EFFECTS OF STRATEGIC PARTNERSHIP ON FINANCIAL PERFORMANCE OF MORTGAGE COMPANIES IN KENYA

WILLIAM MWANGI

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

DECEMBER 2017

DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

WILLIAM MWANGI **REG NO: D61/60035/2013**

Signature……………. Date………………………….

This research project has been submitted for examination with my approval as the University Supervisor

Signature………………….. Date………………….

Dr Raymond Musyoka

LECTURER

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

DEDICATION

This work is dedicated to my loving and supportive family.They have shown their sincere and relentless contributions towards creating an ideal environment to enable me further my studies. I would also give thanks to Almighty God for having brought me this far.

ACKNOWLEDGEMENT

My special thank you goes to the Almighty God for having given me the strength to persevere all the obstacles that came on my way. My supervisor **Dr Raymond Musyoka** and fellow scholars have shown their sincere contributions and I wish to thank them for their support and advice

ABSTRACT

The challenges of managing businesses in the 21st century require dynamic strategies for businesses to remain competitive and to sustainably generate returns for shareholders. The global environment, within which mortgage companies compete, is increasingly more competitive. Strategic partnership as a strategy for competitive advantage has become monumental as organizations scramble for survival to reduce costs and be stronger in order to compete. The mortgage sector like most other industries operates in turbulent conditions in the market place. Studies in this field provide insights of what capabilities mortgage companies require to develop and what resources they can leverage on to navigate the tidal times of changing technology and client expectations. Review addressed the existing research gap by showing how these partnerships affect the performance of mortgage companies. The study adopted a descriptive cross-sectional survey. The target population of this study comprised of three mortgage companies in Kenya Housing Finance Company, National Housing Corporation and S&L. The questionnaires were administered to every respondent. Inferential analysis sought to establish influence of strategic alliance on performance of the mortgage industry in Kenya through the use of multivariate analysis. Results of quantitative data analysis were presented using charts and tables. The study discovered positive correlation between decision sharing and the financial performance of mortgage companies in Kenya. The study established that there is a positive relationship between resource sharing and financial performance of mortgage companies in Kenya. The study discovered positive relationship between risk sharing and the financial performance of mortgage companies. Thus the study established joint research and development is positively related to financial performance of mortgage companies in Kenya. The study recommends that the management of the mortgage companies should adopt a mode of decision sharing among the employees and develop effective communication channels to involve the employees on the process of decision making. The study recommends that the management of the mortgages companies should set out clear guidelines governing the sharing of the resources to ensure that resources are shared appropriately among the concerned departments. The study recommends that the management of the mortgage companies should be keen on identifying risks that face the company and insure the company against adverse risk that may negatively influence its operations. The study recommends that the management of the mortgage companies should conduct joint research and development on a regular basis for the benefit of the company to ensure it operates appropriately on the changing environment it is in.

TABLE OF CONTENT

DECLARATION .... **ii**

DEDICATION .... **iii**

ACKNOWLEDGEMENT .... **iv**

ABSTRACT .... **v**

LIST OF TABLES .... **viii**

LIST OF FIGURES .... **ix**

LIST OF ABBREVIATIONS .... **x**

CHAPTER ONE **1**

INTRODUCTION **1**

1.1 Background of the Study 1

1.2 Research Problem 8

1.3 Research Objective 11

1.4 Value of the Study 11

CHAPTER TWO **12**

LITERATURE REVIEW **12**

2.1 Introduction 12

2.2 Theoretical Review 12

2.3 Strategic Partnerships and Organizational Financial Performance 16

2.4 Concept of Organization Performance 17

2.5 Empirical Review 18

2.6 Conceptual Framework 21

2.7 Chapter Summary 21

CHAPTER THREE: **22**

RESEARCH METHODOLOGY **22**

3.1 Introduction 22

3.2 Research Design 22

3.3 Target Population 23

3.4 Data Collection Instruments 23

3.5 Validity and Reliability 24

3.6 Data Analysis 24

CHAPTER FOUR **26**
DATA ANALYSIS, INTERPRETATION AND PRESENTATION **26**
4.1 Introduction 26
4.2 Response Rate 26
4.3 Demographic Information 26
4.3 Descriptive Statistics 29
4.4 Inferential Statistics 34
CHAPTER FIVE **39**
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS **39**
5.1 Introduction 39
5.2 Summary of Findings 39
5.3 Conclusion 40
5.4 Recommendations 41
5.5 Recommendations For Further Studies 43
REFERENCES **44**
APPENDICES **48**
Appendix I: Questionnaire 48
Appendix II: Data Collection Sheet 52

LIST OF TABLES

Table 4.1: Gender of the Respondent 26

Table 4.2: Age Bracket 27

Table 4.3: Highest Education Level 27

Table 4.4: Position in the Organization 28

Table 4.5: Period of service at the company 28

Table 4.6: Statements that relate to decision sharing 29

Table 4.7: Statements that relate to resources sharing...30

Table 4.8: Listed Statements That Relate To Risk Sharing 32

Table 4.9: Joint research and development and financial performance................................33

Table 4.10: Correlations Coefficient 35

Table 4.11: Model Summary..36

Table 4.12: Analysis of variance 37

Table 4.13: Coefficients...37

LIST OF FIGURES

Figure 2.1: Conceptual Framework..21

LIST OF ABBREVIATIONS

ERP	Enterprise Resource Planning
KCB	Kenya Commercial Bank
KICC	Kenyatta International Convention Centre
NGOs	Non-Governmental Organization
RBV	Resource-Based View
S&L	Savings & Loan
SPSS	Statistical Package for Social Sciences
SWOT	Strength Weakness Opportunity and Threat
UN	United Nation
UNICEF	United Nations Children's Emergency Fund
USD	United States Dollar

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Challenges of managing businesses in the 21st century require dynamic strategies for businesses to remain competitive and to sustainably generate returns for shareholders. Strategic partnerships also referred to as coalitions, collaborations or strategic alliances are among those strategies that organization can adopt for competitive advantage. Porter (1985) describes coalition as a way of broadening scope without broadening the firm and this is done by establishing partnership with a free firm to perform esteem exercises or collaborating with an autonomous firm to share exercises.

Ulijn *et al.* (2010) state that strategic alliance is a state where two or more companies collaborate in specific activities but remain independent. Hoxtell et al. (2015) have described partnerships from the context of non-commercial partnership following a definition by UN General Assembly which characterizes associations as intentional and community connections between different gatherings; both open and non-open, in which all members consent to cooperate to accomplish regular reason or embrace a particular errand and as commonly consented to share dangers and obligations, assets and advantages. Success of alliances can hence be said to be about capabilities and resources for competitiveness.

According to Teece et al. (1997), dynamic capabilities theory explains two apparently imperatives for a company to be both sufficiently stable to keep on delivering an incentive on one side and versatile and sufficiently versatile to move when conditions request it. They further explain that dynamic capabilities are unique to a company and are rooted in business models making them difficult to imitate or copy the term dynamic alludes to ability to reestablish skills to accomplish key fit inside the earth. Ability then again stresses key part of vital administration in suitably adjusting, incorporating and designing interior and outside authoritative aptitudes, assets and utilitarian skills to coordinate prerequisites of an evolving domain (Teece et al., 1997). Asset reliance hypothesis proposes two basic techniques for diminishing outside weights and vulnerability which are dependency reduction and dependency restructuring. It is under dependency restructuring where organization can use various strategies such as vertical integration, joint venture, merger or partnerships to remain profitable and competitive.

Stalk *et al.* (1999) state that in the present dynamic business condition, procedure excessively should wind up noticeably unique. They uncover that opposition has turned into a war of development in which achievement relies upon expectation of market patterns and speedy reaction to changing client needs. In such a situation the quintessence of procedure isn't the structure of the organization items and markets yet the dynamic of its conduct that decides the organization's survival (Stalk *et al.,* 1999). This study sought to establish how the adoption of various strategic partnerships has affected on the performance of mortgage companies. The approach in this study has addressed the various types of partnerships that the mortgage companies have established beyond the traditional business to business partnerships.

1.1.1 Strategic Partnership

It is a legally binding, transitory connection between organizations staying autonomous, went for decreasing vulnerability around acknowledgment of accomplices' key destinations by methods for planning or mutually executing one or a few of organizations' exercises. As per Austin (2010), these organizations are likewise rising since organizations are progressively rethinking their customary magnanimous practices and looking for new procedures of engagement with their groups that will have more prominent corporate pertinence and higher social effect. The key advantages from teaming up with other association come from the way that riches and development in current economies are driven fundamentally by immaterial resources.

