KEY SUCCESS FACTORS IN THE IMPLEMENTATION OF STRATEGIC ALLIANCE AT ABSA BANK KENYA LTD

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DECLARATION

This is my original work and has not been presented for a degree award or published in this or any other institution of higher learning.

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This research project report is submitted for examination with my approval as the University of Nairobi supervisor.

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DEDICATION

This project is dedicated to my Family that has been my source of support and direction during my MBA program.

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This project is the outcome of efforts by many people. I thank my class mates for your support you gave me throughout the program. Special thanks to my supervisor, Dr. Muya Ndambuki for tirelessly pointing me in the right direction. To my family for giving me peace of mind, thank you. To God almighty all Praise to you.

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ABSTRACT

The study sought to establish the key success factors in the implementation of strategic alliances at Absa bank. The study was anchored on the dynamic capabilities theory, strategic alliance theory and the resource dependency theory. The researcher used primary data. Primary data was obtained from Senior managers of Absa bank. The persons deemed relevant for this kind of study were the Directors in charge of marketing, strategy, human resorces and finance. This makes a total of three respondents. An interview guide was used to guide the discussions between the researcher and the respondents. Content analysis was used in data analysis since the data collected was qualitative in nature. Themes and sub-themes were derived from the data collected and then used through thematic mapping. On responsibility of implementing and actualizing the alliance, respondents were in agreement that it rested on many heads. There would be the implementing department or section within the bank and the top management. The study additionally reported that commitment of the parties to the alliance was key in determining its success. An alliance in which there is no commitment from the parties was indicated to be a non-starter. It is recommended that longitudinal studies on key success factors affecting strategic alliances be carried out. Strategy implementation is not a one off activity and therefore one time studies may not be the most optimal. A quantitative study investigating the influence of each identified key success factor on the success of a strategic alliance needs to be carried out. This is in view of the fact that arising from the study, it is not possible to measure the effect of each on the success of a strategy. Similar studies may need to be replicated in manufacturing enterprises. This is because banks are service providers and as such the key success factors applicable may not hold in a manufacturing setting.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Collaborations between organizations has grown in frequency as new ways for achieving goals are sought after in business environments that have become highly competitive in nature. Many organizations are increasingly finding it prudent to engage in strategic partnerships to secure competitive advantage (Frankel et al, 1996). Businesses are constantly seeking efficient and effective ways to deal with global challenges and they have commonly looked to innovation, marketing, expansion and product development. In today's competitive world, organizations need partners who can help them attain their goals faster, sharing their vision and their values. Critical in the implementation of strategy are certain key success factors that will inevitably determine the outcomes of the strategy implementation process (Rockart, 1979). The implication is that as companies engage in strategic alliances there is need to understand that there are conditions that have to be met for the strategic alliance to succeed.

Pfeffer and Salancik (2003) describe resource dependency view in terms of organization power and interactions with sub units of the external dependencies of the organization. This theory holds that an organization's ability to react to environmental changes is dependent on the resources at its disposal. Teece, Shuen and Pissano (1994) describe the dynamic capabilities view as an organizations' capability to marshal resources in response to environmental changes. It specifically addresses the manner in which the organization's resources can be mobilized in response to changes in the organization's environment.

Teece et al (1994) argue that the organization's resources must be adaptable enough. Strategic alliance is exercised in various forms by organizations and it manifests as combinations of the public, private sectors and the non-governmental organizations. Strategic alliances are normally a result of environmental challenges such as competition, globalization, political and legal factors, ecological factors, insecurity and consumer tastes, which can at times be very unpredictable (Voss et al, 2006).

Absa bank is a player in the commercial banking sector in Kenya. Like many other organizations, the bank has gone into strategic alliances with other banks and even non-banking financial and non-financial institutions in Kenya. The pursuit of strategic alliances by the bank is informed by the desire to enjoy the benefits of strategic alliances. The focus of this study is to determine the key success factors in the implementation of strategic alliances by Absa bank.

