CRITICAL SUCCESS FACTORS IN THE IMPLEMENTATION OF STRATEGIC ALLIANCES FOR MOBILE FINANCIAL SERVICES BY TELECOMMUNICATION COMPANIES IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for examination in this or any other university.

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

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DEDICATION

Special dedication for Kimana my darling, our children Shannel and Junior, have a great life. My loving mother Josephine Z.A Kivihya, and our grandparents Donald Luzinga and Bilha Vigedi. Thank you.

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ABBREVIATIONS AND ACRONYMS

CAK: Communications Authority of Kenya

CBA's: Cross Boarder Alliances.

ICT: Information, Communication & Technology.

IR: International Remittances.

MFS: Mobile Financial Services.

MNOs: Mobile Network Operators.

R&D: Research and Development

RTGS: Real Time Gross Settlement

ABSTRACT

Strategic alliances pool specific resources and skills by the cooperating organizations in order to achieve common goals as well as goals specific to the individual partners. The study key focus was to investigate the critical success factors in the implementation of strategic alliances for mobile financial services by telecommunication companies in Kenya. The study adopted a cross-sectional survey research design and was guided by one objective; to investigate the critical success factors in the implementation of strategic alliances for mobile financial services by telecommunication companies in Kenya. Both primary and secondary data was utilized in the study. Primary data was collected using a semi-structured questionnaire while secondary data was obtained from online published reports of these firms. A 5-point Likert scale was used to measure the output of each item answered by the participants. The respondents in the study were from all the SBU in various telecommunications companies in Kenya. The study adopted a census approach because of the small number of telecommunication firms (MNOs) in Kenya. From the target population of all the SBUs comprising of 105 strategic managers a 30% Proportionate Stratified Sample (31 managers) were selected for the study. Descriptive statistics were used to describe (and analyse) the variables numerically. These included: simple means; standard deviations and correlation analysis by use of SPSS version 21. The study concludes that various critical success factors adopted by the mobile financial service providers have had a significant effect on the implementation of strategic alliances among the firms. The study further concludes that most of the telecommunication firms in Kenya have entered into some form of strategic alliances in the recent past underpinning the centrality of strategic alliance as a core competence strategy. According to the study, partner matching, strategic orientation, value creation and value creating partners constitute the four main categories of critical success factors in the implementation of strategic alliances for mobile financial service by the telecommunication companies in Kenya. Accordingly, e-payment and transaction banking are the main forms of strategic alliances adopted for mobile financial services by the MNOs in Kenya. The study recommends that Kenyan firms need to adopt the critical success factors to a large extent given the fact that strategic alliances constitute a major competitive strategy in today's globalized market. The study further recommends that firms in Kenya need to foster collaborative approaches beyond strategic alliances to tap into the economies of integration. According to the study, there is need for private and public finance policy makers should focus on the scope and functionality of a strategic implementation framework specifically tailored to the Kenyan macro-environment to enhance organizational performance. The study was limited to the extent that, a study of this magnitude should have included a survey of a sizeable number of firms. However time and material resources did not make this feasible. On the other hand, the study period was a little bit narrow for a study of this nature posing a major hindrance particularly in ensuring that the research work did not hamper the performance and productivity of the researcher at the work place. The study recommends further research efforts to identify optimal strategic alliance models and on the possibility of setting benchmarks.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The need for firms to maintain competitive edge in the market place has created the need for adoption of critical or key success factors focus. Strategic alliances are wide-spread in the high-tech industry as an important element of the underlying industry logic. Firms set up strategic alliance mainly for two purposes: resource acquisition and capability learning. These inter-firm relationships may involve two or more firms from the same industry or from varied parts of the world and cover a range of activities and functions. According to Somers (2005), the increased competition arising from the fast changing global market has resulted in a situation where companies are finding it difficult to go it alone. More than ever before, many of the skills, capacities, and resources that are essential to a firm's current and future prosperity are to be found outside the firm's boundaries and outside the management's direct control (Su et al., 2009). Therefore, relationships that tend to give a firm these competences that are outside its current tangible and intangible assets are important.

Over the past decade the information and telecommunications (ICT) sector has been among the major drivers of economic growth for Sub-Saharan African countries and Kenya in particular. According to World Bank (2010) the spread of communications services into vertical markets is gaining momentum. There is a widespread belief that the potential to scale and replicate development efforts via the mobile phone is enormous. Continued, robust growth in connectivity demand, persistent security challenges, and continuing innovation in devices and services are among the trends facing the telecommunications industry in Kenya and other countries. To enhance mobile payments to financial inclusion and integration, Indian and African governments have adopted either bank-led models or non-bank-led ones in line with national economic and financial sector development. Adoption of particular models is not a sufficient condition for the success of mobile financial products. The existence of adequate critical success factors in the ecosystem is also important. Critical success factors here include risk-based regulation for a cheaper and profitable but secured solution, policy-led interoperability, support models for outreach through agents, and win-win partnership for all the stakeholders.

1.1.1 Concept of Strategic Alliances

Alliances are defined as institutional arrangements, which combine resources and governance forms of several partnering organizations, making them mutually interdependent (Inkpen 2001). As such, strategic alliance is an agreement between two or more companies in which they both contribute capabilities, resources or expertise to a joint undertaking, usually with an identity of its own, with each firm giving up overall control in return for the potential to participate in and benefit from the joint venture relationship. According to Wheelan and Hungar (2001), a strategic alliance is an agreement between companies to establish cooperative partnerships that go beyond normal company-to company relations, but fall short of becoming a real merger. Strategic alliances offer an opportunity for companies to collaborate in doing business thereby overcoming individual disadvantages (Somers, 2005).

The domain of strategic alliances spans both contractual and equity arrangements. Smith and Smith (2003) observe that strategic alliances are broad ranging relationships and can encompass joint ventures, franchises, joint research and development, joint marketing ventures, long-term supply arrangements, and outsourcing relationships. Effective alliances can be growth and profitability engines in both domestic and global markets. Strategic alliances offer an opportunity for companies to collaborate in doing business thereby overcoming individual disadvantages. Strategic alliances are often formed to develop products, which would success commercially only if they were adopted as industry standards, what in turn can also explain horizontal alliances among competitors, uniting their forces to penetrate yet undiscovered, high risk areas (Smith & Smith, 2003).

The alliance formation is thus motivated by asymmetry in resources particularly in the high-tech sectors, many alliances link established large companies and small firms, offering them mutual benefits of access to market and unique technologies (Inkpen 2001). Alliances can take many organizational forms, ranging from equity-based joint ventures, through cooperative R&D agreements, technology licensing, marketing and distribution partnerships, and supply chain relations, to technical partnerships, and specialist trainings to develop products for a specific technological platform.

1.1.2 Challenges of Strategic Alliances

Strategic alliances are agreements between companies (partners) to reach objectives of common interest. More and more companies undertake strategic alliances to improve their business performance, but many of these alliances fail due to several challenges. There are many barriers that could cause misunderstanding and conflicts, such as customs, habits, and personal relationship networks and so on. Besides the national culture, the organization culture inside the company can also cause problems. The firms face the problems with different ways of operation or management style.

Businesses are run in different ways because of the cultural distance. There may be lots of conflicts when they work in a team (Daniels and Radebaugh, 2001).

The lack of coordination between management teams negatively impact on the successful implementation of strategic alliances. Action taken by subordinates that are not congruent with top-level management can prove particularly disruptive, especially in instances where companies remain competitors in spite of their strategic alliance. If it were to happen that one company would go off on its own and do its own marketing and sell its own product while in alliance with another company it would for sure be grounds for the two to break up, and they would most likely end up in a legal battle which could take years to solve if it were settled at all (Doz & Hamel, 1999). It is therefore vital for every individual from both organizations to have continuous communication from all levels of departments. The innovations that one company may come up with must be discussed first, so that an analysis can be done to forecast on its impact to both companies. Thus efficient coordination between management teams eradicates conflict of interest among the staff that may lead to the downfall of the whole alliance, leading to a big loss for the financial efforts invested (Daniels and Radebaugh, 2001).

Lack of clear goals and objectives is a major hindrance to the implementation of strategic alliances in today's business world, where many strategic alliances are formed for the wrong reasons. This will surely lead to disaster in the future. Many companies enter into alliances to combat industry competitors. Corporate management feels this type of action will deter competitors from focusing on their company. On the contrary, this action will raise flags that problems exist within the joining companies. The alliance may put the companies in the spotlight causing more competition (Kilburn, 1999).

1.1.3 Mobile Financial Services

The terms Mobile Phone banking and mobile banking (M-Banking) are used interchangeably. The term M-Banking is used to denote the access to banking services and facilities offered by financial institutions such as account-based savings, payment transactions and other products by use of an electronic mobile device. According to Oxley & Sampson (2004) money remittances from migrant workers and expatriates to their friends and relatives back home far outweigh foreign aid and are key pillars of the growth of the gross domestic products in the developing economies of Africa, Latin America and the Caribbean.

M-Pesa was first envisaged as a money transfer service that would simply allow Kenyans to transfer money using their mobile phones. It now promises to generate millions of dollars in profits and earnings for international operators and banks as people use their mobile phones to manage bank accounts, receive funds from abroad or make payments for services. The new service not only lays a strong base for low cost banking, but also enables many un-banked Kenyans access money using mobile phone technology. The M-banking is also part of banks' commitment to reach more Kenyans through mobile banking, allowing them to access financial services with ease. The mobile money industry observed the entry of two new players, namely Mobikash Africa Limited and Mobile Pay Limited joining Safaricom Ltd, Airtel Networks Kenya Ltd and Telkom Kenya (Orange) Ltd (Economic survey, 2014).

