THE INFLUENCE OF ALLIANCE MANAGEMENT ON THE COMPETITIVENESS OF REAL ESTATE FIRMS IN NAIROBI.

GIKANDI JUSTINA WANJIRA

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

Signature …………………………………….. Date ……………………….

Gikandi Justina Wanjira

D61/74749/2014

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

Signature …………………………………….. Date ……………………….

Dr.M. Munjuri

School of Business

University of Nairobi

DEDICATION

To Edwin & Alicia.

To God the giver of life.

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The process of writing this project was full of challenging experiences and rewards. It leads to new beginnings in my endevours.

First and foremast I am grateful to God almighty the one above all, who has always being there in my endeavors in life including this study.

Sincere appreciation to my supervisor Dr. M. Munjuri for her insightful guidance and patience, it was through it that I was able to complete the project.

To my family and friends for the great encouragement, financial and moral support, may the Lord bless you. To my boss and colleagues at work, thank you for your patience and support.

ABSTRACT

In a world where no advantages seem to be sustainable for long, prowess in managing alliances has become one of the main sources of competitive advantage that firms can develop. By aligning their operations with other partner firms, firms create synergy in operations, increasing their level of competitiveness. The objective of the study was to determine the influence of alliance management on the competitiveness of Real Estate firms in Nairobi. Data was collected from real estate firms in Nairobi that have formed strategic alliances with other firms. Descriptive statistics was used to analyze the data collected while regression analysis was used to assess the influence of alliance management on the competitiveness of Real Estate firms in Nairobi, Kenya. The main research findings were that to reap the benefits of strategic alliances, firms must effectively manage their relationships with strategic partners. To achieve this they must take into account complementary needs and skills, facilitate exchange of relevant knowledge and ensure there is information transparency and clarity in decision making. Trust among the partners, development of key success factors that will guide assessment of alliances performance, openly sharing of relevant knowledge and continuous systematic relationship building were other key aspects found to enhance alliance management capability. The main conclusion drawn from this study was that alliance management moderately enhanced competiveness of real estate firms. By effectively managing alliances the firms were able to reduce costs through economies of scale, enhance learning & growth, enter into new markets and develop appropriate competences This enabled the firms improve the quality of products and services to its customers , enhance brand reputation which creates loyalty, increased sales and growth of market share. The study recommended that firms should engage in alliances that enhance their capacity to adapt to changing environment and are in line with internal capabilities. They should negotiate formation of alliances as part of the firm's overall portfolio of alliances and in the context of the firm's alliance management capability.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In today's dynamic business environment, strategic alliances are important to firms because of the following reasons: facilitates growth and expansion, increased expertise in customer service, reduces cost of research and development and facilitates access to global markets (Isoraite, 1999). In a world where no advantages seem to be sustainable for long, prowess in forming and managing alliances, if well developed can become a source of competitive advantage. In the current business world, a firm must change and develop new strategic directions in order to retain its capacity to (Keller and Rice, 2012). Integrating knowledge between partner firms is complicated by the fact that in alliances there is mutual interdependence which exposes partners' vulnerabilities to each other. This means that partners have to share control (Inkpen, 2001; Parkhe, 1993). Despite the cooperation between partner firms, competition making it complex form firms. This means that firm must effective manage strategic alliance for their benefit to be realized. Firms get into strategic alliance enhance their performance, however, there are challenges associated with managing them. Therefore management of strategic alliances to attain or sustain a firm's competitive advantage is an essential issue that requires further studies.

The study was guided by both the transaction cost theory and resource based theory. The resource-based theory argues that a firm's strategy and performance is greatly determined by resources available and capabilities it possesses; however if firms in the same market have similar resources and capabilities, there will be no competitive advantage available in the industry (Barney, 1991). Resource-based view is founded on the premise that firms fins their

success by owning and developing distinctive and unique capabilities, giving them a competitive edge. The theory argues that superior performance is vested on resources and capabilities that are valuable and rare such that strategies developed from these resources and capabilities are costly to imitate. The firm must also develop procedures and policies to exploit these resources and capabilities. Transaction cost theory is concerned with the important motive of creating a strategic alliance that gives a firm the possibility of increasing its economy of scope and reduce costs (Frey 2008). Strategic alliances formation is concerned with addressing the characteristics of business opportunities that encourages managers to choose between vertical integration, inter-firm cooperation and market exchange.

The real estate in Kenya has in the recent past witnessed drastic changes. The market has diversified and more innovative products are now available to consumers. Corporate bodies like banks, insurance companies, fund managers, government institutions and saccos are diversifying into real estate development due to the high returns. With this kind of interest, more real estate firms are being formed to enable those interested in the industry get access to the right product. The formation of country government has also opened more opportunities in the counties thereby attracting individuals and corporate bodies to the industry. This has unprecedented interest had resulted to many challenges forcing real estate firms to seek better ways of remaining competitive in the industry. The regulatory agencies like Estate Agents Registration Board, Board of Registration of Architects and Quantity Surveyors have enhanced their supervisory roles to ensure that despite the increased competition the quality of services being offered is sustained. Infrastructure development in Kenya has facilitated

growth and development of real estate sector. For instance dual carriages roads, standard gauge railway, and rural electrification have opened up sections of the country that were considered remote. In Nairobi, satellite towns at the outskirts of Nairobi Central Business District have opened up and are attracting many investors due availability of land. Taylor (2014) notes that real estate industry is important to the development of a county as it provides employment opportunities, provides housing, promotes income distribution and reduction in poverty levels.

