STRATEGIC ALLIANCE AS A TOOL FOR COMPETITIVE ADVANTAGE AT AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC), KENYA

BY

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

NOVEMBER, 2013

DECLARATION

I hereby declare that this research project is my original work and has not been presented for a degree by myself or any other person from any other institution known or unknown to me.

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

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DEDICATION

To my wife Rita, children Wema, Roni and Joel, and parents Esther, Charles and Leah and to my friends for all the support you have been towards my education.

ACKNOWLEDGEMENT

It would not have been possible for me to do this research project without the support, encouragement and guidance of a number of people.

First my sincere appreciation to my supervisor Dr. Vincent Machuki for his friendly guidance, patience and kind reminders during the period of proposal writing, research process and final report writing. I thank the lecturers, management and administrative staff in the University of Nairobi for their good support, I also thank the senior managers of APHRC for their time and provision of the necessary information to me in writing this research project.

Lastly, I thank my family; my wife, children, sister and brother who supported me morally and encouraged me through to the end of this research project. Thanks to you friends for your support in the whole process.

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ACRONYMS AND ABBREVIATIONS

ADDRF:	African Doctoral Dissertation Research Fellowship
APHRC:	African Population and Health Research Center
ASH:	African Strategies for Health
CARTA:	Consortium for Advanced Research Training in Africa
COMESA:	Common Market for Eastern and Southern Africa
IHME:	Institute for Health Metrics and Evaluation
MDGs:	Millennium Development Goals
MOU:	Memorandum of Understanding
NCAPD:	National Coordinating Agency for Population and Development
NEPAD:	New Partnership for Africa's Development
NGO:	Non-Governmental Organization
OTA:	Organizational Theory Approach
PPD:	Partners in Population and Development
RBV:	Resource Based View
TCE:	Transaction Cost Economics
USAID:	United States Agency for International Development
USG:	United States Government

ABSTRACT

In the recent past, strategic alliance has increasingly been used as an important tool for gaining competitive advantage in the market place. This has been much so within the commercial sector but the concept has equally received much attention and use within the nonprofit sector. Therefore this case study set to look at how strategic alliance has been used as a tool for competitive advantage at APHRC and the challenges faced by APHRC in managing the strategic alliances. The study adopted a case study design so as to undertake an in-depth and comprehensive inquiry. The study interviewed ten middle-to-senior level managers. Content analysis was used to analyze the data and generate relevant results. The key findings were that APHRC is engaged in strategic alliances that are contractual in nature. These alliances have taken the form of consortia, working groups, memoranda of associations, collaborations and networks and have helped APHRC in taking a forefront position within the nonprofits and hence helped it gain competitive advantage. Some of the benefits to APHRC include increased visibility of its programs to its various stakeholders, widened geographical reach in operations, economies of scale, expansion into new programmatic grounds, learning from partners' experiences, shared risks and costs. It has helped to increase funding levels and improved buy-in of its findings. The study therefore concluded that APHRC is involved in strategic alliances as a way to gain sustainable competitive advantage. The alliances have contributed to positioning APHRC at the forefront of generations of ideas that continue to shape the future of research in it's the priority areas of population, health and education, in research capacity building and in being a voice that informs policy. This has helped APHRC to remain relevant in the market in the midst of the ever changing environmental conditions. In the future, it will be important to look at how all parties to an alliance benefit competitively, what other factors besides alliances bring about competitive advantage and the application of a different research design other than a case study to the study.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The dynamism of the environment surrounding organizations has brought about complexities and challenges that have affected their ability to meet their objectives. This has made them rethink their strategies and adapt to better respond to the ever changing environment. Strategic alliance is one tool organizations have embraced to deal with this that has brought about new synergies to the team by complimenting or supplementing each other's strengths. This has reduced their weaknesses and improved their responses to opportunities and threats within the environment giving them competitive advantage.

The advantages and challenges of strategic alliance have been an interesting research subject in strategic management literature. Different kinds of theoretical framework such as transaction cost economics (TCE) and resource based view (RBV) of the firm are employed as researchers attempt to contrast and synthesize diverse views. TCE takes a comparative approach where organizations weigh the costs of exchanging resources with the environment, against the bureaucratic costs of performing activities in-house. When external transaction costs are lower than internal bureaucratic costs, strategic alliance becomes more attractive (Coase, 1937). Whereas RBV view is that the effective and efficient use of the strategic assets of a firm will give it competitive advantage. It emphasizes utilization of resources and capabilities to create a competitive advantage that ultimately results in superior value creation (Porter 1998).

The market dynamism has affected both commercial and nonprofit sector organizations alike. The latter has been characterized by changes in donor priorities, increased competition from the ever increasing number of donor reliant organizations seeking the same donor support, changing economic conditions affecting donors' resources and their ability to give grants. These factors have necessitated a study of the African Population and Health Research Center (APHRC), a nonprofit organization, to establish how its adoption of strategic alliance as a tool to attain competitive advantage has impacted the realization of its objectives. APHRC is involved in a number of strategic alliances which include collaborations & networking, use of working groups, consortia, partnership frame work, memoranda of understanding and subcontracting (outsourcing). It is also important to look at what challenges APHRC has faced in managing these alliances.

1.1.1. The Concept of Strategic Alliance

A strategic alliance is a voluntary, formal arrangement between two or more parties to pool resources to achieve a common set of objectives that meet critical needs while remaining independent entities. Strategic alliances involve exchange, sharing or co-development of products, services, procedures and processes (Serrat, 2009). Strategic alliances can be effective ways to diffuse new technologies rapidly, to enter a new market, to bypass governmental restrictions expeditiously, and to learn quickly from the leading firms in a given field (Elmuti and Kathawala, 2001).

An alliance is a co-operation or a collaboration which aims for a synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts. It calls for contributions of organization-specific resources and capabilities, technology transfer (access to knowledge and expertise), economic specialization, shared expenses and shared risk that may involve trade-offs in capital, control and time.

It aims at sustaining long-term competitive advantage in a dynamic world through cost reduction, economies of scale, accessing more knowledge and new technology, research and development, entrance to new markets, rejuvenation of slow or stagnant markets, reduction in cycle times, quality improvement and inhibition of competition.

1.1.2. The Concept of Competitive Advantage

A competitive advantage is an advantage over competitors gained from offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. It exists when a firm has a product or service that is perceived by its target customers as better than that of its competitors. When two or more firms compete in the same market, the firm that possesses a competitive advantage over its rival returns a consistently higher rate of profit. Competitive advantage is the ability of the firm to outperform rivals on profitability and depends on how a firm is able to create its customers' value that exceeds the firm's cost of creating the product. Value is what customers are willing to pay, and superior value stems from offering lower prices than competitors or from providing unique benefits (Mwai 2010).

Porter (1985) argues that the concept of competitive advantage relates to the ability of an organization to discover and implement ways of competing that are unique and distinctive from those of other competitors and that can be sustained over time. The fundamental basis of an organization's performance is called sustainable competitive advantage (Porter, 1996). Organizations with sustainable competitive advantage have capabilities and competencies that enable them to produce services and products that the market is willing to buy. Porter distinguishes three generic strategies for sustainable competitive advantage which are lowest costs, differentiation and focus. Competition is at the core of the success or failure of firms and determines the appropriateness of activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation. Competitive strategy is the search for a favorable competitive position in an industry, the fundamental area in which competition occurs (Porter, 1998).