Porteous (2006) distinguishes two aspects of mobile banking: Additive and transformational characteristics. Additive aspects are those in which the mobile phone is merely another channel to an existing bank account. Mobile banking is additive when it merely adds to the range of choices or enhances the convenience of existing customers of mainstream financial institutions. Transformational characteristics arise when the financial product linked to the use of the phone is targeted at persons who do not hold formal bank accounts with the conventional banking institutions. Sarker and Wells (2003) assert that the only single access requirement or barrier to the resultant mobile banking will be the mobile phone. However, worldwide market penetration of affordable cellular devices and growing network service diffusion in the telecommunications industry, makes this barrier almost fully resolved hence setting a firm pedestal for mobile banking growth escalation.

1.1.4 The Telecommunication Industry in Kenya

One of the objectives in Kenya's 2030 vision with regard to the ICT sector is to transform Kenya into a knowledgeable and information based economy by enabling access to quality, affordable and reliable ICT services in the country. With the use of modern technology, communication has become more reliable, faster and affordable.

The Kenyan Mobile Network Operator (MNO) Industry is more advanced compared to other countries in the continent. In 2013, the ICT sector remained vibrant especially in the mobile and data subsectors. The number of mobile connections rose from 30.4 million in 2012 to 31.2 million in 2013 while that of data subscriptions rose from 8.5 million in 2012 to 13.3 million in 2013. The amount of money transacted through the mobile money transfer service grew remarkably from KSh 672 billion as at June 2012 to KSh 914 billion as at June 2013. The number of mobile money transfer agents network grew substantially to 93,689 in 2013 from 49,079 in 2012. The significant growth was mainly due to the preference for the service because of its efficiency and convenience (Economic survey, 2014). The telecommunication industry is not only a major contributor to the economic growth of countries, but also it is the main growth pillar for other industries.

Safaricom Limited, Airtel Networks Kenya Limited and Telkom Kenya (Orange), are the key mobile network operators in the Kenyan Market today. The three operators offer similar services of voice, data, messaging, money transfer, and mobile banking hence making them key market rivals. Safaricom was established in 1997 as the premier mobile service operator in the Kenyan market and has since then remained atop of the industry in terms of market share and revenue generation. CAK is responsible for the development and implementation of policies and strategies with respect to telecommunications services in Kenya. Due to changes in the operating environment, MNOs in Kenya have had to join their operations in mutually agreed terms with other enterprises and institutions where they do the business of mobile financial services jointly (CAK, 2015).

1.2 Research Problem

In order to achieve competitive advantages, firms merge their assets and capabilities in a cooperative policy that is termed as strategic alliance. According to Brito, Pereira, and Ribeiro (2008) some of the reasons for these alliances has been to meet the increasing market demand and competition, diversify to international markets and employ the emerging new and expensive modern technologies. There are also companies that form alliances in order to access new technologies, to gain access to new markets, to counterbalance political risks, to gain and sustain a competitive advantage (Wheelen & Hunger, 2000). However, even if many organizations want and even try to form strategic alliances, few of them really succeed. The failure rate in forming strategic alliances is about 70% and this failure rate has begun to represent a key topic about forming strategic alliances (Elmuti & Kathawaia, 2001).

Telecommunications services are infrastructure services and the main drivers of the global tradability of goods and services, as well as the means for offshoring a wide range of information and communication technology (ICT)-enabled services and business process outsourcing. Like telecommunications, financial services play an infrastructure role in driving trade and services, and are a key element of an enabling investment climate. According to Srinivas, (2015) Mobility and 'not mobile' is the focus part of digital payments strategy. Consumers will expect seamless experience whether they use the phones, watches, tablets, or voice commands to pay. The paradigm shift to mobile financial service coupled with the huge demand for finance oriented services has compelled telecommunications firms to form strategic alliances with financial institutions to enhance their competitiveness (Koivu, 2002). Most of the telecommunications firms in Kenya employ growth strategies aimed at enhancing their performance one of them being strategic alliances (World Bank, 2010).

A number of studies have been carried out on strategic alliances. Letangule & Letting (2012) conducted a research to establish how innovative strategies affected the performance of firms in the telecommunication sector and established that indeed, innovative strategies affected the profitability of the firms. Kavale, (2007) examined the relationship between competitive strategies and firm performance in Safaricom Kenya limited and established that there is a significant relationship between the strategies adopted by Safaricom and its respective performance. Their findings however fall short of establishing the consideration for the critical success factors and how they influence the success of the various strategies adopted which is the domain of the current study.

Chacha (2010) in her study on the resource based view at Safaricom Kenya found out that Safaricom limited enjoys competitive advantage in the mobile phone industry due to its strategic approach towards the competitive market largely through research and development. The current study diverges from her study by examining the key success factors that drives these competitive formations to achieve organizational competitive advantage through collaboration.

Ray (2013) carried out a multiple case study on Strategic Alliance in India under Globalized Economic Scenario using a multiple case study and found those firms' strategies to generate and sustain their competitive advantages in dynamic market environments. By developing strategic alliances, firms contribute to their excess capabilities and resources with others and create a new entity to attain competitive advantages. His study is however limited to the extent that he focus on single influences and rarely take the context of telecommunication companies which is the domain of the current study.

As regards to how one can achieve successful cooperation within a strategic alliance, Osarenkhoe (2010), emphasized that successful cooperation is based on trust, commitment, and voluntary and mutual agreement that can be set out in a formal and documented contract or an informal contract aimed at achieving common goals. Bengtsson & Kock (2000) include mutual objectives, complementary needs, shared risk and trust as relevant factors required for alliances to function well. Schreiner et al., (2009) in their study on alliance management capability found out that alliance management capability is a multidimensional construct that comprises skills to address three main aspects in managing a given alliance and these include “coordination, communication and bonding. The study however falls short of examining critical success factors for effective strategic alliance management.

Unfortunately, the research stream regarding strategic alliances for mobile financial services and providers is relatively new. Ambiguity, vagueness, conflicting views, and lack of empirical data are still predominant and represent challenges to explaining successful strategic alliances for mobile financial services in its entirety particularly in Kenya and the rest of Sub-Saharan Africa. In light of the above, there is need for studies to outline a model criterion to attaining successful valuable strategic alliance approaches for mobile financial services that telecommunication firms can adopt to deal with the challenges. What are the critical success factors in the implementation of strategic alliances for mobile financial services by telecommunication companies in Kenya?

1.3 Research Objective

The study has one objective. This is to investigate the critical success factors in the implementation of strategic alliances for mobile financial services by the cellular telecommunications companies in Kenya.

1.4 Value of Study

This study seeks to establish the critical success factors in the implementation of strategic alliances for mobile services by telecommunication companies in Kenya. On a theoretical level, some of the results of this thesis will be in line with the mainstream of existing literature on strategic alliances while at the same time some of the findings may challenge the assumptions made in the literature. The findings also will be highly relevant to management team of mobile financial services among the companies in Kenya. The findings will highlight the practices that develop and harness strategic capabilities in the present day competitive business environment. The management would be conversant on the connections between enabling factors and successful strategic alliances instrumental in strategic planning among the mobile financial providers.

On policy level, the findings of the study provides insight into the policy making process at the firm, industry, and macro levels. It will provide information that the Ministry of Information and CAK can use to assess and improve implementation of the registration and regulation of the industry that is core towards achieving Vision 2030 in Kenya. Furthermore, the study informs the foundation upon which other related and replicated studies can be based upon by other scholars who may wish to carry out further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter details the literature on the critical success factors in the implementation of strategic alliances for mobile financial services by the telecommunication companies in Kenya. The chapter also reviews literature done by other scholars touching on the area of strategic alliances and the critical success factors in the implementation of strategic alliances in relation to theoretical foundations, strategic alliances, and critical success factors in the implementation of strategic alliances among the telecommunication companies.

2.2 Theoretical Foundations

Theoretical frameworks are critical in theory-testing studies, and are used by scholars when performing research studies to form a foundation for the parameters, or boundaries, of a study. There are two basic philosophies which underlie the theories of a firm's behavior. They are; companies either adapt to their environment or that companies attempt to influence their environment. Theories of firm behavior can be used as a basis for explaining strategic alliance formation. They include: transaction cost theory, resource dependency theory, organizational learning theory and strategic behavior theory.

2.2.1 Transaction Cost Theory

Based on an economic approach, transaction cost theory was proposed to explain the decision regarding markets or hierarchy in a firm's behavior. The theory has been developed to facilitate an analysis of the comparative costs of planning, adapting, and monitoring task completion. However, there is the restriction that transaction cost theory only explains the motivation and resource-allocation under extreme conditions, and this limitation is extended to explain the situation in the formation of strategic alliances (Williamson, 1995).

This theory further suggests that an organization will base its partner upon a trade-off between two criteria of the transaction cost incurred in allying with a particular partner and the ability to control the particular partner’s action. Thus, the optimal candidate partner is the one that necessitates the lowest transaction cost, which at the same time is most controllable.

2.2.2 Resource Dependency Theory

Resource dependency theory (RDT) posits that power is based on the control of resources that are considered strategic within the organization (Pfeffer and Salancik, 1978). RDT has its origins in open system theory as such organizations have varying degrees of dependence on the external environment, particularly for the resources they require to operate. A deficiency in one or more strategic resources is seen as the driving force for collaboration and a means of reducing uncertainty and managing this dependency. Confronted with the costly situation of this nature, management actively directs the organization to manage the external dependence to its advantage.