1.1.1 Concept of Strategy

The concept of strategy has been characterized diversely by various researchers. Chandler (1962) characterizes it as the methods for building up the hierarchical reason as far as its drawn-out goals, activity projects, and asset portion needs. It has for some time been acknowledged that one of the key worries of the methodology is to characterize the business the association is in or is to be in.

Gluck (1976) clarifies strategy as a cognizant, binding together an integrative arrangement intended to expect that the fundamental targets of the association are accomplished. Argyris (1985) saw methodology as a reaction to outside circumstances and dangers, and inner qualities and shortcomings, as such he saw the system as primarily a reaction to outer and inward powers that influence the association.

Doorman (1980) characterizes the system as a focal vehicle for accomplishing the upper hand and draws out a structure for evaluating the engaging quality of industry and examines conventional procedures for viably situating an association inside its industry. Doorman (1985) additionally clarifies that a serious system is a quest for a great serious situation in an industry, the crucial field that opposition happens, and that it intends to set up a beneficial and maintainable situation against the powers that decide industry rivalry.

1.1.2 Concept of Strategic Alliance

A strategic alliance is an arrangement between firms to work collectively in manners that move past regular agency to-organization dealings, however, omit the mark regarding a merger or a complete association (Wheelen and Hungar, 2000). these unions can also amplify from informal arrangements to formal concurrences with lengthy agreements wherein the gatherings may also likewise exchange value, or contribute cash-flow to shape a joint endeavor company. Despite the fact that a significant part of the conversation with respect to vital coalitions has regularly centered around partnerships between two organizations; nonetheless, there is an expanding pattern towards multi-organization collusions (Mockler, 1997). Alliances are cooperative agreements between firms in which partners may contribute capital, technology or other organizational specific resources and capabilities (Harrigan, 1988), and that alliances are normally formed as a result of heightened competitive and uncertain business environment. Strategic alliances are basically agreements that take place between organizations or partners to reach objectives of common interest (Mockler, 1997), and strategic alliances are based on agreements that enable the organizations to remain independent and at times, if in the same sector, often in competition.

Frankel et al. (1996) portrayed strategic alliances as a cycle in which members enthusiastically alter their essential strategic policies with the point of lessening duplication and waste while encouraging improved performance. A strategic alliance is now and then portrayed as just organization that provides an opportunity for unity towards a competitive advantage (Yi Wei, 2007).

1.1.3 Commercial Banks in Kenya

Commercial banks and home loan account establishments are authorized and controlled in accordance with the arrangements of the Banking Act and the guidelines and Prudential suggestions given. they're the prevailing parts within the Kenyan Banking framework and closer attention is paid to them while main off-website online and on location commentary to assure that they're consistence with the legal guidelines and suggestions.

As of 31st December 2015 there were 42 authorized business banks and 1 home loan fund organization. 39 commercial banks out of 43 are privately owned while 3 of them have the Kenyan Government controlling substantive stakes. 25 of the 39 exclusive banks and the 1 home loan fund foundation are privately claimed (i.e their controlling investors are domiciled in Kenya) while 14 are foreign possessed. The possession structure of authorized business banks and home loan fund establishments can be completely neighborhood or part nearby and part worldwide.

1.1.4 Absa Bank of Kenya Limited

Absa Bank is one of the major players in the banking industry in Kenya and it has, since its entrance in the Kenyan market operated for over 100 years. The bank is a huge budgetary foundation in Kenya, with an expected resource base in overabundance of US$2.329 billion (KES:200.975 billion), as of December 2015. Around then, Bank of Absa Kenya was the fifth-biggest Kenyan commercial bank, by resources, behind KCB Group, Equity Group Holdings Limited, Cooperative Bank, and Standard Chartered Kenya. The foundation serves the financial needs of enormous and independent company clients just as people. Through its ability to use its worldwide status, it has situated itself as one of the top suppliers of budgetary administrations in the market. With a broad branch system of 119 outlets and more than 230 ATMs spread the nation over, the bank is additionally recorded at the Nairobi Stock Exchange. The bank additionally has a vigorous Internet and Mobile Banking stages. The bank is an auxiliary of an International money related administration combination, whose portions of stock are recorded on the London Stock Exchange under the image BARC and on the New York Stock Exchange (NYSE) under the image BCS. In 2013, Plc. embraced the joined procedure to work as "One Bank in Africa" with a point of expanding proficiency and boosting comes back from the African Units. This prompted the converging of all Barclays Plc. organizations in Africa (other than Egypt and Zimbabwe units) through Absa Group Limited, prompting the arrangement of Barclays Africa Group. The supply of Barclays Africa Group, which claims 68.5% Absa Kenya, is recorded on the NSE.