Strategic alliances value creating potential makes them an important source of competitive advantage (Das and Teng, 2001). The firm that can effectively cope with environmental uncertainty and ambiguity, proactively reposition in competitive markets and minimize transaction costs through strategic alliances increases the probability of maintaining competitive advantage. Strategic alliance is an important value-creating option in markets that are more efficient because of the increasing symmetry of information flows between firms, their suppliers and customers (Olivia, 2001). The standard approach to the sustainability of competitive advantage focuses on identifying the resources that underlie the competitive advantage and analyzing the extent to which they will remain scarce (Barney, 1991). Scarcity requires that competitors cannot readily acquire the resources on factor markets and that there are barriers to competitors developing the resource internally (Barney, 1986). According to Porter (1985), a firm develops its business strategies in order to obtain competitive advantage and increase profits over its competitors through five primary forces. These are: threat of new entrants, rivalry among existing firms within an industry, the threat of substitute products and or services, the bargaining power of suppliers, and the bargaining power of buyers.

1.1.3. Industrial Analysis

The concept of strategic alliance has in the recent past gained grounds not only among commercial organizations but also within the nonprofit sector. This has been orchestrated by several factors that have collectively affected the sector both on national and international scale. Among these factors, lack of resources is paramount and counts as the biggest reason nonprofit organizations are pursuing strategic alliances. They are seeking partnerships so as to gain the resources they need to accomplish their mission. According to Campbell (2001), the issue is more complicated than simply money and money has never been in abundance in any nonprofit organization. It is changes within the nonprofit sector that are making resources need more dramatic. He identifies three major causes of these changes: Firstly, increased competition among the nonprofits has seen as many as 30,000 tax-exempt organizations created each year in the U.S alone. Each of these need money to operate and will compete for resources with all the other nonprofit organizations already in existence. How fundraisers for the nonprofit go about raising funds when competition is so fierce and how one organization distinguish itself from all the rest determines how successful they will be in fundraising.

Secondly, funders consisting of foundations, corporations, governments and other donors have grown uncomfortable with the volume of requests for support they are receiving and are pressuring organizations to consider alliances to coop with the great demand. Lastly, lack of organizational capacity by many nonprofit organizations particularly newer and small ones have made strategic alliance attractive for synergy creation to boost fundraising capability and the team's attractiveness. In addition, changing economic conditions have affected donors' resources base and hence their ability to grant funds. Strategic alliance within the nonprofit comes in a continuum ranging from those with least control is given up to those with greatest control is given up. They include co-sponsorships, referral agreements, coalitions, consortia, federations, networks, joint ventures, back office consolidations, parent-subsidiaries, acquisitions, divestitures, mergers, consolidations, and conglomerations.

According to Campbell (2001), Strategic alliances have brought certain benefits among the nonprofits that have created and enhanced fundraising capacity by for example, increasing the number of fundraising staff, providing wider access to donors, combined boards to create greater fundraising expertise, creation of new collaborative fundraising events that build on partner strengths, increased community awareness through more wide reaching events and bringing in other new fundraising competencies.

1.1.4. African Population and Health Research Center (APHRC)

APHRC is a nonprofit, non-governmental international organization committed to conducting high quality and policy-relevant research on population and health issues facing sub-Saharan Africa. APHRC was established in 1995 as a Population Policy Research Fellowship program of the Population Council, with funding from the Rockefeller Foundation. In 2001, it became an autonomous institution with headquarters in Nairobi, Kenya.

APHRC focuses on three areas namely research, capacity strengthening and policy engagement and communications. Under research, APHRC has organized its efforts in six research priority areas of work which are Urbanization and Wellbeing; Population and Reproductive Health; Health Challenges and Systems; Education, Statistics and Surveys Unit; and Ageing. These research priorities have been selected to respond to needs identified by African governments and by multinational bodies and frameworks including the MDGs, the New Partnership for Africa's Development (NEPAD), the Economic Commission for Africa, the African Union, and the World Health Organization, among others. APHRC's concentration is on areas where there are considerable knowledge gaps and where building on its past investments and current strengths, it holds the greatest potential to improve the wellbeing of Africans.

On capacity building, APHRC aims at strengthening institutional and professional capacity to enable African researchers to fully participate in defining and implementing priority population and health programs in the continent. To this end, APHRC has developed several research capacity strengthening initiatives which include: Post-Doctoral Fellowships, Sabbatical Fellowships, Visiting Scholar Program, Research Traineeships, Internships and Technical Workshops.

On policy engagement and communication, APHRC aims to promote utilization of empirical evidence for policy formulation and program improvement through targeted and sustained sharing of research findings and engaging policy makers throughout the research process. It also seeks to play a central role in defining key research issues and influencing international policies on issues relevant to sub-Saharan Africa by participating actively in international meetings and technical panels that discuss various research, development, and capacity strengthening issues relating to the continent.

To meet its objectives, APHRC uses a variety of ways which include the use of strategic alliances. These include collaborations & networking, use of working groups, consortia, partnership frame work and subcontracting (outsourcing).

1.2. Research Problem

Many organizations have entered into strategic alliances in the hope of realizing a variety of benefits which include: entering new markets, reducing costs and rapidly diffusing new technologies, among others. In the nonprofit sector, strategic alliances have been designed for providing better services to clients as well as convenience, accessibility, affordability, sustenance and better responsiveness to clients (Barasa, 2011). APHRC has entered into a number of strategic alliances in the hope of attaining certain benefits including gaining of competitive advantage. The alliances are in various forms and include consortia, partnership agreements, out sourcing, working groups and memoranda of understanding among others. It was important to establish if indeed, this study would answer the question as to whether APHRC was gaining competitive advantage by engaging in strategic alliances with its partners and peers.

Managing alliances can present certain challenges as organizations come together to achieve collective and individual objectives within the teams. Executives must be creative, strategic, pragmatic, and aggressive in forming alliances. They must be cautious and attentive to detail when framing and executing the alliance objectives. Nearly two-thirds of all alliances experience severe problems and most problems are found within companies with less alliance experience. If you overlook basic management principles during the initial courtship, the alliance will suffer (Herrmann and Estes, 2001).

In the recent past, a number of researches have been done on strategic alliances especially on for profit organizations. Owuor (2005) did a research on strategic alliances and competitive advantage: the case of major oil companies in Kenya. Mwai (2010) looked at strategic alliances and competitive advantage: A case study of Safaricom Limited. Ogega (2010) who looked at strategic alliance between Safaricom and Equity Bank in the money transfer service and Kavale (2007) did a study on strategic alliances in Kenya: the case of money transfer services. Velez (2007) did an analysis of strategic alliances as a source of competitive advantage in the airline cargo business. Their findings showed that their study organizations benefited by gaining competitive advantage from strategic alliances. Even, so no research had been done and documented on strategic alliances and competitive advantage among the nonprofit organizations. Closely related studies on strategic alliances within the nonprofit include Alice (2010) who looked at managing strategic alliance between Church World Services and community based organizations in Kenya and Barasa (2011) who looked at factors considered by organizations in entering strategic alliances and challenges faced: A survey of non-governmental organizations in the health sector in Kenya.

