STRATEGIC ALLIANCES BETWEEN JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY (JKUAT) AND MIDDLE LEVEL COLLEGES IN KENYA

By

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A Management Research Project submitted in partial fulfillment of the requirement for the award of the degree of Master of Business Administration (MBA), School of Business, University of Nairobi.

NOVEMBER, 2010
DECLARATION

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

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Date…………………………

JESSE MAINA KINYUA

This research project has been submitted for examination with my approval as university supervisor.

Signature………………………………………

Date…………………………

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I would like to thank the almighty God through Him all things are possible.

I wish to express my gratitude to my supervisor Prof. Evans Aosa for his guidance, motivation and patience throughout the project.

Special thanks go to senior assistant registrar JKUAT CEP, Mr. Muma for availing the required information that enabled this study to be a success.
DEDICATION

To my dear wife Dr. Sabina Wangui, our wonderful son Morris Kinyua Maina and our newly born baby Miguel Wachira Maina.
ABSTRACT

Strategic alliance is one of many methods of strategy development. It has been defined as a situation where two or more organizations share resources and activities to pursue a strategy. Alliances vary considerably in their complexity, from a simple two partner alliance co-producing a product to a one with multiple partners providing complex products, services and solution. Research on strategic collaboration between firms has received increasing attention in literature during the last decade, reflecting the increasing frequency and importance of strategic alliance in business. In the recent past, competitive firms are truly smart at conducting their business and have learnt important lessons in the process. You need to know when and how to compete, but even more importantly you need to know when and how to co-operate. Many firms these days have come to rely on alliances as strategic necessities for sustaining competitive advantage and creating customer value.

In the recent past, higher education sector in Kenya has experienced dynamic changes in the external environment. Increasing demand for higher education as population grows has stretched physical infrastructure of public universities. Government funding has also been dwindling and not going in tandem with increasing demand. Competition has gone a notch higher as private and international universities fight to increase their market share. All these have prompted public universities managers to be proactive and think “outside the box”. We are currently seeing public and even private universities collaborating with middle level colleges in same domestic market.
The purpose of this study was to shed some light on motivation of such domestic strategic alliances where internationalization is not one of such motive. The research study through a case study of JKUAT also sought to know the challenges encountered in the formation of the network.

The research methodology used was a case study. The study sought to have a thorough understanding of the phenomenon from the perspective of JKUAT. An in-depth case study was used. Data was gathered through interviews with three respondents who were involved in the formation and management of the alliances. Content analysis was used to analyse the information gathered.

The study qualified the relationship between JKUAT and collaborating middle level academic institutions to be a network. The alliance were formed with a motive/s of enabling students who would otherwise be locked out of universities owing to stiff competition to progress with their studies hence exploiting this niche market. It also intended to reduce brain drain and capital leaving Kenya economy. The collaborations intended also to tap the resources from vocational economies of scale and enjoy faster payback on investment. The network faced challenges like opportunism by some partners, lack of adequate man power, loss of trust among partners, difficulties in meeting critical deadlines by partners, failure to discover shortcomings before “marriage” and hence being stuck with the wrong partners and lack of experience in the management of strategic alliance by some partners. However, these challenges were amicably sorted out or, they learnt to live with them and relationships continued to thrive. The alliance
success was found to be more than luck and was based on successful effort despite natural occurrence of tensions with a failure rate of 24.3% when the dormant (inactive) relationships were included to those that pulled out.

The study had some limitations. It would have been for instance been interesting to get the views of all network members. However this was not possible, the thirty alliance members are scattered all over the country. Time was a limiting factor as research was to be done within its planned time frame. The research would have wished to interview more respondents to follow up on some information gathered. Some of those targeted respondents happened to be unavailable.

The researcher would have wished to carry out a survey from JKUAT and thirty (30) collaborating institution. However this was not possible and the researcher got the view from the perspective of JKUAT. This should be an area for further study. Other public universities like Kenyatta and Moi University are collaborating with tertiary college albeit on a small scale. A survey study can be employed by other scholars to include them in their study.
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<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CEP</td>
<td>Continuing Education Programme</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>JKUAT</td>
<td>Jomo Kenyatta University of Agriculture and Technology</td>
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<tr>
<td>KCAU</td>
<td>Kenya College of Accountancy University</td>
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<tr>
<td>KIM</td>
<td>Kenya Institute of Management</td>
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<tr>
<td>KSPS</td>
<td>Kenya School of Professional Studies (now Inoorero University)</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>MKU</td>
<td>Mount Kenya University</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
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<tr>
<td>UON</td>
<td>University of Nairobi</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND

For firms to succeed in a competitive global environment, they need good strategies. A strategy is a firm’s theory about how to compete successfully, a unifying theme that gives it coherence to its various actions (Peng, 2009, p. 13). Strategic decisions are normally trying to achieve some advantages for the organization over competition. Strategy can be seen as the matching of resources and activities of an organization to the environment in which it operates (Johnson & Schores, 2002, p.5). It is the search for strategic fit between organization’s internal resources and competence on one hand and the external environment.

In the recent years, we have witnessed an unprecedented number of strategic alliances between firms being formed each year. These are not limited to a few industries but occur broadly in transportation, manufacturing, finance, electronics, and pharmaceuticals and also in the education sector.

Powerful forces are driving the formation of strategic alliances between firms in the world today (Doz & Hamel (1998, p.1). The movement towards globalization has opened many new opportunities and competition at the same time. No organization can make it on its own. Industry giants and ambitious start up firms have realized this and strategic partnerships have become central to competitive success in fast changing global market.
1.1.1 Strategic Alliances

Gurati (1998) regards strategic alliance as voluntary arrangement between firms involving exchange, sharing or co-development of products, technologies or service. They can occur in variety as a result of a wide range of motives and goals, take a variety of form and occur across vertical and horizontal boundary. Alliances with other firms used to be considered as a minor component of all overall strategy in many sectors. However, today, competitive advantages can equally be derived from inter-firm co-operation in non-equity based agreement. Yoshino & Rangan (1995) argue that the key driving force for strategic alliance is competition. Globalization has for instance created opportunities and imperatives for organizations to form strategic alliances.

Strategic alliance has become a cornerstone of global competitiveness one that all executives must now understand and manage with skill (Doz & Hamel 1998). They argue that strategic alliances are a logical and timely response to intense and rapid changes in the economic activity, technology and globalization, all of which have cast many corporations into two competitive races:- one for the world and the other for the future. Globalization opened the race for the world as the firms entered once – closed markets and pursued, untapped opportunities. The race for the future compels firms to discover new markets opportunities, new solutions for customers and find new answers to poorly met needs.

According to Johnson & Scholes (2002), joint development of new strategies has increasingly become popular particularly since the early 1980. This is so because
organization can rarely cope with increasing complex environment (such as globalization) from internal resources and competence alone. They may see the need to obtain materials, skills, market and recognize that these may be readily available through co-operation through partnership.

1.1.2 Tertiary Education in Kenya

The overall goal of education is to foster national unity, social justice, rule of law, appreciation and protection of environment and use of information and communication technology (ICT). The philosophy of education in Kenya is “Education and Training for social cohesion as well as human and economic development.”

Kenya education vision is “to have globally competitive quality education training and research for Kenyans’ sustainable development. Education is a merit good and as other merit goods/ service, it is at times provided to the society (in public universities) on a subsidized manner, otherwise it become too expensive and may consequently be under consumed (Kinyua, 1997).