1.2 Research Problem

The combined influence of Increasing globalization, interaction among organizations and developments in the information technology, computer networks and mobile applications provide organizations with new possibilities to integrate and connect different parts of the company in novel ways. This has increased the need for competitiveness in the business environment and companies are seeking ways to integrate internal functions and also along the supply chain. Competitive pressures have made it necessary for companies to explore possibilities of strategic alliances in diverse areas such as new product development, foreign market entry and even in exploitation of raw materials and technology (Marcus, 2011). Strategic alliances may be formed at the point when each accomplice perceives the need to approach abilities and skills, it can't grow inside or when a steady methodology is best in getting to assets, capacities and capabilities (Wheelen and Hungar, 2000).

At times it is preposterous to expect to obtain another organization so as to accomplish specific improvement objectives. In this case a strategic alliance can be used. Absa Bank of Kenya Limited is not an exception and has had to engage in strategic alliances that may need to be evaluated to determine their value in terms of successes and failures. It is a typical conviction that the administration of an alliance must have characteristics distinctiveness at any rate to some degree from those of the parent organization. There are numerous studies in Kenya in relation to Absa bank (Wanjiku, 2011; Njoroge, 2009; Olum, 2010; Wasike, 2009). Kiragu (2012) investigated environmental analysis in Absa bank while Olum (2010) studied the growth strategies employed by the bank. All these studies are about strategy but they do not address strategic alliances. Kitaa (2013) studied the factors considered in the formation of strategic alliances, Warui (2014) studied the challenges in implementation of strategic alliances while Mwangi (2014) examined the effects of strategic alliances. None of the studies reported on the key success factors in the implementation of strategy. This study therefore seeks to answer the following research question: What are the key success factors in the implementation of strategic alliances by Absa bank in Kenya?

1.3 Objective of Study

The objective of this study is to establish the key success factors in the implementation of strategic alliances by Bank Absa of Kenya.

1.4 Value of study

Absa Bank Kenya Limited will be the key beneficiary of the study. The management will be able to understand the critical factors that underlie successful implementation of strategic alliances. Other banking institutions also may gain some useful information regarding success factors strategic alliances implementation in the banking industry.

Policy makers and regulators such as the Central Bank of Kenya may also make use of the new knowledge generated to improve their regulatory roles of the activities of commercial banks.

This study will also immensely contribute to theory in that much of the theory on key success factors in the implementation of strategy derives from foreign contexts. Strategic alliances in developing countries has also been underreported therefore this study will inform the academia on areas that need further study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the theories associated with strategic partnerships and thereafter examines the implementation of strategic partnerships and challenges in the implementation of strategic alliances.

2.2 Theoretical background

The Strategic alliance theory and resource dependency theories are the most relevant as they provide the necessary set of conditions for organizations to form alliances. This section will explain the context of these theories and how they provide the foundation for alliances.

2.2.1 Dynamic capabilities

Dynamic capabilities are characterised by the corporation's capacity to incorporate, shape, and reconfigure internal and external competencies to address quick evolving situations. Assets are company-specific sources which can be difficult if no longer difficult to impersonate. Proprietary blessings and certain precise workplaces and designing experience are models. Such assets are hard to move among firms in view of exchanges expenses and movement costs and in mild of the fact that the blessings may additionally include implied information.