This study therefore sought to address the research gap that exists of looking at strategic alliances and competitive advantage within the nonprofit sector by conducting a case study of APHRC. This is especially important with the paradigm shift within the donors community who have pushed for collaborations among grantees with the aim of cutting down of costs, building of local institution capacities (USAID Support for NGO Capacity Building, July 1998; August 2009) and making greater contribution to the development agenda by focusing on partnerships among the nonprofit that build up their synergies as opposed to lone ones. To what extent has strategic alliance helped APHRC attain competitive advantage? What challenges does APHRC face in managing the strategic alliances?

1.3. Research Objectives

The objectives of the study were to establish:

i) How strategic alliance has been used as a tool for competitive advantage at African Population and Health Research Center (APHRC).

ii) The challenges faced by APHRC in managing the strategic alliances.

1.4. Value of the Study

This study would increase the existing body of knowledge in the use of strategic alliances as tools for competitive advantage in the nonprofit industry. It would advance the Transaction Cost Economics (TCE) and Resource Based View (RBV) theories of competitive advantage in the process and the use of strategic alliances as tools for competitive advantage for nonprofits.

APHRC would be able to identify and understand the challenges that exist with managing strategic alliances thus helping it to identify ways to overcome them resulting and thus maximize on the possible synergies that would be created. APHRC would be able to improve the alliance performance by concentrating on what matters, focus on the drivers of performance, improve communication of the alliance's vision and strategy; and prioritize initiatives. This study would also be important to other forms of strategic alliances that are facing similar challenges in helping them maximize on the synergies.

This research would also be useful to researchers as it would propose gaps for future research, practitioners for better management practices and policy makers for better policy formulation.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

Literature review helps us look at previous studies carried out relating to this study to gain more validation in carrying out the study. It is important to understand the concept of strategic alliance, why it exists, the benefits thereof as well as the challenges associated with it. In addition, to understand its various form and the different levels of risks and benefits they pose.

The review also looks at studies on competitive advantage and how strategic alliance has been applied to gain competitive advantage. This is through improvement in the bargaining power with suppliers and customers, reduction in threat of new entrants and substitute products and in dealing with competition from rivals. To generally look at how organizations have been able to gain access to resources needed to seize opportunities and to generally provide superior products and services through use of strategic alliance.

2.2. Theories Underpinning the Study

Many studies have been done to explain the formation of strategic alliances using various theories and models. Such theories emphasize on the economic approach, the resource based view and a combination of the two (Kavale 2007). According to Varadarajan and Cunningham (1995), competition gives the greatest motive for formation of strategic alliances. However, Kogut (1988) argues that the motives for formation of strategic alliances can be classified under the Transaction Cost Approach (TCA) and the Organizational Theory Approach (OTA). TCA was developed by Williamson (1975) and suggests that firms will chose alternative arrangements that minimize the sum production and transaction costs. According to this approach, there are two main motives for the formation of strategic alliances which are enhancement of resource use efficiency and resource extension (Kogut, 1988). Alliances allow firms to lower their production costs, achieve efficiencies in the production process, and allow them to gain experience effects. Resource extension is used by firms that lack the resources. Such firms which mostly would be small often enter into alliances in order to acquire research and development resources, either capital or equipment (Mwai 2010). OTA motivation is the acquisition of new skills and entry into new product market domains (Kogut, 1988). Firms that operate in stagnant or mature industries often enter alliances to gain a foothold in emerging industries. This move helps such industries to increase the market share for their products (Mwai, 2010).

Firms will also be motivated by the acquisition of new knowledge and skills. Partners in an alliance will often attempt to learn as much as possible from the other partner while guarding their distinctive knowledge and skills. An organization that endeavors to learn gains a unique competitive advantage. This is because such an organization is able to regenerate it from within and produce ideas that can spur the firm into great success.

2.3. Competitive Advantage

Michael Porter proposed the Competitive Advantage theory in 1985. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, or inexpensive power, or access to highly trained and skilled personnel. New technologies such as robotics and information technology can provide competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business process.

The term competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Porter 1980). The study of such advantage has attracted profound research interest due to contemporary issues regarding superior performance levels of firms in the present competitive market conditions. A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player (Barney 1991). Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Porter 1985). To gain competitive advantage, a firm can use a business strategy that manipulates its various resources over which it has direct control and that have the ability to generate competitive advantage. Superior performance outcomes and superior production resources reflects competitive advantage.

Competitive advantage therefore is the ability to stay ahead of present or potential competition. Thus, superior performance reached through competitive advantage will ensure market leadership. Also it provides the understanding that resources held by a firm and the business strategy will have a profound impact on generating competitive advantage. Powell (2001) views business strategy as the tool that manipulates the resources and create competitive advantage, hence, viable business strategy may not be adequate unless it possess control over unique resources that has the ability to create such a unique advantage. Competitive advantage is a key determinant of superior performance and will ensure survival and prominent placing in the market. Competitive advantage is significantly important and therefore the ultimate desired goal of a firm.

2.4. Strategic Alliance

The concept of strategic alliances has become widely used in the business language to refer to the different types of partnership agreement between two or more companies that pursue clear strategic collaboration objectives, with different levels of possible integration among the members. Strategic alliances may be driven by both firm and environmental characteristics such as uncertainties concerning product markets, changing barriers to foreign trade and investment, technological volatility, market turbulence and rapidly changing economies of scale (Varadarajan and Cunningham, 1995). In a conventional sense, an organization's environment consists of actors and forces outside the firm, which affect the company's attitudes, actions and outcomes (Kotler et al. 2001).

Globalization and international markets uncertainties and challenges have made strategic alliance a strategic necessity that is no longer considered as an option (Parise and Henderson 2001). Strategic alliances are planned and conducted to share organizational resources especially knowledge-based ones so as to create more advanced competencies that are valuable, rare, inter-transferable and non-substitutable. Alliances create cumulative value that exceeds the value created individually by each firm. Firms combine some of their resources and capabilities in strategic alliances in order to create a competitive advantage. Competitive advantage created by cooperative strategy is known as collaborative advantage and is pursued in a mutual basis by participating firms.

The motives to enter into alliances include gaining access to specific markets or distribution channels, acquiring new technologies, economies of scale and scope, and enhancing new product development capabilities (Varadarajan and Cunningham, 1995) and learning. Learning is a difficult and lengthy endeavor; however, it is a subtle and important aspect of alliances. Learning is strategically relevant and learning skills may provide the greatest long-term benefits to firms (Stata, 1989). Learning provides the key ability to synergistically exploit the capabilities available. Drucker (1996) identified relationships based not on ownership, but on partnership as the greatest change in corporate culture and the way business is being conducted in the global economy. More and more firms have resorted to strategic alliance partnerships in recent times as a means of creating customer value. Strategic alliances are becoming essential features for sustaining advantage in today's intensely competitive marketplace. The various types of alliances include joint ventures, partnerships, supply chains relations, joint marketing and promotions, joint selling and distribution, joint production sharing, design collaboration, technology licensing, research and development consortia and outsourcing relations.