There are many middle level colleges, both public and private, that offer national and international diploma awards in a wide field of professions. These are mainly located in larger towns. Tertiary education covers, Technical training institutes, institutes of technology and national polytechnics. Other middle level colleges include youth polytechnics. They form technical vocational and educational training (TIVET). Until August 2007, there were four national polytechnics, namely Kenya, Mombasa, Eldoret
and Kisumu polytechnic. Kenya Technical Teachers colleges also offer technical course at diploma levels. There are 17 technical training institutes of technology. However, the government has since upgraded Kenya and Mombasa polytechnic to University status and is set to offer degree courses in technology fields.

Teacher training colleges offer a three year program for science teachers and a two year program for liberal arts. There are 28 primary teachers training colleges in the country with 7 public and 26 private according to commission of higher education of Kenya. Until 2007, there were three diploma teachers colleges namely Kagumo, Kenya Technical Teachers College and Kenya Science Teachers College. However, the latter has been upgraded and converted into a university College – Kenya Science University college’s constituents of the University of Nairobi. There are three colleges training diploma in teacher education – Kagumo, Kenya Technical Training College and the newly established kibabii teachers colleges. There were 22, 903 trainees enrolled in the teachers colleges in year 2007 (UNESCO, 2008). Training for primary teachers is handled by other agencies under the Kenya Institute of Education. Though the need for science teachers is very high, the requirement to enter such a training institution makes them very selective and competitive (Kenya Higher Education, 2009).

University education has undergone exponential expansion since 1980’s. Whereas there was only one university (Nairobi) and one university college (Kenyatta) up to 1984, the number of universities has grown to 33 in 2008 comprising seven (7) public and twenty six (26) private ones (UNESCO, 2008). Of the 26 private universities, eight are fully chartered and offer their own degree while the rest have letters of interim authority to
offer degree courses. Besides the seven public universities, there are nine university colleges and two university campuses, (UNESCO, 2008). Cumulatively, the universities had an enrolment of 118,339 students in 2007 comprising 70,775 males and 47,464 females. Public universities in Kenya constitute 82 per cent of the student (97,107) and the private ones 18 per cent (21,132). There has been a rapid growth of universities in the recent past. Since 2008, thirteen university colleges have been created. Currently, 120,000 are enrolled at the local universities and the government plans to increase the figure to 450,000 by 2015 Muindi (2009). This coupled with increasing number of private universities has intensified competition in the higher education sector. Another challenge of higher education in Kenya has been inadequate funding. The bulk of government spending in public universities goes to staff salaries and administration, little is left for provision of research, teaching and learning materials.

This was a wake-up call to managers of higher institutions. They have now come up with various strategies so as to have a fit between the dynamic environment and their internal capabilities. Virtually all public universities have for instance started module II Programme where tuition fee is not subsidized as is the case in regular Programme. Diversification has also been an option for some public universities since competition in the sector has intensified. Moi University for instance bought Rivetex since it enjoys competitive advantage in agriculture. The prime focus of this study is the collaboration / strategic alliances between public universities and middle level colleges in Kenya and in particular JKUAT strategic alliance with middle colleges in Kenya.
1.1.3 Jomo Kenyatta University of Agriculture and Technology

The Jomo Kenyatta University of Agriculture and Technology is situated in Juja 36 Kilometers North East of Nairobi, along Nairobi-Thika Highway. It was started in 1981 as a middle level college the Jomo Kenyatta college of Agriculture and Technology (JKCAT) by the government of Kenya with the assistance from the Japanese Government. Plans for the establishment of JKCAT were muted way back in 1997.

The first group of students was admitted on 4th May 1981. JKCAT was formally opened on 17th March 1982. The first graduation ceremony was held in April 1984 with Diploma certificates presented to graduates in Agricultural Engineering Food Technology and Horticulture as noted in their website (JKUAT, History profile, 2009).

JKCAT was chartered through a legal notice, under Kenyatta University Act (CAP 210C). The name of JKCAT officially changed to Jomo Kenyatta College of Agriculture and Technology (JGUAT). It was finally established as a university through the JGUAT act, 1994 and inaugurated on 7th December 1994.

Like other public Universities, JGUAT has in the recent past formed more constituent colleges. These are: Pwani, Kimathi and Mombasa polytechnic University colleges UNESCO (2005). Jommo Kenyatta University of Agriculture and Technology (JGUAT) also did initiate the parallel degree programme more than 10 year ago. It has also formed partnerships that are categorized into partner’s affiliations and collaboration. Beyond its newly created constituent college, the university is partnering with thirty middle level
colleges. A list of these colleges is provided at the appendix. It is this relationship that this research project undertakes to study.

1.2 Research Problem

Strategic alliances are formed by organizations and institutions to either exploit current resources and competencies or to explore new possibilities. Organizations seek to fully exploit the opportunities open to them so as to enjoy competitive advantage. For them to do that they must have ability to conceive, shape and sustain a wide variety of strategic partnerships (Doz & Hamel, 1998). Economic theory view the expansion of business activity beyond the traditional boundary of the firm as motivated by the pursuit of product, rationalization, economics of scale, vertical linkages, and risk sharing (contractors and Lorange, 1988, Glaister and Buckley, 1996). The resources based view postulates that competitive advantages comes from having unique resources that create value in the market place (e.g. Eisenhardt and Scounhoven, 1996; Teece, Pisano and Shuen 1997). Learning theory researchers have argued that firm form strategic alliances as a means of learning and expanding their knowledge and competence base (e.g., Kogut 1988a; Mowery, Oxley and Silverman, 1996, Inkpen 1998, 2000a, b).

In the recent past, higher education sector in Kenya has experienced some dynamic change in the external environment as observed also by Mutua (2004). Jomo Kenyatta University of Agriculture and Technology is collaborating with thirty middle level colleges in the domestic market. Several studies have been done on strategic alliances but very little in the education and training sector. Bannerman et al. (2005), studied strategic
alliances in education and training services in Australia. They concentrated on strategic alliances prompted by globalization and need for internationalization, while they ignored strategic alliances formed in the domestic market in the same sector. This study sheds some light on strategic alliances formed between Jomo Kenyatta University of Agriculture and Technology (JKUAT) and middle level colleges in the domestic market. The study seeks to answer the following questions: What strategic motives drove JKUAT into forming strategic alliances with middle level colleges in Kenya? And, what key challenges are encountered by JKUAT in the management of the alliances.

1.3 Objectives of the study

This study aims at:

a) Determining the strategic motives that drove JKUAT into forming strategic alliances with middle level colleges in Kenya.

b) Establishing key challenges faced by JKUAT in the managing the strategic alliances.

1.4 Significance of the study

Given the dynamism and increasingly competitiveness of the business environment, organizations and institutions need to remain competitive for them to survive in the long-run. This study was crucial in understanding the motivation of strategic alliance between JKUAT and middle level colleges.
The study is again important to JKUAT and other higher institutions that may plan to form strategic alliances as it can guide managers on how to manage them to avoid instability and the consequent high cost of crisis and rivalry that may occur. This study is a contribution to research in the area of strategic management in education and training in Kenya and the finding from this study is useful in the education sector as whole.

The government and policy makers in education sector can make use of the findings to streamline such engagements to ensure that they are well run for the benefit of all stakeholders including the customers (students). The findings from this study go towards filling an existing information gap, while other institutions can make use of them to ponder into strategic usefulness in the high education sector. This study will also be a point of reference for further research in the area of strategic alliance.
CHAPTER TWO: LITERATURE REVIEW

2.1 Strategic alliances and Networks

Strategic alliances are form of co-operation and collaboration that allow partners to achieve specific goals independently with a competitive budget or time frame, under specific government regulation (Cecil, Grean and McNoughton, 1996). It combines opportunities and independence while at the same time reducing managerial risks that may be encountered by partners in the course of doing business. They argue that co-operative agreement between firms are sought to exploit the competitive advantage possessed by each firm, in order to establish a proactive market position (Cecil et al, 1996).