In their unique dedication, Teece et al. (1997) contend that dynamic capacities empower institutions to coordinate, form and reconfigure their belongings and talents and, consequently, maintain up overall performance despite converting enterprise situations. The idea of dynamic capacities turned into thus refined and extended (Eisenhardt and Martin, 2000; Zollo and wintry weather 2002; Teece, 2007; Helfatet al., 2007). Collis

(1994) acknowledges lower-request operational capabilities, which might be depicted because the purposive blends of belongings that empower an affiliation to perform useful physical activities, for example, coordination, advertising and marketing and offers or fabricating, and better-request dynamic capacities which manipulate alternate. Zollo and wintry weather (2002) and wintry weather (2003) additionally understand dynamic capacities from operational or regular talents. Operational capabilities empower companies to play out their daily activities, and retaining in thoughts that dynamic (as all cycles maybe), they're utilized to maintain up commercial enterprise as common (Helfat et al., 2007:34). The prototype company supplied with ordinary but insufficient close to dynamic capacities will, in go back, procure its living through developing and selling a similar item, on a similar scale and to a similar consumer population after some time (winter, 2003:992). Conversely, dynamic abilties are people who empower a company to continually repair its operational capacities and as a result accomplish longterm competitive advantage.

2.2.2 Strategic Alliance Theory

Strategic alliance is widely accepted as a competitive tool in organizations. In broad terms strategic alliance is denoted as the inter-organizations cooperative arrangements focused on the pursuit of mutual objectives (Das, 2008). One area where strategic alliance is commonly developed is in research and development. Organizations tend to get into strategic alliance for purposes of increased market access, economies of scale, risk and cost minimization (Contractor & Lorange, 2002). Strategic alliance can be characterized in terms of equity and non-equity where equity alliances generally are in the form of joint ventures owned by the partners, which in essence integrates the joint efforts of both the partners. Non –equity alliances can be subdivide further into unilateral contract based alliances and bilateral contract based alliances where the former involve a well-defined transfer of property rights and license agreements and the later require partners to work as a team on constant basis in the form of joint production, marketing or promotion (Bleeke & Ernst, 1993), these alliances generally generate sustained joint creation of knowledge and property for the partnership.

2.2.3 Resource Dependency Theory

Resource dependency theory is a theory that focuses on external dependencies of an organization on other organizations. The resource dependency theory asserts that organizations are open systems that transact with other organizations in their environment to obtain resources important for their survival (Pfeffer & Salancik, 2003). These transactions ultimately develop into dependence relationships, and arguments from resource dependence theory adds that organizational actions need to consider the pattern of constrains and the preferences of other notable actors in organizations environment.

Other arguments attributed to resource dependence theory suppose organizational leaders as people who seek to create autonomy as much as possible when confronted with interdependent relationship in the believe that it relieves them from constraints related to decision making and profits, and that organizations engage in strategies of coopting others as board members through mergers to gain competitive leverage as a strategy of partial cooptation and absorption (Arya & Salk, 2006).

Additionally, aspects of resource dependence theory links people's internal organizational power and sub-units to the external dependency relations that the organization faces. The theory argues that units that are able to cope with the most critical external resource dependencies get more power due to possession of greater capacity to deal with external constraints and threats. Resource dependency's stressing of internal and external power dynamics enables the organization gain access to critical resources they need to succeed and survive. The main reason for getting into strategic partnership is the advantages accruing when organizations pool resources together (Penrose, 2009).

2.3 Key Success Factors

Key success factors according to Rockart (1979) are about success competitive performance of the organization, and the specific talents and skills or capabilities that an organization requires to compete successfully in the market. Grunert and Ellegard (1992) defined key success factors in terms of market specific business skills that are characterized by high value in the market. Key success factors are also viewed by Udeaje (2006) as the ability to reach new clients, productivity and to attract and retain stuff, additionally, key success factors are industry specific and it is important for organizations to know attributes that customers value the most.