2.4.1. Types of Strategic Alliances

Gomes (2003), states that alliances may be structured as complex equity joint ventures or they may be looser arrangements for cooperating agreements. There are a variety of types of strategic alliance; some may be formalized inter-firms relationships or at the other extreme, be loose arrangements of cooperation and informal networking between organizations with no shareholder or ownership involved.

Strategic alliances can come in a great variety of forms. However, many researchers agree that there are basic forms of alliances. These include joint ventures, minority equity alliances, and contractual alliances (Das and Teng, 2001).

2.4.2. Joint Ventures

A joint venture is the most integrative form of alliances. It represents a new entity, that is, equity creation that combines partner firms in a selected area. The firm will have shared equities and operations combined in the selected area with centralized control and collaboration. It is a separately incorporated entity jointly owned by partners. Two or more parties will invest and form a joint venture agreement which results in a new company in which the parties have shares and joint ownership and management.

In a joint venture, interactions between organizations can take many forms; from market transactions to relationships so close that it is difficult to distinguish where one organization ends and the next begins. The coordination of partner firms through dense communications and administrative systems can be called operational integration. When partnering firms work together in a joint venture, their behavior can be directly observed and measured. Centralized procedures and policies can also be developed, which provide a uniformed standard for all parties. They are preferred in more complex types of collaborations (Garcia-Canal, 1996).

2.4.3. Minority Equity Alliances

Minority equity alliances, by comparison, have a modest level of structural integration. Here one firm owns a meaningful portion of another firm, the two are partially integrated through ownership. However, the equity arrangement is partial because only a limited portion of equity is involved. Minority equity alliances include an acquisition of equity shares by either one or more partner firms. Equity arrangements are believed to help align the interests of partner firms (Gulati, 1995). When there is shared equity, partner firms realize that their interests are intertwined and hence opportunistic behavior tends to be discouraged. Shared equity often facilitates the coordination and control of the collaborative effort.

According to Gulati (1995), although joint ventures and minority equity alliances have the common characteristic of shared ownership, they ought to be separated along the dimension of hierarchical control. As compared to joint ventures in strategic alliances which all equities for the new entity are shared, minority equity alliances features limited equity exchange and thus represent a lower level of equity exchange. In addition, in contrast to joint ventures, minority equity alliances usually do not have integrated processes and centralized control. Without forming a new entity, partner firms carry out their cooperative activities separately.

2.4.4. Contractual Alliances

Contractual alliances involve no equity transaction or creation of a new entity in the agreement. Contractual alliances have the lowest degree of structural integration among the three alliance types. The partner firms do not have an integrated entity to carry out the joint activities, nor do they have any equity arrangements.

According to Gulati (1995), contractual alliances are operated merely based on the agreements for the partner firms to work together in a certain way, such as in pursuing joint research and joint marketing. Again, such tentative structures lack centralized control that come with a joint venture.

2.5. Strategic Alliances and Competitive Advantage

Organizations might have many reasons to enter into strategic alliances, but the most important is to achieve a sustainable competitive advantage. Porter (1985) introduced the concept of competitive advantage and it relates to the ability of an organization to discover and implement ways of competing that are unique and distinctive from those of their competitors and that can be sustained over time. According to Porter, a business should adopt a competitive strategy that will enable it to secure a competitive advantage. Competitive advantage is anything which gives one organization an edge over its rival in the products it sells or the services it offers.

According to Porter (1980), the nature and degree of competition in an industry hinge on five forces. They are threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products and rivalry among firms. Porter (1980) provided three generic strategies namely cost leadership, product differentiation, and focus. These generic strategies are used in conjunction with the five forces in order to outperform competitors. The competitive position of an organization can be measured by their capacity of creating value. In competitive terms, as stated by Porter (1985), value is the amount buyers are willing to pay for what a firm provides them. A firm assures its profitability if it has the capacity of generating sufficient value that exceeds the cost involved in creating the product, and this creation of value shall be the goal of any generic strategy.

Strategic alliances value-creating potential makes them an important source of competitive advantage (Das and Teng, 2001). The firm that can effectively cope with environmental uncertainty and ambiguity, proactively reposition in competitive markets and minimize transaction costs through strategic alliances increases the probability of maintaining competitive advantages. Beyond this, alliances are an important value-creating option in markets that are more efficient because of the increasing symmetry of information flows between firms and their suppliers and customers (Olivia, 2001).

The ability to form and manage strategic alliances more effectively than competitors can become an important source of competitive advantage (Dyer et al., 2001). Strategic alliances are a fast and flexible way to access complementary resources and skills that reside in other companies. Cooperating to compete in any form gives participants greater opportunity for growth and a stronger competitive edge. According to Barney (1991), a firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously implemented by any current or potential competitors. The reason such a strategy is not ordinarily implemented by competitors is that they may not possess the appropriate resources. This leads to the importance of evaluating the resource dependency approach as a means of gaining a sustainable competitive advantage.

To develop and exploit a competitive advantage, firms must possess capabilities that can be used to create valuable, rare and imperfect imitable resources (Barney, 1991). Researchers and practitioners of this idea attribute sustainable competitive advantage to the possession of valuable, non-substitutable and inimitable resources. Knowledge of these underlying sources of competitive pressure provides the groundwork for a strategic agenda of action. This model focuses on the external side of strategy, helping firms analyze the forces in an industry that give rise to opportunities and threats. According to Barney (1991), firms that use their internal strengths in exploiting environmental opportunities and neutralizing environmental threats, while avoiding internal weaknesses, are more likely to gain competitive advantage than other types of firms.

Firms resources consist of all assets both tangible and intangible, human and non-human that are possesses or controlled by the firm and that permit it to devise and apply value-enhancing strategies (Wernerfelt, 1984). Resources are tangible and intangible assets that are tied semi permanently to the firm. Examples of resources are brand names, in-house knowledge of technology and capital. Resources and capabilities that are valuable, uncommon, poorly imitable and non-substitutable comprise the firms unique or core competencies (Hamel and Prahalad, 1990). They therefore present a lasting competitive advantage. Intangible resources are more likely than tangible resources to generate competitive advantage (Hitt et al., 2006). Specifically, intangible firm-specific resources such as knowledge permit firms to add up value to other factors of production. Such an advantage is developed over time and cannot easily be imitated.

Alliances improve the strategic position of a firm in competitive markets by providing resources from other firms that enable them to share costs and risks and cushions against business downturns and setbacks, by ensuring predictable resource flows. This buffering and cost sharing eases profit pressures, which are particularly intense in highly competitive industries. It gives firm partners the slack they need to ride out difficult times and to learn better ways to compete. Core competences are the collective learning in the organization (Hamel and Prahalad, 1990). Knowledge is one competitive advantage that is difficult and time consuming to imitate and must be encouraged and developed as part of organization learning and organization memory as it is used.

2.6. Benefits and Challenges of Strategic Alliances

The benefits of strategic alliances are derived from the motives for formation of strategic alliances. Lower cost of technology, sharing of risk in high-risk projects, ability to accrue economies of scale and scope in value-added activities, access to partner’s technology, knowledge, proprietary processes and a basis for future competition in the industry involved in terms of sustained competitive advantage are all benefits of strategic alliances (Varadarajan and Cunningham, 1995).

