhancing productivity and profitability of the collaborating entities and thereby improving the organizational performance of the individual firms. In Kenya's telecommunication industry, three of the four main operators have not matched the performance of the industry leader, Safaricom, through the years. This has partly been associated with the level of involvement in strategic alliances. Safaricom has had several strategic alliances with various partners such as: M-Tiba, Afya Moja and Daktari Smart (health); Shupavu 291 and Zeraki learning (education); Digifarm (agriculture); United Nations Global Compact (corporate sustainability practices); Acumen (leadership development); and Shared Value Africa Initiative (competitive collaboration in Africa) among others. This research sought to establish how strategic alliances influence performance of telecommunication organizations in Kenya, particularly at Safaricom PLC. Specifically, the research sought to; determine the influence of marketing alliances on performance of telecommunication organizations in Kenya; establish the influence of production alliances on performance of telecommunication organizations in Kenya; and to examine the influence of technology alliances on performance of telecommunication organizations in Kenya. A descriptive research design, case study method, was employed. Safaricom PLC as well as other firms that the company had formed an alliance agreement with constituted the target population. It comprised those in top and departmental management positions. Stratified random sampling was used with the stratification criteria being on the basis of management level in the organization. Selection of the final sample of 105 respondents was done via simple random sampling. Primary and secondary data were used. Primary data was sourced through survey using questionnaires. Data analysis comprised both descriptive and inferential techniques. Descriptive analysis involved generating measures such as mean, mode, frequencies, range, standard deviation and percentages. Inferential analysis was conducted using multivariate regression analysis and correlation analysis. Results from the analysis of data were relayed through tables, graphs and charts. Results indicated that the main reason for engaging in strategic alliances was for the purpose of maintaining and increasing marketing. Regression analysis results conveyed statistically significant and direct influence on organizational performance occasioned by marketing and technology alliances. Production alliances showed an inverse and insignificant influence on organizational performance. However, correlation analysis showed strong, positive and significant influence organizational performance due to marketing, production and technology alliances. It was recommended that, rather than having a broad based approach, telecommunication firms should have a more narrow based approach that targets a specific component in strategic alliances and build a competitive advantage upon it so as to eventually attract the right partner(s) to form a business alliance.

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ABBREVIATIONS

ANOVA	Analysis of Variance
CA	Communications Authority of Kenya
CBD	Central Business District
DCM	Distinctive Capability Model
IT	Information Technology
KES	Kenya Shilling
KIPs	Key Performance Indicators
MCNs	Multi-National Companies
NACOSTI	National Commission for Science, Technology and Innovation
NSE	Nairobi Securities Exchange
PLC	Public Limited Company
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
RBV	Resource Based View
ROA	Return on Assets
SAD	Strategic Alliance Dynamism
SEM	Structural Equation Model
TCT(E)	Transaction Cost Theory (Economics)
UAE	United Arab Emirates

CHAPTER ONE

INTRODUCTION

1.1 Background Information

Globally, strategic associations and pacts have become a common scenario in businesses and organizations. Various reasons have occasioned these alliances, ranging from enhancing industry performance of the participating parties to the need to formulate a competitive edge for products in the world markets. Wheelen et al. (2017) emphasized that strategic alliances are an integral component of plans for economic sustainability for business organizations. These alliances have become so important that in recent times, as Lin and Darnall (2015) noted, the most emerging practice in organizations is the formation of alliances with other business entities and institutions like brokerage firms, mobile providers and financial institutions. This proliferation of alliances has resulted into increased research into the reasons behind such arrangements and their repercussions. In so doing, researchers have also provided various definitions of these relationship.

Chowdhury and Uk (2013) define strategic alliances as mutually agreed upon and official profit-oriented collaborations between companies. In this case, the alliance can be reminiscent of equity positions or a legitimate arrangement including but not restricted to consortiums, joint ventures, collaborative arrangements, licensing arrangements and other forms of collaboration. In their summary, they note that strategic alliances are made up of an arrangement of cooperation between two or more business entities that together have a beneficial common strategy. This is further elaborated by Noreen (2015) who adds that alliances lead to a combination of resources and investment in a process where risks arise, not for individual fulfilment but reciprocated benefits. The arrangement is hence mutual and every participating partner is ready to share specific strengths with other partners so as to generate potential and capability in the enterprise.

Firms forming strategic alliances share resources so as to pull off an exceptional performance and boost their standing, market share and access resources that they did not have prior as single entities. In so doing, Robson et al. (2019) note further that alliances give firms the opportunity to pool resources, properties, skills, expertise and competencies

so as to realize mutual goals. This reasoning is occasioned by the realization that the possibility of individual firms profiting from these benefits of partnership lies outside the firms themselves and the stewardship of an individual firm lacks the capacity to directly control these resources. In addition, there has been growing competition emanating from dynamic worldwide markets which has led to a scenario where organizations have found it challenging to indulge in business alone. Manning and Roessler (2014) shared similar sentiments stating that, compared to any other time before, most of the resources, capabilities and skills, particularly fundamental to a firm's present and future affluence, exist in the macro-environment of the firm where its management lacks direct control. Essentially, therefore, the management has to ponder outside the micro-environment of the firm so as to stay aggressive. In this regard, it becomes extremely imperative for firms to engage in relationships that guarantee a firm's competitiveness both in the core and the periphery of its current tangible and intangible assets.

At present, strategic alliances are quite common globally among Multi-National Companies (MCNs) as well as between organizations and companies in developing countries. This may be attributable to the increasing number of associations that are based not only on ownership but also on partnerships which have eventually caused enormous changes to the philosophy in the corporate world and business operations (Jussila et al., 2016).

Worldwide, lots of strategic alliances have taken place right from alliances between two companies to multi-company and multi-organizational alliances. This is in manufacturing companies, telecommunication companies and textile industries among others. Nike, for example, which is the world's leading producer of athletic foot-wear, is not involved in the manufacturing process of the shoes. The global leader in the wines industry, Gallo, does not grow grapes. In aviation, Boeing, a transcendent manufacturer of aircraft, just makes a little more than flight decks and airplane wing bits (Button, 2020). In the automobile sector, Toyota established perennial strategic alliances with most of their suppliers of automotive parts and components. Similarly, Samsung, based in South Korea, collaborated in business deals with companies such as Rockwell Automation, Mitsubishi, Dell, Sony, Microsoft, Yahoo, Intel and Hewlett-Packard (Gatobu & Maende, 2019). All the aforementioned

companies, just as a lot more others elsewhere, got their suppliers to work on their behalf in carrying out a significant portion of their actual production and manufacturing by way of strategic alliances. In the telecommunications industry, six companies came together by way of a strategic alliance to create general Magic Corporation that deals with the development of Telescript communications software. These companies were Philips, Apple, Matsushita, Sony, At&T and Motorola (Rhode & Packel, 2014).

Regionally and locally, there are many varied strategies and strategic partnerships in different sectors and industries that have been instituted to avail of economies scale, production and other economies that emanate from partnering. In South Africa for instance, Shoprite Holdings Limited and Pick 'n Pay stores Limited employed franchising so as to minimize costs. To gain a niche into the South African market in 2010, mergers and acquisitions were utilized by Walmart when it obtained a 51 percent stake in South African Massmart (Moalusi & Coetzee, 2018). Joint ventures have also been considered when investors target exerting control over their chain and offer local partners more say in the business. In this regard, South African based Woolworths Holdings Limited took the initiative to overhaul its global strategy by moving away from franchising and opting for the joint venture model. In Mauritius, Woolworths registered as Woolworths Holdings Mauritius Limited (WHML) in Mauritius market and in Kenya, Woolworths formed a joint venture with Deacons (Mugwe, 2013).

In the current era of globalization, companies all over have chosen to create strategic partnerships and alliances so as to enhance their own objectives and elevate their market share and competition in both domestic and international markets. Given the intense global competition among companies in an ever technologically changing world, businesses have been forced to react to reduced lead time in the development of new products, address issues of product obsolescence by investing heavily in research and development, reduce risks emanating from product failure and obtain uncomplicated ways of accessing foreign markets (Ren et al., 2015). These have been made possible through strategic alliances since the overall and overarching objective of alliances is to bolster the competitiveness of the participating enterprises and eventually boost their performance. To achieve this, it is imperative to optimize the full potential of the capacity of each other as well as the

outcomes thereof (Langenwalter, 2020). In the process, telecommunication companies have been able to restructure and reposition themselves and look for prospective cooperation partners.

1.1.1 Strategic Alliances

Formation of strategic alliances involves partnerships consisting of two or more business entities that get to work jointly with their focus being realization of mutually beneficial objectives that are strategically significant. They involve pooling resources and sharing costs and risks in an undertaking as well as replicating the same across borders in the case of international alliances (Bakker, 2016). Bailes et al. (2016) share the same school of thought as Bakker (2016). However, they brought about certain conditions that have to be adhered to. In this context, they emphasized the need for the entities involved to maintain their independence after an alliance has been formed.

There is no agreement on what determines a strategic alliance. This is because there are numerous varied reasons as to why companies enter into an alliance. Nevertheless, the formation of such alliances is determined by a number of broad areas and motives namely: motives that are product related, market penetration and positioning-related motives, motives concerned with modification of the market-structure, rationale of efficient use of scarce resources, and uncertainties (Ren et al., 2015). Hoffmann et al. (2018) add that strategic affiliations offer an opportunity for companies to partner in business proceedings thereby minimizing firm weaknesses inherent in single entities. On the other hand, Ferrell et al. (2020) reckon that firms are able to abate their business expenses, augment customer expectations and enhance firm profitability, productivity and performance through outsourcing which is a form of alliance. Companies that lack desired internal capabilities result into partnerships so as to establish the required competitive advantage (Klus et al., 2019). Other reasons for engaging in strategic alliances include, strategies for growth and venturing into untapped markets (Albers et al., 2016), accessing cutting-edge modernized technologies and minimizing cost (Button, 2020), mitigating financial risks and getting to share costs of research and development (Bustinza et al., 2019) and realizing competitive advantage especially for small and emerging businesses (O'Dwyer & Gilmore, 2018).

There are several types of alliances that clients (business entities) engage in. These are production alliances, collaborations in design, licensing technologies, joint marketing / promotion, contracts in research and development, joint selling or distribution, and alliances formed for the purposes of outsourcing purposes (Albers et al., 2016). These, according to Button (2020), can further be classified into three broad categories of alliances: production and manufacturing alliances (made up of alliances involving suppliers, procurement and combined manufacturing), marketing and sales alliances (which include agreements in joint marketing and retailers who provide value addition), and alliances associated with technology and know-how (comprising development of new technologies and joint research activities by industry players / academic and other institutions). The alliances may also be hybrids involving the various types and they can span from ordinary licensing arrangements to more complex hybrid alliances. This study chose to focus on marketing, production and technology alliances since the telecommunication industry: is highly competitive and makes enormous investment in marketing strategies to fight for market share and provide market information about their products and services; is always researching on and developing new products to keep up with new trends in a dynamic global environment; and is faced with diverse technological advancements in world where everything is available on the internet and accessible via a mobile phone.

Like any other business venture, strategic alliances have their own share of challenges and problems facing them. These ought to be thoroughly analyzed so as to realize successful alliances. Some of the risks and problems faced are: risks associated with relations, clash of traditions and cultures coupled with conflicting personal chemistry, inadequate trust, absence of vivid aims and targets, disagreements in operationalization of procedures, partners' frame of mind, a total disconnect in governance due to incoherent teams of management, uncertainties and risks in performance and the possibility of creating a future local or even global competitor (Aldakhil & Nataraja, 2014). Reasons for alliance failure include a modification in the strategy, proponents moving on, inability to materialize utility and failure to integrate the systems (Tattersall, 2020). Moalusi and Coetzee (2018) state that failure of a strategic alliance stems primarily from the inability to conceive and articulate the strategic motive of the parties involved and failure to recognize the

inseparable interplay in the middle of the company's overall strategy and the mandate of an alliance in the specific strategy. However, many strategic alliances do become successful when implemented correctly and they lead to the realization of enhanced performance and dramatic improvement of an organization's operations and improvements. As noted by Mohr and Spekman (2014), the factors contributing to the success of an alliance are: enhancing good associations and communication between partners; management philosophies that exhibit similitude; a management team that has vigor and is efficient; frequent feedback reports concerning performance; shared aims and objectives that are articulately defined; crystal clear roles; meticulous planning; intentional selection of partners; global inventiveness; and a committed senior management.

1.1.2 Organizational Performance

Organizational performance is both multi-dynamic and multi-faceted. In their description, Singh et al. (2016) stated that organizational performance is the ability of an organization to obtain and make use of its immeasurable worth and limited resources in a prompt manner while pursuing its predetermined operational goals. Similarly, Abubakar et al. (2019) noted that this performance implies a production process with the aim of achieving certain outcomes. Barauskaite and Streimikiene (2021) explored organizational performance and broke it down to circumscribe about three broad areas that relate to firm outcomes: shareholder return (economic value realized and total shareholder return); economic performance (return on investment, profit, return on assets); and market performance (market share, sales). However, to avoid bias as a result of distinctive asset valuation and local tax treatment, it is advisable to anchor sales and capital returns on the firm's operational profits rather than the after-tax returns net profit (Momanyi & Mihas, 2018). The question of performance is quite customary in management research and its design and definitions are seldom justified in a straightforward manner. In this study, performance will be judged upon the growth of the company.

The outcome of organizational performance stems from prosperity or the position gained in a market (Suryaningtyas et al., 2019). This can be established in a number of ways such as market performance, economic performance, customer performance or even general

performance subject to the context. It can also be specific to a firm since the performance measures of a firm that eventually reflect its implicit performance construct are dependent upon the strategic choices that the firm makes (Davidsson & Wiklund, 2017). From a measurement point of view, it would be expected that changing strategies would leave the performance dimensions altered. Performance also advises on the interaction between minimum and effective cost, yield obtained and effective cost and gain versus achieved results. It is therefore imperative to comprehend how contrasting exogenous variables affect performance as an endogenous variable. It is for this reason that Mohr and Spekman (2014) found that the manner in which four market-based and accounting components are measured (in the realm of financial performance) significantly differed when comparing two sets of businesses that had embraced two well defined strategic stances progressively. The study of the association between performance and measures can additionally be determined by the measures a firm decides to implement within its micro environment and how such measures are lodged into the control systems and stimulus of the firm as well as its Key Performance Indicators (KIPs). Therefore, the internal measures at play will impact performance both individually and organizationally (Masa'deh et al., 2018). Measuring organizational performance may also be attained by use of the balanced scorecard which estimates the learning and growth of a firm, its financial performance, its internal business processes and customer performance. Corporate, economic, environmental and social performance can also be included (Cho & Lee, 2019).

1.1.3 Strategic Alliances and Organizational Performance

Strategic alliances are aimed at enhancing productivity and profitability of the collaborating entities and thereby improving the organizational performance of the individual firms. Aldakhil and Nataraja (2014) asserted that strategic alliances allow firms to access new markets and maneuver their way through in a tactical manner while prevailing over obstacles like high production and research costs. This is because these costs are shared by the firms in the alliance and their joined forces give them a better bargaining power, a competitive edge and a wider customer base that has their trust. Various studies have shown that strategic alliances are beneficial in terms of firm performance, social benefits and profits. Benefits that accrue to a firm differ among allied

partners and they are skewed towards larger partners who usually get more profits as opposed to the smaller partners (Buckley & Prashantham, 2016).