Werner H. Hoffmann & Roman Schlosser (2001) in a study of the success factors of strategic alliance in small and medium sized enterprises, notes that soft facts that include factors such as trust are important for the success of an alliance, but on a standalone basis, other hard factors such as strategic compatibility and appropriate governance regimes have also significant influence on alliance making, and that the benefits of an alliance accrue to the parties involved when the alliance itself is in progress and the parameters have a buy-in from both the parties.

2.4 Implementation of Strategic alliances

Implementation of strategy is viewed in terms of a process in which a series of decisions and activities by managers and employees are influenced by internal and external factors as the organization seek to achieve its objectives (Eppler, Yang & Guohui, 2008). Strategy implementation is viewed in terms of selecting and translating a strategy into organized action so that strategic goals and objectives are realized, and it also covers how an organization ought to develop and utilize organizational structures and control systems to generate competitive advantage and enhanced performance.

Some organizations have experience relative success in implementation of strategic alliance while others have also performed dismally, one of the key success instruments of strategic alliance is partner match, organizations have realized that forming an alliance can save them costs and provide access to new markets altogether, if a company sidesteps the critical process of analysis, design, and evaluation while practicing alliance it can fall into irredeemable losses (Zamir, et al 2014). Partner match requires that organizations that enter into strategic alliances need to demonstrate similar management styles and organizational culture.

Organizations that have successfully implemented strategic alliances show great awareness of communication necessity and create effective mechanisms for coordination and efficient processes for control, which enables the organization to achieve its objectives and goals (Uddin et al, 2011). Strategic alliances have a greater chance of succeeding if both the partners subscribe to their expectations of the partnership.

2.5 Challenges in the Implementation of Strategic Alliances

The most notable challenge to implementation of strategic alliances emanate from emergency situations that may arise within uncontrollable external environmental factors (Østergaard & Strarup, 2013). Strategic alliances have varied challenges that prop up as a result of trust problems, cultural differences, misunderstanding or even threats from other partnerships that may have the capacity to water down the alliance (Ogega, 2010). And even lack of coordination framework can raise challenges for the alliance. Employees of such an alliance also may not have been briefed properly and therefore may end up developing uncooperative behaviours that are detrimental to the success of the partnership (Kavale, 2007).

Studies have also shown that lack of a clear fit between strategic alliance and structure and inappropriate management style create problems for smooth implementation of strategic alliances (Jamali et al., 2011). It is therefore important for alliances to maintain good communication framework across the entire structures of both organizations (Jamali et al., 2011). When there is efficient coordination of activities of the alliance, less conflict and clearer goals and objectives permeating the relationship that has been established, is likely to have better outcomes for the partners.

However well the strategic has been formulated if implementation is not properly done the probability of failure is increased. And where resources are also not allocated optimally, managers are likely to encounter the same challenges (Cartwright, 2010). Some managers may, as a result of the alliance, develop confrontational disposition as well. The environment is in a constant state of flux, which tends to discourage the establishment of long term alliances.

2.6 Summary of literature review

The chapter has reviewed the strategic alliance theory and resource dependency theory, and thereafter the concept of key success factors was reviewed together with implementation of strategic alliances and challenges in the implementation of strategic alliances.

The literature reviewed identify key success factors in terms of market specific business skills that are characterized by high value in the market and the ability to reach new clients, productivity and to attract and retain stuff, additionally, key success factors are industry specific and it is important for organizations to know attributes that customers value the most lack of adequate studies, especially in the banking sector, which have investigated the key success factors in the implementation of strategic alliance in the banking sector.

The literature reviewed also show that lack of a clear fit between strategic alliance and structure and inappropriate management style create problems for smooth implementation of strategic alliances. This study therefore finds it appropriate to investigate the success factors in the implementations of strategic alliance using Absa Bank of Kenya as the case study.

CHAPTER THREE

RESEARCH METHODOLGY

3.1 Introduction

This chapter covers research methodology of the study. It duscusses the research design that was used, the data collection, analysis and presentation methods.