1.1.1 Alliance Management

Alliance is a strategy used by firms to acquire resources and capabilities from other firms in order to enhance their competitive advantage and distribute the risk of the investment (Helfat 2010). On his part, Mockler (2012) defines alliances as an agreement between firms to reach objectives of common interest. The high complexity of alliances may require specific capabilities to manage it and to succeed in these types of collaborative arrangements. Therefore, firms who are able to efficiently manage and succeed in managing this type of collaborative arrangements have a superior organizational capacity to manage alliances, which is called alliance management capability. Alliances are critical for internationalization and growth, alliance management capability is often seen as a basis of competitive advantage (Werter, (2014).

Alliance management as an important strategic factor allows organizations to change their resource base. However, difficulties in managing alliances emanate from the complexities and uncertainties experienced in handling projects across firm frontiers, therefore a firm with

the ability to manage alliances effectively is said to possess capabilities that enables the integration and reconfiguration of competences within and outside an organization, this enhance its ability to adapt to unpredictable environments. This creates innovative forms of competitive advantage (Teece, 2007).

Alliance management can lead to growth and profitability in both local and international markets (Hu and Huang, 2004). Establishment of business alliances facilitates easier and cheaper access of resource inputs and quick entry into new markets. Alliances are based on reciprocity: partners firms may take over each other's resources change or integrate them for their own benefit (Chung, Singh and Lee, (2004). Competitors on the market become often partners in the alliance. Alliance management is important as it brings change to markets structures.

Alliance management comprises of skills needed to manage a strategic alliance such as coordination which consists of managing the interdependences between partners, the resolution of conflicts, the capacity to handle changing dependencies of the partner and to define tasks, roles, objectives and responsibilities (Schreiner, 2009). In addition, communication holds the alliance together and increases the information transparency in the collaborative arrangement. Firms practicing alliance management tend to benefit from their partners, especially when the partners are competitors (Gong, 2007). Alliances management maintains and improves competitive advantage by ensuring that strategic decisions are directed to the development of new products, services, and processes. These decisions are the tools of aligning the strengths of the alliance with its external possibilities. In addition

alliance management enables organizations to implement its strategic plan; therefore, it must be organized in a strategic nature.

1.1.2 Competitive advantage

Competitive advantage ability of an organization to perform in more than one way, activities which competitors cannot match; this is realized through organizational strategy, its implementation and the context in which competition unfolds (Parkhe, 2007). An organization should carefully select and focus on serving small segments. Firms endevour to cope and beat competition by pursuing alliance management that enables them to perform better than their competitors. An organization is said to possess competitive advantage of it makes or has the potential to make higher profits compared to its rivals within the same market (Hill, 2001). According to Barney (2008), competitive advantage is sustainable if rival firms are unable to copy its source of competitive advantage or come up with a better offering. He notes that competitive advantage can be temporary or sustainable. Since competitive advantage earns a firm high profits, the profits attract rival firms to find out the successful firms' secrets, resulting to imitations or counter measures thereby limiting the longevity of competitive advantage. This makes competitive advantages temporary.

Organizations that have the capacity to can initiate simultaneous business processes and key competences that blend infrastructures, split risks and costs, capitalize on the shortness of today's product life-cycle, minimize time to market, gain and foresee new avenues for competitive leadership (Wittmann, Hunt,and Arnett, 2009) In the competitive context, successful organizations possess either a productivity advantage or value advantage. Porter

(1985) argued that competitive advantage is a firm's ability to earn returns that are consistently above the average for the industry.

Competition erodes competitive advantage. This arises because higher than normal profits send a signal to competing firms within the industry that the company has acquired some valuable distinctive competence that have enabled it create superior value (Hill 2001). According to Porter (1985), firms deliver to the markets products that buyers appreciate as superior, which is a good product with a low price or a 'better' product that is worth paying more for. Competitiveness is critical to the success or failure of firm's existence, and contributes to its performance.

1.1.3 Real Estate Industry in Kenya

In the last ten years, Kenya's real estate has been doing very well. The real estate's rapid development survived local and global economic financial crisis that paralyzed other sectors such as agriculture and tourism. According to Luesby (2014), markets in Kenya has been very profitable especially for foreign investors because good returns of 20 to 30 per cent, which he argued is impossible even in the United States of America or European markets. Global real estate firms have invested a lot in high-end and luxury property markets targeting people living abroad, envoys and rich Kenyans. Globalization has enabled real estate investors increase their breadth of investments opportunities. As a result, real estate development companies have come up and are carrying out housing/ estate developments in Nairobi and its environ as well as in big towns like Mombasa.

The companies range from small ones to very large ones who are developing self-contained satellite towns like Thika Greens, Migaa and Tatu City. Moreover, there seems to be emerging trends in this sector such as where developers are frequently coming up with new housing designs and set-ups. For instance, the concept of gated communities has moved a notch higher to Golf estates. There is also an emerging growth of golf resort properties like Rea Vipingo in Mombasa, Serigot in Eldoret, Longonot Gate and Great Rift Valley both situated in Naivasha. This means that competing developers are coming up with great innovations in order to capture market share for the discerning home buyers. However, a debate by stakeholders and analysts is emerging on what is driving this growth and whether it is sustainable.