In terms of the benefits that accrue to the firms in an alliance, Momanyi and Mihas (2018) observed that the firms get to enjoy four kinds of benefits namely: significantly lower amount of capital required and risks associated with development of unprecedented technologies and products; much faster and less cumbersome entry to markets and knowledge acquisition; scope and scale economies; and a shot at impacting the concerned industry and the competition structure thereof. Momanyi and Mihas (2018) further noted that for Small and Medium Enterprises (SMEs), alliances are an integral part in networking and acquiring strategic resources, thereby enhancing a desirable competitive edge over rival players through actualization of tangible assets (such as production capacity, human capital, financial capital and appliances) and intangible assets (such as entrepreneurial and ingenious capabilities, knowhow, training in the organization, image, and branding).

1.1.4 An Overview of the Telecommunication Industry in Kenya

Telecommunications industry is one of the leading and most lucrative sectors worldwide owing to its association with the media sector and information technology. In Kenya, the industry has undergone numerous growth and changes in the last two decades. The Communications Authority of Kenya (CA) has a mandate to license and regulate all industry operations and systems, guard against unhealthy competition, synchronize tariffs for communication services and oversee the conduct of licensees in running business with the aim of enforcing the terms and conditions outlined in a license. The authority has licensed five mobile phone operators in the last 20 years (Gatobu & Maende, 2019). These operators are Safaricom Public Limited Company (PLC), Airtel Kenya, Telkom Kenya (Orange), Essar Telecom Kenya Limited (YU) and Jamii Telecommunications Limited. The main competitors in the industry are Safaricom PLC, which is a joint venture between Telkom Kenya and Britain's Vodafone in a 60 / 40 percent sharing respectively, accounting 67.4 percent of the market share, and Airtel Kenya accounting for 22.6 percent market share (Tharamba et al., 2018).

Presently, four of these companies are operational in Kenya. These are Safaricom PLC (initiated in 2007 with exclusive ownership as an auxiliary to Telkom Kenya), Airtel Kenya (a subsidiary of Bharti Airtel Limited, ranked third among phone companies in Africa), Telkom Kenya (whose ownership is divided between the government of Kenya and France Telecom in a 30 / 70 percent sharing respectively) and Jamii Telecommunications Limited. The most popular operators are Safaricom PLC and Airtel Kenya. Essar Telecom Kenya Limited exited the industry in 2015 after Safaricom PLC and Airtel Kenya acquired it with Safaricom acquiring the network, Information Technology (IT) and office infrastructure assets while Airtel Kenya took over the subscribers. (Segelan, 2015).

In 1997, Safaricom PLC began its operations in Kenya albeit under Telkom Kenya offering ancillary services. It was licensed in 1999 and officially launched in October 2000. United Kingdom's Vodafone group Public Limited Company, a global leader in telecommunication, received 40% stake and management mandate for Safaricom in May 2000. In 2008, by way of an initial public offering, Safaricom's structure of shareholders took shape as follws; 35% to the government of Kenya, Vodafone Kenya Limited with 40% and Free Float listed at the Nairobi Securities Exchange (NSE) at 25%. As of the end of 2022, Safaricom had a 65.3% market share with 42 million subscribers. Safaricom PLC is in the business of availing an array of mobile telephone services which include voice, messaging, mobile money transfer (M-Pesa), data, fixed broadband and converged utilities so as to have a well-connected society. Safaricom PLC has seven strategic pillars: giving the customer the first priority; providing sustainable business; culture and the people; transforming cost; digital first; creating excellence in operations (by developing technologies that enable a digital society); and offering relevant products. The company has over 1,500 staff, majority of them stationed in Nairobi, with others in the company's other retail outlets in cities / towns such as Mombasa, Kisumu, Nakuru and Eldoret among others. The company is sufficiently versed with a countrywide network of dealerships so as to avail its products and services to its customers throughout the country (Safaricom, 2022).

Since the liberalization of the telecommunications sector that began in 2009, Kenya has witnessed thorough changes (Wachira, 2013). In this regard, CA was established in

February of the same year, a step that was central to the liberalization process. The authority's mandate was to regulate and license telecommunications, radio communications and postal facilities in the country. In the recent years, competition among the telecommunication companies has led to enormous upgrade and overhaul of the sector and availability of standard communication and other products and services (Lee & Gereffi, 2015). Safaricom PLC is credited with several innovations among them being electronic money transfer though mobile phones dubbed M-Pesa (where money is transferred in electronic value form), and is adaptable to a significant number of applications. Presently, the main payment solutions via mobile phones are M-Pesa and Airtel Money from Airtel Kenya. Safaricom has had several strategic alliances with various partners such as: M-Tiba, Afya Moja and Daktari Smart (health); Shupavu 291 and Zeraki learning (education); Digifarm (agriculture); United Nations Global Compact (corporate sustainability practices); Acumen (leadership development); and Shared Value Africa Initiative (competitive collaboration in Africa) among others (Safaricom, 2022).

Due to the competition among the aforementioned four mobile companies, rise in internet and broadband services as well as earnest foreign and global competition, product cycles that are quite shortened and an ever increasing call for new technologies, strategic alliances have become quite favorable as a result of their general and comprehensive aim of strengthening the competitiveness of the undertakings concerned (Langenwalter, 2020). The strength is attained by fully utilizing resources and capacity of each other and identifying with the strategic competitiveness that brings about success of an undertaking.

While alliances have increased in popularity, they have nevertheless proved to be cumbersome to manage such that generally, as echoed by Gatobu and Maende (2019), about half of the alliances established do not flourish. Given the rise in the number of strategic alliances, many companies also find themselves disengaging from such alliances quite fast, which is a tendency indicative of the presence of complex concerns that require to be dealt with if the alliances are to mature successfully and attain the goals for their formation (De Smet et al., 2018). However, it is necessary to recognize the manner in which a noteworthy number of firms do not suffer from low alliances success rates and they manage to be triumphant in strategic alliances, managing and generating worth out of them.

Therefore, ability to fathom the elements and features that impact success of strategic alliances is extremely necessary so as to enhance firm performance. Successful strategic alliances are associated with a mix of several components that include management, finance, marketing and technology among others and they (alliances) have to be premised on the existence of mutual benefit. Accordingly, this investigation proposed to find out how strategic alliances influence performance of telecommunication organizations in Kenya and it highlighted critical resources that these organizations need to successfully implement so as to enhance performance in the market.

1.2 Statement of the Problem

The pangs of competition in business organizations and industries have made it imperative for many business entities to seek for strategic alliances. Although a good number of organizations usually rush frequently to establish strategic alliances, few become successful and Hitt et al. (2019) projected the rate of failure to be as high as 70 percent. A study by Oyedele and Firat (2020) similarly deduced that 30 to 70 percent of strategic alliances neither manage to realize targets of their parent companies nor live up to the strategic or operational benefits that they ostensibly provide. Strategic alliances also have an intrinsic feature of instability which more often than not has to do with lack of planning, early termination by the participating entities and failure to realize desired outcomes (Tjemkes et al., 2017). The consequence of these is dismal organizational performance for participating firms in which the very objective for partnering is never realized.

Safaricom PLC's financial performance in the last seven years has been on an upward trajectory up to 2020 posting a net income of KES 38.104 billion in 2016 and rising to KES 73.658 billion in 2020 (Safaricom, 2020). The performance dropped in the last two years to KES 57.960 billion in 2022. Key performance indicators (service revenue, earnings before interest and tax, net income and free cash flow) dipped in 2021 but rose significantly in 2022 apart from net income and free cash flow which had a slight fall (Safaricom, 2022). The other three aforementioned operators have not matched this performance that the industry leader has had over the years. Various reasons have been given for that, including the level of involvement in strategic alliances. As a company that is vigorously involved in

marketing to maintain its market share, actively enhancing existing products and developing new products to meet demands of a dynamic environment, and keeping up with technological advancements in a digital world where the internet and mobile telephone services have become part of life, it is imperative to understand the dynamics of strategic alliances within Safaricom PLC and how they impact its performance.

Globally, a number of authors have studied strategic alliances. To determine the elements that influence strategic alliances in supply chain, Masa'deh et al. (2018) conducted a survey with respect to buying companies. In their findings, they found that some of the factors responsible were harmonizing over techniques, sharing of information between / among partners, the quality of participation and information gathered, committing resources and solving problems jointly. In Bangladesh, while looking at strategic alliances in the telecommunication and financial services sectors, Babu et al. (2020) asserted that strategic alliances allow availability of resources and new innovations in an uncomplicated way in the fields of technology, marketing, production and finance and that they keep away unwarranted competition well ahead of time. They however noted that the motives of implementing strategic alliances differ based on industrial development stages and the competitiveness of participants. In the local context, Omwoyo (2013) studied the competitiveness of the then Barclays Bank Kenya Limited on account of strategic alliances. He established that firms rely extremely on strategic alliances to enable them retain and amplify their dynamism thus enhancing their organizational performane. This dynamism is a direct result of a series of things such as employment of better technology consequently lowering operational cost, wider customer base, spreading of risk and synergistic effects of the collaboration. In non-governmental organizations, Odhiambo et al. (2014) researched on components attributable to the success of their strategic alliances. It was established that technical capacity of partners, their economic capability, senior management commitment, and planning and implementation of plans play a significant role to make strategic alliances successful.

The current study sought to concentrate on the telecommunication industry in Kenya. Being an industry that faces stiff competition, key areas that attract strategic alliances, particularly marketing, production and technology, were targeted to determine the effect

of strategic alliances on performance of telecommunication organizations, with a specific focus on Safaricom PLC. The arising question was: how do strategic alliances within the company influence its performance?

1.3 Research Objectives

1.3.1 General Objective

The study's general objective was to establish the influence of strategic alliances on the performance of telecommunication organizations in Kenya, with a specific focus on Safaricom PLC.

1.3.2 Specific Objectives

The following specific objectives were to be achieved.

a) To determine the influence of marketing alliances on the performance of telecommunication organizations in Kenya.
b) To establish the influence of production alliances on the performance of telecommunication organizations in Kenya.
c) To examine the influence of technology alliances on the performance of telecommunication organizations in Kenya.
d) To investigate the combined effects of marketing, production and technology alliances on the performance of telecommunication organizations in Kenya.

1.4 Research Hypotheses

To following were the research hypotheses.

a) Marketing alliances do not influence the performance of telecommunication organizations in Kenya.
b) Production alliances have no influence on the performance of telecommunication organizations in Kenya.
c) Technology alliances do not influence performance of telecommunication organizations in Kenya.

d) Marketing, production and technology alliances do not have a combined effect on the performance of telecommunication organizations in Kenya.

1.5 Significance of the Study

The study derived noteworthy utility to various users. Firstly, the study also contributed significantly to academia since it acted as a point of reference and literature to scholars and added to existing knowledge about various kinds of strategic alliances present in the telecommunications sector and how they impact a firm's performance. In this regard, various components essential in marketing, production and technology alliances were highlighted and the magnitude of their influence on organizational performance established.

Secondly, given that strategic alliances are of immense value to a business entity's performance and growth, this study was of remarkable use to various players in the telecommunication industry as well as policy makers through the findings and recommendations that were arrived at. The findings provided vital information on how partnering entities can manage their alliances while considering what works and what does not in the interest of realizing individual firm objectives and at the same time enjoying mutual benefits that eventually lead to enhanced optimal output of a firm.

In addition, the study further contributed to the existing theories on the subject as the findings are applicable in validating the propositions by the theories that anchored the study. There has been an increase in the number of enterprises utilizing strategic alliances to penetrate new markets and to also reinforce their competitiveness in their existing market. Consequently, it is imperative to review theories upon which strategic alliances are founded.

Finally, from the results and findings and the recommendations arrived at, the study served as a basis for other scholars and researchers to carry out further research on aspects of importance to the subject that were not within the scope of this research. This is necessary to enhance comparison as well as add more content with regard to the subject matter and widen the pool of information in as far as strategic alliances are concerned.

1.6 Scope of the Study

The study took place at Safaricom PLC. Safaricom is the leading mobile network operator, the leading communication company and the leading digital innovator in Kenya. The study was conducted within the last quarter of 2022 and the first quarter of 2023. A total of 105 respondents were involved who included top and departmental managers at the headquarters of Safaricom PLC as well as representatives of various strategic alliance partners working with Safaricom PLC at the time. These partners included M-Tiba, Afya Moja and Daktari Smart (health); Shupavu 291 and Zeraki learning (education); Digifarm (agriculture); United Nations Global Compact (corporate sustainability practices); Acumen (leadership development); and Shared Value Africa Initiative (competitive collaboration in Africa).

1.7 Definition of Terms

a) **Strategic Alliance** - It is a volitional positioning involving two or more firms that calls for a sharing of information, knowhow, capacities and resources so as to develop processes, products or services.

b) **Performance** – this is a combination of parameters (financial and otherwise) that provide details concerning level of attainment and progress.

c) **Telecommunication Organization** - This is an organization in telecommunication sector that transmits information in electromagnetic signals using science and technology such as communication thus creating competitive environment amongst telecommunication leaders.

d) **Marketing alliance** - This is a union where firms share expertise in marketing and services thereof, expand the market share, improve their product lines, networks, value creation or develop an edge over a competitor.

e) **Production alliance** - This is an alliance in which firms get to produce commodities or offer services in a facility that is either shared or has common ownership. It may make use of a facility that has exclusive rights of ownership to one party.

f) **Technology alliance -** This is an alliance based on technological development and innovation. Its main purpose is to get access to technological capability.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, existing literature on strategic alliances and performance was reviewed. The chapter consisted four parts. In the first part, 2.1, theoretical literature guiding the study was reviewed. Empirical and verifiable case studies that had the most apposite significance to this study were then evaluated in section 2.2, expounding on the methodologies used, findings and conclusions. Section 2.3 provided a critical assessment of the empirical works, identifying their point of departure from the present study. Voids and knowledge gaps in the literature reviewed, which this study sought to fill, were identified as well. In the final section, 2.4, a conceptual framework for the study was provided.

2.1 Theoretical Framework

Several perspectives in theory are relevant in the study of strategic alliances. This study was based on four theories: Resource Based View Theory (RBV), Strategic Alliance Dynamism (SAD) theory, Transaction Cost Theory and Distinctive Capability Model.

2.1.1 Resource Based View Theory (RBV)

The RBV theory is attributed to two scholars, namely: Wernerfelt (1984) and Barney (1991). Wernerfelt (1984), in his argument for the RBV hypothesis posited that organizational performance is driven / motivated by possession of resources possession and their allocation. In similar sentiments, Barney (1991) explains that the sustainability of a firm as per the RBV hypothesis is achieved by availing resources and allocating in an efficient manner within the firm. The theory makes two assumptions; that resources, according to Cuthbertson and Furseth (2022), are immobile, implying that competitors of a given firm or enterprise are not in a position to replicate the resources of another firm; and that resources of a firm are unique to the firm, that is, they vary from that of the competing entities. Consequently, each firm takes the initiative to develop its own custom strategies to enhance performance. George et al. (2019) underscored the fact that strategic

resources improve the performance of a firm. According to Malik et al. (2020), intangible assets are essential in bringing about superior performance.

One of the criticisms of the RBV theory is the fact that it is only applicable in a fixed business environment. As such therefore, it does not recognize the fact that business environments are quite dynamic and subject to change. As such therefore, the theory has to be supported by other theories.