Strategic alliances have grown in frequency and complexity as organizations seek new ways of coping with global competition, environmental turbulences, shorter product life cycles and economic uncertainties. Strategic alliances between organizations may be of crucial ingredient in achieving strategic advantage or in avoiding competition (Johnson; Scholes & Whittington 2002, p.261). Organizations may also simultaneously compete in some market and collaborate in other as it is the case with many airline companies such as Kenya airway and KLM and One World, Sky Team, and Star Alliance. In the public sector collaboration may be required in order to gain more leverage from public investment, to raise the overall standards of the sectors or to address social issues that cross several professional fields.
There are different definitions of the concept of strategic alliances and different names have been used to mean more or less the same thing. Some examples of this are collaboration, partnership; network, strategic alliance, dyad and co-operation just to mention a few. Strategic alliances are voluntary agreements between firms involving exchange, sharing, or co-development of products, technology or services (Gulati 1998, p.93). Strategic network has been defined as strategic alliances formed by multiple firms to compete against other such groups and against traditional single firms (Das & Teng, 2002).

The traditional industry-based view argues that firms are traditional players interested in maximizing their own performance Peng (2009). He postulates that most firms in any industry are embedded in a number of competitive and/or collaborative relationships. First, because rivalry reduces profits and firms do not compete with each other on all occasions. Instead, many competitors collaborate by forming strategic alliances. Secondly, since high entry barriers may deter individual firms, firms may form strategic alliances to scale these walls. Third, strategic supply alliances transform the relationship from adversarial one centered on hard bargaining to a collaborative one, featuring knowledge sharing and mutual assistance. Similarly, instead of treating buyer and distributors as a possible threat, establishing strategic distribution alliances may bind the focal firms and buyers and distributors together (Peng, 2009, p.221).

The resource-based view sheds some considerable light on strategic alliances and networks. Peng (2009) argues that alliances are formed to create value by reducing cost,
risks and uncertainty. Strategic alliances offer real option. This is a right and not an obligation to take some action in the future. For firms that could be interested in eventually acquiring other companies, but are not sure about such moves, working together in alliances affords an insider view to evaluate the capabilities of these partners.

Yoshimo and Ragan (1995) postulate that strategic alliances link specific facets of the businesses of two or more firms. At its core, this link is a trading partnership that enhances the effectiveness of the competitive strategies of the participating firms by providing for the mutually beneficial trade of technologies, skills, or products based on them.

Strategic alliances have at least three distinct purposes according to Doz & Hamel (1998). One of this is co-option that turns potential competitors into allies and providers of the complementary goods and services that allow new businesses to develop. In this scenario, potential rivals are effectively neutralized as threats by bringing them into alliance and firms with complementary goods to contribute are wooed, creating network economies in favor of the coalition. Co-specialization is the second purpose. It is the synergistic value creation that results from the combining of previously separate resources, positions, skills and knowledge resources to the success of the alliances.

Alliances can also be an avenue for learning and internalizing new skills, in particular those are tacit, collective and embedded. When these skills can be learnt from partners, internalized and exploited beyond the boundaries of the alliance itself, they become all the more valuable (Doz & Hamel, 1998).
2.2 Motives of strategic alliances

According to Loranges & Roos (1999) one way of characterizing strategic alliance motives is by looking at the strategic positions of each prospective partner in terms of two dimensions. One dimension concerns the strategic importance of the particular business within which the strategic alliance is being contemplated and how it fits in the overall portfolio of a particular partner. One has to ask him or herself whether the business is part of the core activity or is non core.

Loranges & Roos (1999) further suggest that the second dimension regard the firm’s relative position in the business it is in; whether it is a leader or more of a follower. As a leader, it would typically have the larger market share, leading technology or superior quality.

Figure: 1 Generic motives strategic alliances

Business market position

Leader follower

Core

Strategic

Importance

Peripheral

Defend Catch up

Remain Restructure

When the strategy of the strategic alliances is core within the parent firms overall portfolio and the firm enjoy a relatively leadership in the business, the typical motives to enter into strategic alliances stem from this – access to markets and/or technology and securing resources.

Many firms as observed by Lorange & Roos (1999) enter into small strategic alliances with an entrepreneurial embryonic organization in order to keep track of a new technology or a particular state-of-the-art development in the field and/or to scout out new business opportunities. This practice is typical for many of the leading pharmaceutical firms.

Defensively oriented strategic alliances may also be necessary to secure the sourcing of raw materials and/or inexpensive products. This rationale has been a factor for many multinational firms in developing countries. According to Lorange & Roos (1999), when the business fall within the core area of a firm portfolio, but the firm is more of a follower in the business segment, the primary motive for strategic alliance is often to catch up. If the firm is more of a follower in the business area and if the particular business plays a relatively peripheral role in the parent’s portfolio, the main motive for co-operative strategic is to restructure the business. The goal might also be to restructure the business with an eye toward creating some strength and value which might enable the parent eventually to unload this business.
2.3 Archetypes of strategic alliances

Regardless of underlying motives, a fundamental concern of each prospective strategic alliance is the question of how much of its resources to put into and retrieve from a strategic alliance (Lorange & Roos, 1999). In Ad hoc Pool Type of Strategic Alliance the parent company or institution merely put in a minimum set of resources, often on a temporarily basis by compensating each other, which are ploughed back to the parent in their entirety.

In Consortium Types of Strategic Alliances, the parties are willing to put in more resource than in the previous case, but when the value created within the strategic alliance are disbursed back to the partners. An example of this is when two firms are pursuing a common research and development consortium. Kenya Railways and Infraco for instance plan to jointly undertake the design and development project to upgrade and expand commuter rail transport in the city of Nairobi.

Project- Based Joint Venture is another type of strategic alliance whereby, the parents put in a minimum of strategic resources, entering an arrangement for jointly creating strategic value through a common organization. The resources generated do not get distributed to the partners except as financial result (Lorange & Roos, 1999).

In Full - Blown Joint Ventures, both parties put in resources in abundance, allowing the resources that are generated in the strategic alliance to be retained in the alliances itself.
(except for divided, royalty fee etc). An example of this is long term competition between partners to develop an entirely new business.

2.4 The Challenges of Strategic Alliances

There are numerous advantages to strategic alliances but, if not handled properly, such cooperative strategies can result to major problems for all parties as observed by Lorange & Roos (1999). Alliances, especially those between rivals can be dangerous, because they may help competitors. By opening “doors” to outsiders, alliances make it easier to observe and imitate firm-specific capabilities. In alliances between competitors, Peng (2009) argues that there is potential “learning race” in which partners aim to outrun each other by learning the “tricks” from the other side as fast as possible.

It is advisable that firms ought to choose a prospective partner with caution. This is so because there is always a possibility of being stuck with the wrong partner(s) according to Peng (2009). Yet, the mate should be sufficiently differentiated to provide some complementary (non – overlapping capabilities). Many firms find it difficult to evaluate the true intention and capabilities of their respective partner until it is too late. Partners may also have difficulties in decision making as one has to first check with partners. Difficulties in implementing decisions in the firm that has co-operative ties in several, perhaps culturally different countries may also pose a challenge.

Another challenge is potential partner opportunism. While opportunism is likely in any kind of economic relationship, the alliance setting may provide especially strong
incentives for some partners to be opportunistic (Peng 2001, p.225). This is the case because co-operative relationships always entail some element of trust, which may be easily abused. The partners must be mutually realistic regarding potential advantages and disadvantages so that they can create a climate of mutual trust and co-operation e.g. strategic fit with the parent firms, evaluates potential synergy effects.