The resource-based view of the firm suggests that firms’ derive competitive advantages from their preferential access to idiosyncratic resources, especially tacit knowledge-related (based) resources. Approaching alliance formation from a resource-based perspective has, traditionally, meant a focus on existing competencies (or lack thereof) that may propels firms to enter into new alliances rather than the conditions that determine the opportunity set firms may perceive (Gulati, 2000). This internal, static focus implicitly considers firms as atomistic actors engaging in strategic actions in a social context, thereby encapsulating the external context within measures of competitiveness in product or supplier markets.

2.2.3 Organizational Learning Theory

The theory argues that in order to be competitive in an ever changing environment, organizations must change making it easier to reach those goals. To allow learning to occur the organization must make a conscious decision to change actions in response to a change in circumstances, there must be a conscious link to action and outcome. Organizational learning has many similarities to psychology and cognitive research because the initial learning takes place at the individual level, however, it does not become organizational learning until the information is shared and stored in organizational memory in such a way that it may be transmitted, accessed and used for organizational goals (Cha et al., 2008).

This theory sits at the midpoint of the two underlying philosophies; organizations could be seen to view knowledge as a means of retaining or acquiring competencies, in an approach to resource dependency theory and therefore adapting to their environment. Alternatively, organizations could be seen as acquiring knowledge in order to compete at different points in the value chain, thereby changing the industry structure in which they operate.

2.2.4 Strategic Behavior Theory

Strategic behavior refers to actions which a firm takes to improve its competitive position relative to actual and potential rivals; in order to gain a permanent commercial advantage, thereby increasing its long-run profits. Carlton and Perloff (1994) refers to actions that influence the market environment and so increase profits.

Strategic behavior thus refers to conduct which is not economically inevitable, but which is the outcome of a conscious attempt to shape the firm's market environment to its own lasting advantage and to the competitive disadvantage of rivals.

There are two categories of strategic behavior: Non-cooperative behavior occurs when a firm tries to improve its position relative to its rivals by seeking to prevent them from entering a market, driving them out of business or reducing their profits. Cooperative behavior occurs when firms in a market seek to coordinate their actions and therefore limit their competitive responses (Smith and Round, 1998). Companies are expected to form cooperative agreements if they believe that the arrangements will better enable them meet their strategic objectives, with the focus being on maximizing profits.

2.3 Strategic Alliances

Strategic alliance is a coalition or cooperation agreement formed between a company and others to achieve certain strategic goals. This happens when two or more companies collaborate by sharing resources and activities to pursue a common strategy (Johnson et al, 2005). Lewis (2004) argues that companies continue to succeed in building strategic alliances and successful relationships with customers, suppliers, competitors among other partners. Strategic alliances essentially refer to agreements whereby two or more partners share the commitment to reach a common goal by pooling their resources together and coordinating their activities (Hagedoorn 2002). Increasingly, strategic alliances and industry partnerships are becoming more important to success in almost all economic sectors. Alliances can involve cooperation among firms and other organizations, notably universities (Mowery and Sampat, 2005).

According to Weidinger and Platts (2012) many companies now find themselves thrust into two very demanding competitive races: the global race to build a market presence in many different national markets and join the ranks of companies recognized as global market leaders, and the race to seize opportunities on the frontiers of advancing technology and build the resource strengths and business capabilities to compete successfully in the industries and product markets of the future. Even the largest and most financially sound companies have concluded that simultaneously running the races for global market leadership and for a stake in the industries of the future requires more diverse and expansive skills, resources, technological expertise and competitive capabilities than they can assemble and manage alone (Picot, 2006).

The most common reasons why companies enter into strategic alliances are to collaborate on technology or the development of promising new products, to overcome deficits in their technical and manufacturing expertise, to acquire new competences, to improve supply chain efficiency, to gain economies of scale in production or marketing and to acquire or improve market access through joint marketing agreements (Weidinger and Platts, 2012; Venkatraman and Ramanujam, 2001). Today, the world of telecommunications is changing technologically, accelerating rapidly (Picot, 2006), and becoming intertwined with other industries.

2.4 Challenges of Strategic Alliances

Alliances have continued to grow globally but as the same time reports are on the increase on failed strategic relationships. The first challenge facing the implementation of strategic alliances is the lack of partner congruence. An alliance should have a clearly defined strategy that is closely tied to the corporate strategies of the partners. It must include goals for the relationship and milestones for attaining those goals. Strategy development must meet the needs of all partners to ensure long-term success. Difficulties may arise because partners are not in complete agreement about the purpose of an alliance and the process by which its goals can be achieved (Kavale, 2007). Mutual agreement on the purpose of the alliance is important because it provides institutionalized direction, which acts as a legitimate mechanism both among and within the parent organizations. This therefore generates cohesiveness and mutual coordination that leads to achieving the common goal of the alliance (Biggs, 2006).

The second challenge facing the implementation of strategic alliances is poor partner evaluation. The choice of a partner has a significant impact on the performance of an alliance since that choice determines the mix of skills and resources available to the alliance. It is crucial to determine if the resources of a likely partner have the potential to match the requirements for which the alliance was initiated. Without the proper partner, a company should never undertake forming the alliance, even for the right reasons. Each partner should bring the desired complementary strength to the partnership. Ideally, the strengths contributed by the partners are unique, for only these strengths can be sustained and defended over the long term. The goal is to develop synergies between the contributions of the partners, resulting in a win-win situation for both, or all. Moreover, the partners must be compatible and willing to trust one another (Doz & Hamel, 1999).

Blending of the corporate culture is another major hindrance to the implementation of successful strategic alliances. The blending of a culture is undoubtedly the most complicated and the most often ignored. An organization's culture is the set of values, beliefs, and conventions that influence the behavior and goals of its employees. Thus, developing a shared culture is central to the success of the alliance. Partnering is inherently very people-oriented. To the extent that the cultures of the partners are different, making the alliance work may prove difficult. To blend or integrate the culture of the alliance, management must have a clear vision of what the culture should look like (Orodho, 2003). Bringing two organizations together and letting nature take its course is a recipe for failure. Thus everybody from each organization has the mandate to learn from one another, in terms of likes and dislikes, common nature of operation and the common vision that blends them together (Biggs, 2006).

Lack of clear performance measures also presents a major drawback to the successful implementation of strategic alliances. From the onset of the alliance performance measure should be outlined. This should be in line with the expected performance outcomes and the extent to which these would be in line with the expectations of stakeholders. Clear performance measures will help the partners in the alliance is identifying weakness in the alliance and therefore put an extra effort to turn them around so as to achieve the set objectives. The presence of clear performance measures also makes it to identify very early when the alliance is not meeting the partner expectations and therefore helps the members decide whether to dissolve or re- evaluate the whole alliance. This therefore acts as the cornerstone for every individual from both organization aim at achieving the stipulated goals thus improving performance and consistence.

Poor communication channels have been found to negatively impact on the implementation of strategic alliances. Communication is very significant for making a successful strategic relationship. Communication enables the partners to comprehend the alliance goals, roles and responsibilities of all the actors. It also helps with the sharing and dissemination of individual experiences (Zineldin, M, 2005). To develop a strategy that is consistent with the strategies of the partners, each partner must be willing to share strategic information which is an early test of the trust and commitment of the parties. The operational responsibilities of each party must also be clearly defined. Specifying responsibilities up front reduces role ambiguity.

Flexibility should be built in the alliances to allow for renegotiating or restructuring the alliance if the need arises, especially in a dynamic environment. It is critical when the alliance becomes operational that open communication between partners takes effect. Each partner should have access to information on all aspects of the alliance and be able to express dissatisfaction when apparent. Both partners should be open to each other's opinion. None of the partners should dominate all decision making process, unless agreed among them that one will manage the alliance of which the other partner should be kept abreast of the alliance performance (Bengtsson & Kock, 2000).

2.5 Critical Success Factors in the Implementation of Strategic Alliances

Thomson et al (2008), reiterate that an industry's CSF's are those competitive factors that most affect industry members ability to prosper in the market place. Oxley & Sampson (2004) define CSF's as those characteristics conditions or variables that, when properly sustained, maintained or managed, can have a significant impact on the success of a firm compacting in a particular industry. Critical success factors thus constitute enabling factors including scrutinizing and selecting a suitable strategic partner, designing and setting up appropriate authority and control to take care of the alliance, and the post formation evaluation stage, which includes supervising the alliance on standardized basis to realize the perceived worth (Souares, 2007).

The already established telecommunication structure has helped most banks and mobile telecommunication companies establish robust systems that enable the customers' access mobile banking services (Jenkins, 2008). The telecommunication companies have also entered to strategic alliances with several other service institutions in Kenya, and external technological companies, such as Airtel with Mahindra Comviva. The success of strategic alliances implemented by telecommunication companies depends on CSFs invested (CAK, 2015).

Biggs (2006) identifies the following as key factors that determine the success of a strategic alliance: clear & common vision, shared objectives, mutual needs, strategic fit/complementary structures, senior management champion involvement, shared risk, shared reward, appropriate scope, shared control, team problem solving, shared decision making, cultural compatibility, mutual trust, measurable goals, and partner accountability. Ray (2013) outlines Compliment partner selection with compatibility and dedication; Mutual Ownership and Governance Relationship; and Building Trust, Coordination and Appreciation as the main critical success factors in forming strategic alliances.