Successful alliances are between firms that achieve their goals and the motives for formation of the alliance. Management decides to enter into an alliance after conducting an environmental analysis, both internal and external, and finding discrepancies in their goals. These discrepancies are filled with capabilities of other firms by forming an alliance. These capabilities are termed as motives before the alliance is formed and benefits after the alliance is successful (Mwai, 2010).

The trend towards strategic alliances in business has not brought about the results envisioned by the participants in many cases. Most studies tend to focus more on the determinants of their success rather than for the reasons they fail. It is the risks and problems that need to be analyzed more fully to determine the true reasons why over 60% percent of strategic alliances fail (Kalmbach and Rouussel 1999).

Day (1995) argued that one of the greatest cost to a firm is the liquidation cost of the alliance, if the partners do not agree. Losing proprietary know-how is considered to be a high impact drawback of forming alliances. Control related problems are a major limitation of strategic alliances. Strategy implementation usually goes beyond the control of one party, and thus is likely to bother some parties. Dependence on partners for skills is a potential drawback to one who is dependent (Lei and Slocum 1991). There is also the issue of unequal gains. Some partners in the alliance may gain more than others which can cause discontentment for the partner getting less out of the alliance (Harrigan 1988).
Cultural problems which consist of language, egos, chauvinism and different attitudes to business can all make the going rough. Problems can be particularly acute between a publicly quoted Western holding company, keenly focused on shareholders' value, and Japanese partners who have different priorities (Kilburn 1999).

Lack of clear goals and objectives can be the alliance undoing. This is because success calls for proper research for achievement of best cooperation. Strategic alliances formed for wrong reasons such as a quick fix to correct internal company problems or combat industry competitors may result in failure (Kilburn 1999).

Role ambiguity is another limitation. Uncertainty about specific roles may limit organizations from fulfilling their obligations to the alliance. Facing antitrust regulations can restrict the benefits of an alliance with a major partner and invite governmental intervention.

These disadvantages contribute to the failure of strategic alliances. Although the disadvantages seem to outnumber the advantages mentioned above, mutual gains from alliances can outweigh disadvantages. For the alliance to be successful, firms should possess a change oriented corporate culture (Vyas et al. 1995), along with continuous mutual commitment and support (Kogut 1988). Firms that possess culture that allows and encourages change are usually successful in forming strategic alliances.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter has set out the research methodology that was adopted to meet the objectives stated in chapter one of this study. The research design, data collection, data analysis and presentation techniques are discussed.

3.2. Research Design

This research was a case study. A case study enables a researcher to collect in-depth data on the population being investigated. It provides much more detailed information on the subject under study. A case study affords the researcher an opportunity to undertake intensive investigation of the particular study unit. Each individual case study consists of a whole study, in which facts are gathered from various sources and conclusions drawn on those facts.

For this research, a case study of the African Population & Health Research (APHRC) was used to determine, how strategic alliance has helped APHRC to gain a sustainable competitive advantage in the market place. This research also helped in establishing what challenges APHRC has faced in managing the alliances it has entered into.

3.3. Data Collection

In order to investigate the relationship between strategic alliance and competitive advantage at APHRC, the researcher interviewed senior managers from all the divisions in the organization. These are managers who sit at senior management meetings or higher decision making body in the company and are therefore charged with formulation and implementation of strategic decisions within the company.

The researcher personally conducted the interview. An interview guide was more appropriate in the study for the purposes of getting detailed information on the area under investigation. Open ended questions were used in the interviews in order to help measure sensitivity or disapproval behavior, discover salience and encourage natural modes of expression. The interviewer obtained in-depth data through the use of probing which allowed collection of data relevant to the research objectives. The kind of documents that was used as sources of data for the study included existing case reports, administrative documents, and multimedia online resources.

3.4. Data Analysis

After the personal interviews, the qualitative data obtained from in-depth interviews was edited for completeness and consistency. Where there were cases of incompleteness and inconsistencies clarifications was sought through further questioning. Data once ascertained to be complete and consistent was entered for processing.

Content analysis was used to analyze the respondents' views about strategic alliance at APHRC. Discussions were used to present the data collected for ease of understanding and analysis. The researcher summarized the various opinions, assessed the degree of consensus or differences expressed by the respondents and synthesized the themes and patterns that emerged.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The research objectives were to establish how strategic alliances have been used as a tool for competitive advantage at APHRC and the challenges faced in managing the alliances. This chapter presents the analysis and findings with regard to the objectives and discussions of the same. The data was collected from ten middle-to-senior level managers; eight of them head of programs or departments in the organization. Half of the respondents have worked at APHRC for a period of five years and above. Specifically, two heads of programs, the director of operations and the human resources manager have worked at APHRC for more than five years and thus the information obtained from the respondents can be relied on as they are based on long terms of service with the organization. Since all the programs and departments of the organization were represented in the interviews, the interviewer felt this was adequate. The findings were presented in discussions.

4.2 Nature of Strategic Alliance at APHRC

Here findings from the specific questions asked in order to determine the nature of strategic alliances APHRC is engaged in, have been presented. The forms of strategic alliances, the motive of their formation and the benefits and challenges faced by APHRC in engaging in these strategic alliances have also been presented. The research found out that APHRC has largely been involved in strategic alliances as a tool to gain sustainable competitive advantage.

The findings indicate that APHRC has engaged more in contractual alliances as compared to other forms of strategic alliances. Contractual alliances involve neither equity transaction nor creation of a new entity in the agreement and have the lowest degree of structural integration among the three alliance types. Contractual alliances at APHRC have been in the form of consortia, working groups, memoranda of associations, collaborations and networking. Joint ventures and equity alliances, which are the other two forms of strategic alliances, are not found at APHRC. The contractual alliances found at APHRC have been discussed below.

The Consortium for Advanced Research Training in Africa (CARTA) is a contractual strategic alliance made up of nine African universities, four African research institutes, and eight northern partners. The African Universities include: University of Nairobi - Kenya, Makerere University - Uganda, Moi University - Kenya, National University of Rwanda, Obafemi Awolowo University - Nigeria, University of Dar - es - Salaam - Tanzania, University of Ibadan - Nigeria, University of Malawi, and the University of the Witwatersrand, South Africa. The Research Organizations include: African Population & Health Research Center (APHRC), Agincourt Population and Health Unit - South Africa, Ifakara Health & Development Research Centre - Tanzania, KEMRI/Wellcome Trust Research Program - Kenya. The Northern Partners include: Canadian Coalition for Global Health Research (CCGHR), Monash University - Australia, Swiss Tropical

Institute - Switzerland, University of Colorado - USA , University of Warwick - UK and WHO Special Program for Training and Research in Tropical Diseases (TDR), Sahlgrenska Academy, Gothernburg University, Sweden and Umea University, Sweden.. CARTA aims to develop and deliver an innovative model for doctoral training in sub-Saharan Africa and to strengthen the capacity of participating institutions to conduct and lead internationally-competitive research.