Last year, the Kenyan shilling was weak compared to other major currencies, inflation rose to figures above 10% while interest rates was at a went up to a high of 30% up from 14%, hitting one of Kenyans most resilient sectors. Wisniewski (2011) indicates that the processes occurring in real estate are subject to varying catalysts, and these impulses are different depending on the financial and economic situation of a given country. There is evidence to suggest that the real estate boom in Kenya is here to stay: there is a rise in demand that has been created by an growing middle class with accessible income, availability of mortgage services with favourable interest rates. The current class of customers are demanding quality infrastructure; well designed properties with quality finishing, locations whose security is guaranteed since they have the capacity to pay higher prices for their choices. Their ability to pay is supported by the economic growth prevailing in the region over the last few years (Turner, 2013).

1.1.4 Real Estate Firms in Nairobi

In the last decade, real estate in Nairobi has grown tremendously due to burgeoning middle class with higher disposable incomes. According to the Knight Frank 2014 Prime International Residential Index (PIRI) which tracks price changes across the world's high-end property markets, Kenya's luxury real estate experienced the highest increase in price globally. Nairobi's prime real estate value grew by 25%, the highest in the country compared to other cities like Mombasa at 20%. These returns have attracted many investors to the industry resulting to an increase in the number of real estate firms setting up in Nairobi. These firms range from small local companies whose interest is managing existing properties, and large international companies who have chosen Nairobi as their base to venture into the Industry. Insurance and fund management companies have also set up subsidiaries that handle the real estate function of their portfolio (global property guide, 2014) Some of the real estate firms include Knight Frank, Hass Consult, Villacare, Cytton Investments, Ryden International, Home Africa, Buyrent Kenya among others.

In Africa, Nairobi being a large city is home to a huge number of expatriate communities because of the increase in the number of multinationals companies that have set up their continental headquarters. Knight Frank (2012) ranked Nairobi as a real estate with the fastest growth rate in the world. This has made the city an ideal location for local and multinational real estate firms. Real estate player estimate that future demand in real estate investment will be driven by middle and low income earners. The government is also encouraging development of low cost hosing by offering tax incentive to developers.

1.2 Research problem

A firm's level of competitive advantages is significantly influenced by its level of market product offering and diversification. By aligning their operations with other partner firms, firms creates a synergy in operations, increasing their level of competitiveness (Holmberg, and Cummings, 2009).Increased competition, pricing pressure gaps in product mix and asset concentrations has forced many corporations across the world consider strategic alliances as they bring on board cost synergies, these alliances are expected to represent a positive strategy towards a stronger future move to some firm through combining resources within a natural operational fit. It has become imperative that managers appreciate that competition and collaboration are distinct but interrelated dimensions. Unlike the traditional position characterized by a 'win–lose' approach based on an assumption that inter-firm competition led to a loss of business opportunities, in the current business environment, this view is obsolete and it has become accepted that cooperation between rival firms leads to a 'win–win' scenario (Palmer, 2011). While resource based view and transaction cost theory support alliance formation, they fail to point out the benefits of effectively managing the alliances to ensure that all parties gain maximally from the relationships. Transaction cost theory focus on minimizing production cost while resource based view addresses maximizing use of resources available to a firm (Barney 1991; Frey, 2008). A firm should therefore seek to remain competitive by wholly exploiting the benefits strategic alliances bring to its existence by ensuring the post formation stage of alliance creation is well monitored.

There are numerous real estate firms in Nairobi competing for clients. Big players like property developers in the sector have expanded their business scope to include products like

design & construction, project management, sales and letting of complete units. This has exposed smaller players to stiff competition compelling them to come up with market responsive strategies. Formation of alliances and effectively managing these alliances has been seen as one way of responding to increasing uncertainty and complexity in the real estate business environment. Previous related studies that have been undertaken include Ogega (2010) who researched on strategic alliance between Safaricom and Equity Bank in the money transfer service and established that there are more advantages than disadvantages realized from the strategic alliance. Financial stability was also realized due to technology that was invested and also operation cost was minimized thus a synergy that realized increased revenue for both companies was created. Nzyimi (2012) worked on the strategic alliances and organizational competitiveness at Kenya Commercial Bank and found out that strategic alliances provided the partners with an opportunity to tap into resources, knowledge, capabilities and skills of their partners to gain competitiveness. Chepkwony (2009) did a research on strategic alliances in Kenya banking industry. His findings are that profitability, technology, customer satisfaction, competition and value addition as the main reasons as to why banks seek strategic alliances. Nguli (2009) worked on drivers of strategic alliances between Safaricom and Kenya Power and Lighting Company in mobile telephone payment and established that both organizations had different key drivers for engaging in the alliance though a few were shared. From the aforesaid studies, it is evident that little is known about how the post formation stage of strategic alliance is handled and its impacts on the competitiveness of a firm. Consequently, this research will seek to fill in this gap by seeking to answer the following research question, what is the influence of alliance management on the competitiveness of Real Estate firms in Nairobi?

1.3 Research objective

To establish the influence of alliance management on the competitiveness of Real Estate firms in Nairobi.

1.4 Value of the Study

The management of real estate firms in Kenya will find this study an invaluable source of material in developing and harnessing their competitive strategies in the present evolving and dynamic business environment. This study will provide insight on some of the challenges faced in the development and implementation of alliance management.

The government and industry regulators will also find invaluable information in how alliance strategy can be adopted and managed and as a result put in place policies that will guide and encourage other firms. The policy makers could use the results of the study to identify and bridge up management gaps in the existing alliances between firms. This would help in improving the performance of the real estate Nairobi and this increases their competitive advantage.