An association with another association can make esteem that, because of its beginning, won't be replicable by contenders, differentiating more conventional physical and monetary resources since they are similarly available to contenders. Neergaard, Jensen, and Pedersen (2009) noticed that the most basic standards, ideas, practices, mentalities and practices that go into making key associations is crucial. These attributes apply appropriate over the range, regardless of what particular detail of specific relationship is. The standards, ideas and practices are all inclusive. Key Partnership can be relied upon to have a moderately long life (5 years least), however it is additionally conceivable that a particular term isn't indicated, depending rather on an understanding that either gathering can end course of action contingent upon its conditions. Great vital collaborating will have all the proper documentation (details, venture designs, strategies for success and other data) required for viable administration and improvement of the relationship. Key organizations bring up issues concerning co-innovator transport and other licensed innovation proprietorship, innovation exchange, eliteness, rivalry, procuring without end of workers, rights to business openings made over the span of the association, part of benefits and costs, length and end of the relationship, and numerous different business issues (Googins and Rochlin, 2000). The connections are frequently perplexing accordingly, and can be liable to broad arrangement.

Strategic partnerships have become increasingly popular in recent years. It refers to a range of collaboration arrangements between two or more organizations. They allow companies to share the risk and resources required to dominate a specific market. Kluyver (2010) highlights the several reasons why companies seek strategic partnerships as to facilitate advertise passage, hazard and reward sharing, innovation sharing, joint item advancement and fitting in with government controls. Thompson (2008) watches that more organizations are manufacturing key associations in endeavors to lessen stock and coordination's costs, speed the accessibility of cutting edge segments, upgrade the nature of the parts and segments being provided and decrease imperfection rates lastly crush out critical cost investment funds for both companies.

1.1.2 Organizational Performance

Ongeti (2014) has clarified that an organization's execution identifies with proficiency, viability, money related solidness and in addition firm pertinence. Authoritative execution is capacity of an association to accomplish its objectives by utilizing assets productively and adequately. Adequacy implies giving an item or an administration that addresses clients' issues while proficiency is about how association utilizes assets to accomplish hierarchical targets. As indicated by Ekawati (2014) corporate execution measures usually utilized incorporate profitability of association, hierarchical adequacy and industry rating. He has given instance of General Electric to show these measures which utilize benefit, advertise position, efficiency, item administration, staff advancement, workers' state of mind and social obligation as measures of execution.

Gittell (2005) clarified key success factors in authoritative execution which incorporate administration, culture technique and coordination. Another tool of measuring performance is the balanced score card which as per Kaplan and Norton (1992) is an arrangement of measures that give top administration a quick yet complete perspective of business. It incorporates monetary measures which clarify after effects of moves effectively made and supplements money related measures with operational measures on consumer loyalty, inward procedures and association's advancement and change exercises. The many-sided quality of dealing with an association today requires that directors have capacity to see execution in a few regions at the same time. It takes a gander at business from four viewpoints including client point of view; inward procedures; Innovation and learning and money related viewpoint (Kaplan & Norton, 1992).

The public sector and non-profiting making organizations as well require balanced score card to measure performance. A study by Smith (2006) reveals that to survive and flourish in a situation set apart by contracting spending plans, strict controls and changing workforce socioeconomics, open division must settle on troublesome choices that influence residents, representatives, benefit coherence and general execution. He declares that these choices must be upheld by a reasonable arrangement of estimation that gives an early cautioning framework to pioneers when bleeding edge exercises stray from vital goals and/or course amendments are required.

1.1.3 Strategic Partnerships and Organizational Performance

Johnson and Scholes (1999) defined strategic alliance as a situation where at least two associations share assets and exercises to seek after a procedure while Robbins and Coulter (2010) defined hierarchical execution as collected final products of all association work, procedures and exercises. Strategic partnership can therefore be viewed as a tool for competitive advantage which is intended to enhance performance of organization through the synergy that is derived from combined efforts of the partnering organizations.

DePamphilis (2008) highlighted the factors that motivate organizations to form strategic alliances as the need to share risks and to access new markets; globalization; cost decrease; want to secure or leave a business or the ideal administrative medications that cooperations get contrasted with M&A. These factors have a bearing to the performance of an organization and thus the organizations management requires to carry out a SWOT analysis from time to time to determine whether these factors are in the internal or the external environment of the business. The result of the analysis should determine whether strategic alliance is the right strategy to navigate the volatile environment.

According to Ram and Noel (1998), companies grow even in changing times because growth as a measure of performance is in the corporate mindset created by the company leaders. They may not acknowledge the breaking points of existing items and existing markets but should have endless quest for new chances to extend past these fake limits. The growth requires sensational strategy defined as the strategy of playing a different game (Ridderstrale & Kjell, 1999). Emanating from the potential risks of coping with increasing complex environment, entrepreneurs opt to spread risk and gain other array of benefits through strategic partnerships. According to Grant (2008) there can be many focal points in making vital associations which allow use of other organizations strengths to make both firms stronger in the long run.

1.1.4 The Mortgage Industry in Kenya

In Kenya there are two kinds of loan specialists which can be approved by CBK. These are standard banks, which have privilege to take part in contract business and home loan organizations. The biggest bank in Kenya by market share is S&L Mortgage which stays as a home loan auxiliary of KCB took after by Housing Finance. Generally speaking the two biggest loan specialists control over a large portion of the market and just 9 banks (6 vast, 2 medium and 1 little bank) have a home loan portfolio surpassing Ksh 1 billion (World Bank, 2011). The present cost of home loan financing is restrictive for most by far of populace. This report ascertains that only 12 percent urban populace could consider taking out a home loan credit which speaks to only 2 or 3 percent of the national populace along these lines contracts are totally distant for whole rustic populace (World Bank, 2011).

Government has assessed housing need of 190,000 residences for each year in Kenya's urban regions however it isn't clear what suppositions underlie the gauge (Ministry of Housing, 2011). Government additionally appraises that formal generation by the general population and private divisions isn't more than 30,000 units for each year and presumes that the yearly shortfall of more than 120,000 lodging units is met by ghetto housing. In Nairobi, with a populace of around 3 million individuals, almost 60% of families live in ghetto regions. A current study of these settlements demonstrated that 73% of family units live beneath destitution line (Giddings, 2007).

In addition, around 90% are inhabitants, are constrained into this kind of residency by poor access to arrive and, now and again, by think decision to put resources into their rustic homes. To confound housing matter further, normal home loan advance is around Ksh. 4 million while middle family unit salary of the non-poor in these ghettos was simply finished Ksh. 10,000(USD 125) in 2004, a sign that houses are very costly for most Kenyans (Mutero, 2007). As indicated by Center for Affordable Housing in Africa (2011), in Niger, the littlest home loan is equal to kshs.1.228 million (USD 14,444) while 85.6% of the nation populace win underneath Ksh 5,100(USD 60). Some the challenges affecting the mortgage industry include affordability of mortgage financing, access to long term funding to address the mismatch between short term borrowing and long term lending and lack of affordable construction combined with difficulties in accessing land (World Bank, 2011). This study seeks to establish the effects of strategic partnership on financial performance of mortgage companies in Kenya.

1.2 Research Problem

Global environment, within which mortgage companies compete, is increasingly more competitive. The external environment of mortgage companies exerts pressure on corporate leaders to develop innovative strategies to cope with the dynamic market conditions and the changing customer needs. Strategic partnership as a strategy for competitive advantage has become monumental as organizations scramble for survival to reduce costs and be stronger in order to compete (Ulijn, 2010). This challenge requires appropriate theories such as dynamic capabilities of the firm which determines how it can survive while resource dependence theory supports the ability of the firm to leverage on resources of other organization to enhance its performance.

The mortgage sector like most other industries operates in turbulent conditions in the market place. Studies in this field provide insights of what capabilities mortgage companies require to develop and what resources they can leverage on to navigate the tidal times of changing technology and client expectations. In an offer to support and pick up piece of the overall industry, contract organizations are contriving systems went for balancing contenders, impelling development and guaranteeing that organizations remain advertise driven. It is in this way of incredible significance that mortgage firms engage in various strategic partnerships to ensure that the targeted results are achieved.