Over the medium-term, CARTA aims to produce a critical mass of high-quality graduates trained to address the complex issues surrounding health and development in Africa, and to retain these researchers and scholars in the region by providing them with a vibrant intellectual environment, and viable and challenging research and training opportunities. The formation of CARTA has been motivated by the great need facing graduate level training in Africa.

CARTA's program of activities comprises two primary components designed to achieve its objectives: strengthening doctoral training through the creation of a collaborative doctoral training program in population and public health; and strengthening research infrastructure and capacity at African universities. These components are interrelated and mutually-reinforcing.

APHRC is a member of the Health NGOs Network in Kenya (HENNET), which is recognized by Government of Kenya’s two health ministries as the official representative of health NGOs in Kenya. HENNET's mandate is to organize health NGOs and engage government in one voice. As such, HENNET sits on key health working/technical groups. It also hosts meetings with health NGOs to provide a forum for engaging government. APHRC actively participates in HENNET activities and circulates its research products to HENNET members.

Kenya Health Equity Network is a fairly new network initiated collaboratively by EQUINET, APHRC, HAI-Africa and a few other NGOs in Kenya working on health equity related issues. Its purpose is to advocate for the government to prioritize major health inequities and is currently housed at APHRC.

APHRC is a member of INDEPTH – NETWORK, a global network of Health Demographic Surveillance Systems (HDSSs) with 41 member centers observing the life events of millions of people in 20 Low and/or Middle Income Countries (LMICs) in Africa, Asia and Oceania. Since its inception in 1998, the network has gathered a treasure trove of robust data, and is uniquely positioned both to answer the most pressing questions on health, population dynamics and development, and to provide policy-makers and donors with evidence on the impact of interventions.

APHRC has collaborated with the City Council of Nairobi (now Nairobi County Government), which is charged with the responsibility of providing social and infrastructural services to Nairobi residents, on a number of projects including: The Nairobi Urban Health and Poverty Partnership (NUHPP), which sought to determine cost-effective strategies for addressing the health and livelihood needs of the poor residents of Nairobi City, and export lessons from the Nairobi experience to other sub-Saharan African countries with similar urbanization patterns. This project ended in 2006.

APHRC also Collaborates with the National Coordinating Agency for Population and Development (NCAPD), the Government of Kenya (GoK) agency responsible for the formulation and implementation of the population policy. This collaboration has allowed APHRC to be able to work towards influencing population policy and programs in Kenya. Some of the programs implemented through this collaboration include the hosting of the 8th International Conference on Urban Health (ICUH), the implementation of the Nairobi Urban Health Equity Gauge (NUHEG) project which sought to document and disseminate inequities in health in Nairobi and the engagement of Kenyan MPs in promotion of family planning and other population issues in Kenya.

APHRC and the Center for Global Development, based in Washington, D.C., have teamed up to address major data challenges through the use of a working group called the Data for African Development Working Group. The group works to identify the underlying political and economic issues related to the collection, analysis and use of data for policy-making. The Working Group is currently made up of 26 members with diverse backgrounds in statistics and development fields in Africa. Members include leaders from country statistical offices from across the continent; several regional groups including individuals from COMESA, INDEPTH, IHME; and international organizations such as the African Development Bank (AfDB), the African Union (AU), United National

Economic Commission for African (UNECA), United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Bank.

APHRC has entered into a number of partnership agreements and memoranda of understanding (MOUs) which have helped to improve the scope of its operations in a variety of ways. This includes wider geographical research area, greater impact reach, and addition of implementation to APHRC primary objectives of research and policy engagement by working with implementing partners and has also gained greater visibility with the donor community. One such example is the African Strategies for Health (ASH) Project which is a five-year project funded by the United States Government (USG) through the USAID Africa Bureau. It is being implemented by Management Sciences for Health (MSH) in partnership with APHRC, Khulisa Management Services, and Institut pour la Santé et le Développement (ISED), of Dakar University, Senegal. ASH's mandate is to assist Africa Bureau to work with African institutions, other development partners and partners within the USG to provide a strategic vision for guiding investments to further the health of Africans. The project conducts reviews, assessments and dialogues with partners working in the field to improve the understanding of constraints impeding the realization of the vision and the reaching of the MDGs and the goals of the Global Health Initiative (GHI).

4.3 Strategic Alliance as a Tool for Competitive Advantage at APHRC

This section presents findings on whether the identified forms of strategic alliances by APHRC had helped the company to effectively deal with competition in the nonprofit sector as well as gain a sustainable competitive advantage. APHRC's competitiveness is seen in the ability to continue getting donor funding in the midst of severe competition for funding by the ever increasing donor reliant organizations. It is also seen in APHRC's ability to continuously remain relevant by being in the forefront of generations of ideas that shape the future of research in the areas of its focus, in research capacity strengthening and in the generation of information that inform policy formulations by governments.

The research found out that APHRC has been able to deal effectively with serious competition in the nonprofit sector as a result of forming strategic alliances. To address how strategic alliances have been used as a tool to gain competitive advantage at APHRC, the findings have been presented by the motivations for entry into strategic alliances. These are the transaction cost approach, and the competitive position approach.

The transaction cost motive which involve enhancing resource efficiency and cost-cutting has led APHRC into strategic alliance with organizations in places where APHRC has no physical presence. One such strategic alliance is with Institut Supérieur des Sciences de la Population (ISSP) of Ouagadougou, Burkina Faso that aims to promote the reproductive health and wellbeing of the urban poor in sub-Saharan African countries through evidence gathering, policy engagement with local players, building of sustainable south-south research partnership and strengthening the research capacity of young and promising African researchers on urban health issues.

The competitive position motive explains a number of reasons APHRC has entered into a strategic alliances. These have been discussed below and include reasons such as to widen the scope of research and geographical operations, gain economies of scale, expand technical expertise, improve fundraising efforts and among others.

To begin with, The Consortium for Advanced Research Training in Africa (CARTA); a strategic alliance made up of nine African universities, four African research institutes, and eight northern partners, has made APHRC widen its scope in research capacity building by allowing it to venture directly into doctoral training in depths not previously possible. APHRC is now able to make greater impact and be part of the future of doctoral training in Africa by being in this partnership.

Through these strategic alliances like CARTA, APHRC has been able to widen the scope of its operations by increasing its participation within the Sub Saharan Africa both in area reached and in depth. APHRC has been able to operate in countries which include South Africa, Malawi, Nigeria Tanzania, Uganda, Rwanda, Ghana and others directly with its three objectives of research, capacity building and policy engagement and communications. The alliances have made this possible despite APHRC not physically being present in these countries. This has been made possible by the linking with institutions that have already established their physical presence in these countries.

APHRC has benefited by economies of scale in that by use of alliances, both locally and within the Sub Saharan Africa region, it has been able to reach a wider population and at a cheaper cost than it would have been, had it gone alone. For example, CARTA has been able to expand its fellowship base and therefore reduce the shared costs per fellow which would not have been incurred even with a smaller fellowship base. APHRC does not also need to worry about the humongous infrastructure and administrative costs of setting up these universities but can make contribution commensurate with its level of engagement.