Future researchers will find the results of this study an important source of reference. These results can be compared with other sectors to determine the various ways institutions can react to competitive forces in their respective environments. Scholars can use this study as a foundation upon which other similar and replicated studies can be based on. The findings of the study will benefit firms in other related industries as they will understand the influence of alliance management as a source of competitive advantage.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focused on the review of literature on alliance management and its role as a source of competitive advantage. Among the areas reviewed include theoretical framework that the study is anchored on and the key success factors for organizational alliances. The chapter also discussed how an organizations strategic alliance move enhances competitive advantage.

2.2 Theoretical Foundation of the Study

The debates on the influence of alliance management as a source of competitive advantage to real estate firms can be addressed in light of two theories: transaction cost theory and resource-based view theory.

2.2.1 Resource-Based View Theory

This theory is based on the principal that the basis of a firm's competitive advantage is inherent in resources and capabilities within as opposed to its positioning within the environment in which it operates. Resources are raw materials into the production process. These are capital inputs and human resource while capability is the potential of the available resources to perform some task or activity (Grant, 2006).

Resource based view proponents argue that it is more feasible to benefit from external opportunities by using resources within a firm than trying to obtain new skills for each

opportunity that arises. The theory postulates that certain firm's resources have the potential and promise to generate competitive advantage which may lead to superior performance in future (Ainuddin et.al, 2007). A firm is essentially a collection of resources and capabilities, which directs its strategy and execution and if firms in the market possess similar resources and capabilities, same value will be created resulting to no competitive advantage (Barney, 1991). Resource-based view theory is based on the fact that successful firms' competitiveness is vested on the exploitation of special and unique capabilities, which may often be implicit or intangible in nature.

Competitive advantage to a firm yields performance that is a result of resources and capabilities that are expensive to imitate (Barney, 1991). These resources and capabilities can a source of sustainable competitive advantage and exceptional firm performance if they have certain unique characteristics. The VRIN framework was formulated by Barney (1991). It seeks to find out whether resources are valuable, rare, costly to copy and non-substitutable. He later adapted the framework from VRIN to VRIO by asking whether a company is organized to exploit the resources available. Resources or capabilities that meet the above criteria can bring sustainable competitive advantage to a firm. A strategy should be directed by the firm's unique resources and capabilities; its potential to create value, which is the firm's ability to institute and maintain a profitable market position is dependent on the capacity of its underlying resources and capabilities to generate income generating (Grant 2008).

Competition is vital in determining the strategic position of a firm. It is argued competition from rivals makes the strategic position of a firm vulnerable as resources are overexploited; profits are low threatening its survival (Keeper et al, 1990). In competitive markets, the strategic position of a firm is enhanced by alliances as it facilitates access to resources from other firms; costs and risks are shared. These resources cushion the firm against business downturns and other setbacks, ensuring more even and predictable flow (Baum and Oliver 1991, Miner et al.1990, Ohmae 1989). The success and rapid growth of many organizations have largely been attributed to effective alliance management which focuses on planning capabilities and company planning practices, therefore alliance management is the prerogative of top management and more importantly a rational exercise that entails the objective analysis of company resources and external environment in which the company operates. The top level management team is seen as the key to a company's success by proving leadership; it reduces uncertainty by ensuring that alternatives are considered, it also and assists managers in dealing with investors. To achieve superior competitive advantage, Besanko (2007) argues that an organization's capacity to create more value is dependent on its resources and unique capability to exploit those resources. To ensure that profits are sustained, a firm must ensure its successful alliance management and the created competitiveness are retained.

2.2.2 Transaction Cost Theory

Transaction costs (TC) are the unobservable costs of using the price mechanism or internal mechanisms for business transactions. Ronald Coase (1937) first identified them by as a key factor influencing how firms organize transactions and in consequence their organizational boundaries. TC take in many forms, including both directly attributable costs such as the

costs of negotiating and concluding contracts for each company activity, identifying what the relevant costs are (Coase, 1937), and indirect costs such as the opportunity costs of a suboptimal factor allocation. Bruce Kogut (1988) defined TCs of market transactions as the cost of drafting and executing contracts, cost of negotiating terms and associated claims, for digressing from high return investments in order to enhance reliability on a party or to make the relationship stable, and administration coat of a transaction. In other words, they are the costs arising from the loss of efficiency in factor allocation due to imperfect coordination between business partners. The trade-off between the costs of using alternative governance structures, specifically the price mechanism of the market and the hierarchy within a firm, determines the optimal organizational form for a given transaction (Meyer et al, 2014)

William (1985) contends that to optimize an exchange, the nature of transaction must me matched to an appropriate governance mechanism. According to Barney (1999), there are several forms of governance: market based governance where transactions are controlled by prices, transitional governance where compound contracts and strategic alliances govern and ranking governance run by top level managers of a firm. In a market, transaction costs cater for the friction generated by the price mechanism. Hennart's (2008) basic rule state that when the costs of running a firm (management costs) is lower than the marginal costs of using markets (transaction costs), the transaction should be handled within the firm and verse versa. Transaction costs exist because there are challenges like bounded rationality, opportunism, doubts and complications, economies of undertaking the transactions, information effectiveness and resources distinctiveness. Based on transaction cost theory, a firm whose operational functions have been integrated to specialist organizations should

focus on their creating activities that bring most value, in order to maximize the potential effectiveness of those activities. Alliance management may result in declining costs resulting in reduction in investment in facilities, equipment, and manpower.