Various studies have been carried out in the area of strategic partnership. Supriyadi (2014) carried out a research to establish impact of key associations on development capacity and business execution of garment industry in West Java in Indonesia. The findings were that strategic partnership is a variable that is very vital because it can improve business performance both directly and through the ability of innovation. Jonathan and Soldi (2011) carried out a research project to establish the factors that lead to successful alliances with a focus on financial services industry as well as how the success in strategic alliances is measured. The partnership was rated successful because the parties met their expectations.

Ogega (2010) carried out a research project on key union amongst Safaricom and Equity Bank in cash exchange services in trying to find out what factors firms need to consider while entering into strategic alliances. The study found that strategic partnership is the way to manage a competitive environment since for both partners; it was a win-win situation. The study failed to show how strategic partnerships affect financial performance, which is gap to be filled. Walekhwa (2011) did a study on effects of strategic organizations between Equity Bank and its accomplices on promoting choices. The study revealed that strategic alliances combine competencies and capabilities to create synergy and enable the partners to achieve what they could not do at all, or could do at reduced efficiency or greater cost. The study did not address the relationship between strategic partnership and financial performance, which is the gap the current study, seeks to fill. Kudate (2014) carried out a study on the impact of key associations amongst little and extensive organizations in execution; instance of Equity Bank Agency managing an account. In her findings she established that partnership is a good option for large and small businesses to enable them gain competitive advantage. Her also failed to show how strategic partnership affected the financial performance of the organization, which is the gap the current study seeks to fill.

Empirical studies done on strategic partnerships have failed to show the effects of strategic partnership on financial performance. Review wants to depict existing research gap by showing how these partnerships affect performance of mortgage companies. Specifically, the research wanted to answer question; what’s effect of strategic partnership on performance of mortgage companies

1.3 Research Objective

Objective of review was to establish effects of strategic partnership on financial performance of mortgage companies .

1.4 Value of the Study

Players in mortgage sector need findings of this study to determine ways of coming up with effective partnerships. The outcome of the analysis on the strategic partnership provides insights on the performance which would inform future partnership engagements. The study provides reference materials for scholars who wish to study different types of strategic partnership approach for a win-win situation in business as well as in social development work. Investors can use knowledge gathered through this study to identify organization they can partner with. Mortgage Companies will benefit from this study because it has documented some information which may not be available to the organization.

The study contributes to the policy formulation when policy makers design methods of engagement with private sector. Knowledge on strategic partnerships is important because policy makers need to know which partnerships work well and in what situations. This study will add more empirical information to the existing body of knowledge in dynamic capability and resource dependence theories in the field of strategic management. Proponents of the two theories have recommended further exploration on the theories to find some strategic fit as the business environment keep changing hence the need to advance the existing theories.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Part shows theoretical information available related to review on effects of strategic partnership on financial performance of mortgage companies in Kenya. Part reviews review theoretical foundation, empirical review of the study and lastly strategic partnership and performance.

2.2 Theoretical Review

The concept of strategic partnership has a wide scope that can be explained by a number of theories depending on the context of the study. For this study, the theories that best explain strategic partnership and organizational performance are the dynamic capability theory and resource dependence theory.

2.2.1 Dynamic Capability Theory

Dynamic capability theory's propensity is towards the ability of an association to adjust enough to changes that can affect its working. Teece (1997) characterized dynamic capacity as association's capacity to coordinate, form and reconfigure inward and outer abilities to address quickly changing condition. From this definition, it helps an organization to navigate the turbulent business environment by providing new form of competitive advantage. As further explained by Teece et al (1997), winners in today's business world are those organizations that can show convenient responsiveness with fast and adaptable item advancements joined with administration ability to viably facilitate and redeploy interior and outside capabilities. Concentrating on center capabilities makes exceptional coordinated frameworks that fortify fit among firms' various creation and innovation aptitudes. This is a fundamental favorable position that contenders can't duplicate (Prahalad and Gary, 990). In any case, firms do not have the hierarchical ability to grow new capabilities rapidly hence posing a challenge to organization's ability to respond to opportunities and compete effectively (Dierickx & Cool, 1989).

The central proposition of resource dependence theory is that association's survival relies on capacity to obtain basic assets from outside condition and that keeping in mind end goal to decrease vulnerability in stream of required assets, associations will attempt to rebuild their conditions with an assortment of strategies. A portion of strategies are one-sided in that they pass wellspring of imperatives by lessening enthusiasm for esteemed asset, developing elective wellsprings of supply or by framing coalition (Casciaro & Piskorski 2005). This theory recognizes the importance of the environment in which organization acquire resources that it depends on for its survival. Another clarification for cooperation arrangement in view of asset reliance hypothesis defenders by Pfeffer and Salancik (1978) proposes that organizations deliberately shape associations to successfully oversee harmonious interdependencies. Such interdependencies are amongst providers and purchasers or focused interdependencies, for example, interdependencies between contenders.

2.2.2 Resource Dependency Theory

Another method for taking a gander at inspirations for joining forces crosswise over areas is through the perspective of RBV and asset reliance hypothesis. It is a hierarchical hypothesis that spotlights on outer conditions to others, while asset reliance hypothesis utilizes monetary hypothesis and looks at inside states of association. Pfeffer and Salancick (1978), contend that every single authoritative result depend on interdependencies, in light of the fact that "in social frameworks and social interactions, interdependence exists whenever one actor does not entirely control all of the conditions necessary for the achievement of an action or for obtaining the outcome desired from the action”. This implies an association with an association in an alternate part could be “an excellent means of managing firm-specific uncertainty as well as policy uncertainty”, by accessing basic assets essential for their own prosperity and survival (Arya & Salk, 2006).

While asset reliance hypothesis takes a gander at outside relationship with different on-screen characters, an exceedingly related hypothesis is (RBV). RBV has a more inner view on assets, taking a gander at how associations can acquire and keep up upper hands (Neergaard et al., 2009). At the point when an association does not have the essential assets inside, it is reliant on outside performing artists who have these required assets. Associations could address these issues deliberately in an organization by utilizing different associations to fill their center needs. Fundamental reason for making key associations is potential for esteem creation through pooling associations' assets together (Penrose, 2009; Das and Tang, 2000). Joining forces requires imperative contemplations in light of the fact that organization execution will be influenced by likelihood of adjusting each accomplice's advantages. These interests comprise of two measurements: asset comparability and asset usage, which specifically influence the aggregate qualities and potential clashes in the association (Das and Teng, 2000).

2.2.3 Porter's Generic Strategies

Porter (2008) identified five forces that shape an organization's competitiveness and thus its organizational performance. These powers incorporate risk of new participants, purchasers bargaining power, haggling energy of providers, danger of substitute items or administrations and contention among current contenders. An organization can utilize these forces to gain sustainable competitive advantage in broad (industry wide) or narrow (market segment) scope either by gaining cost advantage or differentiation (product uniqueness) strength After analyzing the forces that shape the organization's competitive forces, Porter recognized three nonexclusive systems that is taken a toll initiative, separation and center techniques (Karumbi, 2013). This is informed by the fact that the organizations price either their services or products above the normal industry costs to procure higher costs than opposition or underneath normal business costs with a view of expanding the market share.

Firm's success in cost leadership is achieved through internal strengths such as access to enough capital that represents barrier to entry that many firms may not overcome high production skills and efficient distribution channels (Kairu, 2013). In the context of differentiation, this strategy entails the development of a product or service that offers unique attributes that customers place a premium on and that the customer perceive to be better than or different form the products of the competition (Kairu, 2013). This strategy enables the organizations to charge a premium price for its products as the customers are not able find close and quality substitutes for the products. Successful organizations in this strategy possess internal strengths such as highly skilled and creative product development team, strong sales team, corporate reputation for quality and innovation. The focus strategy involves the organization concentrating on the narrow segment and within that segment attempt to achieve either a cost advantage or differentiation (Babajide, 2011). This leads to a situation where the organizations achieve high degree of customer loyalty while discouraging other firms from direct competition. For the organization to prevail in concentration technique, association must have capacity to tailor an expansive scope of item advancement qualities to a generally limit showcase fragment that they know extremely well.

2.3 Strategic Partnerships and Organizational Financial Performance

Measurement of performance of strategic partnerships poses a challenge because of the nature of engagement between parties. Kaplan et al (2010) have developed the balanced scorecard as a tool to perform measurements in strategic alliances. According to Kaplan et al (2010) alliances fail to perform because most of them are defined by service level agreement that identify what each partner will deliver rather than what each hopes to gain from the partnership. An effective partnership delivers results in line with the organization objectives and addresses the needs of all the players within the organization environment.