Cherian, Flores and Srinivasan (2012) conducted an exploratory study on the Critical Success Factors to Collaborate in Cross Border Alliances: Experiences of Indian Manufacturing Enterprises and found out that; critical success factors (CSFs) for successful CBAs include strategical, environmental, structural and temporal oriented elements. The two basic factors persuading efficacy of an alliance that have been recognized in the strategic alliance literature are partner matching and strategic orientation of the partnering firm (Harrigan, 1988). These factors are investigated in this study.

Partner matching has to do with selecting an appropriate partner and itemizing the rules of alliance are the most intensive process in the formation of an alliance. Finding the right partner requires careful screening and can be a time consuming process (Bleek et al, 2001). Therefore, Partner matching invite for the creation of alliances in which the chosen partners are analogous in management style and company culture. Concerns such as domain similarity and goal compatibility have been found to enhance the effectiveness of alliances (Harrigan, 1988).

Strategic orientation involves the motivation of the firm to penetrate into strategic alliances and to adopt innovative strategies is manifested through the strategic orientation of a firm. Firms choose strategies to pick up their competitive postures and to gain an advantage over one or more competitors (Harrigan, 1988). Strategic fit occurs when partners value the skills each brings to the alliance (Bierly III and Gallagher, 2007). Eisenhardt and Schoonhoven (1996) found that alliances are more likely to be formed when both firms are in vulnerable strategic positions (i.e., in need of resources) or when they are in strong social positions (i.e., possess valuable resources to share). Strategic fit of alliance of IMEs occurs when both partner firms are in vulnerable strategic positions (i.e., in need of resources), seeking complementary or similar resources for transferring or pooling (Ahuja, 2000).

Value creation is to make “sense” or value to collaborate. Doz and Hamel (1999) further elaborate by identifying three types of “logic of alliance value creation” for firms. It could be to co-opt collaborating firms (networking) in order to develop critical mass by pooling combined customer bases and to build the necessary supporting resources and capabilities of all players of the network taken together, thus exploiting the opportunities opened by globalization, and ultimately, each vying for a “nodal position” in the future in the network of relationship that the firm has built. Yet another imperative could be to leverage the unique resources and capabilities of the local and/or technology partners such as to enter into unknown markets across the border of its own nation or into unfamiliar product development, thereby becoming one among the insiders of that market for reaping the opportunities in the future.

Value creating partner involves the selection of a particular partner has a great impact on the performance of alliance as it determines the extent of skill and resources available to the alliance for achieving its objectives (Geringer, 1991). Ahuja (2000) points out that if a partner firm has a high level of technical or commercial capital, its attractiveness as a potential partner increases.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out the road map that was followed in completing the study. Kothari (2011) refers research methodology as a systematic way to solve a problem. In this section, the procedures and techniques that were used in the collection, processing and analysis of data are identified. Specifically the following subsections are included; research design, target population, sample design, data collection instruments, data collection procedures and finally data analysis methods that were used in the study.

3.2 Research Design

Kothari (2011) argues that research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The study adopted a cross-sectional survey design. This research design allows for contact with otherwise inaccessible participants. According to Cooper and Schindler (2000) cross-sectional surveys are studies aimed at determining the frequency (or level) of a particular attribute, in a defined population at a particular point in time.

A cross sectional study was used to determine the interrelationship between the variables under consideration among the different firms in the study and this permitted the researcher to make statistical inference on the broader population and generalize the findings to real life situations and thereby increase the external validity of the study. The focus of this study was mainly quantitative approach to capture the critical success factors of strategic alliances in the telecommunication (MNO) companies for mobile financial services.

3.3 Target Population

Target population is as an aggregate of all that conform to given characteristics (Mugenda and Mugenda (2003). The population comprised all the Strategic Business Units (SBUs) within the three (3) telecommunication companies (MNO) in Kenya. The telecommunications companies (MNOs) in Kenya involved in the study are Safaricom Limited, Airtel Limited and Telkom Kenya Limited.

Mugenda and Mugenda (2003) explain that the target population should have some observable characteristics, to which the study intends to generalize the results of the study. The strategic managers of the respective SBUs were selected to represent the SBUs as the as the key respondents in the study. A total of 105 strategic mangers were selected from the three firms as depicted in Table 3.1.

Table 3.1: Total Number of Strategic Managers

Mobile Network Provider	**Total number of Strategic managers**
Airtel	35
Safaricom	48
Orange Kenya	22
Total	**105**

Source: Researcher (2015).

3.4 Sample design

From the target population of 105 strategic managers (See Table 3.1), a 30% Proportionate stratified sample (31 managers) was selected for the study. The rationale for choosing strategic managers as the respondents in the study was informed by the fact that strategic managers are involved in strategic planning in almost all organizations.

According to Mugenda and Mugenda (2003), a representative sample is one which is at least 10% of the population thus the choice of 30% is considered as representative. Table 3.2 shows the proportionate stratified sample;

Table 3.2: Proportionate Stratified Sample

Mobile Network Operators	**Population**		**Proportionate Stratified Sample**	
	Frequency	**Percent**	**Frequency**	**Percent**
Airtel	35	33	10	33
Safaricom	48	46	14	46
Orange Kenya	22	21	6	21
Total	**105**	**100**	**31**	**100**

Source: Researcher (2015).

3.5 Data Collection

Both Primary and secondary data was utilized in the study. Primary data was collected using a quantitative approach of a self administered semi structured questionnaire to determine the extent to which the formulation and implementation of success strategies for mobile financial services is affected by the various critical success factors. According to Kothari (2011) primary data are those which are collected afresh and for the first time, and thus happen to be original in character.

Secondary data was collected from the online published materials on alliances and economic trends on mobile financial services. The research instrument is subdivided into two parts. Part 1 consisted of open-ended questions aimed at obtaining general information and the successful alliances, while Part 2 consist of questions aimed at obtaining data about the types of alliances with the critical success factors in the implementation of those strategic alliances for mobile financial services. In order to ensure uniformity in responses and to encourage participation, the questionnaires were kept short and structured. A 5-point Likert scale was used to measure the output of each item answered by the participants.

The questionnaire was preferred in this study because respondents to be included in the study were literate and able to answer questions asked adequately. According to Mugenda and Mugenda (2003), questionnaires are used commonly to obtain detailed information about a population under study. The respondents in the study were business unit senior managers designated as the strategic managers. The researcher dropped the questionnaires physically at the respondents' place of work or some were also sent via email for timely feedback. The researcher informed the respondents about the extent of privacy and confidentiality, the value of the research, and the guarantee that the data would be used for no other purposes.

3.6 Data Analysis

Descriptive statistics were used to analyze data and portray the sets of categories formed from the data. Descriptive statistics enable the researcher to meaningfully describe a distribution of measurements (Mugenda & Mugenda, 2003).

The descriptive statistics used in the analysis included: simple means; standard deviations regression and correlation analysis by use of SPSS while factor analysis was applied to check on the categorization of the critical success factors and strategic alliance practices adopted by the telecommunication companies and determining the extent to which the formulation and implementation of strategies is affected by the various critical factors.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter outlines the data analysis, presentation and interpretation of the results of the study as set out in the research methodology. The purpose of this study was to investigate the critical success factors in the implementation of strategic alliances for mobile financial services by telecommunication companies in Kenya.

The study targeted all the managers of the Strategic Business Units (SBUs) within the three main telecommunication companies in Kenya. From the 105 Strategic Business Units (SBUs), 31 strategic managers were the respondents. The return rate results are shown in Table 4.1.

Table 4.1: Response rate

Response	**Frequency**	**Percentage**
Respondents	26	83.9
Not responded	5	16.1
Total	**31**	**100.0**

Source: Researcher (2015).

Thirty-one (31) questionnaires were administered to the respondents in the telecommunication firms. Twenty-six (26) of these questionnaires were returned representing a response rate of 83.9%. This response rate was sufficient and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good while a response rate of 70% and over is excellent.

4.2 Profiles of Respondents

The demographic characteristics of the respondents that were tested were; gender, literacy level, department of the respondents and working experience.

4.2.1 Gender of the Respondents

In tandem with the current push for gender mainstreaming in different sectors in Kenya, the study sought to investigate the gender of the respondents to shade light on the current state of gender balancing among the telecommunication firms in Kenya. The results are shown in Table 4.2.

Table 4.2: Gender of the respondents

Gender	**Frequency**	**Percentage**
Male	18	69.2
Female	8	30.8
Total	**26**	**100.0**

Source: Researcher (2015).

Though the results in table 4.2 indicate that most of the respondents (69.2) were males, the number of female respondents is substantial implying that telecommunications firms in Kenya have put some efforts in narrowing the gender gap in their workforce over the recent past. The findings thus affirm the fact that the opinions given are fairly representative of both genders with regard to the critical success factors in the implementation of strategic alliances among the telecommunication companies in Kenya.

4.2.2 Literacy Level of the Respondents

In a bid to investigate the competency of the workforce, an inquiry was made into the highest academic level of the respondents. The results are presented in table 4.3.

Table 4.3: Literacy level

Highest academic level	Frequency	Percentage
High school	1	3.8
Diploma holder	3	11.5
Graduate	18	69.2
Post-graduate	4	15.4
Total	**26**	**100.0**

Source: Researcher (2015).