2.3 Forms of strategic Alliances

2.3.1 Joint Venture

Winer (2010) defines a joint venture is an arrangement whereby the firms enter into partnership agreement to share equity and control. Similarly, Vaidyanath (2009) defined joint ventures as a legal setting where shares and management of an organization is co-owned by the partners in the arrangement. The interactions between organizations may range from simple market transactions to complex relationships that results in a structure whose partner boundaries is hard to point out. A joint venture results in a new entity, that is partner firms combine equity in specific business areas. A joint ventures is an entity, separately incorporated and owned by the partners involved. It is a project in which two or more parties invest. The result is the formation of a new company in whereby all parties own shares. The partnering firms shares both in the ownership and management of the resultant firm.

Joint venture also refers an arrangement where a foreign company and a local company share initial capital, resources and other benefits. This gives a foreign company an opportunity to expand into a local market by exploiting political and economic resources of the local company, while the local company benefits from the capital investment and technological innovations of the foreign company as they get infused into its operations. The power of a partner to control a joint venture depends on legal limitation in applicable laws and the

agreement signed by both parties (Lorange, 2009). According to Roos (2010), a foreign firm may agree to share stock ownership with a partner in the new unit. There is variation in the scope of participation by the partners, one firm may take majority shares and the other minority. More often, international firms prefer wholly owned subsidiaries, this ensures they retain control of operation, retain their independence thereby eliminating inefficiencies and disputes over responsibility for the venture.

In a joint venture, firms enjoy the advantages of saved capital and fewer restrictions in accessing resources for their foreign country operations. There are reduced risks in venturing into international markets as a firm is able to obtain vital resources like local expertise and experiences (Luostarinen & Welch, 2008). The prospects of exposing long term capital infusion is also reduced , at the same time a firm is able to leverage on the capital invested. In the current global markets, joint ventures have become a common strategy with multiple multinational corporations gaining significant growth through joint ventures. Companies with differing business back grounds and corporate cultures come together and exploit each other's competencies thereby enhancing their competitive advantages. A joint venture entails sharing of resources and ownership; firms combine skills and knowledge, merge human resource function and integrate management (Smith 2010). Rapid change in the global market has forced firms to embrace the concept of international joint ventures. In today's business a joint venture enhances rapid growth and sustainability as it enables firms enter inaccessible markets, develop new ideas and change conventional business structures to more innovative ones (Harrigan, 2008).

2.3.2 Contractual Alliances

Contractual alliances are usually long term. The partner firms retain their respective shareholding as there are no changes in shareholding or the formation of a new outfit in the agreement. The degree of structural integration is very minimal. There is no formation of new entity to carry out the joint activities or equity arrangements. Contractual alliances involve partner firms coming to invest together in specific projects such as research and development and combined marketing activities. The most well-known contractual alliances are licensing, franchising and management contracting (Gulati 2009). Licensing is a contractual agreement between two or more business entities whereby one party referred to as the licensor permits the other party that is the licensee to use its tangible or intangible resources such as brand name, patent, or other proprietary rights, in exchange for payment or royalty (Glaister 2008). According to Buckley (2011) these resources are used under defined conditions such as limited period of time or payment of royalty for each unit produced or sold. In licensing the licensor’s undistinguished products are able to stand out from their competitors, they also benefits from the skills and expansion capital. As a strategy, licensing is often used by manufacturers with no expertise enter into foreign markets.

According to Kotler & Armstrong (2011), franchising as a strategy for entry into new market has become an acceptable format for business growth, creation of employment opportunities and economic development. It enables companies enter into foreign markets, adapt to different cultures and business regulations in host countries. It has become the cornerstone of international expansion of companies. In franchising, partially independent business owners, that is franchisees pay commission and royalties to an organization, that is franchisor for

permission to use its trademark, distribute or trade in its products or services or the use of its business structure and systems (Teng, 2012). There are three types of franchising systems that enable a franchisees gain from the parent company's identity: trade-name franchising entails being identifies with a brand name, product distribution franchising allows the franchisee to sell specific products under the franchisor's brand name and trademark through an agreed distribution network, and pure franchising that involves a franchisee adopting the franchisor entire business structure (Hatten, 2012).

2.3.3 Equity Alliances

An equity alliance involves a firm purchasing equity in another firm. This entails direct purchase of in the firm via a private arrangement. Although majority of alliances across industries are non-equity, equity linkages are not uncommon when forming alliances (Dickson, 2009). Compared to other forms of alliances, equity alliances have the most reserved level of structural unification because they partially merged through ownership. Equity arrangement is said to be partial because it entails the use of a small portion of company shares. Equity arrangements enable firms align with the interests of partner firms (Gulati, 2009). The shared equity is also used as a basis for partners to fight back and penalize a party that is taking advantage of the other as it provides mutual hostage (Weaver, 2010). A major disadvantage of an equity arrangement is that it cannot be easily terminated; an opportunistic party finds it difficult to quickly leave the alliance after exploiting the other party. Therefore, an equity arrangement puts partner firms at ease over exploitation in the alliances. They facilitate effective management and administration of the collaborative effort.

2.4 Factors that influence competitiveness

2.4.1 Management Capability

Management capabilities enhance the competitiveness of a firm and serves as a major source of enterprises (Uddin 2012). Dynamic capabilities, as defined by Teece (2007) point out the key role played by strategic alliance in enabling firms adapt, integrate and reconfigure organization skills, available resources, and operational competences towards a changing environment. A firm's distinctive capabilities may include processes, positions, and paths. Processes are routines or the way things are done in the firm, they may be a framework of how things are organized or current practices and learning (Akhter, 2013). Positions refer to technological assets a firm possesses at any given time, intellectual property, customer base and relationships with suppliers (Pisano, 2011). Management capabilities should be unique to an organization; they should be fluent in communicating the strategic vision to the whole organization, giving the stakeholders the own it and to develop a beneficial organization environment relationship (Vyas 2012). Components of the capabilities may be passed on through training and reproduction subject to the firm's ability to absorb them.