Some alliances are formed with the expectation that partners can obtain favorable change in the regulatory environment (Doz & Hamel, 1998, p.18). However, this may trigger unexpected regulatory response from the government or any other regulatory body to an extent of making the venture less financially attractive than the partners had initially anticipated.

The competitors may respond in diverse ways with the intention of challenging dominance by the firms forming the alliance. The actions of competitors are a source of alliance instability and hence big challenges (Doz & Hamel 1998, p.17). Competitors may for instance accelerate their own programs of innovation, product development or come up with new strategies aimed at undermining the assumptions on which the alliance(s) was formed.

A climate of trust and mutual understanding is necessary and where it lacks or diminishes considerably may lead to death of such alliance. Koigi (2002) observed in her study that to gain the trust of the respective partner was a real challenge. It is possible for at least one partner to be suspicious of the other especially where communication is neglected.
Alliances today often involve melding differentiated skill sets from vastly different and often very distant partners. This is so because value creation for many alliances is function of co-specialization as it was observed by Doz & Hamel (1998). The success of this skill melding determines the value partners can realistically expect from the alliance. The challenge of co-specialization is bound up with strategic, organizational and cultural differences between partner and this could be a source of disagreement.

More than any other organizational form, the alliances faces trade off between too much rigidity and too much flexibility which may cause loss of direction or balance. Instability is endemic to alliance that aims to create the future (Doz & Hamel, 1998, p.16). They argue that it is more natural for partners to pull away than to stay together. When managers are unable to develop a process of tracking moving targets, periodically renegotiate the “bargain” between partners and reassess the value of the options created by the alliance, then they are bound to face a big challenge that would threaten alliance stability.

2.5 Alliance Instabilities

Various studies show that strategic alliance formation has increased significantly in the recent times (Das & Teng 2000). However, despite this increasing trend, strategic alliances have generally tended to fail and be terminated at excessively high rate. Defining unstable alliances as liquidations, acquisition and re-organizations, most studies
indicates that the instability rate is somewhere between 30% and 50% (Beamish 1985, Killing 1983, Kogut 1988, Parkand 1997, Stuckey 1983).

Gulati (1998) suggested from his finding that strategic alliances are particularly unstable and unsuccessful. However researchers have rightly pointed out that the termination of an alliance does not necessarily signal failure (e.g., Inkpen & Beamish 1997). Strategic alliances can end after achieving specified objectives or after out living their usefulness.

In these cases, the termination of the alliances can be either natural or planned (Gulati 1998). Nevertheless alliance instability is not desirable for alliance partners because, changes to the alliance status quo are inimical to the plans of at least one of the partner. Unplanned and premature alliance terminations and restructuring often takes place as a consequence of adverse development. From the foregoing we can deduce that alliance should well be thought out, structured and properly managed, because failure can cause a lot of cost to be incurred by the partners.

According to Gurati (1998), we should note that transaction cost theory does not usually consider the possibility that efficient market discourage opportunistic behavior in the long run. Therefore, problems of opportunism may not be as serious as transaction cost theorists suggest. Also, a focus only on inter firm trust does not give an adequate understanding of alliance instability. After all, other factors such as partner choice, structural arrangement and temporal orientation of partners are also critically relevant.
2.6 Cooperation versus Competition

The simultaneous existence of cooperation and competition between the partners is an important characteristic of strategic alliance (Das & Teng 2000). Whereas competition can be defined as pursuing one and own interest at the expense of others, co-operation is the pursuit of mutual interest and common benefits in alliance. Along the same line Buckley & Casson (1988) note that co-operation is essentially about mutual forbearance. Many scholars do emphasize co-operative behavior in strategic alliances and the role of inter firm trust in the process (Das & Teng 1998b). Co-operation of partners does not mean that strategic alliances are free from competition. Competition is the rule of the market and there is no exception with strategic alliance. As (Das & Teng 2000) observe, quiet often partners are direct or indirect, current or potential competitor. Again some strategic alliances are in the nature of learning race- a competitive contest and whoever leads in this race wins. Virtually all public universities in Kenya do offer diplomas and certificate course. It would therefore be interesting to see how they cooperate out at the same time avoid a competitive contest. This is so because according to Koot (1998) cooperation and competition are opposing forces within strategic alliance. He identified fight versus team co-operation as one dilemma in alliance.

The force of cooperation emphasizes goodwill, collective interest and common benefits, whereas the forces of competition subscribe to opportunistic behavior, Zero sum game and private benefits (Khama et al 1998). Co-operation ensures the smooth working relationship needed to carry out the project, and competition protects a partner from loosing its firm- specific advantages through in attention (Das & Teng, 2000).
As many studies suggest (e.g. Brauthers et al., 1997) the most desirable alliance arrangement balancing the contending forces of co-operation and competition is with partners that are approximately equivalent (in terms of size, profitability, and status in their own industry) and possess complementary know-how and resources (Das & Teng 2000). If this proposition is true and valid, it would then pose a big question on how strategic alliances of asymmetric partners between public universities and middle level colleges would last at least in the long-run.

Das & Teng (2000) observe that when firms are too co-operative, they are likely to transfer their know-how and competence to the partners carelessly. In such case, the previous balance between the partners will be disturbed because one partner will learn from the alliance to feel strong by itself. The outcome will be either renegotiation, or competition is what importantly contributes to an enduring alliances.

2.7 **Rivalry and Crisis Management**

The notion that crisis management is a worthwhile pursuit for modern firm appears to be widely accepted. Indeed the very definitions of the word crisis implies the occurrence of a value but extremely damaging event that may have a lasting impact on all those concerned. Ashby & Diacon (2000) observe that with many risky prospects, the occurrence of a crisis can lead to the imposition of numerous costs on a firm. Crisis can cause the destruction to both tangible and intangible assets, such as buildings, machinery consumer goodwill and public image. Moreover, crisis may give rise to additional
liabilities in the form of mitigation / cleanup cost, litigation expenses and the imposition of new government regulation (Ashby & Diacon 2000). It has been argued that a firm’s competitor can have a major effect on the ultimate impact of a crisis. The basic intuition behind this is that a crisis may weaken a firm’s position in such a way that it becomes vulnerable to strategic attacks.

(Ashby & Diacon 2000) further argue that if a firm possesses considerable assets, it is likely to be less vulnerable to a post-crisis attack from its rivals. The logic behind this is that the more resources a firm have, the greater should be its chance of survival from such attacks. This should then serve as a deterrent as rivals are unlikely to exploit a firm’s, crisis if they believe that it has the resources to recover quickly (not to mention that it might then fight back). Conversely a firm with low levels of tangible assets and/or restricted access to financial capital is much more vulnerable. If this argument is true and valid, small firms and institutions in asymmetric strategies alliance should be extra careful during the selection of partners by coming up with workable management structure because in case of any crisis they would suffer most than the larger parties.

2.8 Factors that Influence the Types of Alliances

According to Johnson et al (2005) various factors can influence the types of alliances. Speed of market change for instance will require strategic moves to be made quickly so that opportunistic alliances will be appropriate than a joint venture which will take too long. The level of environmental turbulence as postulated in Ansof strategy success
formulae can therefore be a determinant in the type of alliance to be formed by two or more partners.

Strategic capability is another major issue on how resources will be managed. For instance, if a strategy requires separate and dedicated resources, then an appropriate strategic alliance will be a joint venture. In contrast many strategies can be supported by the current resources of partners probably following a loose contractual relationship. Some organizations have particulars expectations. They may operate where there are expectations, that alliances should be preferred development. For example some stakeholders may prefer alliances as a way of spreading their financial risk and hence alliances should suit a political climate.