The findings in table 4.3 indicate that 84.6% of the respondents are at least graduate holders with 15.4% of them having post-graduate qualifications. The results imply that most telecommunications firm having realized the importance of human resource development and it impact on productivity have focused on recruiting the best brains in a bid to enhance their core competencies. The fact that most of the respondents are graduates only reaffirms the validity of the data collected in the study given that the respondents are well grounded in strategic management issues.

4.2.3 Departments of the Respondents

Strategic alliances span across various functional units in an organization. Taking a holistic approach, it was thus prudent that data is collected from all the departments' involved in strategic alliances among the telecommunication companies in Kenya. The results depicted in table 4.4.

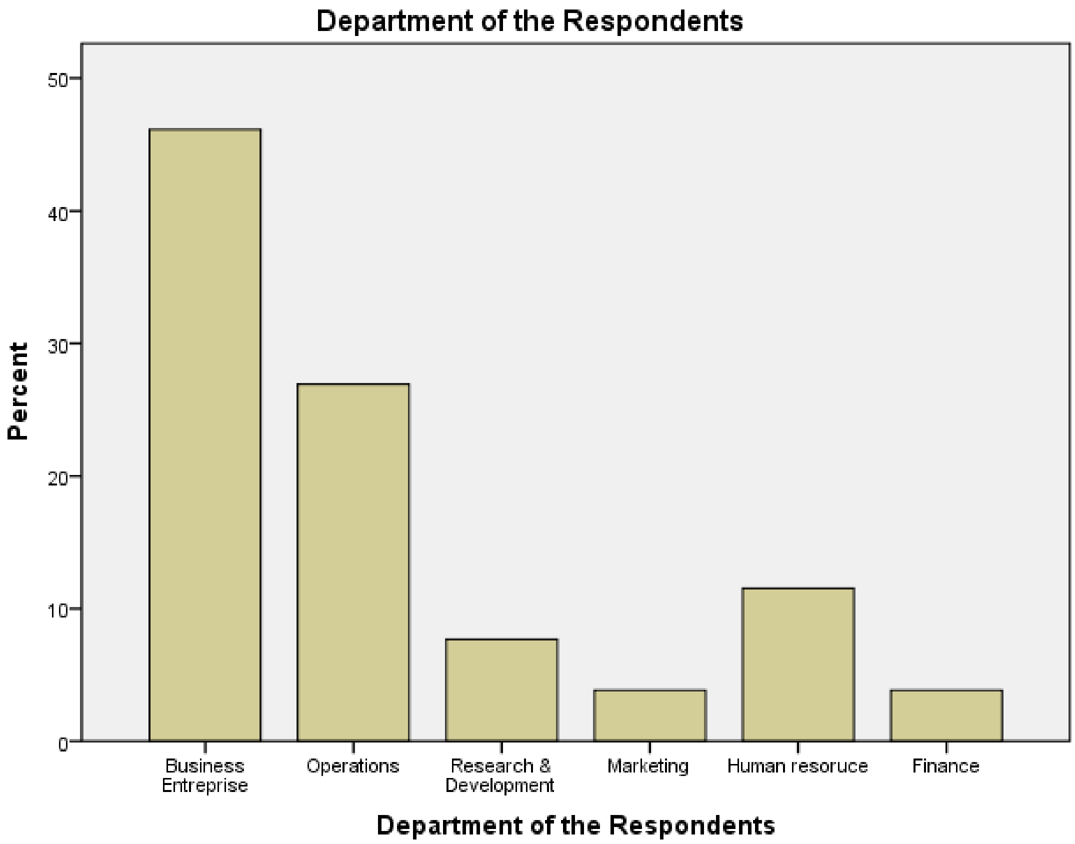
Table 4.4 Department of the Respondents

Department	Frequency	Percentage
Business Enterprise	12	46.2
Operations & IT	7	26.9
Research & Development	2	7.7
Marketing	1	3.8
Human resource	3	11.5
Finance	1	3.8
Total	**26**	**100.0**

Source: Researcher (2015).

From table 4.4 it is clear that most of the respondents (46.2%) were from Business enterprise department followed by operations department at 26.9%. 11.5% of the respondents were from the human resource department while finance and marketing had the least representation at 3.8% consecutively. This implies that the respondents are directly involved in making key decisions in strategic planning at the respective telecommunication firms, thus were better placed and aware of changes which had taken place in this institution and strategic management practices adopted.

Figure 4.1: Department of the Respondents



Source: Researcher (2015).

4.2.4 Working Experience of the Respondents

The working experience of the workforce positively correlates with strategic change management given the fact that the members of an organization have significant information regarding strategic management. In this context, the study sought to determine the number of years of experience of the various respondents had worked respectively for the telecommunication (MNO) companies. The results are shown in Table 4.5.

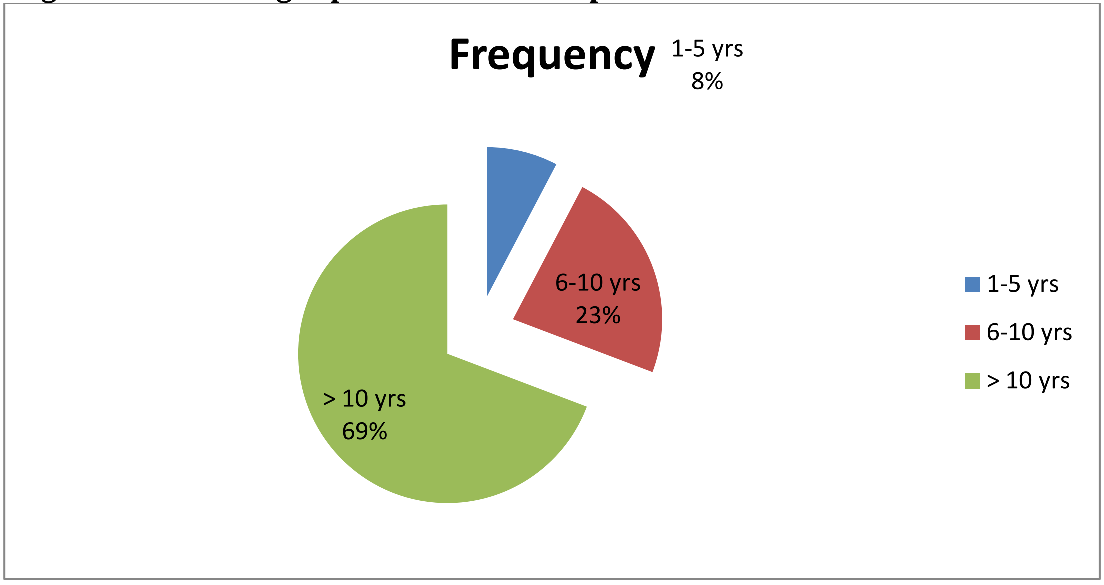
Table 4.5: Working experience

Experience	Frequency	Percentage
1-5 yrs	2	7.7
6-10 yrs	6	23.1
> 10 yrs	18	69.2
Total	**26**	**100.0**

Source: Researcher (2015).

The findings in table 4.5 show that most of the respondents have over ten years working experience in their respective portfolios with 69.2 percent having over ten years working experience with only 7.7% having less than five years of working experience. This clearly implies information collected was from employees who have massive experience and familiarity with the key critical success factors in the implementation of strategic alliances adopted by the telecommunication companies.

Figure 4.2: Working experience of the Respondents



Source: Researcher (2015).

4. 3 Critical Success Factors in the implementation of Strategic Alliances for Mobile financial services by Telecommunication Companies in Kenya.

The objective of this study was to investigate the critical success factors in the implementation of strategic alliances for mobile financial services by the cellular telecommunications companies in Kenya. The respondent were required to provide the various types strategic alliances , and rate the Critical success factors that impact the successful implementation of these alliances by telecommunications companies (MNO) in the recent past. The nature of strategic alliances for mobile financial services results presented in Table 4.6.

Table 4.6: Nature of Strategic alliance

Nature of strategic Alliance	Frequency	Percentage
Transaction banking	7	26.9
e-payment	12	46.2
M-commerce	4	15.4
Customer relations management	3	11.5
Total	**26**	**100.0**

Source: researcher (2015).

Table 4.6 shows that telecommunications (MNOs) firms have in the recent past entered into various strategic alliances in cutting edge mobile transaction technologies in line with the global electronic revolution. According to table 4.6 strategic alliances e-payment and transaction banking are the main forms of strategic alliances adopted by the telecommunications firms at 46.2 and 26.9 percent respectively. This supports the current increase in mobile money transfer products by telecommunications firms in Kenya including m-pesa , airtel money, orange money ,lipa na m-pesa, pay bill and remittance of cash.