Bleeke and Ernst (1991) have tried to define successful partnership as those that have passed two tests of achieving ongoing objectives and being able to recover cost of capital. Whereas this may hold for business to business partnership, it may not mean the same in partnerships for development where the objective is more about effective response to social, economic, political and natural challenges than recovery of costs. The United Nations Office of Partnerships developed a partnership assessment tool to ensure better alignment with development objectives with clear advantages to each party to the partnership. The tool is meant to support sustainability for a partnership to remain impactful throughout the life of that particular partnership.

Normally two organizations frame a key association when each has at least one business resources that will help the other, however that each individual different does not wish to grow inside. One regular key organization includes one organization giving building, assembling or item improvement administrations, joining forces with a littler, entrepreneurial firm or innovator to make a specific new item. Regularly, the bigger firm supplies capital, and the fundamental item improvement, promoting, assembling, and dissemination capacities, while the littler firm supplies particular specialized or imaginative skill. Another normal vital association includes a provider/maker joining forces with a wholesaler or discount purchaser. Instead of approach the exchanges between the organizations as a straightforward connection in item or administration store network, the two organizations frame a nearer relationship where they commonly take an interest in promoting, showcasing, marking, item improvement, and different business capacities. Collusions are getting to be plainly prominent techniques that empower firms to diminish the measure of time, expenses and dangers required to get outer innovations (Kluyver, 2010).

2.4 Concept of Organization Performance

Organizational performance is the ability of an organization to achieve its objectives through the use of resources efficiently and effectively (Ongeti, 2014). Organizational effectiveness is the degree of how much the organization managed to achieve the targets set. Organizational effectiveness means providing a product or service that is valued customers. While productivity of association influence measure of assets used to accomplish an association's objectives. Execution is the response to regardless of whether accomplished set up authoritative objectives. It is a condition that must be known and affirmed to specific gatherings, to decide accomplishment level of an office related with vision that conveyed association or organization and to know positive and negative effects of an operational arrangement. Performance is intended to assess the share of employment compared with predetermined targets. Performance of the company is the result of an accumulative of all work activities within the company (Ekawati, 2014).

Corporate execution estimation ordinarily utilized incorporates the efficiency of association, hierarchical viability, and industry ratings (Gittell, 2005). Some performance measures are used by companies such as General Electric (GE) is: profitability; market position; productivity; product leadership; personnel development; employee attitudes; and social responsibility. Variable performance consists of three perspectives, namely, business result, including financial and non-financial. Internal business processes, include innovation, process operations, marketing, after-sales service; Resources availability, namely human resources, technological resources, organizational resources (Gittell, 2005). Performance of the company in the implementation of quality management can be measured by three performance measures namely financial performance, product quality, and operational performance. While the outcome measures of company performance in the Balance Scorecard includes financial perspective, customer perspective, internal processes, and learning and growth perspective (Ongeti, 2014). Measures tend to be generic outcome measures that reflect the many common objectives and strategies similar structures throughout the process industry or the scope of the company.

2.5 Empirical Review

Mwangi (2014) did a study on the impact of vital cooperations on the development of Kenya business bank gathering. This study used a case study research design. Data was both primary and secondary sources. Primary data was obtained using an interview guide and secondary data was obtained from banks strategic plans and annual reports. Responses were analyzed using content analysis. The study found that alliances provide opportunity for partaking banks to take advantage of the assets, information, abilities and aptitudes of their accomplices. They offer potential for a commercial bank to leverage its resources capabilities. Finally, the study established that strategic alliances are positive and significantly correlated with banks competitiveness in terms of improving the bank‘s ability for profit maximization, expanding market position as a result of growth in customer base, and increasing sales volume.

Nzengya (2013) did a study on strategic alliances among commercial banks in Kenya. The objectives of this study were first to establish the major drivers of strategic alliances in the banking sector in Kenya. The research design used was a descriptive survey design. The study revealed that mergers were the most popular form of strategic alliance in the banking industry in Kenya. The major motives for strategic alliances were profit and revenue maximization as well as gaining a competitive edge. The study recommends that the banks venture in non-aligned partnerships in order to diversify and spread risks.

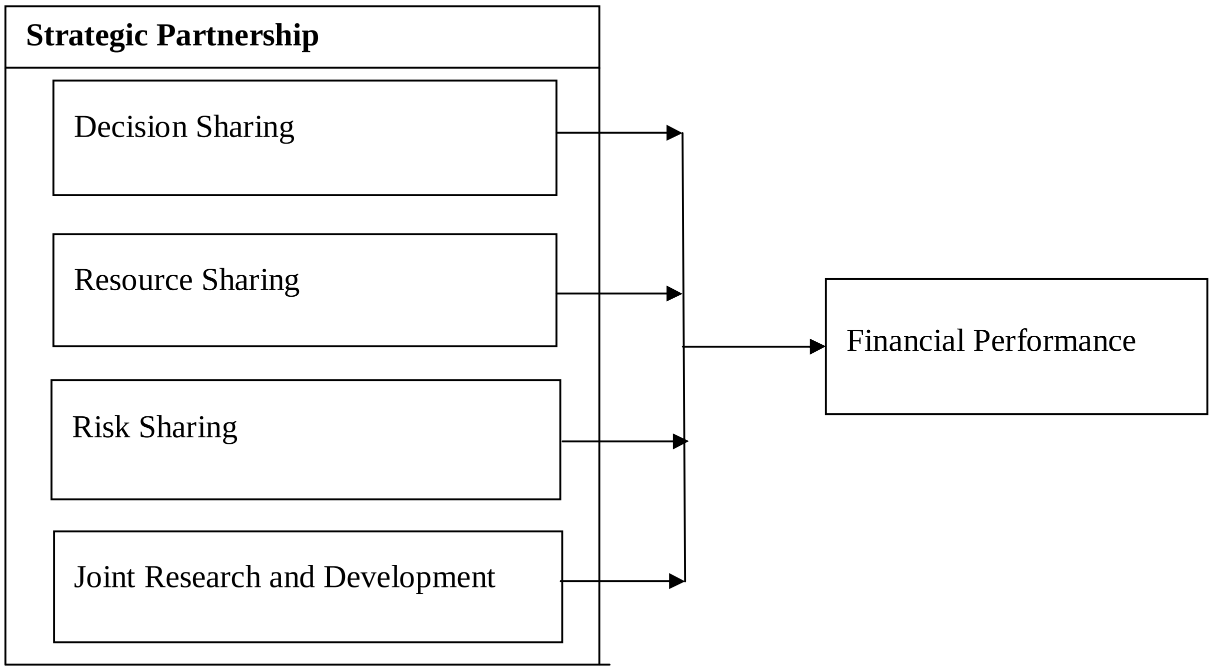
Maina (2011) conducted a study on implementation of strategic alliance strategy at University of Nairobi. The study utilized a case study in order to produce theoretical inferences that were valid, reliable and useful for further generalization. The study found the university has devised ways of dealing with such challengers which included creating an enabling environment within which the foreign students can interact and appreciate cultural diversity within the university, exiting partnerships in case of mistrust, holding regular meetings with the alliance partners to assess progress of the collaboration, modernization of its facilities and it products, and quick response to new technology.

Koskey (2013) conducted study on strategic alliances in the hotel industry: a case study of Sarova Group of Hotels. The research methodology used was a case study. Content investigation was utilized to examine data assembled. Discoveries uncovered that SGH understood that they couldn't cost cut their way into development and thriving, on the grounds that there is a point of confinement to amount you can develop income by enhancing edges. Thusly, union was viewed as one of answer for getting to those abilities. The organization together was shaped with a point of entering the two properties Saltlick Game Lodge and Taita Hills Game cabin into a partnership with Sarova Group of Hotels. Discoveries of this investigation uncovered that achievement rate of union arrangement is observed to be decidedly affected by pre and post collusion development factors.

Vennet (2010), utilizing an example of 422 household and 70 cross fringe acquisitions of (EC) credit establishments that happened over period 1988-1993 to analyze execution impacts of mergers and acquisitions noticed that where residential mergers happened among parallel measured accomplices, merger fundamentally expanded execution of combined banks. Gichuhi (2011) directed an investigation on Joint Venture for Construction of Houses in Kenya. From his discoveries, the idea of Joint Venture for development of houses is generally new in Kenya. This practicality study should demonstrate basic essentials, for example, Return on Investment, target market and land esteem proportion to the aggregate undertaking cost. These basic highlights will be utilized to check if the task is feasible as vital organization together.