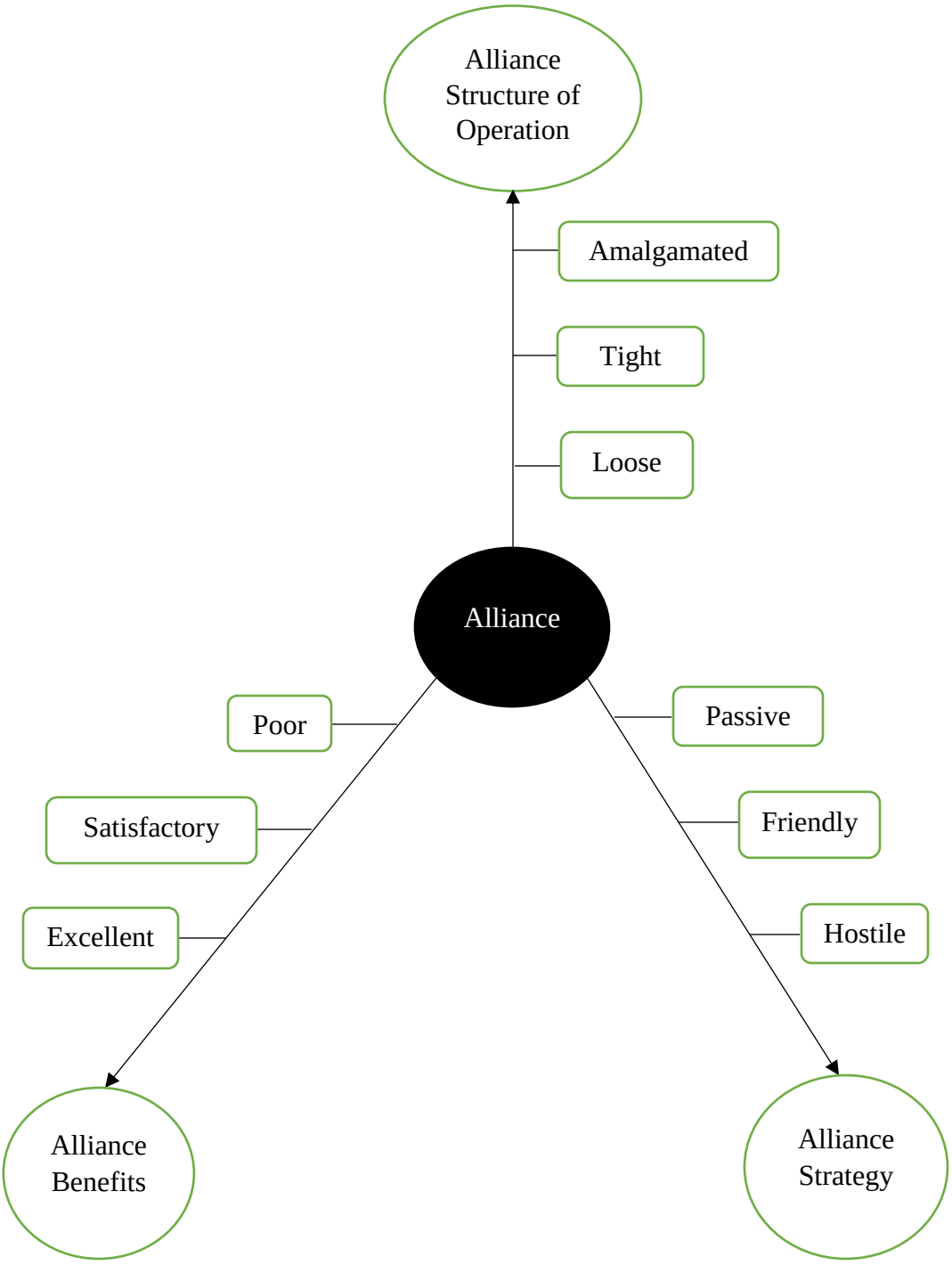
This theory informed this study through the aforementioned insights provided with respect to strategic resources and intangible assets. Strategic resources can be availed through partnering or entering into strategic alliances with other firms. Intangible assets include the three main independent variables that were involved in this study, that is, marketing alliances, production alliances and technology alliances. Allocation of firm resources, with regard to these independent variables rests upon the management decision and it will have an impact on the ultimate performance of the firm. This is inherent in the firm's organizational culture and whether a firm gains competitive advantage in its utilization of resources relies on the firm's management of the resources. Therefore, allocation and utilization of these resources by participating firms of an alliance will inform their effect on firm performance based on the efficiency in their usage and management.

2.1.2 Strategic Alliance Dynamism (SAD) Model

In the Strategic Alliance Dynamism (SAD) model / theory, a 3D framework, several components that describe alliances existing among companies can be used to understand the elements that make alliances between firms successful and guarantee growth. Figure 2.1 below depicts a 3D framework of the model.

Figure 2.1

Theoretical Framework



Source: Momanyi and Mihas, 2018

In the first model (Alliance Strategy), alliances are defined as either passive, hostile or friendly (Amabile & Pratt, 2016). When the relationship between partners is passive, it is most likely going to undermine the anticipated success in the alliance due to lack of active participation from the firms / organizations. Therefore, it becomes necessary for the firms to make sure that they pursue proactive measures so as to make the relationship flourish. In the event that hostility develops in the course of the alliance, then there would be stagnated or reduced levels of growth hence impacting negatively on the performance of the firms and may eventually lead to failure of the alliance. Hostile or offensive alliances are the kind whose stimulus is speed and the need to incorporate different resources to come up with new market values that give rise to products that put together different forms of knowledge from partners, a fit that an organization would otherwise not realize on its own. Success will only be achieved in a friendly environment. Essentially, therefore, companies have to search for partners who make it possible to establish friendly relationships (Amabile & Pratt, 2016).

The second model in the framework (Alliance Structure of Operation) looks at the structure of operation between players in the alliance. In this case, there are three possible structures of operation namely; loose, tight or amalgamated. A loose relationship is characterized by a very low level of difficulty in quitting the alliance, that is, the partners can decide to walk away from the relationship at any time of their choosing. When the relationship is tight, the labour involved in quitting is moderate. Partners ensure that they put a lot of effort in ensuring that the alliance is successful since quitting the alliance would be an equally expensive affair. In the amalgamated structure of operation, the firms involved form an entirely new entity where none of the participating firms survives as a legal entity. Rather, the new entity accommodates all the assets and liabilities of the partnering firms. Amalgamated structure is, however, not the objective of a strategic alliance. The final model (Alliance Benefits) consists the poor, satisfactory and excellent strategic alliance performance which focuses on the benefits payoff of the alliance. An inappropriate combination will end up in poor or negative results while the correct match will bring about satisfactory or excellent benefits (Amabile & Pratt, 2016).

The three models make up the SAD theory which can then be summarized into Strategy, Structure and Performance paradigm with three possible stages / matrices as shown in table 2.1.

Table 2.1

SAD Model: Strategy, Structure and Performance Paradigm

Stage / Matrix	Strategy	Structure	Performance
Rationalization	Passive	Loose	Poor / Satisfactory
Formation	Friendly	Tight	Satisfactory / Excellent
Failure	Hostile	Amalgamated	Less than Excellent

Source: Researcher, 2022

As seen in table 2.1, three stages are possible: rationalization stage which consists passive, loose and poor / satisfactory typification; formation stage which correlates to a friendly, tight and satisfactory / excellent typification; and failure stage which correlates to a hostile, amalgamated and less than excellent typification. However, all three stages are mutually exclusive (Amabile & Pratt, 2016). SAD was applicable to this study in terms of three models of the theory, that is, alliance strategy, structure of operation and benefits. In this case, the three variables (marketing, production and technology alliances) were involved in that the strategy, structure of operation and benefits accruing to the partnering firms all have an impact on the overall performance of a firm.

2.1.3 Transaction Cost Theory (TCT) / Transaction Cost Economics (TCE)

The Transaction Cost Theory, which is also known as Transaction Cost Economics was developed by Oliver Williamson in 1975 and advanced in subsequent years. Williamson (2005) noted that occurrence of a transaction is occasioned by the transfer of a commodity or service across an interface that can be isolated in terms of technology, like in the case of an establishment procuring an input from an individual supplier. In addition, he proposed that the criteria upon which organizations choose to transact is determined by keeping the sum of production and transaction costs at a minimum. It is possible for production costs

to differ between and among firms on the basis of custodial knowledge, proportion of operations and learning. On the other hand, transaction costs consist those incurred during drawing and execution of contracts, negotiation over terms and contingent claims, moving away from investments that realize optimality so as to raise reliance levels linked to a party or to steady an alliance, and administration of a transaction (Schmidt & Wagner, 2019).

Transaction costs are determined by three factors: agents' bounded rationality which brings about contracts that are lacking in completion as a result of inability to foresee (when drawing the contract) the possible future situations; resulting expediency when a partner in an alliance decides to take on individualistic self-interests in the short-term; and particularity of assets, which occurs when those who own factors of production incur costs should the assets be diverted to other uses other than the original use identified on the premise that internalization results in efficient utilization (Williamson, 2005). In addition, Schmidt and Wagner (2019) observed that investing in assets that are not only unique to the alliance project but also have restricted worth beyond the relationship / alliance can result in elevated exit or switching costs for the firm. Both aspects are specifically apposite for associations that are technologically based such as those in telecommunication organizations. Where a firm has leading-edge technology, it may be necessary to have substantial state-of-the-art coaching and equipment, which may be of little value beyond the firm's environment. These kind of circumstances could constrain the opportunities available to a firm thereby making the firm more reliant on the partner. Consequently, the partner could opt to exploit the firm by charging exorbitant prices and adopt an opportunistic character, thereby increasing the transaction costs, unless the foregoing tendencies are neutralized by having strict contracting and monitoring systems (Bamakan et al., 2021).

TCT is employed to expound decisions made by companies regarding markets and / or firm behaviour. It postulates that when a high transactional cost is attached to a trade-off, there will be internalization and vice versa. The theory is pivotal in facilitating studies of relative costs in terms of monitoring task achievement, acclimating and development in every other governance structure (Schmidt & Wagner, 2019). In Williamson (1995), the theory explains stimulus and apportionment of resources in the worst case scenario and such a

condition expounds on the need to create strategic alliances. The theory additionally states that an organization will use a two-fold criteria in the selection process of its associate: the business cost occasioned by joining of hands with a distinct associate as well as its ability to have some level of jurisdiction over the selected associate's action. Therefore, the optimal candidate for an alliance should be an entity that has the most minimal transaction cost and is also controllable to some significant extent.

This theory was relevant for this study in that when firms decide to partner, costs are definitely be involved. Therefore, whether the alliance is on marketing, production or technology aspects, transaction costs in the alliance are unavoidable and the management of these costs has a direct impact on the firm performance. Minimizing the transaction costs is important for there to be a favorable impact on a firm's profitability and performance.

2.1.4 Distinctive Capability Model (DCM)

This framework was developed by John Kay and published in his book "Foundations of Corporate Success". The theory identifies three sources of distinctive capability which are vital in predicting an organization's success. The sources are relationship architecture, reputation and innovation (Kay, 1993). Kay, after analyzing case studies, business histories and corporate earnings, further noted that success of a firm depends on the quality of relationships that an organization creates with its employees, shareholders, customers and suppliers. When these are properly constituted, they become a strong and enduring source of a firm's competitive advantage and ultimately, finance.

DCM posits that relationship architecture is the system of relationships / contracts that a firm has already instituted. They can be in form of employees, investors, suppliers, customers as well as with other collaborating / partnering firms. If the relationship architecture is good, then there will be better communication, quick learning, and flexible reaction to change (Kay, 2019). On the other hand, reputation refers to how people see an organization. A good reputation will build good relationships, and more often than not, these relationships are on terms not available competitors. Meanwhile, innovation is the process of introducing a new product or service to the market and thereby gaining competitive advantage (Kay, 2019). The three sources of distinctive capability are unique,

and since they are difficult to build and use successfully, a firm that manages to have them obtains a distinctive advantage over rival firms since they can't be easily replicated, bought or substituted. However, one of the criticisms of DCM is that its concepts are difficult to measure empirically just as are the underlying operational processes as well as the relationship between dynamic capabilities and firm performance.

This theory was necessary in anchoring the variables of the study. A firm seeking to engage in a strategic alliance with another firm for marketing, production and / or technology purposes will be inclined to assess the would-be partner individual distinctive capabilities in terms of relationship architecture, reputation and innovation as this will greatly inform the decision to partner or not. Further, on joining up and forming an alliance, the firms need to have cohesion in their respective distinctive capabilities and foster new distinctive capabilities that will be appealing to both firms and their clientele and bring about a competitive advantage, in so doing, the firms will be able to realize their goals and ultimately improve their performance.

2.2 Empirical Review of Literature

Several parameters determine strategic alliances in business. Russo and Cesarani (2017) stated that the essentials of strategic alliances lie in the incentives behind its formation. These motives are categorized broadly under market entry and market position related motives. Through alliances, firms are able to access new markets (both locally and internationally), find a way around legal, regulatory and / or political obstacles that hinder international trade, and to maintain and increase market share in present markets. Whereas their study focused on the factors that make alliances succeed, the current study looked at how strategic alliances in marketing, production and technology influence performance of telecommunication firms.

Strategic alliances are also formed due to product related incentives (Russo & Cesarani, 2017). In this regard, strategic alliances help organizations to bridge the gaps in existing product lines, expand current product lines and transform or introduce value addition to the product line. As such, strategic alliances are responsible for collective master plans created and executed to realize goals and establish superior resources collectively. It is for these

reasons that Franca et al. (2017) reckoned that creation of strategic alliances is for the purpose of serving enterprise as well as corporate level strategies for development, growth, augmentation and other purposes. This study focused on establishing how strategic alliances in marketing, production and technology impact performance as a corporate and business level objective in telecommunication organizations.

The market environment in any industry is quite diverse and due to its diversity in terms of demand and supply, it is always changing and turbulent. Under such circumstances, strategic alliances offer brilliant approaches for structuring, modifying, reducing possible threats of future competition, erecting barriers to entry and altering market competition through technology (Klus et al., 2019). In a competitive environment, firms have the need for more investments to have more healthy returns that necessitate expansion. Such expansion will only be realized when new markets are availed and strategic alliances offer an ideal route for that. Alliances will also make it possible to enter new product-market domains swiftly via market entry, developing products and / or enhanced research and development (Frankort, 2016). Klus et al.'s study examined the motives for collaboration and the types of interactions in strategic alliances between banks and financial technology firms for digital innovation. The current research explored the performance of telecommunication industry and it was influenced by technological alliances. Frankort investigated research and development alliances and the moderating role of technology and product market competition in the development of new products. The current study determined how production and technology alliances influenced organizational performance of telecommunication firms.

While studying the aspect of competition among firms, Day and Schoemaker (2016) noted that firms use alliances for purposes of transformation and to seize opportunities that come up in a fast changing global economy. He went on to identify three main classifications of alliances; joint ventures, equity strategic and non-equity alliances. A joint venture is made up of two or more business units. The units join up and combined they legitimately create an autonomous entity wherein they share the collective capacities and resources among them with an intention thriving competitively in a given market (Day & Schoemaker, 2016). In keeping with Kavalski (2016), this type of alliances are particularly very efficient

in the formation of relationships for the long run and in the exchange of implicit knowledge among the participating firms. The different levels of prowess and experience in specific areas brought along by each field within the association helps in fostering a sustainable competitive advantage. Therefore, business entities in joint ventures distribute resources amongst themselves and engage equally in the running of the business. Such ventures are often recognized as alliances where participants distribute and put together their resources and capacities optimally. Hutt and Speh (2021) further noted that the participating organizations bring together assembly / production and marketing anticipating to penetrate new markets, market information data and corresponding flows of technology. Day and Schoemaker's study looked at how to adapt to fast changing markets and technologies. The current study focused on marketing and technology alliances and how they influence firm performance.