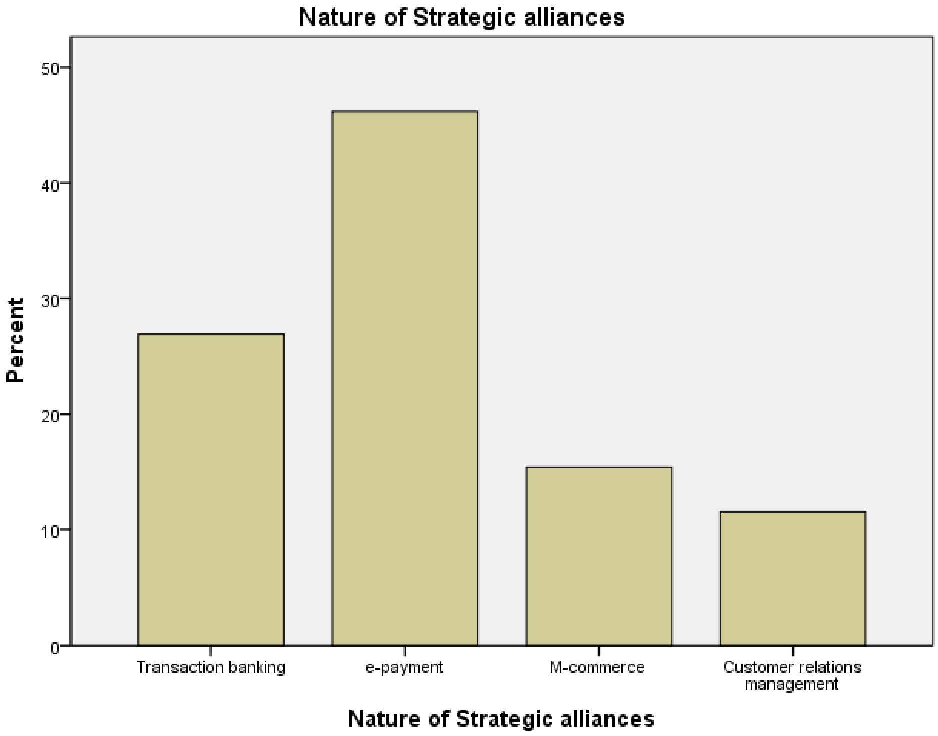


Figure 4.3: Nature of strategic alliances

The success of these alliances is attributed to the various critical success factors invested as per the data collected on the critical success factors for implementation of strategic alliances for mobile financial services. For easy analyzability the critical success factors were categorized into the following main streams; partner matching, strategic orientation, value creation and value creating partner. In the initial step, descriptive statistics were used to determine the variance of the critical success factors. The findings are discussed below.

4.3.1 Partner Matching

Partner matching invite for the creation of alliances in which the chosen partners are analogous in management style and company culture. Concerns such as domain similarity and goal compatibility have been found to enhance the effectiveness of alliances. An inquiry was made into the extent to which factors associated with partner matching have affected the implementation of strategic alliances for mobile financial service by telecommunication companies (MNOs) in Kenya. The results are depicted in table 4.7.

Table 4.7: Partner matching

Partner matching practices	Mean	Std. Deviation
Development-oriented support for outreach through agents, and win-win partnership for all the stakeholders.	2.5385	0.64689
Existence of Risk-based regulation for a cheaper and profitable but secured solution to financial service provision.	1.4615	0.50839
The Company is involved in Value creation to leverage unique resources and capabilities of the strategic partners.	3.2692	0.91903
Economic dependency	1.5385	0.94787
Mutual Ownership and Governance Relationship	2.5385	0.50839
Coordination and Appreciation	3.4615	0.94787
The company proper scrutinizing in selecting suitable strategic partners.	2.9231	1.16355
The company is involved in designing and setting up appropriate authority and control to take care of the alliance.	2.0000	1.23288
The company is undertakes continuous vale capture through knowledge sharing.	2.8846	1.39505

Source: Researcher (2015).

Note: The respondents were asked questions on the extent to which various CSF have affected the implementation of strategic alliances in their companies on a Likert scale of 1-5 where: 1 = Very small extent; 2= Small extent; 3= Moderate extent; 4= Large extent; and 5= Very large extent.

According to the findings in table 4.7, majority of the respondents cited the Coordination and Appreciation as affecting implementation of strategic alliances to a large extent with the highest mean at 3.4615 and standard deviation of 0.94787. Based on the likert scale this finding implies that this factor has affected the implementation of strategic alliances among the mobile financial service providers to a moderate extent.

The second partner matching factor affecting the implementation of strategic alliances to a moderate extent is the company's is involvement in Value creation to leverage unique resources and capabilities with a mean of 3.2692 and standard deviation of 0.91903 followed by, the company proper scrutinizing in selecting suitable strategic partners and The company undertakes continuous vale capture through knowledge sharing at 2.9231 and 2.8846 respectively. The least influential partner matching factor is the Existence of Risk-based regulation for a cheaper and profitable but secured with a mean of 1.4615 and standard deviation of 0.50839 indicating that it has affected the implementation of strategic alliances to a very small extent going with the likert scale.

4.3.2 Strategic Orientation

The motivation of the firm to penetrate into strategic alliances and to adopt innovative strategies is manifested through the strategic orientation of a firm. The study sought to investigate the extent to which factors associated with strategic orientation have affected the implementation of strategic alliances for mobile financial service by telecommunication companies (MNOs) in Kenya. The results are depicted in table 4.8.

Table 4.8: Strategic orientation

Strategic orientation practices	Mean	Std. Deviation
Strategic alignment.	2.4615	0.76057
The existence of a clear & common vision.	1.4615	.50839
Establishment of shared objectives and mutual needs.	1.4615	1.02882
The establishment of strategic fit/complementary structures.	3.3077	0.83758
Senior management champion involvement	4.6538	0.56159
Shared risk.	2.1154	0.86380
Shared reward.	1.5769	0.57779
Appropriate scope.	2.4231	1.20576
Shared control.	3.6154	0.75243

Source: Researcher (2015).

Note: The respondents were asked questions on the extent to which various CSF have affected the implementation of strategic alliances in their companies on a Likert scale of 1-5 where: 1 = Very small extent; 2= Small extent; 3= Moderate extent; 4= Large extent; and 5= Very large extent.

Going by the findings in table 4.8, majority of the respondents indicated that senior management champion involvement enhances the successful adoption of strategic alliance a very large extent with the highest mean (4.6538) and standard deviation of 0.56159 followed by Shared control at 3.6154 and 0.75243 respectively. The next most influential strategic orientation critical success factor is the establishment of strategic fit/complementary structures with a mean of 3.3077 and standard deviation of 0.83758, strategic alignment at 2.4615, shared risk at 2.1154, shared reward at 1.5769. The least influential critical success factor in the implementation of strategic alliances is the existence of a clear & common vision at 1.4615 indicating that the factor influences successful implementation of strategic alliance to a very small extent.

4.3.3 Value Creation

Value creation is to make “sense” or value to collaborate. An inquiry was made into the various value creation practices that have enhanced the implementation of strategic alliances for mobile financial service by telecommunication companies (MNOs) in Kenya. The results presented in table 4.9.

Table 4.9: Value Creation

Value creation practice	Mean	Std. Deviation
The Company is involved in Value creation to leverage unique resources and capabilities of the strategic partners.	4.5385	0.81146
Team problem solving	1.7308	1.04145
Shared decision making	2.2308	0.71036
Mutual trust.	3.2692	0.91903

Source: Researcher (2015).

Note: The respondents were asked questions on the extent to which various CSF have affected the implementation of strategic alliances in their companies on a Likert scale of 1-5 where: 1 = Very small extent; 2= Small extent; 3= Moderate extent; 4= Large extent; and 5= Very large extent.

As indicated in table 4.9 of the value creation critical success factors in the implementation of strategic alliances, the company’s involvement in Value creation to leverage unique resources and capabilities of the strategic partners influences the implementation of strategic alliances to a very large extent with a mean of 4.5385 and standard deviation of 0.81146 followed by mutual trust at 3.2692 and 0.91903 respectively implying that it affects the implementation of strategic alliances to a moderate extent. Shared decision making comes third at 2.2308 and standard deviation of 0.71036. Team problem solving has the least impact with the lowest mean at 1.7308 indicating that it affects the implementation of strategic alliances to a very small extent.

4.3.4 Value Creating Partner

The selection of a particular partner has a great impact on the performance of a strategic alliance as it determines the extent of skill and resources available to the alliance for achieving its objectives. The study sought examine the various value creating practices that have influenced the successful implementation of strategic alliances for mobile financial service by telecommunication companies (MNOs) in Kenya. The results are shown in table 4.10.

Table 4.10: Value creating Partner

Value creating partner practices	Mean	Std. Deviation
Partner accountability.	3.5385	0.85934
Ability to learn and internalize new or deficient skills and technologies from the partner, thereby building new competencies required for future business.	2.4231	1.06482
Partners value the skills each brings to the alliance	3.1538	1.31734
The company maintains cooperation and effective communication mechanisms with strategic partners.	1.7308	0.91903

Source: Researcher (2015).

Note: The respondents were asked questions on the extent to which various CSF have affected the implementation of strategic alliances in their companies on a Likert scale of 1-5 where: 1 = Very small extent; 2= Small extent; 3= Moderate extent; 4= Large extent; and 5= Very large extent.

According to Table 4.10, it is clear that partner accountability affects the implementation of strategic alliances among the mobile financial providers to a large extent with a mean of 3.5385 and standard deviation of 0.85934. Partner's value the skills each bring to the alliance is the next affecting implementation of strategic alliances at 3.1538. The third critical success factor is the firm's ability to learn and internalize new or deficient skills and technologies from the partner, thereby building new competencies required for future business at 2.4231 and 1.06482. The company maintains cooperation and effective communication mechanisms with strategic partners has the least impact on the implementation of strategic alliances with a mean of 1.7308 implying that it affects the implementation of strategic alliances to a very small extent among the mobile financial providers in Kenya.

4.4 Discussion

4.4.1 Comparison with Theory

On a theoretical level, some of the results of this thesis were in line with the mainstream of existing literature on the implementation of strategic alliances while at the same time some of the findings challenge the assumptions made in the literature. The study was informed by four theories; transaction cost theory, resource dependency theory, organizational learning theory and strategic behavior theory. The findings indicate that the various critical success factors have had a significant impact on the successful the implementation of strategic alliances for mobile financial service by telecommunication companies (MNOs) in Kenya.