### 2.9 Risks of Strategic Alliances

Strategic management researchers have shown increasing, awareness of the importance of the concept of risk at the strategic level (Collins & Ruefli, 1992). While the wording of the definition of risk vary from one dictionary to another, the concept of risk as a chance of loss is common across most definitions.

Risk in the strategic context has been recognized as an important and complex concept. Bettis (1981) pointed out the complexity of the relationship between hazard and the competitive behavior of firms, while Jemison (1987) in a study examining the relationship among performance, risk and organizational process, suggested that risk tapped a different dimension of firm behavior than did return. Thomson (1998) has
discussed quite a number of risks associated with the strategic alliances. One of such risks is imbalances benefits. This is risk that benefits deriving from the alliances will be unevenly distributed between or among partners causing conflict and demonstration effect. Another risk is imbalances in commitment and motivation. There is a possibility that one of the partners may not have total commitment and some information may not be fully revealed. There, the risk is that partners input may be unequal.

There could be difficulties in arriving at an agreement. According to Thomson (1998), the parties may spend a lot of time discussing various issues on agreement. There is risk that no agreement may be reached even after considerable input of management time and effort in negotiation. There is the possibility of high risk of conflicting and disagreement over various major decisions, distributors of benefits and allocation of inputs and many others.

In strategic global alliances, there is high risk of misunderstanding as a result of language and cultural barriers. However, this is absent in a local market in this study. There is risk of adverse reactions from governments and industry competition. Various governments may react negatively towards the alliances and this may be a disadvantage to parties because of time and resources committed to the alliance. Some competitor in the industry may come up with various strong strategies which may affect the alliances negatively.
There could also be deep differences of opinion. Partners discover that they have deep differences of opinion about how to proceed and conflicting objectives and strategies. In such a case, tension will build up and cooperative working relationship never emerges. Thomson (1998) also talks of competition sensitivity. One reason why strategic alliance fails is because of the difficulty of collaborating effectively in competitively sensitive areas, thus raising questions about mutual trust and forthright exchange of information and expertise.

2.10 **Economies of Scale and Strategic Context**

Bannerman et al (2005) observed in their study that while networks effects favor university – based institutions, scale economies favor vocational training – based programs. Access to scale economies and the capital to develop programs to exploit those scale economies can be achieved by developing programs in online learning. On the same line Kenyan scholars observed that since the rate of expansion was much faster than that of producing new professors in the recent past, ICT was crucial in making as many students as possible benefit from one professor Juma (2010). However few universities are likely to sustain this high level investment in new technology – based delivery channel as Bannerman et al (2005) observed.

Fig 2 below maps the university – based and vocational education and training - based industries against the extent of International recognition achieved in Australia and their access to scale economies as postulated by Bannerman et al (2005). They argue that lack of international recognition for the vocational education and training sector is not a
reflection of quality but rather of the lower mobility of students and staff in that sector and the lack of research metrics and alliances that acts as strong signaling systems in universities.
In this study Bannerman et al (2005) argue that in order to maximize opportunities to develop sustainable competitive advantages, most universities ought to form collaborations that would help to relocate them from the top left hand cell to the right hand cell in fig 2. Their observation is that a few major research-based universities can succeed in the top left hand cell, by focusing on a research – based, rather than scale based teaching strategy. On the other hand, to maximize the opportunity to develop
sustainable competitive advantage in international vocational training – based education market, states / countries need to develop existing institutions to the top right cell. For both industries Bannerman et al (2005) observe that the main challenge is the need to build strategic partnerships in the top right hand cell.

In conclusion, it is clear from the reviewed literature that strategic alliances are formed with strategic motives intended in most cases to overcome resources disadvantages, discover or create the future or create some economies of scale. They are difficult arrangement to manage successfully and to achieve the intended objectives. There are also various challenges and risks involved and not all institutions or organizations have the resources to capitalize on the opportunities presented by strategic alliances. For these reasons, due diligence is called for in the formulation and the management of partnerships so as to ensure success in the long run.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

This research aimed at providing an in depth understanding of the Jomo Kenyatta University strategic motive/s of forming strategic alliances with middle level colleges and the challenges encountered in the management of the alliances from the point of view of JKUAT. When selecting the case, the researcher used information-oriented sampling as opposed to random sampling.

A case study research design was found to be the most ideal as it would allow in depth examination of the problem and also because the study is of qualitative nature. This would help the researcher to find the underlying principles as it would provide a systematic way of looking at the event/s, collecting data, analyzing information, and reporting results. It is said that case studies provides insight for problem solving, evaluation and strategy (Cooper and Emory, 1996). This research design was used by Wachira (2002), Koigi (2002), Musyoki (2003) and Owour (2004) among others with good results.

3.2 Data collection

Both primary and secondary data were collected in this study. Primary data was collected using open-ended interview guide questions. These types of questions were preferred since they give an opportunity for in-depth probing of an issue. A sample of the investigative questionnaire/interview guide is attached in the appendix.
Data was collected through in-depth interviews from JKUAT respondents. Three key informants from Jomo Kenyatta University of Agriculture and Technology were interviewed. Those who are involved in the implementation of the alliance were targeted for interview. This involved those in the management and in the collaboration committee. The approach to data collection was through making an appointment with the respondents. The questionnaire / interview guide were delivered some days before the scheduled interview day to help the interviewees get acquainted with the questions to be asked. The researcher administered the questionnaire personally. Field editing was done to ensure accuracy of the data collected.

Secondary information was also gathered to provide additional information. This was obtained from sources like university websites, news reports about the partnership and documents that were found to contain the required information.

3.3 Data analysis
The data collected was analyzed to determine the objective of strategic alliance between JKUAT and middle level colleges from the former perspective and the challenges faced in the management of the strategic alliances. The researcher did not to code the data collected but strove to make sense of the data as information was collected.

The method adopted in analyzing the case is content analysis. Content analysis aims at identifying patterns that account for particular behavior of a given unit, and its relationship with the environment. This method allowed the respondents to give a wide
range of ideas about the issue in much detail. The holistic analysis did not attempt to code the data or break the evidence into parts, but rather drew conclusions based on the whole text. Moreover, it enabled areas of consensus and disagreement to be obtained from the data collected from the interviewees so that conclusions drawn was documented in line with the research objectives. Some scholars like Wachira (2002), Koigi (2002), Musyoki (2003), and Siboe (2006) used this data analysis in the past studies with satisfactory results which helped in achieving their research objectives.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Assessment of the Strategic Alliances between JKUAT and Middle level Academic Institutions

JKUAT has 30 collaboration partners with seven inactive. This is a network type of strategic alliance given the number of partners involved. The strategic alliances were found to be relatively enduring inter institution co-operative arrangements, involving flows and linkages that utilize resources and governance structures from autonomous institution for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring institution.

The participating institutions were found to legally and strategically autonomous enterprises and they all retain independent identities, activities and interests that may even rival those of other partner(s) or even the alliance. Jomo Kenyatta is a public Institution of Higher Learning while the participating middle level colleges are private enterprises. All these institutions are competitors outside their joint participation in the collaboration.

These relationships were also found to be collaborative and reciprocal. The alliances objectives, activities and procedures were formed by a mutual agreement and each partner is seen to contribute specific strengths and resources to be shared in the alliance. A Memorandum of Understanding (MOU) bides JKUAT and each partnering institution.

The MOU is well detailed on the goals and objectives of the partners and stipulates
clearly the procedures of running programmes and the sharing of income by the partners. The risks associated with alliance activities are shared through the alliance, as well as the benefits and economic return. The alliances were found to have an exit strategy, well stipulated in the memorandum of understanding just in case a partner does not meet part of its obligation. Like in the case of partner selection, exit options are well described in the bidding document.