3.2 Research Design

A research design is a systematic plan to study the phenomenon. This study was a case study. This is because the unit of analysis was a single institution. Case studies have been advised as the best designs when the researcher is interested in gaining in depth knowledge of the subject matter (Cooper & Schindler, 1998). The nature of information required in this study demanded that the researcher gets detailed information from all identified respondents in order to answer the research question.

3.3 Data Collection

Data collection is the way toward get-together and estimating data on factors of enthusiasm, in a built up methodical design that empowers one to respond to expressed study questions, data interpretation and analysis (Sapsford & Jupp, 2006).The researcher used primary data. Primary data was obtained from Senior managers of Absa bank. The persons deemed relevant for this kind of study were the Directors in charge of marketing, strategy, human resorces and finance. This makes a total of three respondents. An interview guide was used to guide the discussions between the researcher and the respondents.

3.4 Data Analysis

Analysis of data is a cycle of assessing, cleaning, changing, and demonstrating information with the objective of finding valuable data, recommending and supporting dynamic information. It has various features and approaches, enveloping assorted procedures under an assortment of names, in various business, science, and sociology spaces. For this study Content analysis was used in data analysis since the data collected was qualitative in nature. Themes and sub-themes were derived from the data collected and then used through thematic mapping.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of qualitative collected. A discussion of the findings follows. This discussion is carried out in view of the literature collected and presented in chapter two.

4.2 Responses

Response was sought from implementors of strategy in Absa Bank. These persons were the office holders of offices at the strategic levels in the institution. The thinking was that these were the people best placed to give information about the bank's strategy implementation key factors. The interviewer targeted directors in charge of strategy, treasury, human resources, finance and marketing and development. Responses were obtained from the directors in charge of marketing, strategy and human resources. These responses were deemed adequate as they gave a fairly balanced view of strategy implementation within the target institution.

4.3 Aligning Strategy to Corporate Mission, Vision and Objectives

This interview question sought tp establish degree to which the bank attempts to align the strategy with the mission, vision and objectives of the bank. There was consistency in the responses provided that all strategy must be developed in view of the mission of the company. The realization within the management is that any strategic agenda that is not aligned with these three is likely to fail. Aligning the strategy to the mission, vision and objectives of the bank gives it legitimacy and can attract budgetary allocation. If the strategy is discordant with the three then it is not tenable for nay resource allocation because it lacks legitimacy.

There appeared to be a general agreement that each strategy document must begin with a restatement of the mission and vision of the bank. This ensures that the preparers of such a strategy do not lose view of the locus of the strategy drafting exercise. Indeed in relation to this, the director in charge of marketing and strategy noted that before each strategy session, there would be a recitation of the bank's mission, vision and objectives. This was done to ensure that through out the session the strategists were guided by the spirit of the mission and vision. They all viewed alignment as a key success factor in the implantation of strategy.

4.3 Factoring the Strategic Alliance in the Strategic Plan

The question on factoring of strategic alliances in the bank's strategic plan was designed to explain how the management accommodated the strategic alliance. The respondents noted that Absa bank had gone into a number of strategic alliances with companies in related lines of business and others in different lines of business. This was done due to the realization that a bank needs to go into relationships that are very tight, legally speaking with numerous entities. The presence of these alliances has to be accommodated in the bank's strategic plans.

When developing the bank's strategic plan, accommodation of alliances is done on the basis of the role played by that particular alliances. The respondents provided an example of alliances with airlines in Kenya. They noted that these are alliances designed to bring convenience to the life of the customer. When the management is drafting distribution strategies, this where this particular alliance would fit in. Alliances with entertainment entities or entertainment events organizers are meant to give the bank visibility and will be captured under corporate promotion strategies.