Among the most significant factors influencing the implementation of strategic alliances like strategic orientation, economic dependency, and value creation are in tandem with the Resource-based View of the Firm. According the theory, approaching alliance formation from a resource-based perspective has, traditionally, meant a focus on existing competencies (or lack thereof) that may propels firms to enter into new alliances rather than the conditions that determine the opportunity set firms may perceive. This internal, static focus implicitly considers firms as atomistic actors engaging in strategic actions in a social context, thereby encapsulating the external context within measures of competitiveness in product or supplier markets (Gulati, 1999).

Along the same horizon, the findings of the study concur with the Resource dependency theory (RDT) posits that power is based on the control of resources that are considered strategic within the organization (Pfeffer and Salancik, 1978). Factors associated with of the value creation like the company's involvement in Value creation to leverage unique resources and capabilities of the strategic partners influences the implementation of strategic alliances to a very large extent. Other significant factors are in order of importance; mutual trust, shared decision making and team problem solving. Most of the critical success factors biased towards addressing a deficiency in one or more strategic resources and are seen as the driving force for collaboration and a means of reducing uncertainty and managing this dependency. Confronted with the costly situation of this nature, management actively directs the organization to manage the external dependence to its advantage. Towards this end, we can attest that the findings of the study supported the resource dependency theory.

On success factors associated with value creating partner, the findings of the study indicated that partner accountability affects the implementation of strategic alliances among the mobile financial providers to a large extent followed by a partner's value the skills each bring to the alliance is the next affecting implementation of strategic alliances. The third critical success factor associated with value creating partner is the firm's ability to learn and internalize new or deficient skills and technologies from the partner, thereby building new competencies required for future business. It is clear that findings above are in line with Organizational Learning Theory which proposes that in order to be competitive in an ever changing environment; organizations must change making it easier to reach those goals. To allow learning to occur the organization must make a conscious decision to change actions in response to a change in circumstances, there must be a conscious link to action and outcome.

4.4.2 Comparison with Other Studies

While most of the findings of the findings of the study support past studies some differ to some extent. On partner matching, the findings of this study corroborate and Movando (2001) who states that selecting an appropriate partner and itemizing the rules of alliance are the most intensive process in the formation of an alliance. They further posit that, concerns such as domain similarity and goal compatibility have been found to enhance the effectiveness of alliances. This is particularly attested by the fact that the company's is involvement in Value creation to leverage unique resources and capabilities, the company proper scrutinizing in selecting suitable strategic partners and the company's ability to undertake continuous vale capture through knowledge sharing have a significant effect on the establishment of strategic alliances among the mobile financial providers.

The findings thus address the challenge of poor partner evaluation in the implementation of strategic alliances as postulated by Doz and Hamel (1999) that each partner should bring the desired complementary strength to the partnership. Ideally, the strengths contributed by the partners are unique, for only these strengths can be sustained and defended over the long term. The goal is to develop synergies between the contributions of the partners, resulting in a win-win situation for both, or all. Moreover, the partners must be compatible and willing to trust one another (Doz & Hamel, 1999).

With regards to strategic orientation, the findings revealed that senior management champion involvement enhances the successful adoption of strategic alliance a very large extent followed by the establishment of strategic fit/complementary structures. The study thus seems to concur with Ahuja (2000) who argues that alliances are more likely to be formed when both firms are in vulnerable strategic positions (i.e., in need of resources) or when they are in strong social positions (i.e., possess valuable resources to share). Strategic fit of alliance occurs when both partner firms are in vulnerable strategic positions (i.e., in need of resources), seeking complementary or similar resources for transferring or pooling. Strategic orientation can therefore be applied to resolve the challenges arising from lack of partner congruence and incompatibility in strategic implementation. Strategy development must meet the needs of all partners to ensure long-term success. Difficulties may arise because partners are not in complete agreement about the purpose of an alliance and the process by which its goals can be achieved (Kavale, 2007).

The findings equally corroborate Ray (2013 who identified the following as key factors that determine the success of a strategic alliance: clear & common vision, shared objectives, mutual needs, strategic fit/complementary structures, senior management champion involvement, shared risk, shared reward, appropriate scope, shared control, team problem solving, shared decision making, cultural compatibility, mutual trust, measurable goals, and partner accountability. The study findings thus provide the key factors that can address these major challenges facing the implementation of strategic alliances.

On value creation the study found that, the company's involvement in Value creation to leverage unique resources and capabilities of the strategic partners influences the implementation of strategic alliances to a very large extent followed by mutual trust and Shared decision making among others. The findings thus complement those of Doz and Hamel (1998) who analogizes value creation to co-opt collaborating firms (networking) in order to develop critical mass by pooling combined customer bases and to build the necessary supporting resources and capabilities of all players of the network taken together, thus exploiting the opportunities opened by globalization, and ultimately, each vying for a “nodal position” in the future in the network of relationship that the firm has built.

On value creating partner the findings revealed that partner accountability, Partner’s value the skills each bring to the alliance, the firm’s ability to learn and internalize new or deficient skills and technologies from the partner, thereby building new competencies required for future business and the firm’s ability to learn and internalize new or deficient skills and technologies from the partner, thereby building new competencies required for future business have a critical impact on the establishment of strategic alliance among the telecommunication firms. These findings therefore complement Ahuja (2000) who asserts that if a partner firm has a high level of technical or commercial capital, its attractiveness as a potential partner increases. Needless to say, any partner that has necessary resources fits the purpose of alliances for telecommunication firms.

The findings equally concur with Cherian, Flores and Srinivasan (2012) who conducted an exploratory study on the Critical Success Factors to Collaborate in Cross Border Alliances: Experiences of Indian Manufacturing Enterprises and found out that; critical success factors (CSFs) for successful CBAs include strategical, environmental, structural and temporal oriented elements. The two basic factors persuading efficacy of an alliance that have been recognized in the strategic alliance literature are partner matching and strategic orientation of the partnering firm (Zaman & Movando, 2001).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This is the final chapter in this study, and here the researcher outlines the summary of the findings, conclusions, Implications of the study based on the objective of the study with the limitations faced and lastly highlights the suggestions for further findings. The study sought to investigate the critical success factors in the implementation of strategic alliances for mobile financial services by telecommunication companies in Kenya. The study had one objective, to investigate the critical success factors in the implementation of strategic alliances for mobile financial services by telecommunication companies in Kenya. This chapter presents; the summary of the findings, conclusions and the implications of the study.

5.2 Summary of the Findings

The study found most of the telecommunication firms (MNO) in Kenya have entered into some form of strategic alliances in the recent past for mobile financial services underpinning the centrality of strategic alliance as a core competence strategy in this era when globalization and market dynamics call for integration and agility. The same findings indicate that e-payment and transaction banking are the main forms of strategic alliances adopted by most firms for mobile financial services. The findings are in tandem with the current increase in mobile money transfer products by telecommunications firms in Kenya and the fact that most banks and other financial institutions in Kenya have in the recent past entered into strategic alliances in cutting edge mobile transaction technologies in line with the global electronic revolution.

This study outlined four major categories of critical success factors in the implementation of strategic alliances for mobile financial services by telecommunications companies in Kenya; partner matching, strategic orientation, value creating and value creating partner.

As regards to partner matching, the study found out that Coordination and Appreciation is the most influential factor affecting the implementation of strategic alliances to a large extent followed by the company's is involvement in Value creation to leverage unique resources and capabilities. The third success factor is the company's undertaking proper scrutinizing in selecting suitable strategic partners which affects successful strategic implementation of a moderate extent. The company undertakes continuous value capture through knowledge sharing is the fourth most influential critical success factor affecting the implementation of strategic alliances to a moderate extent. From the study, the least influential partner matching practice is the existence of Risk-based regulation for a cheaper and profitable but secured affecting the implementation of strategic alliances to a very small extent among the mobile financial providers.

On strategic orientation, the study found that senior management champion involvement enhances the successful adoption of strategic alliance to a very large extent followed by the establishment of strategic fit/complementary structures and shared control. Strategic alignment shared risk and shared reward follow in order affecting the implementation of strategic alliance to a small extent. Affecting the implementation of strategic alliance to a very small extent the existence of a clear & common vision is the least influential critical success factor.

On Value creation, the company's involvement in Value creation to leverage unique resources and capabilities of the strategic partners influences the implementation of strategic alliances to a very large extent followed by mutual trust. Affecting the implementation of strategic alliances to a small extent, Shared decision making comes third while Team problem solving has the least impact affecting the implementation of strategic alliances to a very small extent.

Value creating partner, the study findings indicate partner accountability as the most influential factor affecting the implementation of strategic alliances among the mobile financial providers to a large extent. Partner's value the skills each bring to the alliance is the next critical success factor influencing the implementation of strategic alliances to a moderate extent. Influencing the implementation of strategic alliances to a small extent, the third most influential critical success factor is the firm's ability to learn and internalize new or deficient skills and technologies from the partner, thereby building new competencies required for future business.

According to the study for value creating partner, the company's maintenance of cooperation and effective communication mechanisms with strategic partners has the least impact on the implementation of strategic alliances affecting the implementation of strategic alliances to a very small extent among the mobile financial providers in Kenya. The major critical success factors associated with value creating partners seem to address the challenge of Lack of clear goals and objectives as a major hindrance to the implementation of strategic alliances in today's business world, where many strategic alliances are formed for the wrong reasons (Kilburn, 1999).