On the other hand Frankort (2016) defines equity strategic alliances as an association characterized by unequal ownership proportions of each firm. The implication here is that two or more business entities acquire rights of ownership of shares of the resulting company on the basis of the capacity and resources that correspond to each firm with the primary goal being enhancing competitive advantage. Under this arrangement, the alliance focuses on how the participating firms link their management capacities and operation activities (Suryaningtyas et al., 2019). This results into unique corporate cultures being merged into an individual objective within the. Meanwhile, non-equity strategic alliances take a less formal perspective than joint ventures and equity strategic alliances. Here, two or more business entities form a strategic alliance on a contract basis without the need to form a separate company (Day & Schoemaker, 2016). In this way, the firms ensure competitive advantage through sharing their unique capabilities and resources. These kind of alliances are regarded as easier to implement due to the fact that they neither require much experience nor the exchange of inherent knowhow and expertise. These alliances are common in numerous unique forms like supply contracts and licensing agreements. They are driven by a variety of elements such as uncertainties pertaining to technological advancements and intricate economic surroundings and they are common in outsourcing of services (Krishnan et al., 2016). In the research by Suryaningtyas et al. (2019), mediating roles of resilient leadership and organizational culture on the relationship between

organizational resilience and organizational performance were studied. Meanwhile, Krishnan et al. (2016) studied the effectiveness of contractual and trust-based governance in strategic alliances under behavioral and environmental uncertainty. The current study targeted organizational performance of telecommunication firms and how that was influenced by strategic alliances.

When firms engage in strategic alliances, they become concerned and they are forced to pay attention to the strategic alliances within their portfolio. According to He et al. (2020), alliance portfolios are diversified so as to enhance accessibility to markets, bring down innovation time span and put together complementary technological capabilities. Similarly, Trigeorgis and Reuer (2017) add that it is possible for an alliance portfolio to incorporate a real option value since bearing different portfolios in resources by way of an alliance formation allows a firm to be enormously flexible, thereby managing to have within its reach resources that would have been cumbersome and too expensive to obtain and maintain as a stand-alone firm. This is deemed necessary because other than just gaining a competitive advantage, the resulting effect of participating in multiple inter-firm collaborations includes an effective management (Cui et al., 2020). While He et al. (2020) studied the strategic alliances in the era of digital transformation, Cui et al. (2020) determined how collaborating firms managed knowledge distance through information technology. The current study explored how technology alliances influence performance of telecommunication firms.

Lin et al. (2013) conducted a study involving bio-technology firms in Xinjiang region. Using Structural Equation Model (SEM), they paid close attention to how divergent communication modes and culture affected performance of firms involved in a strategic alliance. They noted that cultural differences between strategic partners had no impact on the performance of the firms. However, mode as well as quality of communication from one partner to another positively and significantly affected trustworthiness of partners. It was also established that the existence of trust between partners not only significantly affected assessment of alliance performance but also readiness for further cooperation. The current research looked at the role played by communication in dealing with production,

marketing and technology alliances between telecommunication firms in a strategic alliance and how this eventually impacts firm performance.

In a research investigating correlation of diminishing returns between the number of alliances of a firm and its performance in the United Arab Emirates (UAE), Chaib Lababidi et al. (2020) examined the possibility of an inverse U-shaped correlation in pharmaceutical firms based on a sample of 179 firms. Using a linear model, it was established that there was a linear correlation and indeed diminishing returns did exist. A better fit to the data was exhibited by the linear model adopted thereby disapproving the possibility of an indirect U-shaped correlation. It was also established that the capacity to absorb indicated a significantly positive impact on firm performance. This meant that a larger capability to value and applied knowledge would therefore be necessary catalysts for firm performance. The explanation for this scenario was that due to economies of scale and market share, larger firms win over a bigger number of prospective partners, thereby enhancing the selection of the most potential alliances from the pool of possible candidates. In addition, more endowed firms with credible records of survival skills in the market could have superior resources in research and development as opposed to smaller firms. The current study applied a linear model to investigate the influence of alliances on performance of firms within the telecommunication industry.

Wassmer et al. (2017) investigated alliance portfolio configuration and firm performance using a data set on the basis of Securities Data Company (SDC) which included 1,864 alliances in industries that were deemed to have superior technologies. The analysis done consisted various levels so as to justify hierarchical data structure. The suggested technique, however, did not show any results that were of statistical significance. The study aimed at elucidating the debate on the function of portfolio size in the performance of firms in strategic alliances. Additionally, the research also targeted to get further intuition on benefits that accrue to a firm on account of its density within a portfolio. The current study on the strategic alliances of telecommunication firms rather than their portfolio and how these alliances influenced their performance.

In South Africa, Ashman and Fine (2013) used a survey research design to investigate the role played by strategic alliances in the activities of a company in commercial banks.

Secondary and primary data sources were used in the survey. Secondary data was obtained from published agreement statements belonging to commercial banks while primary data was collected through survey of marketing departments in the sampled commercial banks. The research involved a sample of 35 commercial banks. Using regression analysis to determine significance of strategic associations in banks performance, the research found that given the current competitiveness in business globally, it is difficult to do without strategic alliances. Business organizations cannot manage to have extemporary modalities to establishment of alliances and management culture any more than they can depend on a meager number of skilled management teams to run alliances. Would the same be said of the telecommunication companies in Kenya?

Researching on the relationship between performance of selected (47) commercial banks and their diversification strategies in the South Nyanza region of Kenya, Gatwiri (2014) found that commercial banks had an enhanced capacity to reach a majority of Kenya's rural populace via agency banking, thereby bringing enormous growth to their banking activities. It was also observed that there was a positive and significant effect between performance of commercial banks and banking. Moreover, mergers and acquisitions influenced the expansion of commercial banks since they had the capacity to reach out to customers in regions that were not served by physical bank branches. In the same manner, it would also be intriguing to find out how alliances in the telecommunication industry in Kenya has influenced their performance, which was the mandate of the current study.

Arasa and Gathinji (2014) did a study researching on the impact of strategic alliances on the competitive advantage of an organization among commercial banks in Kenya. Descriptive study design was employed in the study where a convenient sampling was done to select 33 respondents. Closed and open ended questionnaires were used for data collection where the association among variables was determined using correlation analysis. It was deduced that strategic partnerships were based on mutual trust between partners and that the alliances were used to develop a competitive edge via cooperation as opposed to competition. The study further reported that strategic alliances, particularly the non-equity kind, had a significant positive correlation with organizational competitiveness. In the conclusion, the author stated that partnerships of a strategic nature bring about

interconnection between the alliance firms thereby resulting into gains that include intangible assets and capacities. Arasa and Gathinji established how competitive strategies influenced firm performance of telecommunication companies in Kenya. The current study was interested in how strategic alliances in the form marketing, production and technology influence performance of telecommunication companies in Kenya.

In an almost similar study, Kibira (2015), while investigating the association between strategic alliances and competitive advantage of commercial firms, the author found that formation of strategic alliances involving banks and other entities was a decision motivated by the need to grow profits and increase market share. Other motivating factors were: achieving economies of scale; learning new skills and knowledge; risk sharing; reducing operational costs; overcoming market entry restrictions and slow market penetration; blocking competitive threats; increasing efficiency in operations and quality of services; and social-political factors / considerations. Whereas these studies narrowed down to the effects of tactical partnership on competitive advantage of commercial banks, the current study looked at the manner in which strategic alliances through collaborations in marketing, production and technology, influence the performance of telecommunication firms.

Muthoka and Oduor (2014) conducted research on how strategic associations influence performance of supermarket stores in the Kenyan economy. They used correlation research design. Data was collected from a sample of five big supermarket chains at the time (Nakumatt, Ukwala, Naivas, Tuskys and Uchumi). Multiple regression analysis combined with correlation analysis techniques was employed to facilitate data analysis. Empirical results revealed that strategic alliances that were technologically motivated had a strong, negative correlation with performance. Additionally, a statistically significant correlation was witnessed between strategic alliances of a technological nature and performance among supermarkets and their strategic partners in Nairobi's Central Business District (CBD). The outcome of correlation analysis indicated a low degree of negative relationship between production strategic alliances and performance of the supermarkets. On the other hand, in the case of supermarket alliances, large, positive impact between the two variables was realized. The authors also established a high degree of positive relationship between

marketing strategic alliances and performance of those supermarkets. However, the same analysis with respect to supermarket alliances resulted into a medium, positive correlation. On the other hand, 2-tailed correlation analysis exhibited statistically insignificant relationship between the variables. Multiple regression analysis results established that strategic partnerships were strongly affiliated to supermarket performance. This suggested that strategic alliances did have a direct contribution to supermarket performance. On conducting analysis of variance (ANOVA) test, it was observed that associating strategic alliances with performance did not bear any statistical significance on the basis of supermarket alliances but it was significant with regard to the supermarkets. On conducting a t-test, results revealed that the correlation between performance and strategic alliances had statistical significance amid supermarkets and their alliances thereby advocating for the fact that strategic alliances and performance of supermarkets were directly related. The current research focused on investigating the influence of strategic alliances in the area of marketing, production and technology on performance of organizations within the telecommunication industry in Kenya.

In Spain, using a sample of Spanish industrial firms, Camison et al. (2014) gave verifiable proof of the association between engagement in technological strategic alliances and business performance. This was done by taking into account capacities (characterized by knowledge) that a given alliance could give rise to as an intervening variable. Empirical results emanating from direct impact of strategic associations on economic performance were contradicting. This occurrence was elucidated by knowledge generated in strategic alliances dealing with technology. This proved that the association existing with research and development and technologically advanced tactical partnerships on one hand and performance on the other is moderated by the generation distinctive capacities that are knowledge-based. Results also showed that the level of growth of a firm's stock of knowledge generated from collaboration in alliances was dependent on the firm's development of technologically advanced capacities. The researchers suggested a number of recommendations, among them being the need for research and development managers to increase the capacity of developing these kind of competencies so as to realize superior performance. In the current research, technological strategic alliances were studied to determine how they influence performance of telecommunication firms.

The telecommunications sector has in the recent years accelerated rapidly and changed technologically (Babu et al., 2020). It has also become intertwined with other industries in the economy. The transfer of money electronically via mobile phones is quite a common stimulus in the creation of tactical associations between mobile phone service providers and other business entities that rely on money transfers for their operations. Mobile network operator provides a medium that will be used in the management of technical details of the transfer in addition to its current subscriber base. Conversely, the other partner involved in the partnership will offer a business application that shall be used for the purposes of the mobile money transfer platform. These include settling of bills such as electricity bills, transport charges, government services, shopping, banking services, among others. The mobile operator shall reap benefits on account of agreeing to be engaged in the partnership through coming up with business applications upon which its technology will be anchored. This will be realized against the backdrop of stiff competition and deterioration of proceeds arising from conventional voice calls. Payments through mobile phones intensifies the competitive positioning of the telecoms operator and also creates an extra source of revenue. Meanwhile, any other partner that seeks to enjoin its operations in the mobile payments platform gets to cost-effectively seize the opportunity provided by the mobile operator's infrastructural capacity and existing market share in terms of customers so as to carry out its activities. Organizations that are involved in every echelons of the supply chain, both vertically and horizontally, have embarked on strategic alliances and in so doing, they have developed a critical section of the current business environment (Cacciolatti et al., 2020). Babu et al. (2020) research evaluated how sustainable strategic alliance in telecommunication and financial services in Bangladesh through value co-creation using social innovation. The current study assessed how technology alliances influence performance of telecommunication firms in Kenya.

2.3 Evaluation of the Literature

In the foregoing literature, strategic alliances have been seen as strategies that firms implement with the motive of accessing new markets as well as enhancing their market position. They also aid in filling gaps, broaden, differentiate or add value to a firm's product lines. In this case, strategic alliances are part of a firm's business plan of action necessary

for growth and other goals. It is also the objective of business firms to improve their performance through any venture that they engage in. Therefore, this study focused on how strategic alliances in terms of marketing, production and technology impact telecommunication firms' performance.

Telecommunication organizations belong to a very competitive industry. Competition causes these organizations to seek for strategic alliances that will aid them into expansion and new investments. This calls for research and development so as to know which avenues to explore in a bid to maintain competitiveness and relevance in the market. It is therefore imperative to know the role of research and development in determining marketing, production and technological alliances to engage in and how this eventually impacts performance within a firm. This was a knowledge insufficiency that this study endeavored to fill.

It was established in the literature that strategic associations can take the form of joint ventures, equity or non-equity strategic partnerships. These three types are formed with the main goal of gaining a competitive advantage through sharing and combining of resources and capabilities as well as coordination of marketing and manufacturing to penetrate new markets and have corresponding flows of technical information. A portfolio of alliances also helps firms to have an effective management. However, there is limited information on how these strategic alliances impact performance of participating firms. The current survey looked into the nature of strategic alliances that exist in the telecommunication industry and how these alliances influence the performance of the firms thereof.

Communication is an important aspect between partners engaged in a strategic alliance. Though firms may be culturally different in terms of their way of doing business as well as in other facets, the differences don't necessarily have any significant impact on firm performance. However, the quality of communication bears a direct and significant effect on trust between partners, performance of the firms as well as on the willingness of further cooperation between the firms. Diminishing returns also arise based on the number of alliances that a firm is involved with and therefore to maintain a positive impact on the performance, firms have to look at the potential of partners so as to select on those that will offer a promising alliance. The absorptive capacity of a firm will also have an influence on

the performance. The concern therefore lies in evaluating the absorptive capacity of a firm so as to know whether to engage in a given alliance or not as well as coming up with a criteria for picking out a potential partner for an alliance. These are gaps that this current study will sought to fill.