JKUAT alliances with middle level colleges/Institutions are domestic in scope. The main focus of this study was on alliances that JKUAT form with middle level colleges/institution within Kenya.

Coupling was observed to be much tighter in these strategic alliances than in open-market buyer transactions and sales and service relationships, since it is driven by arrangements to support mutual commitment to common strategic objective. There is an agreement (MOU) binding each partner with JKUAT severally. These alliances involve vertical linkages fulfilling one or more links in the value or delivering chain. All collaboration centers in this case deliver courses on behalf of JKUAT so that the latter is able to have a wider reach with minimal cost.

Strategic alliances were seen to operate under shared (or agreed) managerial control. Partners usually involve a separate organizational entity, with resources contributed by all participants. In this case of JKUAT and middle level colleges, there is a collaboration committee that governs the alliance. Collaborating Centers are represented by principals
and/or management staff while JKUAT is represented by its legal officer, directorate of quality control and managers of the programme.

4.2 Partner Selection and Alliances Establishment

Partner selection was found to be a critical step in alliance formation. In this case, colleges approached JKUAT for collaboration. The colleges presented their request for collaboration to the University linkage committee. This was received by Deputy Vice Chancellor- Administration, planning and development heading University Linkages Committee on behalf of JKUAT. All collaboration requests went to linkages committee Chaired by Deputy Vice Chancellor, Administration planning and development. Various University departments were represented in it. The Committee discussed the aspiring college request to collaborate with JKUAT.

Communication was then made to the Secretariat to visit the requesting college and carry our assessment. The secretariat assesses the college/Institution’s manpower, facilities available, capital and expansion opportunities. The secretariat wrote a report based on their assessment findings and presented it to JKUAT University linkage committee.

After receiving the report, the collaboration Committee held sittings and discussed the report. The request was either approved or rejected. If approved, the secretariat drafted a memorandum of understanding that bade the two partners i.e. a contract between JKUAT and the college. Each collaborating college/Centre was found to have an MOU with JKUAT. JKUAT systematically formed collaboration. Jomo Kenyatta’s staffs
working in these linkages had been able to learn from the past mistakes and there was perfection with formation of subsequent alliances. Therefore the liability of newness was only prevalent in the initial alliances stage. JKUAT’s management staffs in the separate entity were said to have ample knowledge and experience gained from the proceeding alliances which make them good partnership Managers. This knowledge was passed to the partners who were green in alliance management.

4.3 JKUAT Motivation in Forming Alliances

Jomo Kenyatta University of Agriculture and Technology did set up Continuing Education Programme (CEP) to collaborate with other academic Institutions and to ensure that students could progress from the basic certificate level to degree, Masters and finally PhD level. The main motive was to take education to people who due to stiff competition and high university entry points were left out. Students are given an opportunity to learn and further their education.

The University also sought to reduce brain drain to other foreign countries. Most foreign universities offered bridging courses to enable such students to further their education. JKUAT felt obliged to do the same and offer such students a chance. By so doing JKUAT intended to exploit this niche market that other public universities did not have plans to pursue.

Economies of scale was another motive which although did not come out directly from the respondents was stated as one of the major reasons as to why few academic
institutions pulled out of the agreement or remained inactive owing to the fact that they could not attract the required number of students to enroll in the JKUAT programmes as agreed. They would probably start other new programmes that were in demand.

Faster pay back on investment by JKUAT was made possible and was found to be a motivation. The University was found to be saving a lot of money on the cost of infrastructures while at the same time generating income. As a result of this, 40% of JKUAT graduates were from the CEP. Profit motive out of the deal was also intended. This came up after further probing.

4.4 Social and Economic Benefits enjoyed by JKUAT and other Stakeholders

The income that JKUAT earned from CEP was said be invested in building Lecture theatres, running regular programmes and paying salaries in CEP and in other programmes. The respondents acknowledged that the JKUAT had been able to open other campuses in Nairobi CBD area, Mombasa, Nakuru, Kitale and Kisii towns with the income that emanated from these alliances progammes.

Socially, students had been able to further their education to degree and post graduate level. Students also enjoyed the conveniences, as they could study anywhere in the country like where their parents or guardians worked. This was made possible because the collaborating academic institutions are scattered all over the countries or have branches.
Accredited academic Institutions lacking a strong reputation—perhaps because they were new in the market could foster their reputation by collaborating with JKUAT. This enabled the collaborating academic Institutions to attract more students and gain economically.

Collaborating partners were said to have benefited through mentoring and learning. Firstly, the accreditation of the collaboration centers was followed with quality control by JKUAT. JKUAT carried out annual impromptu visits to collaboration centers and held joint workshops. This was found to have enabled collaborating centers/institution to learn the ropes through mentorship by JKUAT. Examples of colleges/institution that learnt and were said to be well mentored are Inoonero University (formerly KSPS), Kenya Institute of Management (KIM), Kenya College of Accountancy University (KCAU), Mount Kenya University and Zetech Colleges. As a result, the first three have now become Universities with interim letters of authority while KIM and Zetech colleges are planning to graduate to University Status.

JKUAT was said to have marketable programs (service) and the accredited collaboration centre provides the market. The respondents concurred that there is resource complementarities as the collaboration centers reach out to student while JKUAT mentors them. However, JKUAT bore the greatest responsibility in case a centre failed it absorbed the students in its campuses and prepared them until they graduated. This happened for instance when Mount Kenya University and Augustine College pulled out
of the alliance. The respondents however said that they were fairly satisfied with the collaborations status quo despite the few challenges they faced.

4.5 Quality Assurance and Exit Strategy

Quality assessments and course review to ensure accreditation, academic quality and reputation were said to be maintained at a high standard. The credited centers were given discretion to set examinations which are forwarded to JKUAT, moderated and then sent back to centers after processing. The centers did also recruit their Lecturers. However JKUAT Lectures could teach in some of those centers. JKUAT carried out a lot of field works in assessing the quality of education and held joint annual workshops to address difficulties and issue raised in order to come up with solutions. This enabled JKUAT to achieve its objectives and mandate.

The exit option/strategy in the memorandum of understanding enabled termination of any single alliance if one partner failed on her part or voluntarily chose to quite. Two accredited institutions were said to have opted out. These are Mt. Kenya University and Augustine College. Seven colleges were said to be inactive. Failure rate was established to be 24.3% including the dormant relationships.

4.6 Challenges encountered in the Strategic Alliances

In the formation stages the initial expression was that every partner is satisfied with the terms and requirements. The new centers were usually enthusiastic initially, but after
some time, some of them were unable to meet profit expectation and delayed in fulfilling their requirements. These were signs of dissatisfaction or inefficiency in management.

Choosing good personnel to manage and operate the alliances was found to be critical for alliances success. However, some representatives from partnering institutions were initially “green” in partnership management and it took some time before they could catch up with the rest hence delaying essential critical activities like exams setting.

A few partners exhibited some opportunistic tendencies. These were partners that abused the trust cultivated in the alliances by going beyond the agreement into doing some things that qualified to be unethical for their own economic gain. This for instance included using JKUAT logo to advertise for courses that were not in the agreed JKUAT program.

One respondent gave an analogy of marriage. Just like in marriage it was not easy to detect all the problems of the partner initially. Because of the big group of representations problems were detected latter after “marriage” ceremony was over. Failing to select the right partner can be fatal because it is difficult and costly to change partners after alliance commitments have been made. However, experience made JKUAT more knowledgeable and experienced and they could put due diligence in the selection stage.

In the implementation stage some challenges were highlighted by the respondents. Some accredited centers for instance were so much driven by commercial interests at the expense of quality. However, the respondent said that JKUAT was very firm on its
mandates. Program director and directorate of quality control would visit such centers and hold meetings with the management to resolve issues.