5.3 Conclusion

The outcome of the study establishes a relationship between the critical success factors adopted by telecommunication companies for mobile financial service and the implementation of strategic alliances. Study concludes that most of the telecommunication firms in Kenya have entered into some form of strategic alliances in the recent past underpinning the centrality of strategic alliance as a core competence strategy. The study concludes that partner matching, strategic orientation, value creation and value creation partners constitute the four main categories of critical success factors in the implementation of strategic alliances for mobile financial service by the mobile network operators in Kenya. Accordingly, e-payment and transaction banking are the main forms of strategic alliances adopted by the mobile financial providers in Kenya.

The study concludes that partner matching has affected the implementation of strategic alliances to a large extent in which case coordination and appreciation is the most influential factor affecting the implementation of strategic alliances followed by the company's is involvement in Value creation to leverage unique resources and capabilities, the company's undertaking proper scrutinizing in selecting suitable strategic partners, the company is undertakes continuous vale capture through knowledge sharing and the existence of Risk-based regulation for a cheaper and profitable but secured in that order.

The study also concludes that factors associated with strategic orientation have affected the implementation of strategic alliances among the mobile financial service providers to a very large extent. Senior management champion involvement, the establishment of strategic fit/complementary structures, shared control, Strategic alignment, shared risk, shared reward and the existence of a clear and common vision are the main critical success factors associated with strategic orientation that affect the implementation of strategic alliances among the mobile financial provides in Kenya.

The study further concludes that factors associated with value creation have had a significant influence on the implementation of strategic alliances for mobile financial service by the MNOs in Kenya with the company's involvement in Value creation to leverage unique resources and capabilities of the strategic partners affecting the implementation of strategic alliances to a very large extent. Other factors include; mutual trust and team problem solving.

In the same context, the study concludes that practices associated with value creating partner have also affected the implementation of strategic alliances a moderate extent. According to the study, the most critical factor critical success factors related to value creating factors is partner accountability. Other factors that have a moderate impact on the implementation of strategic alliances are; Partner's value the skills each bring to the alliance, the firm's ability to learn and internalize new or deficient skills and technologies from the partner, thereby building new competencies required for future business and the company's maintenance of cooperation and effective communication mechanisms with strategic partners.

5.4 Implications of the Study

The study found that most of the critical success factors adopted by the mobile financial service providers have affected the implementation of strategic alliances to a large extent. The findings thus underscores the need for Kenyan firms to adopt the critical success factors to a large extent given the fact that strategic alliances constitute a major competitive strategy in today's globalized market.

The findings of this study further underpin the need for firms in Kenya to foster collaborative approaches beyond strategic alliances to tap into the economies of integration. Given the fact that company's involvement in Value creation to leverage unique resources and capabilities affect the implementation of strategic alliances to a large extent further underpins the need for firms in Kenya to embrace integration across key functional areas to create a resource pool from which each of the firms can benefit. The study recommends that value creation practices take centre stage in strategic planning among Kenyan firms not only in the telecommunication industry but across other sectors as well to enhance firm performance.

Further to the above, private and public finance policy makers should focus on the scope and functionality of a strategic implementation framework specifically tailored to the Kenyan macro-environment to enhance organizational performance. The study establishes an important aspect of strategic management that can greatly enhance Kenya's firm and National competitiveness.

5.5 Limitations of the Study

The study sought to investigate the critical success factors in the implementation of strategic alliances for mobile financial services by telecommunication companies in Kenya. It is clear that a study of this magnitude should include a survey of sizeable number of firms. However time and material resources did not make this feasible and for this reason the study concentrated on the three telecommunication (Mobile network operators) companies in Kenya. The study period was a little bit narrow for a study of this nature, and the researcher had to juggle between work and the field particularly during data collection.

Some of the respondents were non-committal posing major challenge in the field during the data collection costing the researcher since she had to do a lot of data editing after field work. Despite these challenges the quality and validity of the findings established from this investigative study cannot be compromised.

5.6 Suggestions for Further Research

Studies involving confirmatory analysis will need to be carried out to further test the results so established and to confirm the findings of the study. The steady increase advancements in mobile and mobile technologies have greatly impacted the way we purchase and drastically changed how we pay. The trends on mobility financial services indicate that customers would continuously expect seamless integration regardless of how they pay; by mobile, wrist watch, tablets, or vehicle enabled voice commands, and thus the need to study benchmark success factor models to achieve successful alliances for future interoperability of these crucial mobile financial and banking services.

Further studies can be conducted to test and confirm the factor loadings in different service firms so as to establish the validity and strength of the model. In the same context, there is need for further research to focus on the challenges facing Kenyan firms in the process of strategic planning. The fact that the degree to which various critical success factors affects the implementation of strategic alliances varies from one firm to the other calls for further research efforts to identify optimal strategic alliance models and on the possibility of setting benchmarks. The need for further research into this aspect of strategic management is further compounded by the fact few of these strategic alliances have been successful in Kenya over the years.

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APPENDICES

APPENDIX I
INTRODUCTION LETTER

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 14/09/2015

TO WHOM IT MAY CONCERN

The bearer of this letter VIHENDA PRISCILLAH

Registration No. D61/71390/2014

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 availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
14 SEP 2015
P.O. Box 30197-00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

APPENDIX II

THE QUESTIONNAIRE

PART 1: GENERAL INFORMATION

i. Name of your company ……………………………………… (Optional)

ii. Please indicate your gender (Optional)

Male	[ ]	Female	[ ]

iii. In which age group do you belong? (Optional)

Below 20 years	[ ]	41-50 years	[ ]
21-30 years	[ ]	Above 51 years	[ ]
31-40 years	[ ]		

iv. Your department: (Optional)

Human resource	[ ]	Finance	[ ]
Procurement	[ ]	Operations	[ ]
Marketing	[ ]	Other (Specify……………)	[ ]

v. What is your designation? (Optional)

Manager	[ ]	Assistant manager	[ ]
Supervisor	[ ]	General staff	[ ]
Other (Specify……………………)	[ ]		

vi. What is your work experience (in years) in this Company? (Optional)

0-5 yrs	[ ]	5-10 yrs	[ ]
10-15	[ ]	Over 15 yrs	[ ]

PART 2: CRITICAL SUCCESS FACTORS IN THE IMPLEMENTATION OF STRATEGIC ALLIANCES FOR MOBILE FINANCIAL SERVICES.

I. Has your company participated in any Strategic alliance for mobile financial Services?

Yes [ ] No [ ]

Please tick where appropriate

II. If your answer above is Yes, please describe the nature of the strategic alliance(s) and financial services offered for this partnership.-

____

____

III. Of the strategic alliances above, how many of them have been successful?

IV. To what extent have the following Enabling factors enhanced successful adoption and Implementation of Strategic Alliance in your company?

Please indicate on a Scale of 1 – 5 where: 1 = To Avery Small Extent; 2 = Small extent; 3 = Moderate Extent; 4 = Large Extent; 5 = Very Large Extent

No	CRITICAL SUCCESS FACTORS IN THE IMPLEMENTATION OF STRATEGIC ALLIANCES	(1)	(2)	(3)	(4)	(5)
	A. PARTNER MATCHING					
i.	Development-oriented support for outreach through agents, and win-win partnership for all the stakeholders.					
ii.	Existence of Risk-based regulation for a cheaper and profitable but secured solution to financial service provision.					
iii.	Economic dependency					
iv.	Mutual Ownership and Governance Relationship					
v.	Coordination and Appreciation					
vi.	The company proper scrutinizing in selecting suitable strategic partners.					
vii.	The company is involved in designing and setting up appropriate authority and control to take care of the alliance.					
viii.	The company is undertakes continuous vale capture through knowledge sharing.					
ix.	The bargaining power.					
	B. STRATEGIC ORIENTATION					
x.	Strategic alignment.					

xi.	The existence of a clear & common vision.					
xii.	Establishment of shared objectives and mutual needs.					
xiii.	The establishment of strategic fit/complementary structures.					
xiv.	Senior management champion involvement.					
xv.	Shared risk.					
xvi.	Shared reward.					
xvii.	Appropriate scope.					
viii.	Shared control.					
	C. VALUE CREATION					
xix.	The Company is involved in Value creation to leverage unique resources and capabilities of the strategic partners.					
xx.	Team problem solving.					
xxi.	Shared decision making.					
xxii.	Mutual trust.					
xiii.	Measurable goals.					
	D. VALUE CREATING PARTNER					
xiv.	Ability to learn and internalize new or deficient skills and technologies from the partner, thereby building new competencies required for future business.					
xxv.	Partner Accountability					
xvi.	Partners value the skills each brings to the alliance					
xvii.	The company maintains cooperation and effective					

	communication mechanisms with strategic partners.					

V. Please provide us with the following information regarding the Strategic Alliances of your company for the last five years.

	MEASURES OF SUCCESSFUL STRATEGIC IMPLEMENTATIONS AND PERFORMANCE	**2010**	**2011**	**2012**	**2013**	**2014**
	Number of successful Strategic Alliances					
	Business turnover %					
	Transaction Cost reduction%					
	Reduction in process time / Reduction in cycle time%					

VI. What other critical factors would you like to share about success of strategic alliances for mobile financial services by telecommunication companies.

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Thank you very much for your valuable time!!!!!!!!