4.4 Role of the Top Management in the Formation and Execution of the Alliance

Owing to the centrality of the role played by the top managers in the evolution of strategy, this question was focused on determining the role played by them in the formation and execution of the alliance. All the directors were in concurrence that alliances can only be executed by top managers. Effectively therefore, they were all acknowledging that the alliance was a creature of the top management's efforts. It is the senior managers who signed the execution of the alliance. It was noted that alliances come along with legal implications and therefore it is only the top managers who would be in a position to engage at that level. The respondents all noted that the alliance was sought and developed over a long period of time by senior managers. It is they who negotiated and ultimately signed the alliance under the guidance of the bank's legal team.

4.5 Key Drivers when seeking the Alliance

This question was meant to determine the factors considered critical in the choice of an alliance partner. There was unanimity that the choice of an alliance partner was not an easy task because it involves too many considerations. Top in the choice of this decision is the value of the alliance to the company. This decision involves the calculation of the benefit that the alliance confers on the company. However, determining the benefit was argued to be challenging since some alliances may be created with non -financial ends in sight.

The other considerations were overall image of the other party since company would not wish to get into relationships with partners whose reputations may stain that of the bank. The existence of similar arrangements with competing firms was also cited as a consideration. Respondents noted that congruence of the goals of the two partnering institutions was considered a critical determinant of viability of the alliance.

4.6 Responsibility for Implementing the Alliance

This question was meant to give information on those charged with implementing the alliance. The respondents were in agreement that implementing a strategy regardless of the level rests on multiple shoulders. They all acknowledged however when it comes to actualizing an alliance, responsibility rests on the top management and the responsible department.

In this case, the implantation of an alliance with entertainment institution would rest on both the top management, the director corporate communication and the director marketing. This alliance would be cascaded downwards to the individual departmental activities. However ultimate authority and responsibility lies in the hands of the top management.

4.7 Key Success Factors in the Implementation of an Alliance Strategy

This was easily the most relevant question in relation to the research question and objective. The thinking was that there must be certain factors that determine whether an alliance strategy succeeds or otherwise fails. The responses provided were as follows;

4.7.1 Alignment with Corporate Mission, Vision and Objectives

The respondents concurred that this was the overriding consideration. They all noted that the essence of the alliance to begin with was to further the objectives of the business. Therefore, there was no reason to go ahead with the alliance unless it was in some way delivering on the mission or vision of the bank. Before signing any alliance agreement, the foremost consideration is the extent of alignment with the bank’s mission and vision.

4.7.2 Financial or Non-Financial Benefits

A second consideration was said to be the financial or non-financial outcomes of the alliance. As they had earlier indicated, the outcomes of an alliance could be monetary or of non-monetary value. A team is charged with assessing the risk exposure that comes with conclusion of such an alliance. The management then decides on a go or no-go decision. The departments implementing the strategy then make a case for or against the alliance depending on their specialized knowledge.

4.7.3 Availability of Resources

Just like any on the commitment, an alliance strategy calls for resources both financial, human and otherwise. The respondents argued that the success of an alliance depends on the availability of both financial and non-financial resources. Budgets have to be set aside and persons with the commitment and know how to deliver the strategy nominated to spearhead the implementation of that strategy. They all noted that having persons who lack knowledge on the alliance and its outcomes could easily torpedo an otherwise good alliance.

4.7.4 Commitment of Both Parties to the Alliance

Another factor considered critical in the success of an alliance is the commitment of both parties to the alliance. For the benefits of the alliance to be realized by both parties, commitment is necessary. The respondents indicated that alliances involve a lot of readjustment on the part of the parties and they must therefore be willing to invest emotionally and materially in the alliance. They noted that commitment is the reason why persons to spearhead the alliance must be carefully done.

4.8 Discussion

The findings indicate that aligning the strategy to the mission, vision and objectives of the bank gives it legitimacy and can attract budgetary allocation. If the strategy is discordant with the three then it is not tenable for nay resource allocation because it lacks legitimacy. This finding is consistent with literature. Studies have also shown that lack of a clear fit between strategic alliance and structure and inappropriate management style create problems for smooth implementation of strategic alliances (Jamali et al., 2011).