Some centers had difficulties in meeting JKUAT deadline e.g. in processing examination for student in the programme. The consequences were that lot of work would be done on phones and through letters. JKUAT would end up with a very tight schedule since the examinations had to be moderated by external examiners who were also busy with other duties where they worked. In a tri semesters of 16th weeks, exams could reach CEP center on the 13th and 14th week. This left JKUAT with little time to moderate and administer exams. However the respondents said that the University had been trying to mentor and push the management of those centers into accomplishing critical activities within the stipulated time frame.

Jomo Kenyatta University of Agriculture and Technology as the owner of the brand did not have enough man power for setting the exams. According to the respondents, they received the set exam from the collaborating centre, moderated them, processed, managed appeals and handled associated administrative and logistical issues that arose. The curriculum offered in CEP programme was said to be approved by the University Senate.
4.6.1 Disagreements in the Network

The respondents said that some disagreements occurred in the implementation phase. However this did not qualify to be termed as crisis. One of such disagreement had been the issue of finance. Reconciliation was at time a problem and there were claim and counter claim from the partners and JKUAT. At times it was not very clear about who owed who and what amount.

Management of examination money paid to JKUAT was often a problem. As a result few exams copies produced were inadequate for the students in the collaboration centers. The centers could end up making photo copies hence causing dissatisfaction and disagreements.

Payment for setting, marking and invigilation of examination was at times not well managed. This ended up with some money owed to some partners. The finance department in the CEP however could help with the reconciliations and this sorted out some disagreement. Meetings helped in ironing out most issues as each partner was given an opportunity to raise any issue of dissatisfaction and complaints.

The respondents however said that they did not yet experience major disagreement. The memorandum of understanding being the guiding and biding document helped in sorting out many challenges.
4.6.2 Balancing co-operation and competition

The respondents said that there was a lot of understanding between JKUAT and its accredited and collaborating centers. One respondent gave an analogy of a marriage, in marriage with illegitimate and legitimate children, in most cases the legitimate children are likely to be favored more by the father than the illegitimate ones. This he said is the same thing with alliances of JKUAT with accredited centre.

These academic institutions have their own programmes while they are supposed to sell, market, promote and offer JKUAT programmes. Even though JKUAT expected their programs to be offered without any form of discrimination, some had been observed. These included discrimination in provision of facilities to JKUAT students, physical asset like crass rooms allocations and teaching. The respondents however stated that there were no major difficulties. To overcome such difficulties JKUAT usually held sessions with students in collaboration centers to asses whether they experienced any form of discrimination. If there were found to be any discrimination, JKUAT coordinating team informed the management of such centre for correction. The directorate of quality control from JKUAT could accompany JKUAT team to all quality visits to the centers and would share meetings on quality control. All issues raised by lecturers, management staff and students were addressed.

The respondents said that they did not encounter major challenge owing to the big number (30) of the network. They attributed this to the fact that partnerships were not
formed at once but rather progressively. They had been able to learn from the preceding one and perfected their skills.

4.6.3 Alliances Governing Structure

The alliance specific governance structure was found to be established with clarity and focus of purpose. Secondly, Managers were found who could take on the accountability and responsibility to run the alliance. Thirdly the existing governance structure was found to delegate to the alliance and its governance framework, the freedom to deliver the targeted benefits and to carry the contingent risks. There was collaboration committee that coordinated activities and undertook the management of the alliances. Centers were represented by their principals or managing directors / staff. Continuing Education programme formed to be the collaboration committee. CEP director, Assistant director and legal officer represented JKUAT.

The University secretariat undertook the assessment of academic Institutions before they are allowed in. It also drafted the memorandum of understanding which is a contract between the partner and JKUAT.

University linkage committee was found to be in charge of JKUAT Linkages and collaborations. It is headed by deputy vice chancellor of academic, planning and development. Various University departments are represented in this committee. All collaboration requests were submitted to this committee. Personnel with strategic alliance knowledge and experience were usually picked to manage alliances.
Assessment of strategic alliances between JKUAT and middle level colleges qualified it to be a network. The definition provided by Parke (1991, p.581) was found to be applicable in this case. The partners were found to be autonomous and retain independent identities. The relationships were found to be collaborative and reciprocal and a mutual agreement bides the partner. They alliance operates within a scope which in this case is domestic and operate within a shared managerial control.

JKUAT motives of forming strategic alliances with the middle level colleges in the domestic market was to exploit a niche market, enjoy faster pay back on investment by
saving cost on infrastructure, to exploit economies of scale among others. These three agree with motivation postulated by Glaister & Buckley (1996).

Quality assurance was highly emphasized by the respondents. Being the owner of the brand, JKUAT took upon itself to control quality. It involved student assessment, course review and proper assessment of colleges before accreditation. This agrees with theoretical material as postulated by Bannerman *et al* (2005, p.47). He argues that in higher education and training, quality assurance should include not only student assessment and course review but also accreditation of the programs, institutions and / or alliance by a range of independent, external authority.

JKUAT’s strategic alliances with middle level colleges were found to be bound by a memorandum of understanding that also offers an exit option. This concurs with theoretical materials postulated by Bannerman *et al* (2005, p.67). He argues that alliances need an exit strategy because history shows that most alliances fail or do not last for extended periods.

Learning and mentorship was found to be taking place by the tertiary colleges during the period of partnerships a result, Mt. Kenya university, Kenya Collage of Accountancy and Inoorero university were able to graduate to university status with interim letters of authority. Johnson & Schores (2002) argue that learning is one of the motives of alliances and where partner forms a coalition with partners who have expertise, it needs to learn.
A number of challenges were enumerated by the respondents. This included opportunism, failing to detect some problems in the initial stage of formation and therefore being stuck with the wrong partner. The challenge of loss of trust or failing to gain trust in the first instance was also noted. Even though some challenges could not have been unique given the specific context, some agreed with other research findings. For example, Koigi (2002) found out in her study that getting trust from respective partners was a real challenge in her case study of strategic alliance between Kenya Post Office Bank and Citi bank. The challenge of opportunism was postulated by Peng (2009). He discusses the danger of being stuck with the wrong partner as a challenge that can be overcome by choosing a prospective partner with a lot of caution.
5.1 Summary

JKUAT did form alliances with middle level academic institutions to enable students with not so high qualification to continue with their education from certificate to University level. The University motive was also to reduce brain drain to other Universities outside the countries which have modalities for enabling student to further their studies by for instance offering bridging courses. Economies of scale motivation came out indirectly and JKUAT insisted that collaborating accredited centre had to meet a certain number of student enrolled in the programmes. Faster payback on investment and economic rent were other motives for JKUAT forming network with middle level colleges/accredited Institutions.

The collaboration did experience a number of challenges from the formation to the management stage. Failure to discover shortcomings of the partnership aspiring academic Institutions early enough was one of such challenges. Shortcomings were most of the times discovered latter after signing the MOU. Some of the representatives from collaboration centers were “green” in management of strategic alliance and it took them some time to catch up. Commercial interests at expense of quality and good management by some accredited centers made them not well focused in the future. As a result, they were not well prepared to compete with new entrants and to align themselves well with the dynamic environment. Some accredited academic institutions had difficulties in meeting critical deadlines which delayed some critical activities. Opportunistic
tendencies exhibited by some members had to be tackled as soon as they were
discovered. Lack of adequate manpower in JKUAT in setting assessments and
examinations was also a challenge. As a result, the university delegated this important
quality exercise to the accredited academic institutions. These challenges were however
amicably settled out most of the times by holding meetings, workshops and in quality
control assessment impromptu visits by JKUAT team.