2.6 Conceptual Framework

It is an arrangement of ideas or thoughts sorted out in a way that makes them simple to convey to others. A conceptual framework helps us to explain why we would use a particular method and not another to get a certain point.



Independent Variables **Dependent Variable**

Figure 2.1: Conceptual Framework

2.7 Chapter Summary

Chapter two shows literature review by discovering foundations of strategic partnerships and performance. The two major theories highlighted in this chapter are the dynamic capability and resource dependence as they both explain how organizations apply their competences and resources to cope with the dynamics of the environment in which they operate. The chapter has discussed the experimental examinations recognizing comparative investigations done under the idea of strategic partnerships. Lastly the chapter has reviewed the strategic partnership and organization performance.

CHAPTER THREE:
RESEARCH METHODOLOGY

3.1 Introduction

Part shows review methodology approach and design research, target populace, analysing data and presentation.

3.2 Research Design

An examination configuration is arrangement for choosing sources and sorts of data to be utilized to answer exploration question. It is a structure for determining connections among investigation's factors and additionally a blue print that layouts every methodology from the theory to the examination of information (Kerlinger, 2007). As per Cooper and Schindler (2006), cross sectional examinations are completed once. They enable a scientist to set up whether noteworthy relationships among factors exist sooner or later in time (Mugenda and Mugenda, 2008). Creswell and Clark (2003) propose that an engaging examination configuration manages what, how and who of a marvel which is the worry for this investigation.

This exploration configuration is along these lines most fitting since goal of examination in building up impacts of vital association on money related execution of home loan organizations in Kenya. Enlightening cross sectional in nature is a method of social occasion data by scrutinizing those people who are the protest of the examination and having a place with an agent test, through an institutionalized addressing strategy with the point of considering connections between factors at a specific time (Saunders et al, 2007).The research focussed on establishing the effects of strategic partnership on financial performance of mortgage companies in Kenya.

3.3 Target Population

Target populace in measurements is particular populace about which data is wanted. As per Ngechu (2004), a populace is a very much characterized or set of individuals, administrations, components, occasions, gathering of things or families that are being researched sum up outcomes. Objective populace of this investigation included three home loan organizations in Kenya Housing Finance Company, National Housing Corporation and S&L. Examination populace for this investigation will be senior representative of home loan organizations at their head office in Nairobi. This was an enumeration overview.

3.4 Data Collection Instruments

Questionnaire was chosen for information accumulation for examination. As indicated by Chandran (2009), it is characterized as a measuring instrument whose fundamental design is to impart to scientist what is required and to evoke wanted reaction as far as exact information from respondents with a specific end goal to accomplish coveted targets. As per Kothari (2004) organized surveys are most appropriate for elucidating study as it is effectively connected and requires less expertise.

They were regulated to every individual from specimen populace. It was produced with reference to examination goals went for noting exploration questions. The poll had both open and close-finished inquiries. The nearby finished inquiries gives more organized reactions to encourage substantial proposals.. Secondary data will be used to qualify the primary data collected from the respondents on the dependent variable of financial performance.

3.5 Validity and Reliability

Review led out a pilot concentrate to pretest and approve the poll. Cronbach's alpha technique, which depends on inside consistency, was utilized. Cronbach's alpha measures the normal of quantifiable things and its connection. This is in accordance with a subjective research outline strategy utilized in this examination venture. The point of pilot think about was to test unwavering quality of surveys. The specialist chose a pilot gathering of 20 people from objective populace to test unwavering quality of exploration instrument, which spoke to 10% of investigation populace..

3.6 Data Analysis

Before handling reactions, gathered information was set up for factual investigation. In addition, the polls were altered for culmination and consistency. Coding was done based on responders locale. Quantitative information was broke down utilizing expressive and inferential measurements. Clear measurements included rates, frequencies, means, and standard deviations while inferential insights involves relapse and connection examination. Inferential analysis sought to establish the influence of strategic alliance on performance of the mortgage industry in Kenya through the use of multivariate analysis. Results of quantitative data analysis were presented using charts and tables.. The regression model will be; $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where; Y = Financial Performance, X_1= Decision Sharing, X_2= Resource Sharing, X_3= Risk Sharing, X_4= Joint Research and Development, β = Beta coefficients and ε = Error term

Quantitative data was presented through tables, charts and graphs. Discoveries determined conclusions. Review recommended Mugenda and Mugenda (2003), explains proposals must be steady with the motivation behind the examination and its goals.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

Part shows presentation, analysis and interpretation. Additionally review discovered decision, resource and risk sharing affect the financial performance of mortgage companies. Also the study sought to investigate on joint research and development towards financial performance of mortgage companies in Kenya.

4.2 Response Rate

Review targeted 56 responders who were drawn from the three mortgage companies in Kenya Housing Finance Company, National Housing Corporation and S&L the respondents involved in the study were in the senior employee rank(management level) . From 56 targeted responders 52 filled in and returned the questionnaire making a response rate of 92.9%.

4.3 Demographic Information

Gender of the respondent

Responders indicated gender. Discoveries are below.

Gender	Frequency	Percent
Male	30	57.7%
Female	22	42.3%
Total	**52**	**100%**

Table 4.1: Gender of the Respondent

From Table above, review showed 57.7% responders were males whereas 42.3% were female. Hence review involved both genders and hence no gender biasness

Age bracket

Responders indicated age brackets. The study findings were as presented in the figure 4.3 presented in the table 4.2

Age	Frequency	Percent
Below 25years	5	9.6%
26- 35 years	10	19.2%
36- 45years	22	42.3%
Over 46 years	15	28.8%
Total	**52**	**100%**

Table 4.2: Age Bracket

From table above, 42.3% were between 36 to 45 years, 28.8% were over 46 years, 19.2% were in the age bracket of 26 to 35 years and 9.6% below 25 years. Hence review included all respondents from different age gaps.

Highest level of education

Responders depicted highest education level. Results are below.

Education Level	Frequency	Percent
Diploma	2	3.8%
Undergraduate	17	32.7%
Postgraduate	33	63.5%
Total	**52**	**100%**

Table 4.3: Highest Education Level

From table above, 63.5% of responders were postgraduates, 32.7% undergraduate category and 3.8% diploma was their highest education level. Many responders in review were postgraduates.

Position in the organization

Responders indicated position that they were in organization. Results are below.

Category	Frequency	Percent
Management team	42	80.8%
Senior Officers	10	19.2%
Total	**52**	**100%**

Table 4.4: Position in the Organization

From figure above, review showed 80.8% of responders indicated were in management team whereas 19.2% depicted were working as senior officers. Thus the study included both the senior officers and also management team members with most of them being in the management team.

Period of service

Responders depicted working period in company. Discoveries are below.

Category	Frequency	Percent
Less than 1 year	2	3.8%
1-5 years	11	21.2%
6-10 years	23	44.2%
Over 10 years	16	30.8%
Total	**52**	**100%**

Table 4.5: Period of service at the company

From above table, 44.2% of responders were in the company for 6 to 10 years, 30.8% depicted over 10 years, 21.1% depicted between 1 to 5 years and 3.8% depicted less than one year.

4.3 Descriptive Statistics

4.3.1 Decision Sharing

Responders were to show acceptance level on the listed statements that relate to decision sharing on financial performance of mortgage companies in Kenya. A scale whereby 1= strongly disagree, 2=disagree, 3= neutral, 4=agree and 5= strongly agree was used, this demonstrated higher the mean higher responders level of concurrence on an announcement. Results are below

Table 4.6: Statements that relate to decision sharing

Statement	**Mean**	**S.d**
Decision sharing improves employees' relationships.	4.192	1.000
Decision sharing facilitates emergence of new ideas	4.308	1.018
Decision sharing ensures that every member of the organization participates in the firm activities.	4.212	1.150
Our organization usually practices decision sharing	4.000	0.907
Decision sharing ensures that decisions are easily accepted by workers.	4.346	1.053
Decision sharing facilitates easy implementation of organization activities since everyone is involved in decision making.	4.115	1.069

From table above, many responders accepted; decision sharing ensures that decisions are easily accepted by workers as depicted by 4.346 mean and 1.053 s.d and also that decision sharing facilitates emergence of new ideas as depicted by 4.308 mean and 1.018 s.d.

Additionally responders accepted decision sharing ensures that every member of the organization participates in the firm activities as indicated by 4.212 mean and 1.150 s.d. Responders accepted; decision sharing improves employees' relationships as depicted by 4.192 mean and 1.0s.d also that decision sharing facilitates easy implementation of organization activities since everyone is involved in decision making this depicted by 4.115 mean and 1.069 s.d. Moreover responders accepted their organization usually practices decision sharing as depicted by 4.0 mean and 0.907s.d.