It was reported that when developing the bank's strategic plan, accommodation of alliances is done on the basis of the role played by that particular alliances. The respondents provided an example of alliances with airlines in Kenya. They noted that these are alliances designed to bring convenience to the life of the customer. According to Cartwright (2010) some managers may, as a result of the alliance, develop confrontational disposition as well. The environment is in a constant state of flux, which tends to discourage the establishment of long-term alliances.

In regard to the key success factors on strategic alliance implementation, the respondents indicated that alignment of the alliance with the mission, vision and objectives of the company were critical. Other key success factors were indicated as the benefits envisaged in the alliance, commitment of the parties and availability of resources. This finding is supports Baglianni(2016).

CHAPTER FIVE; SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section summarizes the study, draws conclusions and recommendations for further study. All these are done in the perspective provided by the objective of the study.

5.2 Summary

This study aimed to determine the key success factors in the implementation of strategic alliances at Absa Bank, Kenya. Literature was reviewed to provide both theoretical and empirical perspectives. Qualitative data was collected and analyzed using content analysis. The findings are that Absa Bank attempts to harmonize the mission, vision and objectives with the strategic alliance. The realization is that failure to achieve harmony at this level would make the alliance lack legitimacy and therefore deny it resources which were indicated to be key in success of alliances.

On responsibility of implementing and actualizing the alliance, respondents were in agreement that it rested on many heads. There would be the implementing department or section within the bank and the top management. The study additionally reported that commitment of the parties to the alliance was key in determining its success. An alliance in which there is no commitment from the parties was indicated to be a non-starter.

5.3 Conclusion

In view of the objective of the study which was to determine the key success factors in the implementation of strategic alliances at Absa Bank, the following conclusions can be made. There is need to align the strategic alliance with the mission, vision and objectives of the company. To achieve this sync between these two, management need to interrogate their missions, visions and objectives so as to be guided before committing into any alliance. An alliance that does not support the mission and vision of the company is a nullity.

It is important to establish both financial and non -financial outcomes of the alliance before committing. The benefits of the alliance to the company must be clearly spelt out. This will guard against committing into strategic alliances that are not only of no benefit to the organization, but they may have far-reaching long-term implications on the operations of the company.

The key success factors in the implementation of strategic alliances were identified as alignment with corporate mission, vision and objectives. Others were availability of resources, commitment of both parties and a consideration of both financial or non financial benefits. Managers intend on implementing strategic alliances therefore need to ensure that these issues are put in place and addressed.

5.4 Recommendations for Further Studies

It is recommended that further studies in this area are still required.

It is recommended that longitudinal studies on key success factors affecting strategic alliances be carried out. Strategy implementation is not a one off activity and therefore one time studies may not be the most optimal.

A quantitative study investigating the influence of each identified key success factor on the success of a strategic alliance needs to be carried out. This is in view of the fact that arising from the study, it is not possible to measure the effect of each on the success of a strategy. Similar studies may need to be replicated in manufacturing enterprises. This is because banks are service providers and as such the key success factors applicable may not hold in a manufacturing setting.

5.5 Limitations of the Study

A limitation of the study was that it was carried out in the headquarters of Absa Bank. Managers at the branch level have their role to play in the implementation of strategic alliances and therefore their input in this study might have given different results.

The study was a case study and case studies are not very strong on creating associations. The author could not therefore establish the actual influence of each identified key success factor.

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APPENDICES

Appendix 1; INTERVIEW GUIDE

1) How do you relate the alliance with the company vision, mission and objectives?
2) How do you factor in the alliance in your strategic plan?
3) What were the key targets that the organization looked to accomplish through the alliance?
4) What is the top administration role in the development and execution of the alliance?
5) What are the key drivers when seeking the strategic alliance?
6) What channels and instruments were utilized to recognize a possible key partner?
7) Who was responsible for implementing the alliance?
8) What factors were considered critical in the success of the alliance?
9) Which strategic alliance(s) aspects worked well?
10) What were the challenges in the implementation of strategy?