APHRC has been able to tap into technical expertise residing within the alliance partners that is not readily available within the organization. For example, the alliance with northern partners, other research institutions and university faculty has made CARTA able to access great talent that enriches the fellowship program. This expertise is leant within the partnership and has the effect of leaving APHRC increasingly informed as the alliance progresses. It has also boosted the quality of work done due to the wealthy of talent, resources and experience the alliance has brought about making it highly competitive in the market.

Strategic alliances have also increased APHRC' success in fundraising by allowing it to present winning bids with the donor community. This is so especially with the donors increasingly requiring that their grantees work together to allow benefits of synergy and for greater impact. For example, according to APHRC's 2012 financial statements, 63% of the funded projects were through projects with alliance partners.

APHRC's use of alliances in fundraising has brought about additional benefits which include greater visibility when bidding together with partners already known to or with good track records with particular donors, increased learning of donor requirements especially with new donors, shared fundraising skills and costs, reduced risks as a broader base allows for risk sharing.

Strategic alliances have made it possible the speedy execution of projects by APHRC through the use of MOUs and partnership agreements. Parties in the agreements concentrate in particular roles they are best at which has the benefit of compressing time and allowing for timely conclusion of projects. For example, APHRC has been able to work with local community based organizations like Utena and Miss Koch in certain aspects of project implementation and with partners within the sub Saharan Africa which have allowed for quick execution and completion of projects.

Alliances have increased research uptake particularly for partnerships with governmental agencies and regional bodies. It has enhanced the likelihood of research uptake which funders are increasingly demanding. For APHRC, where policy relevance of research undertakings is critical, strategic partnerships with government agencies and regional bodies are essential. Importantly, these partnerships must as much as possible run through the entire research process rather than after the research has been generated. The STEP

UP Consortium in which APHRC is involved is an example of such a partnership where a key regional body, Partners in Population and Development, is centrally involved in the research undertakings and drives the knowledge translation activities for the Consortium. APHRC has been able to deal with challenges of globalization through entering into strategic alliances. This has enabled it to remain continuously competitive within the nonprofit sector as it continually re-engineers itself to best respond to the opportunities and threats coming from the environment.

APHRC through these alliances has remained at the forefront of generations of ideas that continually shape the future of research in its core areas, strengthens research capacity and generates information that inform policy formulations by governments. These have been made possible by APHRC's invitations and participation in forums discussing future funding priorities, participation in conferences and meeting shaping future research and development priorities e.g. the MDGs, and by taking keen interest on the policy front and being part of what informs governments' decisions and actions through generation of policy relevant research findings. APHRC's networking relationships with experts and top institutions within the nonprofit sector have made it keep abreast with the happenings within the sector. These have all worked at giving APHRC a sustainable competitive position in the market.

4.4 Challenges of Managing in Strategic Alliances

Some of the challenges faced by APHRC in the alliances include increased risks resulting from association with other organizations that it may not have full control over. This is so because the success of projects implemented through alliances with other parties has a direct impact on the success of APHRC. Stakeholders would often take APHRC to be partly responsible for the success of the project not withstanding that certain elements of the delivery of the project rested on organizations that APHRC had limited control over their performance. Such risks include e.g. delays in implementation of projects by partners, issues relating to quality of work, reputation and others. Whereas a great deal of risks can be managed by performance of due diligence before initiation of alliances, new developments may arise subsequently that may hinder smooth flow of work.

Alliances have brought about challenges of micromanagement by partners especially where APHRC is a sub grantee in an alliance. The more powerful the partner in terms of project direction and resources control of the alliance, the greater the risk carried by APHRC over the control and delivery of such projects. Micro- management brings about frictions and mistrust where a prime partner comes in deeper and in greater detail on the implementation of a project than the agreements between the parties stipulate.

APHRC are also faces the challenge of ensuring there is proper communication and symmetrical information flow between parties in alliance members especially where APHRC is the prime partner. The larger the alliance, the greater the challenge of ensuring all partners receive proper and symmetrical information. Such information would include things like project progress, donor requirements, major project changes and timelines to be met.

Strategic alliances have brought about cumbersome administrative work to APHRC of ensuring all parties comply with their part of the agreement. This has been especially so where there are a large numbers of partners in the alliance. CARTA for example is an alliance of nine African universities, four African research institutes and eight northern partners. Administration work has also included ensuring that the support needs of the parties to the alliance are addressed.

Institutional bureaucracies within the alliances partners' organizations have posed challenges especially when working with tight deadlines. This is especially in APHRC's alliances with governmental bodies and global multilateral institutions. These have a bearing on the delivery of the project and effect most short term alliances. Delays have in certain cases resulted in request for no-costs extension of contracts with donors which affect the delivery on other projects.

Strategic alliances pose the challenge of balancing strategic direction of APHRC with that of the alliances it gets into. This is especially for long term and ever evolving alliances where APHRC may not be the primary partner in the alliance. APHRC therefore has to continually assess the alliances available and reject those that conflict with its mission and vision. There are also legal considerations to entering into strategic alliances and some can be costly. APHRC therefore has to continuously engage legal counsel to ensure that it addresses important issues in all alliances it is involved in.

4.5 Discussion of Findings

This section set to discuss the findings of this study. The study attempted to determine how strategic alliance has been used as a tool for competitive advantage at APHRC, Kenya as well as establish challenges faced by APHRC in managing the strategic alliances. In this section, comparison has been made between the findings and theory as well as whether the findings supports or contradicts theory or prior findings of previously studies.

This study found out that APHRC has gained competitive advantage by entering into strategic alliances. These advantages have been derived through increased visibility, widened geographical reach, gains of economies of scale, expansion of programs, learning experiences, shared risks and costs and in increased funding as well as in qualifying APHRC to bid for funding. These advantages give APHRC competitive advantage by hindering threat posed by peers, improving its bargaining power with donors and with other stakeholders.

This finding compares well with Mwai (2010) findings that Safaricom Limited gained competitive advantage by engaging in strategic alliances with in the MPESA business among other products. Owuor (2005) also discovered that major oil companies in Kenya gained competitive advantage by entering into strategic alliances with one another. Ogega (2010) similarly found out that Safaricom Limited and Equity Bank gained competitive advantage in the money transfer services by entering into strategic alliances. Velez (2007) also found out that strategic alliance has been a source of competitive advantage in the airline cargo business. In this study, evidence showed that complementary business level strategic alliance, especially vertical ones, have the greatest probability of creating a sustainable competitive advantage. Gari (1999) discovered that more and more companies are entering into alliances to gain competitive advantages.

According to Mirani (2009), in the oil & gas industry, collaboration brings more benefit and growth than competition. International oil companies collaborate with the local government through national oil companies with the main purpose of gaining access to important reserves which gives them competitive advantage. Such strategic alliances also combine the competences of two or more companies, helping them to innovate. This has the advantage of being a faster process than innovation by optimization of internal resources. Therefore in a fast-moving market like oil and gas, the velocity factor in innovation is a clear competitive advantage. In the same way as it helps innovation, strategic alliances can help the development of new products and new networks presenting competitive advantages to participating parties.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This Chapter addresses the research questions and objectives outlined in Chapter 1 by summarizing the findings. In addition, the Chapter covers conclusion, recommendations for policy and practice and limitations of the study. The Chapter also covers suggestions for further research. The study attempted to determine how strategic alliance has been used as a tool for competitive advantage at APHRC, Kenya as well as establish challenges faced by APHRC in managing the strategic alliances.