2.4.2 Knowledge

Advanced knowledge provides the firm short term capacity to complete with rival firms who have access to similar knowledge. Innovative knowledge enhances the competitive position of a firm compared to its rivals. A firm with innovative knowledge has the capacity to bring to the market innovative products or services, making it a market leader (Rodgers, 2010). In order to establish the underlying basis of managerial capacity a number of factors should be

considered including; size and age of the organization, competency levels the labour force, sector of activity and life cycle.

2.4.3 Products/Services

Products or services are the key factor to consider for a company to develop a sustainable competitive advantage (Shelbum, 2010). Introduction of new attractive product or service, enables a firm remain successful in the short run as competitors catch up. To remain successful for long period of time, companies should possess the capacity to consistently deliver good products and/or services. In product innovation we have strategies developed by researchers through which a product can penetrate and remain attractive to the market. These strategies include; overall cost leadership, differentiation and focus Porter (2000). This implies that firms employing the cost leadership, differentiation, or focus strategies, businesses enterprises can achieve substantial and sustainable competitive advantage over their competitors in the same industry. A firm must therefore choose the kind of competitive advantage it intends to pursue and determine the scope within which it will attain it. Cost leadership strategy is achieved through experience, efficient production facilities, and low operating costs achieved through programs like quality management (Shuen, 2007). In cost leadership, firms benefit more if there is increased managerial efficiency in leveraging operation costs.

2.4.4 Information Technology

Competitive advantages exist when there is harmony between the business components and information technology in the organization. Dynamic interplay between a firm and its

external environment brings sustainable competitive advantage (Lewis, 2013). When things are in a state of alliances, they seamlessly work together to achieve the set objectives, this is the basic notion of alliance. Businesses are constantly seeking competitive advantages in the marketplace (Kale, 2009). In the current market environment, there is need for information technology to enable organizations remain competitive. Firms strive to achieve a state of flawless alliance in order to gain maximum competitive advantage (Deeds 2010). There is chaos in a business alliance if gross misalignment exists between the functions and processes, while harmony exists if there is continuous collaboration to achieve the business strategy. Most investments within the business are done on the basis of a strategic intent. Alliances that bring information technology to the business seeks to enable the business maximize its competitive advantage (Powel 2011), therefore the information technology function must be in perfect alliance with the business strategy. A firm should strive to achieve a perfect state of alliance between all of its functional units, including information technology.

2.5 Alliance Management and Competitive Advantage

Alliances is one the strategies used by firms as they have they provide prospects of creating value; this makes them a vital source of competitive advantage (Das & Teng, 2001). Olivia (2001) notes that strategic alliances may enable a firm cope with uncertainty and ambiguity within its industry, minimize operational costs and proactively reposition themselves in competitive markets; this enhances and maintains their competitive advantage. Mutuva (2014) studied the effects of strategic alliance on competitive advantage of Airtel Kenya. His findings were that Airtel Kenya engaged in strategic alliances with the aim of gaining competitive advantage in the market through partnership with banks airlines, internet

providers, mobile handset makers and health insurance firms with the aim of growing their subscribers base, improve revenue and strengthen their brand identity. The motives behind strategic alliances were value addition to customer service, leveraging on economies of scale and scope, transfer of new technologies, access distribution channels, and reduce operational costs. His conclusion was that Airtel Kenya had gained competitive advantage as a result entering into strategic with various partners across different industries.

Gatoto (2013) studied how strategic alliance has been used as a tool for competitive advantage at Africa Population and Health Research Centre and the challenges faced by APHRC in managing the strategic alliances. The key findings were that APHRC has engaged in strategic alliances that are contractual in nature that have brought in benefits like visibility of its programmes to its various stakeholders, widened geographical reach in operations, economies of scale, expansion into new programmes grounds, learning from partners' experiences, shared risks and costs. The study concluded that APHCR strategic alliances are meant to enable the organization achieve competitive advantage that is sustainable. The alliances have contributed to positioning APHRC at the forefront of generation of ideas to continue shaping the future of research in its priority areas of population, health and education.

Ireland, Hitt & Vaidyanath (2002) in their study on alliance management as a source of competitive advantage concluded that despite the failure rate being high, firms continue to form alliances as they have the ability to create value. One type of the competitive advantage created by strategic alliances is value addition achieved through effective management of the

firm's alliance portfolio. This is achieved by formation of an alliance portfolio that is effective and leveraging resources through it. Therefore, firms can enhance value by mastering how to successfully manage strategic alliances. When a company's alliance management skills are superior to competitors', a competitive advantage has been created.

Ireland et al (2002) notes that the management capacity to balance between a firms need to gain knowledge from partners versus the efforts to prevent appropriation of its unique capabilities if revealed to partner firm contribute to superior alliance management skills. This enhances its competitiveness. Prashant Kale & Harbir Singh (2009) conducted a study on managing strategic alliances: What do we know now, and where do we go from here. They looked at how firms can address the paradox of alliance failure. They concluded that during the post formation stage, the success of alliance is greatly influenced by constructive use of applicable coordination mechanisms to handle the interdependence between the firms, and the efficient advancement of trust among the partners as the alliance evolves. Firms with multiple alliances can benefit by building alliance capability. Empirical evidence support the idea which is: the firms can enhance their overall alliance success if they take consistent action to develop and grow talent in support of alliance management. They noted that firms should focus on alliance capability because it demands a dedicated alliance function within a firm and a set of processes entrenched within the firm to accumulate and leverage alliance management competence across the firm. Saebi Tina (2011) in her study 'Successfully Managing Alliance Portfolio: An Alliance Capability View' investigated on how firms can successfully manage a portfolio of alliances.