Review discoveries agree with those of Kaplan *et al* (2010). He asserted that alliances fail to perform because most of them are defined by service level agreement that identify what each partner will deliver rather than what each hopes to gain from the partnership. He also asserted that an effective partnership delivers results in line with the organization objectives and addresses the needs of all the players within the organization environment.

4.3.2 Resource Sharing

Responders were to show acceptance level on listed statements that relate to resources sharing and financial performance of mortgage companies. A scale whereby 1= strongly disagree, 2=disagree, 3= neutral, 4=agree and 5= strongly agree was used, this demonstrated higher the mean higher responders level of concurrence on an announcement. Results are below

Table 4.7: Statements that relate to resources sharing

Statement	Mean	S.d
Resource sharing minimizes organizational costs on acquiring resources.	4.077	1.336
By sharing resources by and large, associations can exploit economies of scale.	4.192	1.152

Through shared administrations, associations diminish cost of repetitive administrations and increment venture.	4.077	1.091
Shared services allow accessing particular ability, enhanced administrations, and new innovations that could somehow or another be excessively expensive or inaccessible.	4.308	1.079
Shared administrations offer the open door for both gifted specialized and program staff to concentrate on their center skills, making higher employment fulfillment.	4.346	1.035
Shared administrations can likewise institutionalize forms crosswise over associations for quicker administration.	4.115	1.184

From table above, many responders accepted; mutual administrations offer the open door for both gifted specialized and program staff to concentrate on their center capabilities, making higher occupation fulfillment as depicted 4.346 mean and 1.035 s.d likewise they concurred that common administrations permit getting to particular aptitude, enhanced administrations, and new innovations that could some way or another be unreasonably expensive or inaccessible as depicted by 4.308 mean and 1.079 s.d. Moreover responders accepted; by sharing resources collectively, organizations can take advantage economies of scale as depicted 4.192 mean and 1.152 s.d and also that shared services can also standardize processes across organizations for faster service as depicted 4.115 mean and 1.184 s.d. Further responders concurred that through shared administrations, associations diminish cost of repetitive administrations and increment venture as depicted by 4.077 mean and 1.091 mean. Also responders accepted resource sharing minimizes organizational costs on acquiring resources as depicted by 4.077 mean and 1.336 s.d . Review discoveries concur with Bleeke and Ernst (1991). They said before engaging in a partnership there is need to ensure better alignment with development objectives with clear advantages to each party to the partnership and also to support sustainability for the company.

4.3.3 Risk Sharing

Responders were to show acceptance level on listed statements that relate to risk sharing and financial performance of mortgage companies in Kenya. A scale whereby 1= strongly disagree, 2=disagree, 3= neutral, 4=agree and 5= strongly agree was used, this demonstrated higher the mean higher responders level of concurrence on an announcement. Results are below

Table 4.8: Listed Statements That Relate To Risk Sharing

Statement	Mean	S.d
Risk sharing helps to relieve chance and diminish potential slip-ups by more noteworthy comprehension of operational setting	4.135	1.245
Risk sharing draws a more extensive pool of specialized ability, encounter, aptitudes, work and systems	4.308	1.123
Risk sharing helps in developing unexpected / new ways of addressing old issues and complex challenges	4.231	1.132
Risk sharing helps in reducing costs and delivery systems and avoiding duplication	4.096	1.211
Risk sharing ensures Sharing the risk in new and untested projects.	4.212	1.031
Failure to pay attention to threats and opportunities in the collaboration could spell disaster.	4.365	1.075

From table above, many responders accepted; failure to pay attention to threats and opportunities in the collaboration could spell disaster as depicted by 4.365 mean and 1.075 s.d also that risk sharing draws a more extensive pool of specialized ability, encounter, aptitudes, work and systems as depicted by 4.308 mean and 1.123 s.d . Also examination showed that hazard sharing aides in creating sudden/better approaches for tending to old issues and complex difficulties as depicted by 4.231 mean and 1.132 s.d.

Further review depicted many responders accepted; risk sharing ensures Sharing the risk in new and untested projects as depicted by 4.212 mean and 1.031s.d Additionally review shows many responders accepted that risk sharing helps in reducing costs and delivery systems and avoiding duplication depicted by 4.096 mean and 1.211 mean. Review discoveries concur with Kluyver, (2010).

4.3.4 Joint Research and Development

Responders were to show acceptance level on the listed statements that relate to joint research and development and financial performance of mortgage companies in Kenya. A scale whereby 1= strongly disagree, 2=disagree, 3= neutral, 4=agree and 5= strongly agree was used, this demonstrated higher the mean higher responders level of concurrence on an announcement. Results are below.

Table 4.9: Joint research and development and financial performance

Statement	Mean	S.d
R&D associations mean to create new or enhanced items or to advance operations.	4.346	1.053
Speculators get a level of item's benefits, alongside benefits like devaluation of hardware	4.462	1.113
R&D associations can possibly bring your business a focused edge that will prompt long haul development.	4.154	1.067
R&D associations quicken creation stage and put up potential new items or frameworks for sale to the public speedier..	4.269	1.022
R&D associations are intended to put more weight on asset sharing than on making new items.	4.077	0.862
Regularly joining forces around R&D gives organizations chance to test items in new markets.	4.308	1.024

From table above, many responders respondent accepted; speculators get a level of the item's benefits, alongside benefits like devaluation of hardware as depicted by 4.462 mean and a s.d of 1.113 and furthermore that R&D organizations intend to create new or enhanced items as depicted by 4.346 mean and 1.053 s.d . Many responders concurred that periodically collaborating around R&D gives organizations chance to test items in new markets as depicted by 4.308 mean and 1.024 s.d.

Additionally responders concurred that R&D organizations quicken creation stage and put up potential new items or frameworks for sale to public quicker as depicted by 4.269 mean and 1.022 s.d and furthermore that R&D associations can possibly bring your business a focused edge that will prompt long haul development as depicted by 4.154 mean and 1.067 s.d .Additionally responders concurred that R&D associations are intended to put more weight on asset sharing than on making new items as depicted by 4.077 mean and 0.862 s.d. Discoveries concurs with those of Ekawati, (2014). He asserts that performance is intended to assess the share of employment compared with predetermined targets and that the performance of the company is the result of an accumulative of all work activities within the company.

4.4 Inferential Statistics

In review, correlation and multiple regression analysis were led to test the impact among indicator factors. Analyst utilized (SPSS Version 21) to code, enter and compute multiple regressions.

4.4.1 Correlation Analysis

It is utilized to dissect relation amongst autonomous and subordinate factors. Investigation utilized Pearson Moment Correlation examination to decide relation between decision sharing, resource sharing, risk sharing and joint research and development on financial performance of mortgage companies. Outcomes are below.

Table 4.10: Correlations Coefficient

		Financial performance	Decision sharing	Resource sharing	Risk sharing	Joint research and development
Financial performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	52				
Decision sharing	Pearson Correlation	.764**	1			
	Sig. (2-tailed)	.000				
	N	52	52			
Resource sharing	Pearson Correlation	.892**	.433	1		
	Sig. (2-tailed)	.002	.064			
	N	52	52	52		
Risk sharing	Pearson Correlation	.916**	.521	.543	1	
	Sig. (2-tailed)	.000	.048	.071		
	N	52	52	52	52	
Joint research and development	Pearson Correlation	.783**	.418	.503	.376	1
	Sig. (2-tailed)	.002	.073	.041	.174	
	N	52	52	52	52	52

**. Correlation is significant at the 0.01 level (2-tailed).

Outcomes uncovered that there was a solid positive connection between decision sharing and financial performance of the mortgage companies as depicted by r=0.764, statistically significant p = 0.000<0.01; there was a solid positive connection between resource sharing and financial performance of the mortgage companies as depicted by r=0.892, P = 0.002; there was a solid positive connection between risk sharing and financial performance of the mortgage companies depicted by r = 0.916, P = 0.000; there was a solid positive connection between joint research and development depicted by r = 0.783, P = 0.002. This shows decision sharing, resource sharing, risk sharing and joint research and development are related.

4.4.2 Model Summary

It is utilized to dissect variety of ward variable because of progressions of free factors. Investigation examined varieties of financial performance of the mortage companies due to the changes in decision making, resource sharing, risk sharing and joint research and development. Results are below.