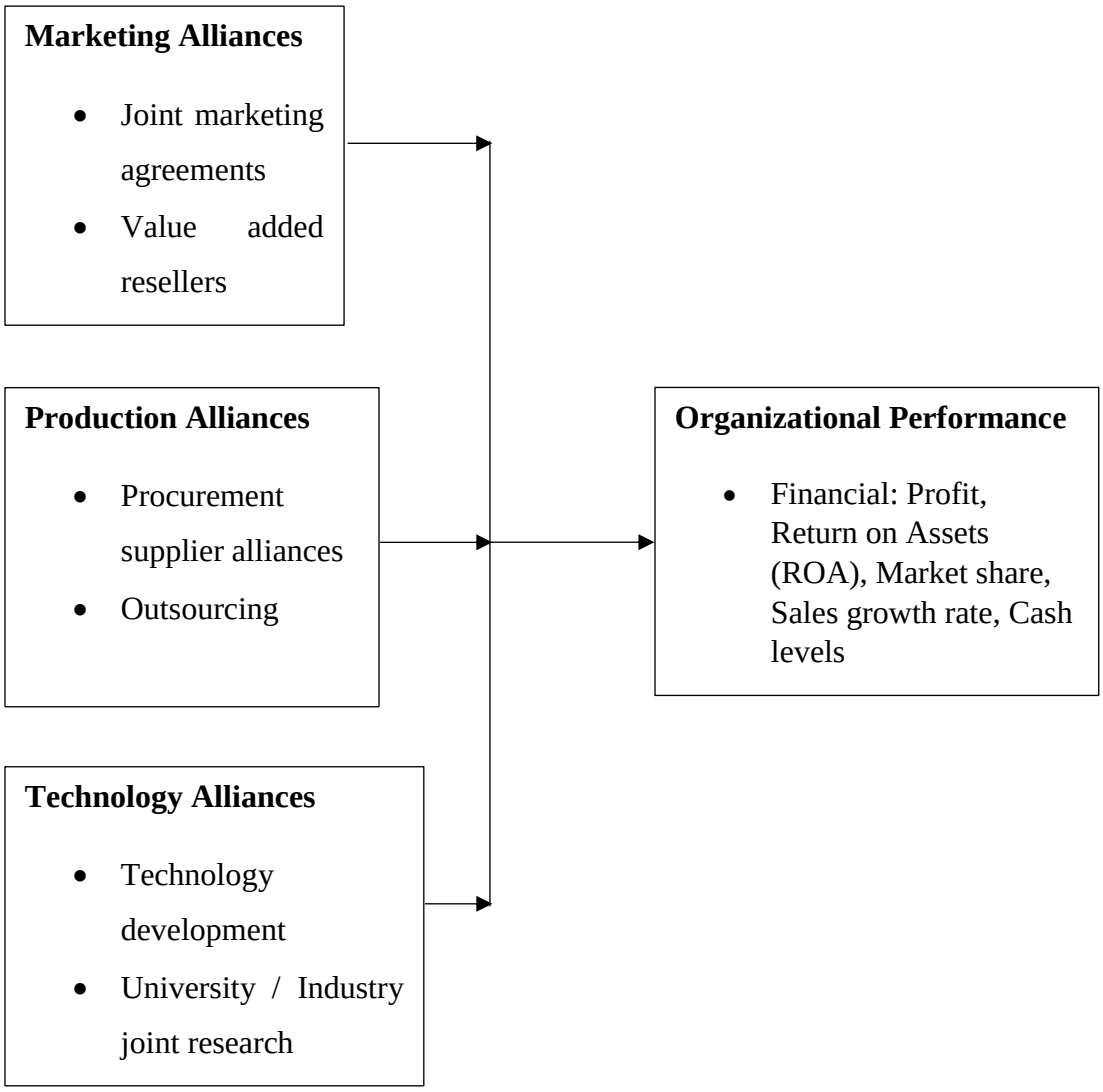
Various studies have been conducted concerning the role played by tactical associations in the competitiveness of banks in Kenya. These studies found that strategic alliances were particularly useful in enhancing the competitiveness of banks in the country through collaboration and not through competition. The studies also found that there were many motivating factors for banks to venture into strategic alliances with other firms, key among them being the need to generate increase in their revenue and profit base, increase market share, reduce operational costs and increase efficiency in operations and quality of services. This study focused on how strategic alliances through collaborations in marketing, production and technology, influence the performance of telecommunication firms.

2.4 Conceptual Framework

The research adopted the conceptual framework appearing in figure 2.2 below.

Figure 2.2

Conceptual Framework



Source: Researcher, 2022

As indicated in figure 2.1 above, this study looked into the relationship between strategic associations and organizational performance of telecommunication organizations in Kenya. These associations, which constituted the independent variables, were marketing alliances, production alliances and technological alliances. Marketing alliances were made up of ventures that constituted the joining of two or more organizations or business entities

on the purpose of sharing marketing strategies, expertise, promoting marketing concepts, services or products. These included joint marketing agreements, value added resellers and advertising among others. Production alliances included functional alliances where two or more firms come together to provide services with the aim of achieving long term mutual benefits and innovation based on mutually desired outcomes. To measure this variable, the study collected information on procurement supplier alliances and outsourcing. Finally, for the independent variables, technological alliances referred to collaborative arrangements where two or more firms share technological knowhow for the purpose of getting access to a technological capability or / and secure access to a market. This variable was measured against technology development as well as university / industry joint research and development activities. Conversely, the endogenous variable, organizational performance, was made up of the financial perspective of the balanced scorecard performance measurement strategy. In this regard, financial performance was pegged on profitability, return on assets, annual growth in market share, sales annual growth rate and availability of pertinent levels of cash for both short and long term operations.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter provides the approaches and methods that were employed during the study. It describes research design, target population, sampling techniques and sample size, instrumentation, methods of data collection, operational definition of variables, data analysis techniques and ethical considerations.

3.1 Research Design

A research design is considered to be a plan detailing the steps that a researcher will take right from the formulation of hypotheses to the point of evaluating the practical ramifications of the research (Kothari, 2014). In the view of Orodho (2016), a research design can also be referred to as a plan regarding data collection and analysis for a research and it ought to strike a balance between relevance and efficiency of concerning the goals stated for the research. This study employed a descriptive research design. Kothari (2014) reckons that research of a descriptive kind deals with detailing characteristics of a specific individual or those of a group and it is a powerful form of quantitative analysis. The design was chosen since the study used quantitative data and also aimed at describing particular components of interest (strategic alliances) and identifying the association between these components as well as performance of telecommunication organizations in Kenya. It was also suitable since it allowed use of a wide variety of research methods to investigate the variables without controlling or manipulating any of the variables, but just observing and measuring them. As such, it facilitated identification of characteristics, frequencies, trends and categories. Descriptive design, according to Bhattacherjee (2012), allows measurement of independent and dependent factors using the same instrument such as a questionnaire and it can be conducted on a full population or a sample.

3.2 Target Population

Target population, according to Kothari (2014), refers to aggregate number of items (or cases) of the kind which is the subject of a study, that is, the total set of components that survey data would be used so as make inferences. Therefore, the target population is associated with the elements for which the study results and findings intend to generalize. This research was carried out in Nairobi County with the unit of analysis being Safaricom PLC. Target population was Safaricom PLC as well as other firms that the company had formed an alliance agreement with. These partnerships were: M-Tiba, Afya Moja and Daktari Smart (health); Shupavu 291 and Zeraki learning (education); Digifarm (agriculture); United Nations Global Compact (corporate sustainability practices); Acumen (leadership development); and Shared Value Africa Initiative (competitive collaboration in Africa). The unit of observation was staff in the management levels (top and departmental management) as well as representatives who represented the various partnerships / alliances. The top and departmental managers and representatives of the various partnerships totaled 142. Six departments were purposefully chosen to participate in the study based on their direct link to the study variables of interest and subject under study. These departments were: marketing, technology, enterprise business unit, resources and facilities, finance, and consumer sales. Other departments were: ecommerce / money transfer, engineering, field operations, fixed data and fiber, M-Pesa products and development, risk, roll out, security and support, and development.

3.3 Sampling Techniques and Sample Size

Stratified random sampling and simple random sampling were used in the study. Focus was laid on essentially achieving the desired representation from various subgroups (strata) that eventually provided the necessary information to meet the objectives of the study. Stratified random sampling was therefore preferred since the target population constituted heterogeneous groups. The sampling technique also ensured that differences in the subgroups were accounted for. Stratification criteria was based on the management level in the organization. Management levels were divided into two broad strata namely, top management and departmental management. To address the objectives of the study, the

departmental management level consisted of the following departments; marketing, technology, enterprise business unit, resources and facilities, finance and consumer sales.

The sample size will be determined by utilizing Yamane (1973) formula for the target population of 142. The formula was expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

N = Target population, 142

n = sample size

e = sampling error set as 0.05

Substituting the values:

$$n = \frac{N}{1 + N(e)^2} = \frac{142}{1 + 142(0.05)^2} = 104.8 \cong 105$$

Proportionate simple random sampling was then used to constitute the final sample size from each stratum. The sampling fraction was determined as:

$$Sampling\ fraction = \frac{n}{N} = \frac{105}{142} = 73.9\% \cong 74\%$$

Choice of proportionate simple random sampling in the strata was informed by the fact that each stratum was composed of homogeneous subjects and therefore a simple random sample was adequate to represent each stratum. Table 3.1 provided below summarizes computation of the sample.

Table 3.1

Sample Size

Stratum		Target (T)	Proportion (P) (%)	Sample Size $T \times P$
Top / Senior Management		10	74	7
Departmental Management	Marketing	30	74	22
	Technology	25	74	19
	Enterprise Business Unit	15	74	11
	Resources and Facilities	16	74	12
	Finance	12	74	9
	Consumer Sales	25	74	18
Alliance representative		9		7
	Total	**142**		**105**

Source: Researcher, 2022

3.4 Instrumentation

A researcher-administered questionnaire was used for purposes of collecting data from the sampled respondents. It contained both structured and unstructured questions so as to enable collection of detailed information in both quantitative and qualitative form. Researcher administered questionnaires were preferred so as to ensure that the respondents who filled them were conversant with the components of interest that were sought after. They were also preferred to ensure that there were no differences in understanding and interpreting questions so as to avoid unanswered questions. In addition, research administered questionnaires offered flexibility for respondents regarding where and when to complete their questionnaire.

3.4.1 Validity

To guarantee the validity of the data collection instruments, a pre-test was conducted. This was done by carrying out a pilot test using Safaricom PLC's Moi Avenue branche in

Nairobi's Central Business District (CBD). The pilot test targeted a number equivalent to 10% of the total sample size (11 respondents). The managers thereof were selected and administration of data collection instruments was done so as to ascertain the consistency of the instruments and also provide a basis for comparison during the duration of actual data collection. The pre-test was done so as to rectify any vague questions in the instruments and to address any deficiencies. This ensured that the results that were derived from the data analyzed particularly depicted a representation of the phenomenon under study.

3.4.2 Reliability

During the pre-test, research questionnaires were assessed to ascertain their reliability. This was done to ensure that the questionnaires yielded consistent results. Cronbach Alpha was employed to establish the consistency of responses. Taber (2018) states that when making use of the Cronbach Alpha to determine reliability of instruments, any value greater than 0.7 is acceptable. Nevertheless, the most preferable value is anything above 0.8. The analysis of the results obtained during the pilot study yielded a Cronbach's alpha coefficient of 0.98. The data collection instrument (questionnaire) was thus considered reliable for the research. To avoid errors that would make the instruments unreliable, quality was assured during data collection and entry by confirming completeness at the point of collection. Consistency in entry was evaluated by editing data at the point of generation and synthesizing daily responses through a cross-examination session while focusing on compilation of data captured, identifying, discussing and resolving any challenges prior the subsequent days.

3.5 Methods of Data Collection

The research utilized primary and secondary data. Quantitative data was obtained. Raw data was sourced through survey whereas secondary data was obtained from journals and annual reports from Safaricom PLC and online publications. Survey data was collected by the researcher using questionnaires. The researcher coordinated the collection process and engaged respondents through itemized response entries. Self-administration of the data

collection instruments was preferred since it ensured a high response rate. Authority to collect data was sought by acquiring applicable approvals which were from Kenya Methodist University, National Commission for Science, Technology and Innovation (NACOSTI) and Safaricom PLC. In adherence to research ethical values, a letter of transmittal was availed in the data collection questionnaires. In this regard, a consent form and participatory statements were provided.

3.6 Operational Definition of Variables

Operational definition of variables that were applied in the research was as illustrated in table 3.2 below. The indictors and tools of data collection that were used are also indicated.

Table 3.2

Operational Definition of Variables

Objective	Independent Variable	Indicators	Measurement Scales	Data Collection Tool(s)
To determine the influence of marketing alliances on the performance of telecommunication organizations in Kenya.	Marketing Alliances	Joint marketing agreements. Value added resellers.	Nominal / Ordinal / Ratio	Questionnaire and Interview guide
To establish the influence of production alliances on the performance of telecommunication organizations in Kenya.	Production Alliances	Procurement supplier alliances Outsourcing	Nominal / Ordinal / Ratio	Questionnaire and Interview guide
To find out the influence of technology alliances on the performance of telecommunication organizations in Kenya.	Technology Alliances	Technology development. University / Industry joint research	Nominal / Ordinal / Ratio	Questionnaire and Interview guide

Source: Researcher, 2022

3.6.1 Model Specification

Association between the response variable (organization performance) and the predictor variables was established via regression analysis. A multivariate regression model was fitted to the data. This model was specified as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Model parameter estimates and variables were defined as follows:

$Y \rightarrow$ Response variable symbol that represented organization performance.

$\beta_0 \rightarrow$ Constant term representing the vertical intercept.

$\beta_1, \beta_2 \; and \; \beta_3 \rightarrow$ Regression coefficients that depicted the aggregate variation in the endogenous variable occasioned by a unit change in the corresponding predictor.

$X_1 \rightarrow$ Marketing alliances.

$X_2 \rightarrow$ Production alliances.

$X_3 \rightarrow$ Technology alliances.

$\varepsilon \rightarrow$ Stochastic disturbance term (error term) that accounted for other factors responsible for the variation in the dependent variable that were not captured by the model.

3.7 Methods of Data Analysis

To facilitate analysis of the collected data, descriptive and inferential analysis techniques were used. Descriptive analysis applied to quantitative data where descriptive measures such as mean, mode, frequencies, range, standard deviation and percentages were generated. Inferential analysis applied to enable generalizations to be made to the population from which the sample was drawn. Data was coded where necessary followed by regression and correlation analysis using the Statistical Package for Social Sciences (SPSS). Regression coefficients were derived so as to predict and determine the magnitude of change in the endogenous variable owing to a unit change in the exogenous variables. Coefficient of Spearman correlation was established to estimate the association, in terms of magnitude and direction, between organizational performance and the predictors. Data was arranged, summarized and interpreted accordingly. Inferences were then made. Dissemination of results from the analysis involved use of tables, graphs and charts for dissemination.

3.8 Diagnostic Tests

Diagnostic tests were conducted so as to address different forms of bias that would occur during the analysis of the data that was obtained. This was necessary so as to spurious results and biased estimates which would compromise the accuracy of the estimates.

Linearity test was one of the diagnostic tests. Ordinary Least Squares (OLS) requires that the regression model has linearity in its error term and coefficients. Scatter plots and correlation analysis were used to check for linearity as well as Pearson's Product Moment correlation coefficient.

Multicollinearity test was also conducted. The phenomenon occurs when there is a high degree of correlation between independent variables thus making it hard to distinguish their independent influence on the dependent variable. OLS assumption is that there should be no multicollinearity. To test this, Tolerance test and VIF test were used. To uphold the assumption of no multicollinearity, tolerance value should be more than 0.1 and VIF value should be less than 10.

The other test conducted was the test for autocorrelation and homoscedasticity. Homoscedasticity assumption requires that there is homoscedasticity (error terms have constant variance) and no autocorrelation (error terms are related across time periods). Homoscedasticity was tested through scatter plots while autocorrelation was tested using the Durbin Watson (DW) test. The allowable DW range of no autocorrelation is from 1.45 to 2.44.

Normality test of the residuals was also conducted. OLS assumptions require the error terms (regression residuals) should be normally distributed to allow for reliable conclusions from the modelling. Normality was tested using Kolmogorov-Smirnov and Shapiro-Wilk tests. To uphold the normality test, the variables should not be statistically significant, that is, p-value should be greater than 0.05 ($p > 0.05$). Should the p-values be less than 0.05 ($p < 0.05$), then the variables are statistically significant and thus not normally distributed.

3.9 Ethical Considerations

To enable data collection, requisite permission was sought from relevant authorities. Ethical clearance was sourced from the University's Scientific Ethical and Research Commission (SERC). An introductory letter was acquired from the University for the purpose of familiarizing the respondents with the researcher. The researcher also abided by the principle of informed consent by identifying his name, institution of higher learning, availed his student identification and elaborated the aim of the research. Additionally, he availed a statement of consent in the data collection instruments to make sure that participants knowingly and willingly took part in the research and they reserved the right to withdraw from the research at their discretion. Anonymity and confidentiality of the participants was assured through letters, numbers and / or pseudonyms (where applicable) in reporting the findings. All protocols were adhered to at the entry, participant engagement and data handling processes. Logistical requirements were adequately organized and the researcher remained engaged throughout the data collection period.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and empirical results of the study as set out in the research objectives and the research methodology. The chapter presents the findings on the influence of strategic alliances on performance of telecommunication organizations in Kenya, with a specific focus on Safaricom PLC. It begins by providing the general characteristics of the sample followed by a detailed presentation and discussion of the results based on empirical evidence.