One focus of the study was how firms can successfully manage multiple alliance portfolio diversity by looking at firms' capability in handling alliances portfolio; that is, examining which alliance mechanism are most effective in managing alliance portfolio mix. Her empirical analysis suggested that with growth in alliance portfolio size, the necessity for knowledge increment and transfer systems significantly increases, as the firm recognizes the need to expand its alliance portfolio capability to handle its many alliances. Her summary was that in order to develop alliance capability that is able to effectively support the management of their alliance portfolio, firms need to come up with knowledge transfer mechanism, alliance infrastructure, and standardized processes and procedures must continuously be supported by alliance-specific measures. These alliance mechanism and measures must be focused to specifically address the managerial challenges that arise due to firm's level of alliance experience and alliance portfolio alignment.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter discussed the methodology used in the study in order to achieve the research objective stated in chapter one. The areas covered included research design, population of the study, methods used to collect data and data analysis.

3.2 Research Design

A research design is meant to indicate the population characteristics by presenting clearly specific details of an event, relationship and any other setting (Zikmund, 2003). It requires a more structured framework since it is less ambiguous. The study used cross sectional descriptive research design. The reason for using this design is because information gathered about real estate firms was done at only one point in time. Descriptive research dictates and outlines the way things are (Cooper and Schindler, 2007). In addition, the researcher found this design applicable because conclusions about the variables could be drawn without the interviewee being influenced and thus allowed the measurements to be fully guided.

3.3 Population of the Study

Population is the absolute group of individuals or companies that the researcher wishes to investigate (Sekaran and Bougie, 2010). It is defined on the basis of availability of elements; time allowed, physical boundaries and topic that interest the researcher. The population of the study comprised of all the real estate firms operating in Nairobi. According to Estate Agents Registration Board, there are approximately 300 registered real estate firms operating in Nairobi.

3.4 Sample and Sampling Technique

Polit et al (2001) defines a sample as a portion of a population. In this study purposeful sampling technique was used to select a sample of 171 real estate agents. Purposeful sampling entails identification and selection of respondents that are have the knowledge or experience with an occurrence of interest (Croswell & Clark, 2011). In this study firms who have engaged in strategic alliances were selected from the population. The sample size was calculated using Yamane (1967) formula

$$n = \frac{N}{1 + N(e^2)}$$

where n = desired sample size

N = population size

e = desired level of precision

This can be represented as below:

$$N = \frac{300}{1 + 300\,(0.5)^2} = 171$$

3.5 Data Collection

The study used primary data which was collected using semi structured questionnaire. The questionnaires were self-administered as this allowed the respondents to answer the questions by themselves and at their convenience. This eased the respondents' burden by giving them adequate time to think through their responses (Monsen and Horn, 2008).The questionnaire consisted of both closed-ended and Likert scale questions. The close ended questions generated

well designed responses thereby enabling researcher make substantial recommendations. The closed ended questions were used in the assessment of diverse attributes and this helped in reducing the number of related response in order to obtain more varied response. The questionnaire was divided into three sections; Section A covered the demographic information of the real estate firms, section B covered information on alliance management while section C addressed firms' competitiveness. The target respondents in the respective firms were chief executive officers and general managers.

3.6 Data Analysis

The questionnaires were edited for precision, regularity and completeness. However, before final analysis was performed, data was cleaned to remove inconsistencies and thereafter, categorized on the basis of similarity and then tabulated. The data collected was analyzed using descriptive statistics. In particular mean scores, standard deviations, percentages and frequency distribution were used to summarize the responses and show magnitude of similarities and differences. Results were presented in form of tables and charts.

Regression analysis was used to determine the influence of alliance management on the competitiveness of real estate firms. The following regression equation was used.

$Y = \beta_{o} + \beta_{1}x$

Where Y= Firm competitiveness

β_o = Constant

β_1 = Regression Coefficient

X = Alliance management

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations.

4.2 Response Rate

A total of 171 questionnaires were issued out and only 116 were filled and returned. The returned questionnaires' represented a response rate of 68% and this response rate was deemed to be adequate in the realization of the research objectives as per Livingston and Wislar (2012) stipulation that a response rate of 60% and over was adequate response rate for administered questionnaires

4.3 Demographic Characteristics of Respondents

The demographic characteristics were considered in this study included the duration of real estate operation in Nairobi and number of employees in the firms.

Table 4.1: Demographic Characteristics of Respondents

Category	Item	Frequency	Percentage	Cumulative
Duration of real estate operation in Nairobi	Under 5 years	33	28.4	28.9
	6 – 10 years	44	37.9	66.3
	11 – 15 years	21	18.1	84.4
	16 – 20 years	13	11.2	95.6
	Over 25 years	5	4.3	100.0
Number of employees	Less than 100	80	68.9	68.9
	100-499	14	31.1	100.0

Table 4.2: Demographic Characteristics of Respondents

Category	Item	Frequency	Percentage	Cumulative
Number of employees	Less than 100	80	68.9	68.9
	100-499	14	31.1	100.0

The results indicate that 37.9% of the respondents said that the real estate firms have been in operation for a period between 6 and 10 years; 28.4% of the respondents said the real estate firms have been in operation for less than 5 years. In addition, 18.1% of the respondent said that the real estate firms have been in operation for a period between 11 and 15 years. The respondent further indicated that 11.1% of the real estate firms have operated in Nairobi for period between16 and 20 years while 4.3% of the real estate firms have been in operation for more than 25 years. The results indicate that majority of the real estate firms have been in operation in Nairobi for more than 5 years and therefore they understand the market dynamics thus necessitating focus on alliance management in order to ensure they remain competitive in the market.