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815[a]	0.664	0.616	0.00462

Adjusted R squared was 0.664 inferring that there was 66.4% variety of money related execution due to decision making, resource sharing, risk sharing and joint research and development. The remaining 33.6% imply that there are other factors that lead to financial performance of the mortgage banks. R is connection coefficient which demonstrates connection between examination factors. From discoveries, investigation discovered that there was a solid positive connection between examination factors as appeared by 0.815.

4.4.3 Analysis of Variance

The study were presented in the table 4.7

Table 4.12: Analysis of variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.864	4	4.466	31.758	.009[b]
	Residual	7.614	47	0.162		
	Total	25.478	51			

ANOVA is utilized to decide if information utilized as a part of investigation is huge. From the ANOVA insights, prepared information (populace parameters) had criticalness level of 0.001. This demonstrates information is perfect for making conclusions on populace's parameter as estimation of hugeness (p-esteem) is under 5%. The F computed was more prominent than F basic (31.758). This demonstrates decision sharing, resource sharing, risk sharing and joint research and development influences financial performance of the mortgage banks.

4.4.4 Beta Coefficients of the study Variables

The findings were as presented in the table 4.8

Table 4.13: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant) Financial performance	1.128	0.164		6.878	0.002
	Decision sharing	0.568	0.109	0.482	5.211	0.012
	Resource sharing	0.684	0.094	0.613	7.277	0
	Risk sharing	0.561	0.087	0.465	6.448	0.004
	Joint research and development	0.656	0.091	0.602	7.209	0.001

The regression equation was

$$Y = 1.128 + 0.568X_1 + 0.684X_2 + 0.561X_3 + 0.656X_4$$

Equation above reveals that holding decision sharing, resource sharing, risk sharing, joint research and development constant, the variables will significantly influence financial performance of the mortgage companies as shown by constant = 1.128 as shown in Table 4.8

Decision sharing is statistically significant to financial performance as shown by ($\beta = 0.568$, $P = 0.012$). This shows that decision sharing had huge positive relation with financial performance of the mortgage companies. This infers a unit increment in decision sharing will result to increase in financial performance of the mortgage companies. Resource sharing are factually noteworthy to viable usage as appeared by ($\beta = 0.684$, $P = 0.000$). This shows asset sharing had huge positive relation on budgetary execution. This suggests a unit increment in asset sharing will result to increment in financial execution of the mortgage companies.

Risk sharing is statistically significant to financial performance of the mortgage companies as shown by ($\beta = 0.561$, $P = 0.004$). This implies risk sharing had huge positive relation with financial performance. This shows risk sharing will result to increase in financial performance of mortgage companies. Joint research and development is statistically significant to financial performance of mortgage companies as shown by ($\beta = 0.656$, $P = 0.001$). This shows joint research and development had huge positive relation with financial performance of the mortgage companies. This shows that a unit joint research and development will result to increase in financial performance of the mortgage companies.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Part shows recommendations, findings and conclusions. Main objective was establishing effects of strategic partnership on financial performance of mortgage companies.

5.2 Summary of Findings

Review entails review of the findings on study objectives. On decision sharing on financial performance of mortgage companies. Review revealed that; decision sharing ensures that decisions are easily accepted by workers and also that decision sharing facilitates emergence of new ideas. Further the study revealed that decision sharing ensures that every member of the organization participates in the firm activities. Additionally the study revealed that decision sharing improves employees' relationships also that decision sharing facilitates easy implementation of organization activities since everyone is involved in decision making. Also the study revealed that their organization usually practices decision sharing.

Regarding resource sharing the study revealed that; shared administrations offer open door for both gifted specialized and program staff to concentrate on their center abilities, making higher employment fulfillment and that shared services allow accessing specialized expertise, improved services. Additionally the study revealed that by sharing resources collectively, organizations can take advantage economies of scale and also that shared services can also standardize processes across organizations for faster service. Further the study indicated that through shared services. Additionally the study revealed that resource sharing minimizes organizational costs on acquiring resources.

With regards to the risk sharing the study revealed that; failure to pay attention to threats and opportunities in the collaboration could spell disaster and also that risk sharing draws a more extensive pool of specialized mastery, encounter, abilities, work and systems as. Additionally study indicated that risk sharing helps in creating surprising/better approaches for tending to old issues and complex difficulties. Further study revealed that risk sharing ensures sharing the risk in new and untested projects. Additionally the study revealed that risk sharing helps in reducing costs and delivery systems and avoiding duplication.

The study revealed that; investors get a level of item's benefits, alongside benefits like deterioration of gear and furthermore that R&D associations plan to create new or enhanced items or to improve operations. Further the study revealed that generally banding together around R&D gives organizations chance to test items in new markets. Additionally the study revealed that; R&D organizations quicken creation stage and put up potential new items or frameworks for sale to public speedier and also that R&D partnerships have the potential to bring the business an aggressive edge that will prompt long haul development. Further the study revealed that R&D associations are intended to put more weight on asset sharing than on making new items.

5.3 Conclusion

On decision sharing the study revealed that, decision sharing improves employees' relationships and also that it facilitates emergence of new ideas. Further the study revealed that decision sharing ensures that every member of the organization participates in the firm activities. Thus the review shows positive correlation between decision sharing and the financial performance of mortgage companies.

On resource sharing the study revealed that resource sharing minimizes organizational costs on acquiring resources and that by sharing resources all in all, associations can exploit economies of scale. Additionally the study revealed that through shared administrations, associations diminish cost of repetitive administrations and increment speculation. Thus the review showed positive relation between resource sharing and financial performance of mortgage companies.

With respect to risk sharing the study revealed that risk sharing helps to relieve hazard and diminish potential mix-ups by more noteworthy comprehension of operational setting and also that risk sharing draws a more extensive pool of specialized aptitude, encounter, abilities, work and systems. Thus review shows positive relation between risk sharing and financial performance of mortgage companies.

Regarding joint research and development, the study revealed that R&D organizations intend to deliver new or enhanced items or to enhance operations or speculators get a level of item's benefits, alongside benefits like devaluation of hardware. Also the study revealed that R&D organizations can possibly bring your business a focused edge that will prompt long haul development. Thus the study concludes that joint research and development is positively related to financial performance of mortgage companies in Kenya.

5.4 Recommendations

On decision sharing review revealed that it ensures that decisions are easily accepted by workers and that decision sharing facilitates easy implementation of organization activities since everyone is involved in decision making. Thus review suggests management of the mortgage companies should adopt a mode of decision sharing among the employees and develop effective communication channels to involve the employees on the process of decision making. The management should ensure that all the employees in their companies are aware of the company's decisions in a timely fashion and in regular intervals as set by the management.

On resource sharing the study revealed that offer open door for both talented specialized and program staff to concentrate on their center capabilities, making higher occupation fulfillment and furthermore that mutual administrations can institutionalize forms crosswise over associations for speedier administration. Thus the study recommends that the management of the mortgages companies should set out clear guidelines governing the sharing of the resources to ensure that resources are shared appropriately among the concerned departments. Adjustments should be made where necessary concerning resource sharing in the company to ensure their optimal usage and for the advantage of the company and the employees.

Concerning risk sharing the study revealed that, risk sharing helps in creating sudden/better approaches for tending to old issues and complex difficulties and that it helps in reducing costs and delivery systems and avoiding duplication. Also the study revealed that failure to pay attention to threats and opportunities in the collaboration could spell disaster. Thus review suggests management of the mortgage companies should be keen on identifying risks that face the company and insure the company against adverse risk that may negatively influence its operations. Also the management should ensure that the companies carries out ways to avoid duplicating of work.

On the joint research development the study revealed that R&D organizations quicken creation stage and offer potential new items or frameworks for sale to public speedier and furthermore that customarily joining forces around R&D gives organizations chance to test items in new markets. Thus the review suggests management of the mortgage companies should conduct joint research and development on a regular basis for company benefit to ensure it operates appropriately on the changing environment it is in.

5.5 Recommendations For Further Studies

Review established effects of strategic partnership on financial performance of mortgage companies. It recommends that a further study should be conducted this time investigating on risk sharing strategies on performance of mortgage companies in Kenya.

REFERENCES

Arya B., & Salk J. E. (2006). Cross-sector alliance learning and effectiveness of voluntary codes of corporate social responsibility. Business Ethics Quarterly, 211-234.