4.2 Response Rate

A sample size of 105 respondents was computed for the research. However, data was successfully collected from 82 respondents. This represented a response rate of 78 percent which, according to Kothari (2014), is adequate and representative for statistical analysis and reporting.

General characteristics of the participants were summarized in table 4.1 below.

Table 4.1

General Characteristics of the Sample

Characteristic	Label	Frequency	Percent
Years of service	Less than 1 year	4	5
	1 – 5 years	22	27
	6 – 10 years	32	39
	Above 10 years	24	29
	Total	**82**	**100**
Same department	No	62	76
	Yes	20	24
	Total	**82**	**100**

Source: Researcher, 2022

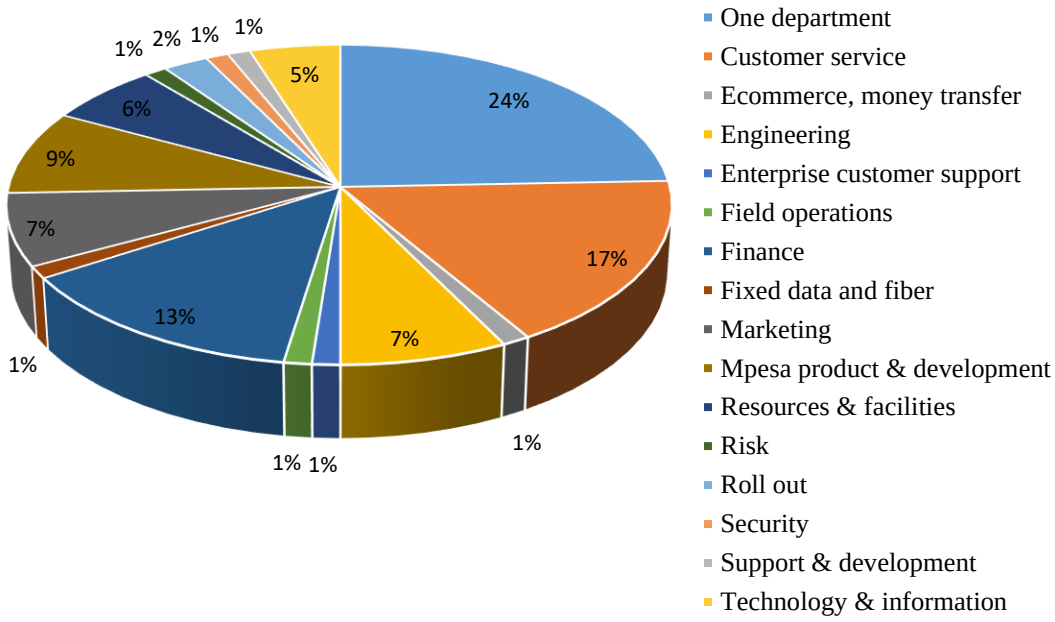
Two main characteristics of the sample were considered necessary for the study; the duration of time (years of service) that a respondent had served and whether or not one had served in one department all through. Concerning the years of service, table 4.1 indicates that 39 percent of the respondents had been in service for six to ten years while 29 percent had been serving for a period exceeding ten years. Cumulatively, more than half of the respondents (68%) had served for a period of six years and above. Twenty two respondents (27%) were in service at the company for a period between one and five years and four respondents (5%) had served for less than a year. A bigger percentage of respondents had therefore worked for a considerable amount of time and would therefore comprehend the strategic alliances in the company.

Concerning whether or not a respondent had served in one department all along, table 4.1 shows that 62 respondents (76%) had served in other departments while 20 respondents (24%) had served in just one department. This implied that the respondents were well versed with information and interactions regarding various departments in the company which would therefore lead to credible and reliable data. It was also established that other than the six departments targeted by the study (marketing, technology, enterprise business

unit, resources and facilities, finance, consumer sales), other departments that existed were as shown in figure 4.1.

Figure 4.1

Not been in Current Department All Through



Source: Researcher, 2022

The section labelled “One department” in the legend of figure 4.1 represents the 24% of respondents previously identified as having worked in only one department. The rest of the pie chart indicates other departments in which the remaining 76% of respondents had worked in. Other departments other than those targeted by the study therefore were; ecommerce / money transfer, engineering, field operations, fixed data and fiber, M-Pesa products and development, risk, roll out, security and support, and development.

4.3 Strategic Alliances in Telecommunication Organizations

Respondents were asked to highlight strategic alliances that the company had entered into over the last five years. Study findings revealed results indicated in table 4.2 below.

Table 4.2

Strategic Alliances in the Last Five Years

Strategic alliance	Frequency	Percent
Marketing	15	18
Production	13	16
Technology	54	66
Total	**82**	**100**

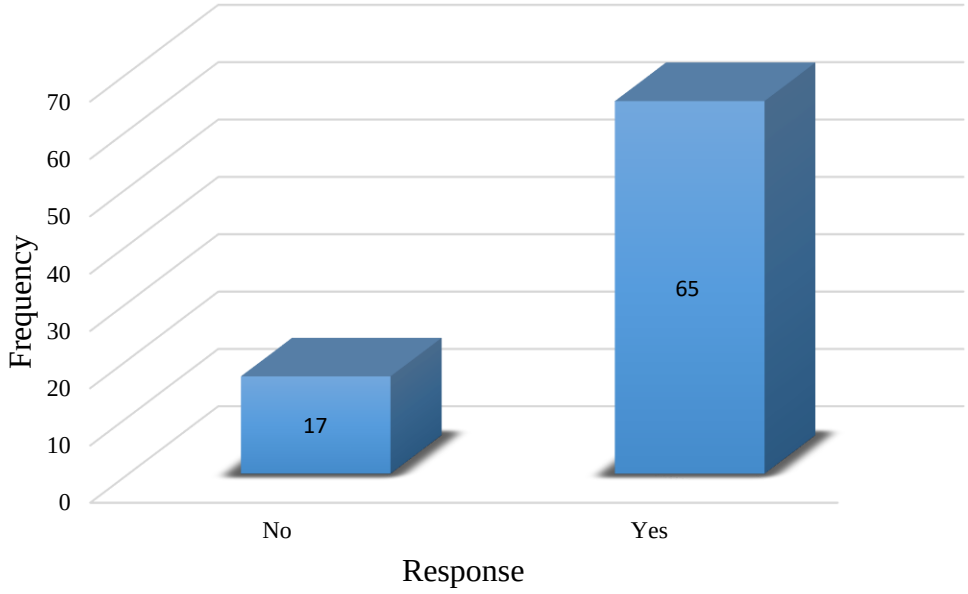
Source: Researcher, 2022

As seen in table 4.2 respondents identified three main strategic alliances that Safaricom PLC had entered into over the last five years. The most popular alliances highlighted were technology alliances at 66%, followed by marketing alliances at 18% and finally production alliances highlighted by 13 respondents (16%). Therefore, marketing, production and technology strategic alliances, which were the focus of this study, did exist in the unit of analysis. Safaricom PLC is in the telecommunication industry and it was hence no surprise that technology strategic alliances were the most popular among the respondents.

Still on the matter of strategic alliances in general, the researcher further sort to find out whether the organization communicated the reasons behind formation of strategic alliances with its stakeholders. Figure 4.2 below presents the resulting outcome.

Figure 4.2

Communication of Reasons Behind Formation of Strategic Alliances



Source: Researcher, 2022

Results showed that the organization communicated reasons behind formation of strategic alliances with its stakeholders as 65 respondents (80%) responded in the affirmative. Further, information was sought regarding the reasons that motivated the telecommunication firm to form strategic alliances with other firms. Table 4.3 below displays the results.

Table 4.3

Reasons Motivating Formation of Strategic Alliances

Reason	Number	Minimum	Maximum	Mean	Standard deviation
Achieve sustainable competitive advantage	82	2	5	4.56	0.803
Allow diffusion of new technologies	82	1	5	4.41	0.888
Create new markets	82	1	5	4.44	0.983
Enhance financial stability	82	2	5	4.45	0.772
Enhance market entry restrictions	82	1	5	4.00	1.217
Generate more profits	82	1	5	4.55	0.848
Improve customer service	82	1	5	4.43	0.969
Increase market share	82	1	5	4.60	0.844
Reduce / share cost of production & research and development	82	1	5	4.27	0.969
Slow market penetration	82	1	5	3.10	1.182
Social political factors	82	1	5	3.05	1.099

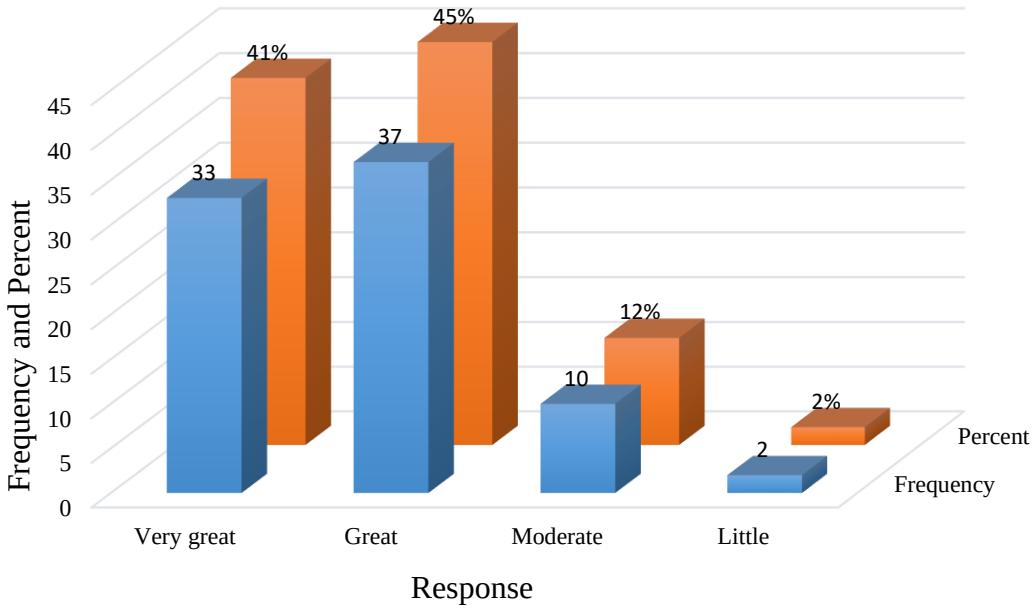
Source: Researcher, 2022

The first column of table 4.3 indicates the reason given as the motivation behind entering strategic alliances with other firms. A five point Likert scale was used for measurement where 1 indicated “to a very little extent” while 5 represented “to a very great extent”. As indicated in table 4.3, the main reason behind formation of strategic alliances with other firms was for the purpose of increasing market share, which scored the highest mean score of 4.60. The mean score shows that most of the respondents felt, to a very great extent, that the organization formed strategic alliances with other firms for the purpose of increasing their market share. Second reason given, with a mean score of 4.56, was for the firm to achieve a competitive advantage in the market. This was closely followed by the need to increase profit margins of the firm, which scored a mean score of 4.55. However, respondents felt, to a moderate extent, that the firm entered strategic alliances with other firms for the purposes of slowing market penetration and for social political factors. The two reasons had the least mean scores of 3.10 and 3.05 respectively.

Having identified the reasons behind formation of strategic alliances with other firms, it was necessary to establish whether the firm's expectations regarding those alliances varied alongside the overall strategic alliances results. Results obtained were as presented in figure 4.3 below.

Figure 4.3

Comparing Firm's Expectations with Overall Strategic Alliances Results



Source: Researcher, 2022

It was established that most of the respondents (86%) were of the opinion that there was a significant variation between the firm's expectations and the overall actual results achieved as a result of strategic alliances. More specifically, as indicated in figure 4.3, 37 respondents (45%) reported that this variation was great while 33 respondents (41%) said that there was a very great variation. This therefore shows that strategic alliances impact the resulting organization's performance.

4.4 Marketing Strategic Alliances

Data was obtained from the sampled respondents concerning the influence of marketing alliances on performance of telecommunication industries in Kenya. Using a five point Likert scale for measurement, where 1 indicated "to no extent" and 5 represented "to a very great extent", respondents were asked to indicate the extent to which various marketing alliances were reflected in the firm. Corresponding results are as shown below in table 4.4.

Table 4.4

Presence of Marketing Alliances

Marketing alliance	Number	Minimum	Maximum	Mean	Standard deviation
Shared cost of marketing	82	1	5	4.33	1.112
Marketing performance scores	82	1	5	4.40	0.954
Win-win marketing solutions	82	2	5	4.59	0.800
Exploiting full market potential	82	2	5	4.63	0.746
Operational efficiency through strategic positioning of products	82	2	5	4.50	0.805
Competitiveness	82	1	5	4.54	0.849
External customer relations	82	1	5	3.87	0.899
Equity and working relationship	82	1	5	3.93	0.979
Franchising to enhance system efficiency	82	1	5	4.09	0.932
Compliance with set standards	82	2	5	4.40	0.859
Advertising to enhance market and product knowledge	82	1	5	4.45	0.863

Source: Researcher, 2022

As seen in table 4.4 above, the most significant marketing alliances identified by the respondents were those to do with exploiting the full market potential of the firm with the highest mean score of 4.63. This would explain the dominance of Safaricom PLC in Kenya's telecommunication industry and further explain the need to increase market share as the main reason behind formation of strategic alliances previously noted in table 4.3. In addition, it was earlier mentioned in section 1.1.4 that Safaricom PLC occupies the largest market share in the telecommunication industry at 67.4%. It is therefore expected that the

firm would invest in marketing strategic alliances that maintain this dominance at the very least. The second significant marketing alliances, with a mean score of 4.59, were those that enhanced a win-win situation with regards to marketing. These were followed by alliances that brought about operational efficiency through strategic positioning of products. These third category of marketing strategic alliances scored a mean score of 4.50. The least significant marketing alliances as identified by the respondents were those concerned with equity and working relationship (mean score = 3.93) and those dealing with external customer relations with a mean score of 3.87.

4.5 Production Strategic Alliances

The research endeavored to find out the influence of production alliances on telecommunication industries in Kenya. This variable was measured on a five point Likert scale whereby 1 indicated “to no extent” and 5 represented “to a very great extent”. Respondents were requested to indicate the extent to which various production alliances were reflected in the firm. The results obtained are presented in table 4.5.

Table 4.5

Presence of Production Alliances

Production alliance	Number	Minimum	Maximum	Mean	Standard deviation
Transformation capability	82	2	5	4.57	0.847
Quality service, feedback & product positioning efficiency	82	2	5	4.49	0.920
Customer satisfaction	82	1	5	4.48	0.946
Business management capability	82	1	5	4.48	0.972
Benchmarking	82	1	5	4.45	0.996
Meeting end-customer needs through the product	82	2	5	4.41	0.860
Ability to fill customer orders faster & efficiently than competitors	82	2	5	4.37	0.949
Delivery management capability	82	1	5	4.35	0.998
Product availability, delivery time & returns	82	1	5	4.32	0.967
Product differentiation	82	2	5	4.18	0.818

Source: Researcher, 2022

Table 4.5 shows that the most significant production alliances were those regarding transformation capability which scored a mean of 4.57. These were followed by production alliances that offered quality service, feedback and product positioning efficiency superior to Safaricom PLC, with a mean score of 4.49. The next significant production alliances were those concerned with customer satisfaction and business management capability, both of which scored a mean of 4.48. It was therefore observed that the four aforementioned production alliances influenced Safaricom PLC's performance to a very great extent. Perhaps the most significant strategic alliance in terms of production was transformation capability because this requires a firm to have the right capacities at the right places and make certain that each operates at an efficient level of performance so as to remain ahead of the pack in a competitive market. With a significantly superior market share, this would be expected of Safaricom PLC and the company would therefore engage in partnerships that bring about such a desired end. Moreover, transformation capability would also help

in positioning the company's products uniquely and efficiently thereby leading to enhanced customer satisfaction.