5.2 Summary

It is an organizational purpose to satisfy its customers whether the organization is commercial or not. To remain relevant in the market, organizations must be competitive in the sense that they continually satisfy their customers and more so better than their competition (Mwai 2010). This study has shown that APHRC has engaged in strategic alliance as a tool for competitive advantage and these alliances have helped in ensuring APHRC remains relevant and competitive to its stakeholders. To gain this competitive edge in the market and deliver to the satisfaction of its stakeholders, APHRC has entered into strategic alliances that have been contractual in nature and that have taken various forms which include working groups, collaborations, consortia, MOUs and networks.

According to the study, these strategic alliances with other organizations have made it possible for APHRC to gain increased visibility of its programs, operations and findings to its various stakeholders including the donor community and peers, widened its geographical reach both within and outside the Sub Saharan Africa, gained economies of scale, expanded into new programmatic grounds, learnt from partners' experiences when venturing into new territories, shared risks and costs, experienced increased funding levels and met the requirement by donors for alliances in proposal funding bidding process.

The research found out that APHRC has gained sustainable competitive advantage by entering into strategic alliances with top institutions in the region and beyond which include top universities, research institutions, experienced implementing partners as well as strong northern partners. The strengths brought about by these alliances, have increased APHRC's standing within the nonprofits by improving its visibility and making it to be at the forefront of the generations of ideas that continue to shape the future of research in it priority areas of population, health and education. The alliances have helped APHRC to actively participate in forums discussing future funding priorities, conferences and meeting shaping future research and development priorities and in being a voice the policy front. APHRC's networking relationships with experts and top institutions within the nonprofit sector have also kept it abreast with the happenings in the ever changing environment. This has given APHRC a competitive advantage within the donor community as well as among its peers.

5.3 Conclusion

The study found out that APHRC gained sustainable competitive advantage by entering into strategic alliances. These were in the form of contractual relationship which took the forms of working groups, collaborations, consortia, MOUs and networks. This being true then the nonprofit organizations should engage in strategic alliances to gain a sustainable competitive advantage.

The advantage are derived from increased visibility, widened geographical reach, economies of scale, expansion into new areas, learning experiences, shared risks and costs, improved buy-ins and increased impact of outputs through the alliance. Evidence from APHRC financial reports showed that 62% and 63% for year 2012and 2013 respectively of the funded proposals came from strategic alliances of one form or another.

5.4 Recommendations

The study recommends that the government and industrial players to create opportunities that will facilitate the growth of strategic alliances. This includes creation of large scale and long term development opportunities that will optimally be exploited through use of strategic alliances due to the variety, the quantity and quality of resources required. This is where the resources needed cannot reasonably be expected to be premised in one organization. These opportunities should foster cooperation without hindering competition especially in the nonprofit sector where common good of the majority of citizens is concerned. This can cover sectors such as education, agricultural and industrial development. Here strategic alliances can be made a prerequisite for entering into large scale ventures.

The government should develop policies that will encourage the formation of strategic alliances with the government or it agencies being part of these alliances. This is especially so for institutions which are small and/or thriving on the strength of donor grants. The existence of critical circumstances on the ground requiring urgent attention in developing countries calls for collaboration as this way they will be able to present winning proposals and hence address the great development needs in cost effective ways.

5.5 Limitations of the Study

This study covered the use of strategic alliance as a tool for competitive advantage in one organization; APHRC within the alliances without studying how it affected the competitiveness of other parties to the alliance. It also looked at the Kenyan context whereas some of the alliance partners are located in different countries in different parts of the continent and out of the continent. It would have been important to study how these alliances have impacted them too and in the different contexts.

Other factors would have contributed to the competitiveness of the study organization APHRC and given it competitive advantage besides formation of strategic alliances. The study did not seek to identify the existence of such factors and isolate their effect on competitive advantage of APHRC.

On research methodology the research design was a case study. This has the limitation that only one nonprofit organization; APHRC, was studied whereas many others exist. The outcome of the study was therefore limited to one organization. It is possible that different organizations may have presented different findings if a different research design had been employed.

5.6 Suggestions for Further Research

This research covered only APHRC, one nonprofit organization amongst a host of other parties to the alliances. It would be important to study how strategic alliances affect the competitive advantage of all the parties to an alliance or alliances. A study outside Kenya say in the region, the continent and beyond is appropriate.

A study of other factors giving an organization competitive advantage other than strategic alliances can be studied, including how these share in giving an organization its competitiveness. These include factors unique to the organization that may be difficult to be attained by rivals for example geographical location factors resources ownership factors and size that give an organization advantages that rivals may not have.

It would also be important to use a different research design such as a survey to study how strategic alliances affect the competitiveness of a number of nonprofits organizations either in one geographical area like Kenya or on a wider geographical area. Data collected from a large of organizations can then be analyzed using quantitate measures such as central tendency and the results interpreted.

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APPENDICES

I. Letter of Introduction

Duncan Gatoto

P.O. Box 22503 - 00400

Nairobi

African Population & Health Research Center

P.O. Box 10787 – 00100, Nairobi

Dear Sir/Madam,

RE: Collection of Data

I am a postgraduate student at the University of Nairobi, at the School of Business. As part of my course work assessment, I am required to submit a management research project. In this regard, I am undertaking a research on engagement of your firm in strategic alliances and the competitive advantage gained as a result of the alliances.

This is to kindly request your to assist me collect the data from your organization on the same. The information you provide will be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict confidentiality. A copy of the final paper will be availed to you upon request.

II. Interview Guide

Instructions:

Please provide the answer as correctly and honestly as possible

Program/Department _____________ Position _____________

Strategic Alliances:

i) What forms of Strategic Alliances has APHRC been involved in? Please explain

ii) Explain the factors that have led APHRC into entering in Strategic Alliances with other organizations.

iii) How does the formation of alliances by APHRC helped in dealing with uncertainties and challenges posed by donors' demands and priorities?

iv) Explain the benefits APHRC has gained as a result of entering into Strategic Alliances.

v) What challenges has APHRC experienced as a result of entering into Strategic Alliances with other organizations?

Competitive Advantage

i) In your opinion, has the formation of alliances by APHRC helped APHRC to effectively deal with competition within the nonprofit sector? Please explain.

ii) Has APHRC developed into new areas through Strategic Alliances? If yes, please name the areas.

iii) If your answer in (ii) above is yes, explain how these new areas have enabled APHRC to gain a sustainable competitive advantage.

iv) Other than developing into new areas, explain other ways in which APHRC has been able to get a sustainable competitive advantage as a result of having strategic alliances.

III. Letter of Authority

University of Nairobi, School of Business

P.O. Box 30197, Nairobi, Kenya

DATE…………………

TO WHOM IT MAY CONCERN

The bearer of this letter ……………………………………

Registration …………………………………………….

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be available to the interviewed organizations on request.

Thank you.

SCHOOL OF BUSINESS