Austin, J. E. (2000). The Collaboration Challenge How Non - Profit and Businesses Succeed Through Strategic Alliances. San Francisco Josse-Bass

Casciaro T. & Piskorski M, J, (2005). A Closer Look at Resource Dependence Theory: Administrative Science Quarterly, 50, 167-199.

Das, T., & Teng, B. S. (2000). A Resource-Based Theory of Strategic Alliances. Journal of Management, 1(3), 67 – 78

Das, T., & Teng, B. S. (2000). A Resource-Based Theory of Strategic Alliances. Journal of Management, 1(3), 67 – 78

DePamhilis, D. M. (2008). Mergers, Acquisitions and other Restructuring Activities. 4th Edition. Academic Press.

Dierickx, I. and Cool, K. (1989). Asset Stock Accumulation and Sustainability of Competitive Advantage. Management Science, 35(12), 1504-1511.

Ekawati, R.S. (2014). The Effect of Strategic Partnership On Innovation Capability and Business Performance of Garment Industry in West Java – Indonesia. International Journal of Scientific and Technology Research, 3(12), ISSN 2277-8616.

Gittell, H. J. (2005). The Southwest Airlines Way: Using the power of relationships to achieve high performance. First McGraw–Hill.

Googins, B. K., & Rochlin, S. A. (2000). Creating the Partnership Society: Understanding the Rhetoric and Reality of Cross-Sectoral Partnerships. Business and Society Review, 7(1), 22 – 56.

Hoxtell, W., Maximilian, N., Kristina, T. (May 2015) Business Engagement in Humanitarian Response and Disaster Risk Management: Global Public Policy Institute.

Johnson, G. & Scholes, K (1999). Exploring Corporate Strategy fifth edition. London: Prentice Hall.

Jonathan, C. D. & Soldi, A. (2011). Strategic alliances; performance measurement in the financial services industry; the beneficial life insurance SA and microfinance institutions in Cameroon. Unpublished MBA project. Linkoping: Linkoping University.

Kibiego, J. T (2014) Influence of Strategic Partnerships On the Performance of Kenyatta International Convention Centre. Unpublished MBA Project, University of Nairobi

Kudate, V. N. (2014). Study on the influence of strategic partnerships between small and large businesses in performance; the case of Equity Bank Agency banking. Unpublished MBA project. Nairobi: University of Nairobi.

Kudate, V. N (2014) Influence of Strategic Partnership Between Small and Large Businesses On Performance: The Case of Equity Bank Agency Banking. Unpublished MBA Project, University of Nairobi

Maina, M. K (2011) Implementation of Strategic Alliance Strategy at The University of Nairobi. Unpublished MBA Project, University of Nairobi

Muikamba, J. M (2013) Value Creation Through Strategic Partnerships Between Businesses And Health NGO’s In Nairobi - Kenya. Unpublished MBA Project, University of Nairobi

Muiruri, E. M (2015) Strategic Partnerships and Performance of Equity Bank in Kenya. Unpublished MBA Project, University of Nairobi

Neergaard, P., Jensen, E. C, & Pedersen, J. T. (2009). Partnerships between businesses and voluntary organizations. Harvard Business Review, 1(4), 64- 87.

Ngamau, P. N (2015) Influence of Strategic Partnerships On Performance of Insurance Companies in Kenya. Unpublished MBA Project, University of Nairobi

Ngoto, C. R (2015) Strategic Partnerships and Performance of UNICEF Kenya Country Office. Unpublished MBA Project, University of Nairobi

Nzengya, J. K (2013) Strategic Alliances Among Commercial Banks In Kenya. Unpublished MBA Project, University of Nairobi

Ogega, A. L. (2010). Strategic Alliance Between Safaricom and Equity Bank in The Money Transfer Services. Unpublished MBA project. Nairobi: University of Nairobi.

Ongeti, J. W. (2014). Thesis on Organization Resources, Corporate Governance, Structures and Performance of Kenya State Corporations. Unpublished Ph.D thesis. Nairobi: University of Nairobi.

Penrose, E. T. (2009). The Theory of the Growth of the Firm (4th Ed.). Oxford: Oxford University Press.

Pfeffer, J. & Salancik, G. (1978). The External Control of Organizations: A Resource Dependence Perspective. New York NY: Harper and Row.

Prahalad, C, K. & Hamel, G. (1990). The Core Competence of the Corporation. Harvard Business Review, 68(3), 79-91.

Riddertrale, J. & Kjell, N. (1999). Funky Business-Forever How to Enjoy Capitalism. Pearson Education Canada.

Robbins, S. P & Coulter, M . (2010). Management. 10th edition. Pearson Education Inc

Smith, R. (2006). Business Process Management and the Balanced Scorecard. Wiley and Sons.

Stalk, G., Evans, P. & Shulman, E. L. (1999). Competing on Capabilities: The New Rules of Corporate Strategy, Harvard Business Review.

Teece, D., Disano, G & Shuen, A. (1997). Dynamic capabilities and strategic management. Strategic Management Journal, 18 (7), 509-533.

Teece, D., Disano, G & Shuen, A. (1997). Dynamic capabilities and strategic management. Strategic Management Journal, 18 (7), 509-533.

Ulijn, J., Eppink, J. & Heijeden, B. (2010). Strategic Alliances Mergers and Acquisitions: The Influence of Culture on Successful Co-operation. UK: Edward Elgar Publishing Ltd Glos GL 5021 A.

Walekhwa, N. T. (2011) Effects of Strategic Business Partnerships Between Equity Bank ltd and Its Partners On Marketing Decisions. Unpublished MBA project. Nairobi: University of Nairobi.

APPENDICES

Appendix I: Questionnaire

Part A: Demographic Information

1. Gender

Male	( )
Female	( )

2. Age bracket

Below 25years	( )
26- 35 years	( )
36- 45years	( )
Over 46 years	( )

3. How long have been in this organization?

Less than 1 year	( )
1-5 years	( )
6-10 years	( )
Over 10 years	( )

4. What is your highest level of education?

Diploma	( )
Undergraduate	( )
Postgraduate	( )
Other	( )

5. What is your position in this organization?

Management	( )
Senior Officers	( )
Other Staff	( )

Part B: Decision Sharing

6. Please show acceptance level with following statements that relate to decision sharing on financial performance of mortgage companies.

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Decision sharing improves employees' relationships.					
Decision sharing facilitates emergence of new ideas					
Decision sharing ensures that every member of the organization participates in the firm activities.					
Our organization usually practices decision sharing					
Decision sharing ensures that decisions are easily accepted by workers.					
Decision sharing facilitates easy implementation of organization activities since everyone is involved in decision making.					

Part C: Resource Sharing

7. Please show acceptance level with following statements that relate to resources sharing and financial performance of mortgage companies.

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Resource sharing minimizes organizational costs on acquiring resources.					
By sharing resources all things considered, associations can exploit economies of scale.					
Shared services allow accessing particular mastery, enhanced administrations, and new advancements that could somehow be excessively expensive or inaccessible.					
Shared administrations offer open door for both gifted specialized and program staff to concentrate on their center capabilities, making higher employment fulfillment..					
Shared administrations can likewise institutionalize forms crosswise over associations for quicker administration.					

Part D: Risk Sharing

8. Please show acceptance degree with following statements that relate to risk sharing and financial performance of mortgage companies.

Statement	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
Risk sharing helps to relieve hazard and diminish potential mix-ups by more noteworthy comprehension of operational setting					
Risk sharing draws a wider pool of technical expertise, experience, skills, labour and networks					
Risk sharing helps in creating startling/better approaches for tending to old issues and complex difficulties					
Risk sharing helps in reducing costs and delivery systems and avoiding duplication					
Risk sharing ensures Sharing the risk in new and untested projects.					
Failure to pay attention to threats and opportunities in the collaboration could spell disaster.					

Part E: Joint Research and Development

9. Please indicate your level of agreement with the following statements that relate to joint research and development and financial performance of mortgage companies in Kenya.

Statement	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
R&D organizations intend to deliver new or enhanced items or to enhance operations.					
Speculators get a level of item's benefits, alongside benefits like devaluation of hardware					
R&D organizations can possibly bring your business a focused edge that will prompt long haul development.					
R&D organizations quicken creation stage and put up potential new items or frameworks for sale to public quicker.					
Research and development organizations are intended					

to put more weight on asset sharing than on making new items.					
Frequently joining forces around R&D gives organizations chance to test items in new markets.					

THANK YOU

Appendix II: Data Collection Sheet

Period Years	ROA	ROE	Profit Before Tax
2012			
2013			
2014			
2015			
2016			