However, it was noted that production alliances aligned towards delivery management capability; product availability, delivery times and returns; and product differentiation had least significant influence on performance with mean scores of 4.35, 4.32 and 4.18 respectively. This implied that since the company was already established in the telecommunication space of the country, it perhaps did not need a great deal of focus on the three factors since these are goals that must have been achieved earlier in the company's growth.

4.6 Technology Strategic Alliances

Technology alliances were studied to find out their influence on performance of telecommunication industries in Kenya. Respondents gave their opinion on the extent to which these alliances were present at Safaricom PLC. A five point Likert scale ranging from 1 (to no extent) to 5 (to a very great extent) was used to measure the variable. Resulting choices of the respondents are tabulated in table 4.6.

Table 4.6

Presence of Technology Alliances

Technology alliance	Number	Minimum	Maximum	Mean	Standard deviation
Innovations realized	82	3	5	4.59	0.736
Technology transfer	82	2	5	4.55	0.772
Research and development	82	1	5	4.45	0.918
Training and skilled manpower	82	1	5	4.44	0.848
Budget allocation to investment in modern technology & business expansion	82	1	5	4.41	0.902
Investing capital, equipment, scientific & technological resources	82	1	5	4.34	0.892

Source: Researcher, 2022

Results in table 4.6 showed that the most significant technology alliances were those inclined towards realization of innovations, scoring a mean of 4.59. These were followed by those that brought about technology transfer with a mean score of 4.55 and those that enhanced research and development, whose mean score was 4.45. However, it is important to note that all the technology strategic alliances had a mean score above 4.0 implying that they all contributed towards firm performance to a great extent. This would be expected since telecommunication industry falls under information, communication and technology sector whose relevance and efficiency relies heavily on technological advancements.

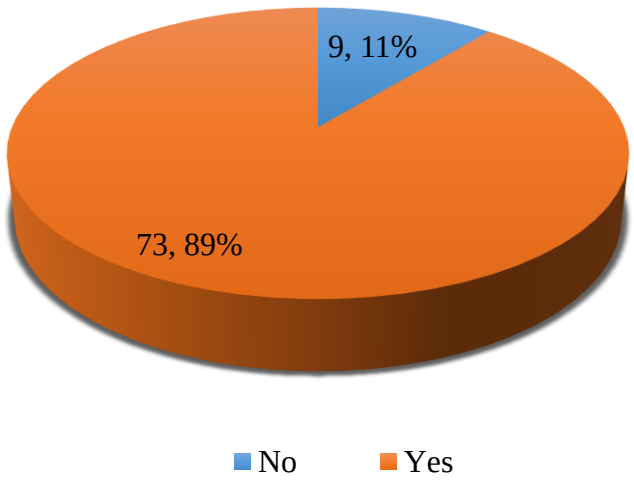
4.7 Strategic Alliances and Organizational Performance

The research examined the influence of strategic alliances on performance of telecommunication industries in Kenya. As earlier mentioned (section 1.1.2), measuring organizational performance can be attained by use of the balanced scorecard which estimates the learning and growth of a firm, its financial performance, its internal business processes and customer performance. Firstly, it was established whether the balanced

scorecard was used at Safaricom PLC as an evaluation tool for performance management. The findings were presented in figure 4.4 below.

Figure 4.4

Use of the Balanced Scorecard



Source: Researcher, 2022

As shown in figure 4.4, 73 respondents (89%) said that the balanced scorecard was used as an evaluation tool for performance management in the company. Secondly, in this study, the component used in the balanced scorecard to measure organizational performance was financial performance, conceptualized as; profit, return on assets, market share, sales growth rate and availability of pertinent levels of cash for both short and long term operations. The researcher studied the extent to which the organization applied these measures of financial performance. A five point Likert scale ranging from 1 (to no extent) to 5 (to a very great extent) was used for measurement. Results obtained were as shown in table 4.7.

Table 4.7

Application of Financial Performance Measures

Financial performance measure	Number	Minimum	Maximum	Mean	Standard deviation
Increased annual growth in sales	82	2	5	4.67	0.704
Revenue growth of the firm	82	1	5	4.66	0.789
Increased growth in market share annually	82	1	5	4.65	0.760
Appropriate levels of cash	82	1	5	4.65	0.726
Return on assets	82	2	5	4.40	0.887

Source: Researcher, 2022

Results (table 4.7) showed that Safaricom PLC did apply the aforementioned measures of financial performance with the main measure being increased annual growth rate which has the highest mean score of 4.67. This would translate to growth in net income and profitability for the firm which affirms the assertion by Safaricom (2019) that financial performance in the last five years has been on an upward trajectory. It is also necessary to note that the five indicators had mean scores above 4.0 and significantly low standard deviations. This was an indication that most of the respondents felt that the firm used these measures of financial performance to a very great extent.

Finally, having established usage of the balanced scorecard as an evaluation tool for performance management and the application of financial performance measures, the study analyzed how organizational performance was influenced by strategic alliances. This was measured on a five point Likert scale with the number codes 1 (strongly disagree) to 5 (strongly agree). Results obtained thereof were as shown in table 4.8.

Table 4.8

Strategic Alliances' Influence on Organizational Performance

Performance indicator	Number	Minimum	Maximum	Mean	Standard deviation
Increased growth in market share annually	82	2	5	4.61	0.662
Enabled growth in profitability	82	2	5	4.56	0.722
Increased annual growth in sales	82	1	5	4.55	0.788
Ensured satisfactory return on assets	82	2	5	4.43	0.832

Source: Researcher, 2022

All the organizational performance indicators had mean scores above 4.0 as observed in table 4.8. This was an indication that most respondents strongly agreed with the statement that strategic alliances had an influence on organizational performance and the same was further asserted by the low standard deviation scores. The most notable influence on organizational performance was an increased growth in the market share for the firm annually, which scored a mean of 4.61, followed by growth in profitability and annual sales, and finally ensuring satisfactory return on assets whose mean score was 4.43.

4.8 Regression and Correlation Analysis

Descriptive analysis was followed by inferential analysis where regression and correlation analysis were conducted. This was necessary so as to establish the nature and magnitude of association between strategic alliances and organizational performance. A multiple regression model was fit to the data and was specified as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Summary of the model information was presented in table 4.9 below.

Table 4.9

Model Fitting Information and Goodness of Fit

Information regarding Model Fit				
Model	***-2 Log Likelihood***	***Chi-Square***	***Degrees of freedom***	***Significance***
Intercept only	264.101			
Final	224.525	39.575	3	0.000
Model goodness of fit				
		Chi-Square	***Degrees of freedom***	***Significance***
Pearson		627.644	745	0.999
Deviance		215.972	745	1.000

Source: Researcher, 2022

On one hand of table 4.9, the model fitting information was provided. The interest here is the significance value which in this case is less than 0.05 thus indicating statistical significance as is required for a model that fits the data well. On the other hand, significance values under the goodness of fit are not statistically significant since they are greater than 0.05. This also meets the requirements for a model that fits the data well with regard to goodness of fit results. Therefore, the assigned regression model used was a good fit.

To establish variation in the response variable and overall significance of the model, the following results in table 4.10 were obtained.

Table 4.10

Model Summary

Model summary					
Model	***R***	***R Square***	***Adjusted R Square***	***Standard error of the estimate***	***Durbin Watson***
1	0.715	0.511	0.492	0.49070	2.102

ANOVA

Model		***Sum of squares***	***Degrees of freedom***	***Mean square***	***F***	***Significance***
1	Regression	19.609	3	6.536	27.145	0.000
	Residual	18.782	78	0.241		
	Total	**38.390**	**81**			

Source: Researcher, 2022

The R square value of 0.511 in table 4.10 confirms the good fit of the model previously established in table 4.9. To establish the model's explanatory power, coefficient of multiple determination was obtained. The aforementioned coefficient (R square) gave a value of 0.511. This indicated that 51.1 percent of total variation in the outcome variable was explained by the predictors jointly. Since the R square value was above 50 percent, then the model was a good fit. However, 48.9 percent of the variation in the outcome variable is captured by the disturbance term (error term) meaning that there are other exogenous variables that were responsible for the variation which were not within the scope of the current study. Durbin Watson (DW) test was applicable in testing for autocorrelation. Assumptions of standard ordinary least squares require that there should be no autocorrelation (the covariance of the error terms is zero – the error terms are not related). The DW value obtained was 2.102. Allowable DW range of no autocorrelation is from 1.45 to 2.44. Therefore, since the DW value obtained was within this range, it was concluded that there was no autocorrelation as required.

ANOVA (Analysis of Variance) was done to ascertain the overall significance of the regression model. The F statistic obtained was 27.145 whose probability value (p-value) was 0.000. Since the p-value was less than 0.05, then the captured F statistic implied

statistical significance at 5% significance level thereby confirming that the overall regression model was significant.

To come up with the estimated regression model that would be used to predict the endogenous variable for given values of the predictor variables, parameter estimates were obtained. Table 4.11 below summarizes them as follows.

Table 4.11

Parameter Estimates of the Regression Model

Model	Estimate	Standard error	t-statistic	Significance	Collinearity statistics	
					Tolerance	VIF
(Constant)	10.971	1.908	5.75	0.000		
Marketing alliances	1.181	0.678	1.742	0.029**	0.212	4.709
Production alliances	-0.118	0.507	-0.233	0.817	0.254	3.933
Technology alliances	1.379	0.476	2.897	0.004**	0.343	2.919

Source: Researcher, 2022

To test for multicollinearity, collinearity statistics in the form of Tolerance test and VIF test were obtained. Standard ordinary least squares assumptions require that there should be no multicollinearity (the explanatory variables should not be correlated). For this to be upheld, tolerance value should be more than 0.1 and VIF value should be less than 10. The observed values for the two tests as seen in table 4.11 were within these requirements and therefore there was no multicollinearity.

Given the parameter estimates, the estimated regression equation was expressed as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

$$Y = 10.971 + 1.181 X_1 - 0.118 X_2 + 1.379 X_3$$

Y represents the estimated outcome variable (organizational performance) that would be obtained for given values of the three predictors in the model. The parameter estimate

$\beta_0 or\ \alpha$, which represents the vertical intercept of the regression line, was observed to be 10.971. The independent variables were represented by the symbol X_i which were marketing alliances (X_1), production alliances (X_2) and technology alliances (X_3). Regression coefficients for these predictors (β_i) were also obtained and they gave the following values as shown in table 4.11: coefficient for $X_1; \beta_1 = 1.181$, for $X_2; \beta_2 = -0.118$ and coefficient for $X_3; \beta_3 = 1.379$. Results obtained exhibited a positive relationship between organizational performance and marketing alliances such that for every unit increase in marketing strategic alliances, there was a predicted increase in organizational performance by 1.181 units. This association was also observed to be statistically significant at 5% significant level as confirmed by the corresponding t-statistic whose value was 1.742 and a p-value of 0.029. With the p-value being less than 0.05, then the marketing alliances variable was statistically significant in influencing performance at Safaricom PLC. The direct influence of marketing alliances on organizational performance was expected because Safaricom PLC, as the major market share holder in the telecommunication sector in the country, would be expected to engage in myriad marketing strategies that would continue to expand its market share and increase annual sales growth.

Concerning production alliances, the results depicted an inverse relationship between organizational performance and production alliances. In this regard, it was observed that for every unit increase in production strategic alliances, organizational performance was predicted to decrease by 0.118 units. This may be attributed to the fact that production is a capital extensive venture and thus, if not well checked, it would incur costs that would potentially impact negatively on firm performance. However, this variable was not statistically significant at 95% confidence interval as confirmed by a t-statistic of -0.233 and a p-value of 0.817. This p-value went above the threshold of 0.05 and was therefore statistically insignificant at 5% significance level.

The third predictor variable was technology alliances. Results (table 4.11) indicated that there was a direct association between technology strategic alliances and organizational performance. A unit increase in technology strategic alliances predicted an increase in organizational performance by 1.379 units. On examining the corresponding t-statistic and p-value, these were observed to be 2.897 and 0.004 respectively. With the p-value being

less than 0.05, it was deduced that the association between technology alliances and organizational growth was statistically significant at 5% significant level. This significant positive relationship would be associated with the fact that telecommunication sector is a technology based industry and would therefore be expected to invest heavily on technological advancements and alliances to boost performance and profitability. This matched with the results by Camison et al. (2014) who remarked that the association existing between technologically advanced strategic alliances as well as research and development and performance is moderated by the generation of knowledge-based distinctive capacities. They further asserted that the level of growth of a firm's stock of knowledge generated from collaboration in alliances was dependent on the firm's development of technologically advanced capacities and these would eventually lead to growth in the overall performance of the firm.

The foregoing regression results, particularly the significant results on marketing and technology alliances, agree with the findings of Chaib Lababidi et al. (2020) who established that the capacity to absorb strategic alliances indicated a direct significant impact on firm performance and that larger capability to value and applied knowledge would therefore be necessary catalysts for firm performance. Muthoka and Oduor (2014) also noted that strategic alliances did have a direct contribution to performance. In addition, Ashman and Fine (2013), while using a regression model, deduced that given the current competitiveness in business globally, it is difficult to do without strategic alliances thus emphasizing the need for strategic alliances to enhance growth.

The combined effects of all the strategic alliances (marketing, production and technology) on the performance of telecommunication organizations yielded the following regression results on table 4.12.

Table 4.12

Combined Effects of Strategic Alliances on Performance

Model	Estimate	Standard error	t-statistic	Significance	Collinearity statistics	
					Tolerance	VIF
(Constant)	10.099	1.949	5.182	0.000		
Strategic Alliances	0.751	0.1421	5.285	0.000**	0.212	4.709

Source: Researcher, 2022

The results indicated that strategic alliances had a positive relationship with organizational performance such that for every unit increase in strategic alliances, there was a predicted increase in organizational performance by 0.751 units. This association was also observed to be statistically significant at 5% significant level as confirmed by the corresponding t-statistic whose value was 5.285 and a p-value of 0.000. With the p-value being less than 0.05, then the strategic alliances were statistically significant in influencing performance at Safaricom PLC. This would be expected since, as earlier established, part of the reasons for the good performance that Safaricom PLC has had over the last several years has been attributed to the company's collaborations and partnerships with various entities. It would therefore imply that telecommunication organizations in Kenya would reap benefits when they engage efficiently in strategic alliances and that would ultimately enhance their overall performance.

Correlation analysis conducted generated the following results in table 4.13.

Table 4.13

Correlation Analysis

		Organizational performance	Marketing alliances	Production alliances	Technology alliances	Strategic alliances
Organizational performance	Correlation coefficient	1.000	0.418**	0.538**	0.503**	0.502**
	Significance (2-tailed)		0.000	0.000	0.000	0.000
	Number	82	82	82	82	82

Source: Researcher, 2022

Results obtained from correlation analysis (table 4.13) depicted that the three exogenous variables had a positive influence on organizational performance. Production and marketing alliances registered a high degree of positive correlation with organizational performance as captured by values above 0.5. Marketing alliances had a moderate degree of positive relationship (0.418) with organizational performance. These relationships also exhibited statistical significance at 5% significance level (flagged by two asterisks on the correlation coefficient values) as indicated by significance values of less than 0.05. Similarly, the combined effect of strategic alliances on organizational performance registered a high degree of positive correlation which was statistically significant at 5% significance level. However, with regard to technology alliances, these results deviated from the findings of Muthoka and Oduor (2014) who indicated that strategic alliances that were technologically motivated had a strong, negative correlation with organizational performance. In this study, the positive relationship on technology alliances was attributed to the fact that Safaricom PLC is a telecommunication company and as such the company invests heavily on technology and this would consequently influence its performance positively.