5.2 Conclusions

The relationships between JKUAT and accredited Institutions were qualified in this study
as a Network. It satisfied a conventional definition of strategic alliance. All the
collaborating academic Institutions retained their autonomy. The alliances were seen to
be collaborative and reciprocal in nature, operated within an economic space (domestic),
were bound by a contract (MOU) and were seen to operate under an agreed managerial
control.

The alliances were formed with objectives/goals of enabling students progress with their
studies from certificate to PHD level where there students have capability and will.
Owing to stiff competition and limited places in public and private universities, these
students would otherwise be locked out. They also intend to reduce the brain drain while
refining the resource that would otherwise leave Kenyan economy to other countries in
overseas Universities. The arrangement also intended to benefit from economies of scale
with faster payback on investment.
The network had not been without challenges, but a well crafted memorandum of understanding helped to solved most of them. Frequent meetings by the coordinating committee came in handy in sorting out challenges, problems and disagreements encountered. A well established and an effective governance structure have helped in maintaining a sustainable balance between academic and commercial interests.

Opportunistic behavior had been evident but quick action by the management committee helped in nipping it at the bud. There had been clarity of objectives in the formation stage to avoid misalignment where unclear and heightened goal divergence and disagreement between partners could have occurred. Despite the challenges and tension the alliances continue to thrive with some exerted efforts.

5.3 Limitations of the Study

This research project studied JKUAT alliances (network) with accredited academic institutions in Kenya from the perspective of JKUAT. It would have been very interesting to get the views of all the network members. However in a case study that sought to gather detailed information, a study of thirty (30) alliances could have been a tall order.

Only three respondents were interviewed in the study. More could have been interviewed to follow up on information that emerged in the first interviews but this was not possible because of the limitation of time. Moreover, those who were targeted for subsequent interviews were found not to be available within the time frame of the research.
5.4 Suggestions for further studies

The researcher would have wished to carry out a survey from JKUAT and the thirty (30) collaborating academic institutions so as to get the picture and views of all partners in the network. This was however not undertaken and should be an area of further study.

Equally so, other universities like Kenyatta and Moi are collaborating with other academic Institutions in the Kenya domestic market. These Universities can also be included in a study that employs survey methodology. This is another area that scholars of strategic alliance in education sector can carry out a study.
REFERENCES


APPENDIX: I  LETTER OF INTRODUCTION

University of Nairobi
Faculty of Commerce
P.O BOX 30197, Nairobi, Kenya.

The Deputy Vice Chancellor,
Administration, Planning and development JKUAT
P.O BOX 62000-00200, Nairobi, Kenya.

Dear Sir,

RE: LETTER OF REQUEST TO DO RESEARCH AND INTRODUCTION TO RESPONDENTS

I am a student in the School of Business, University of Nairobi. In partial fulfillment of the requirement of the degree of MBA, I plan to do a research entitled, “Strategic alliance between Jomo Kenyatta University of Agriculture and Technology and middle level colleges in Kenya.”

Your institution has been selected for this study, consequently. I wish to seek your approval to document this important alliance episode. The research will involve interviewing key personnel who are involved in the formulation and management of the partnership.

Any information that you might provide to make this study more revealing will indeed be appreciated.

The information and data to be gathered is needed for academic purpose only and will be treated in strict confidence. Your co-operation in participating in this study will be highly appreciated.

Thank you in anticipation,

Yours truly,

Jesse Kinyua
MBA student.

Prof Evans Aosa
Supervisor.
The research study is entitled ‘Strategic alliances between Jomo Kenya University of Agriculture and Technology and middle level colleges in Kenya’. The study intends to look at these alliances from JKUAT perspective.

The information to be gathered from this interview will be treated confidentially and will not be used for other purpose other than academic.

A) ASSESSMENT AND THE MOTIVATION OF STRATEGIC ALLIANCE.

1. What kind of Strategic alliance is JKUAT involved in with middle level colleges in Kenya?
2. How did the idea of collaborating with middle level colleges come about?
3. Who approached the other?
4. How was a suitable partner selected?
5. What strategic goals and objectives did your JKUAT anticipate to achieve by forming the alliance?
6. Were those goals and objectives communicated with clarity to your partners?
7. To what extent is your institution satisfied with the overall result of the strategic alliance?
8. Has your institution’s goals in relation to this relationship been met? Please explain.
9. Has your institution received any social and / or economic benefits from the alliance/ partnership?
10. Have your customers (students) benefited from the alliance? Please enumerate such benefits?

11. How have your partners benefited from this collaboration?

12. Are there resource complementarities between JKUAT and middle level colleges?

13. If there are resource complementarities, has it enabled your institution to achieve your objectives?

14. Are there any partners who have exited the partnership from the time it started?

15. Some middle level colleges that started collaborating with JKUAT do now enjoy university status. Is this as a result of learning?

B) CHALLENGES OF THE STRATEGIC ALLIANCE.

1. What challenges did you face during the formation of the alliance?

2. How did you overcome them?

3. Have you experienced any challenges during the implementation phase of the alliance? How were they resolved?

4. Has the disproportionate size and capabilities of the middle level college and JKUAT brought any envisaged or in envisaged challenge? Explain.

5. Has incidence/s of disagreement, rivalry and crisis ever been witnessed in the alliance?

6. If the answer to number 5 is yes, how was it managed to ensure continuity of stability?
7. Is there an agreed and written down policy or mechanism for resolving stalemate or crisis?

8. Does the agreement have a room for allowing adaptation to dynamic changes that may occur in the environment?

9. How do you balance co-operation and competition?

10. If you have encountered any challenge, would you envisage the same level of challenge if the number of partners were fewer?

11. Has Information and Technology (IT) played any part to make the management of alliance more effective?

12. How is the governing structure of the alliance like?

13. Has the governing structure contributed to the effectiveness of the strategic alliances in any way? Please explain.

14. How was the human resource to manage the alliance picked?

15. Has any opportunistic behavior been observed from partner of the alliances?

16. If the answer to no. 16 is yes, how was it managed?

17. How did JKUAT overcome the liability of newness and complexity of the alliances?

18. What other issue/s relating to this partnership do you consider important to share?

THANK YOU VERY MUCH FOR TAKING YOUR TIME TO ANSWER THE ABOVE QUESTIONS.
APPENDIX 3: LIST OF MIDDLE LEVEL COLLEGES
COLLABORATING WITH J.K.U.A.T

1. Loreto college Msongari- Nairobi
2. Pioneer International College- Nairobi
3. Regional Centre for Mapping of researches for development – Kasarani
4. Augustan College – Ngong road
5. Holy Rosary College- Tala
6. Nairobi Institute of Technology- Nairobi
7. Muranga college of technology – Muranga
8. Nairobi institute of business studies
9. Shephards foundations Education and research centre – Nairobi
10. Kenya school of professional studies (KIPS) – (Now Inoorero University)
11. Zetech college- Nairobi
12. Copper Belt college- Machakos
13. Global institute college- Machakos
14. Embu college-Embu
15. Step up training institute – Nakuru
16. Wiseman Trainers and consultants
17. Tracom College – Nakuru
18. Kenya College of Accountancy University –Ruaraka – Nairobi
19. Starehe Boys Centre
20. Nairobi Institute of Technology –Westlands – Nairobi
21. Diamond systems Ltd
22. Jefery Institute of Professional Studies
23. Kenya Armed Forces Technical College
24. Co-operative College of Kenya
25. Thika Institute of Technology
26. Global Institute of Management and Commerce
27. Kenya Institute of Management
28. Kirinyaga Technical College
29. Lake Institute of Tropical Medicine
30. Machakos Teachers College
APPENDIX 4: CUTTINGS OF JOINT ADS BETWEEN JKUAT & SOME TERTIALY COLLEGES