4.9 Hypothesis Testing

Hypothesis testing was done using the student's t-distribution (t-test), 2-tailed. The t-values were computed using SPSS and then compared with tabulated t value at 95 percent confidence level. Computed t values were as shown in table 4.14 below.

Table 4.14

Computed t Values

Variable	t-value
Marketing Alliances	1.742
Production Alliances	-0.233
Technology Alliances	2.897
Strategic Alliances	5.285

Source: Researcher, 2022

In the regression results obtained, two variables (marketing and technology alliances) were found to be statistically significant in influencing organizational performance of telecommunication firms at 5 percent significance level. Production alliances were not statistically significant. However, the combined effects of strategic alliances on organizational performance were found to be significant. The computed t-value for the parameter estimate of marketing alliances (1.742) was less than the tabulated t-value of 1.960 for the surveyed sample. Therefore, the researcher failed to reject, at 5 percent significance level, the first hypothesis which stated that marketing alliances had no influence on the performance of telecommunication organizations in Kenya. In the case of production alliances, the calculated t-value was -0.233 while the tabulated t-value was 1.960. Thus, the computed t-value fell outside the critical region. As a result, the second hypothesis which postulated that production alliances had no influence on the performance of telecommunication organizations in Kenya was accepted at 5 percent significance level for the surveyed sample. Concerning technology alliances, it was observed that the computed t-value (2.897) exceeded the tabulated t-value (1.960). Consequently, the third hypothesis which stated that technology alliances had no influence on the performance of telecommunication organizations in Kenya was rejected at 5 percent significance level for the surveyed sample. Meanwhile, analysis on the combined effects of strategic alliances resulted in a computed t-value of 5.285 which was greater than the tabulated t-value of 1.960. As such, the fourth hypothesis which stated that marketing, production and technology alliances had no influence on the performance of telecommunication organizations in Kenya was rejected at 5 percent significance level for the surveyed sample.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary, conclusions and recommendations of the research that was conducted. It begins by making a summary of the research process that was involved. This is followed by major conclusions that were arrived at after the data analysis based on the research objectives. The chapter's ultimate section presents recommendations that were made, that is, policy recommendations and recommendations for future research.

5.2 Summary

The main purpose of this study was to establish influence of strategic alliances on the performance of Kenya's telecommunication organizations, with a specific focus on Safaricom PLC. Four specific objectives were derived; to determine the influence of marketing alliances on performance of telecommunication organizations in Kenya, to establish the influence of production alliances on the performance of telecommunication organizations in Kenya, to examine the influence of technology alliances on performance of telecommunication organizations in Kenya, and to investigate the combined effects of marketing, production and technology alliances on performance of telecommunication organizations in Kenya. Literature was reviewed on the subject and the study was modeled upon a theoretical framework based on four theories: Resource Based View theory (RBV), Strategic Alliance Dynamism (SAD) theory, the Transaction Cost Theory, and the Distinctive Capability Model (DCM).

The research employed a descriptive research design, with the target population being Safaricom PLC as well as other firms that the company had formed an alliance agreement with. Stratification combined with proportionate simple random sampling were used to select a total sample size of 105 respondents. However, data was successfully obtained from 82 respondents. Data was collected from the field using questionnaires and was analyzed both descriptively and inferentially. Scientific data analysis was conducted using the Statistical Package for Social Sciences (SPSS) which facilitated multiple regression

and correlation analysis. In the regression analysis, the outcome variable was organizational performance measured through financial performance. On the other hand, there were three predictor variables which were: marketing alliances, production and technology alliances. The regression results indicated that the coefficient of multiple determination (R square) was 0.511, implying that 51.1 percent of total variation in the outcome variable was explained by the predictors jointly. Since the R square value was above 50 percent, then it was concluded that the model used was appropriate since it had a good fit for the data. The overall significance of the model was further ascertained by the F statistic from analysis of variance (ANOVA) which was 27.145 with a statistically significant probability value (p-value) of 0.000 at 5% significant level.

Given the three independent variables, regression analysis showed that marketing and technology alliances had a positive and statistically significant influence on organizational performance. However, production alliances were seen to be insignificant and had an inverse relationship with organizational performance. Overall, the combined effects of the three independent variables was found to be statistically significant in influencing organizational performance of telecommunication firms. Conversely, correlation analysis results depicted all three independent variables as having a strong, positive and statistically significant relationship with organizational performance and so was their combined effects on organizational performance.

5.3 Conclusions

In the first specific objective, the research sought to determine the influence of marketing alliances on performance of telecommunication organizations in Kenya. It was observed that marketing alliances had a direct influence on organizational performance. This influence was statistically significant. In this regard, the marketing alliances that were most significant were those to do with exploiting the full market potential, followed by those that enhanced a win-win situation with regards to marketing and those that brought about operational efficiency through strategic positioning of products. It was seen, therefore, that marketing alliances are instrumental in enhancing the performance of telecommunication organizations. Since the sector is highly competitive, taking the characteristics of an

oligopoly market, then participants seek to engage in marketing activities that will enhance their competitive advantage as well as, at best, widen, and, at worst, maintain their customer base and market share. As expected, telecommunication organizations would thus take up marketing alliances that would make them more appealing than their competitors in the eyes of their customers.

The second specific objective was to establish the influence of production alliances on performance of telecommunication organizations in Kenya. Results obtained from this study indicated an inverse relationship between organizational performance and production alliances. This relationship was also seen not to be significant. Nevertheless, it was observed that telecommunication firms take interest in production strategic alliances associated with: transformation capability; quality service, feedback and product positioning efficiency; customer satisfaction; business management capability; benchmarking; and meeting end-customer needs through a product. These, among others, are all necessary is ensuring product differentiation in a competitive market. However, in a service sector such as the telecommunication industry, production alliances are superseded by marketing and technology alliances since emphasis is majorly on maintaining and increasing the market share and thus marketing and technology alliances would be more preferable and lucrative. This could partly explain the inverse relationship between production alliances and organizational performance.

The third specific objective focused on examining how performance of telecommunication organizations in Kenya was influenced by technology alliances. Data analyzed showed that technology strategic alliances influenced organizational growth positively. This influence was also statistically significant at 5% significance level. It was observed that technology alliances associated with: innovations; modern technology and business expansion; research and development; and training and skilled manpower influenced organizational performance to a great extent. Consequently, it was concluded that telecommunication firms invest heavily on technology and technological resources since most of their products are dependent on technology which is diverse and dynamic. Therefore, to withstand the stiff competition and thrive in the business, firms can only align and work with partners that provide a platform of equally or more competitive technology. This is further informed

by the nature of the sector which is mostly a service sector whose consumer trends show an upsurge towards affordable, reliable and advanced technology.

Finally, the last objective sought to investigate the combined effects of marketing, production and technology alliances on organizational performance of telecommunication firms in Kenya. Both regression and correlation analysis results established that the three variables jointly influenced organizational performance significantly. This was expected as is postulated by the DCM framework which postulates that success of a firm depends on the quality of relationships that an organization creates even with the partnerships and collaborations it engages in. in as long as these partnerships are managed efficiently by participating entities, the ultimate result will be improved organizational performance.

5.4 Recommendations

Given the research findings, the ensuing recommendations made were as follows.

5.4.1 Recommendations on Policy

i) Telecommunication firms should focus more on marketing alliances that are geared towards shared cost of marketing, improving marketing performance scores and win-win marketing solutions as opposed to just advertising to enhance market and product knowledge. In this regard, it is necessary for these firms to have a more narrow based approach that targets a specific component in the marketing sphere and build a competitive advantage upon it rather than having a broad based approach. This would eventually attract the right partner(s) for an alliance.

ii) Given the service based nature of the telecommunication sector, firms should target technology alliances that help bring about robust innovation, research and development as well as training and skilled manpower that is able to keep up with the global trends and dynamism of the sector. Since technology is an ever changing phenomena and it is meant to improve efficiency, then firms ought to keep up with the technological trends in this

area so as to tap into any new areas through research, as well as optimize on any opportunities and potential for revolutionizing the services thereof.

iii) Emphasis on production alliances should be laid on transformation capability, offering quality services such as reliable network coverage and product positioning efficiency, as well as customer satisfaction. Given that none of the telecommunication companies in the country were in their formative stages in business, then there should be less focus on product availability, delivery times and product differentiation. However, given the cost implication, firms must be cautious while implementing production alliances because they may not always offer positive returns on performance.

5.4.2 Recommendations for Further Research

i) The research concentrated on six departments of Safaricom PLC namely: marketing, technology, enterprise business unit, resources and facilities, finance, and consumer sales. However, as was established during the study, there were other departments which included: ecommerce / money transfer, engineering, field operations, fixed data and fiber, M-Pesa products and development, risk, roll out, security, and support and development. Further research should be conducted to include these other departments and make comparisons. This can also be extended to other telecommunication firms.

ii) Results indicated that there was indeed a variation between actual results of strategic alliances and the firm's expectations. It would be necessary to carry out an impact study and verify the nature and actual magnitude of this variation for purposes of future policy development.

iii) Given that the balance scorecard, as an evaluation tool for performance management, has other components apart from financial performance, studies should be conducted to see the variation in results when these other components, such as internal business processes and customer performance, are incorporated in the response variable.

iv) The coefficient of multiple determination revealed that total variation in the endogenous variable explained by other predictors not captured in the model used in this research was 48.9%. Consequently, further research can be undertaken while incorporating other predictors of interest and compare results.

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APPENDICES

Appendix I: Questionnaire

Dear Respondent,

I am a postgraduate student at Kenya Methodist University undertaking a Master's degree research on, **"Influence of Strategic Alliances on Performance of Telecommunication Organizations in Kenya: A Case of Safaricom Limited."** This questionnaire is aimed at collecting data for the aforementioned research. The research is purely for academic purposes and all information provided will be strictly confidential and will be used for the purposes of this study only. Therefore, please feel free to respond frankly. Your cooperation shall be highly appreciated. Please respond by putting a tick or writing as appropriate.

Thank You.

Yours Sincerely,

Eston Maina Njuguna.

Questionnaire Serial number _____

Department _____

Date _____

Section A: General Information

1. Indicate the period of time (in years) that you have worked in your present department. _____
2. Have you been in this department throughout your employment?
   Yes [ ] No [ ]
3. If no, which other department(s) have you worked in? _____
   _____

Section B: Strategic Alliances in Telecommunication Organizations

4. Highlight the strategic alliances that the organization has entered into in the last five years. _____
   _____
   _____
   _____
5. Does the organization communicate the reason behind forming strategic alliances with the stakeholders? Yes [ ] No [ ]
6. Kindly tick as appropriate inside only one box representing the number code of your choice for the reasons that motivated the organization to enter into alliances with other firms. The number codes (1-5) represent the following scales: (1 = To no extent, 2 = To a little extent, 3 = To a moderate extent, 4 = To a great extent, 5 = To a very great extent).

Reasons behind strategic alliances	1	2	3	4	5
To achieve a sustainable competitive advantage					
To allow diffusion of new technologies					
To create new markets					
To enhance financial stability					
To enhance market entry restrictions					
To generate more profits					
To improve customer service					

To increase market share					
To reduce / share cost of production and cost of research and development					
To slow market penetration					
Socio-political factors					

7. Indicate the extent to which the organization's expectations vary with the overall strategic alliances results.

   Very great [ ] Great [ ] Moderate [ ] Little [ ]

8. The following statements relate to strategic alliances used by telecommunication organizations in Kenya. To what extent are they reflected in your organization? Kindly tick as appropriate inside only one box representing the number code of your choice. The number codes (1-5) represent the following scales: (1 = To no extent, 2 = To a little extent, 3 = To a moderate extent, 4 = To a great extent, 5 = To a very great extent).

Marketing alliances	1	2	3	4	5
Shared cost of marketing					
Marketing performance scores					
Win-win marketing solutions					
Exploiting full market potential					
Operational efficiency through strategic positioning of products					
Competitiveness					
External customer relations					
Equity and working relationship					
Franchising to enhance system efficiency					
Compliance with set standards					
Advertising to expand market knowledge and understanding on the products					
Production alliances	1	2	3	4	5
Product differentiation					

Product availability, delivery time and product returns					
Meeting end-customer needs through the product					
Ability to fill customer orders faster and more efficiently than the competition					
Delivery management capability					
Benchmarking					
Business management capability					
Customer satisfaction					
Transformation capability					
Quality service, feedback and efficiency for product positioning					
Technology alliances	1	2	3	4	5
Investing capital, equipment, scientific and technological resources					
Technology transfer					
Innovations realized					
Research and development					
Firm's budget allocations to investment in modern technology and business expansion					
Training and skilled manpower					

Section C: Organizational Performance

9. Does your organization use the balanced scorecard as a performance management evaluation tool? Yes [ ] No [ ]
10. To what extent does the organization apply the following measures of financial performance? Kindly tick as appropriate inside only one box representing the number code of your choice. The number codes (1-5) represent the following

scales: (1 = To no extent, 2 = To a little extent, 3 = To a moderate extent, 4 = To a great extent, 5 = To a very great extent).

Financial performance measures	1	2	3	4	5
Revenue growth of the firm					
Return on assets					
Increased growth in market share annually					
Increased annual growth in sales					
Availability of appropriate levels of cash for operations both in the short term and long term					

Section D: Strategic Alliances and Organizational Performance

11. The following statements indicate the influence of strategic alliances on the firm performance. Kindly tick as appropriate inside only one box representing the number code of your choice. The number codes (1-5) represent the following scales: (1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree).

Performance indicator	1	2	3	4	5
Being in strategic alliances has enabled the firm's profitability to grow					
Being in strategic alliances has ensured satisfactory return on assets in the firm					
Being in strategic alliances has increased the firm's growth in market share annually					
Being in strategic alliances has enhanced annual growth in sales in the firm					

Thank you for your time and participation.

Appendix II: KEMU Introduction Letter

KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171
Fax: 254-64-30162
Email: info@kemu.ac.ke

Our ref: NAC/ MBA/1/2021/9

15th APRIL 2021

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/ Madam,

ESTON MAINA NJUGUNA BUS-3-2334-1//2012

This is to confirm that the above named is a bona fide student of Kenya Methodist University, undertaking masters in Business Administration. He is conducting a research titled: **INFLUENCE OF STRATEGIC ALLIANCES ON PERFORMANCE OF TELECOMMUNICATION ORGANIZATIONS IN KENYA: A CASE OF SAFARICOM LIMITED .**

We confirm that this thesis proposal has been defended and approved by the university.

In this regard, we are requesting your office to issue a permit to enable him collect data for his masters dissertation.

Any assistance accorded to him will be appreciated.

Yours faithfully,

PROF. Evangeline Gichunge, PhD.

KENYA METHODIST UNIVERSITY
Dean
BOARD OF POSTGRADUATE STUDIES
P.O. Box 45240-00100, NAIROBI

Appendix III: NACOSTI Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 878696

Date of Issue: 15/May/2021

RESEARCH LICENSE

This is to Certify that Mr.. Eston MAINA Njuguna of Kenya Methodist University, has been licensed to conduct research in Nairobi on the topic: INFLUENCE OF STRATEGIC ALLIANCES ON PERFORMANCE OF TELECOMMUNICATION ORGANIZATIONS IN KENYA: A CASE OF SAFARICOM LIMITED for the period ending : 15/May/2022.

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