The results on the number of employees show that 68.9% of the real estate firms have less than 100 employees while 31.1% of the real estate firms have between 100-499 employees. The results indicate that the number of employees in the real estate firms can be attributed to the size and duration of operations of the firms in the country.

4.3 Alliance Management

To derive value from alliances, firms must develop a suitable alliance design, adapt to changes the relationship brings in the process and manage the relationship appropriately (Reuer, 1999). This means that the firm must have the capability to manage the relationship.

4.3.1 Factors Influencing Firm's Alliance Management Capability

The study sought to establish the influence of alliance management on the competitiveness of real estate firms in Nairobi. The respondents were required to state to what extent the provided factors influenced their firm's alliance management capability. The range was 'not at all (1)' to 'very great extent (5).

Table 4.3 Factors influencing estate firm alliance management capability

Statement	Mean	Std. Deviation
Development of key success factors and frequency of portfolio performance assessment	3.965	1.295
Management facilitate the integration of relevant knowledge, by providing face-to-face interactions for the transfer of complex insights	3.862	1.181
Top and middle management of the firms have skill and knowledge to handle issues between alliance partner	3.827	1.002
The firms have complementary needs and skills and not similar strengths and weaknesses	3.758	.912
Systematic relationship building	3.655	.936
Trust among partners	3.655	.768
The management in firms reconciles divergent objectives	3.586	1.476
Speed of decision making	3.482	.911
Information and transparency	3.310	1.038
Clarity of decision making process	3.069	1.099

The result of the factors' influence on the real estate firms alliance management capability was that development of key success factors and frequency of portfolio performance assessment (M=3.965) and management facilitation of relevant knowledge, by providing face-to-face interactions for the transfer of complex insights (M=3.862) influenced the real estate firms alliance management capability to a large extent. The respondents further established that knowledge to handle issues between alliance partner (M=3.827); existence of complementary needs and skills not similar strengths and weaknesses (M=3.758) and systematic relationship building (M=3.655) was also noted as important factors to be considered by the real estate companies when developing capacity to manage alliances.

The other factors that were found to be of importance as the firms focused on alliance management was speed of decision making (M=3.482); information and transparency (M=3.310) and clarity in decision making process (M3.069). The results show that before focusing on maintaining any strategic alliance, the real estate firms have to take into consideration factors that enhances effective management of the alliance. These factors were found to be management facilitation of relevant knowledge to handle issues between alliance partners, complementary needs and skills, relationship building, speed and clarity in decision making, and information and transparency.

4.3.2 Alliance Management

The competition in the real estate sector in the country brought about by increased population and the need to own houses by many people has seen the real estate firms engage in alliance management in order to ensure that they achieve competitive advantage. The respondents

were asked to indicate the effect of alliance management on the organization. The results were presented in Table 4.3.

Table 4.4 Alliance Management

Alliance Management	Mean	Std. Deviation
Alliance management enable real estate firms to respond to competition and to reduce uncertainty	3.954	.932
Alliance management enable the firms to achieve the economy of scale by drastically reducing the costs necessary for the market	3.818	1.186
Alliance management enhance mutual learning experiences	3.772	1.107
Alliance management has facilitated easier and cheaper access of resource inputs and quick entry into new markets	3.715	.904
Alliance management enable real estate companies to leverage off one another's comparative competencies	3.559	.862
Alliance management contributes to successful implementation of the strategic plan in real estate firms	3.502	1.046
Alliance management enables the firms to create efficiencies by minimizing the performance of superfluous work and promoting effectiveness	3.447	1.232

The results in Table 4.3 show that alliance management enabled the real estate firms respond to competition and to reduce uncertainty (M=3.954); achieve the economy of scale by

drastically reducing the costs necessary for the market (M=3.818) and enhance mutual learning experiences (3.772). The respondents further said that alliance management has facilitated easier and cheaper access of resource inputs and quick entry into new markets (M=3.715) and leverage off one another's comparative competencies (M=3.559). In addition, alliance management contributes to successful implementation of the strategic plan in real estate firms (M=3.502) and create efficiencies by minimizing the performance of superfluous work and promoting effectiveness (M=3.447). The results show that alliance management enhanced the competitiveness of real estate firms in the market as they were able to respond to competition, reduce costs through economies of scale, enhance learning and enter into new markets. It further helps in implementation of strategic plans and minimization of superfluous work and promoting effectiveness.

4.4 Real Estate Firms Competitiveness

Firms focus on alliance management in order to respond to competition, to reduce uncertainty and thereby improve a firm's competitiveness. The results of the firms alliance management influence on competitiveness was presented in Table 4.4.

Table 4.5 Competitiveness

Competitiveness	Mean	Std. Deviation
Reliability of the firm by customers	4.275	.454
Increased customer royalty	4.137	.633
Increased growth rate	4.107	.991
More product flexibility	3.862	.915
Brand reputation	3.793	1.235
Improved quality of products-services	3.724	.840
Quick service delivery to customers	3.689	.712
Service and product innovation	3.655	1.142
Offering technical support	3.527	.870
Increased market share	3.517	.986
Efficient decision making process	3.241	.981
Lower	3.137	1.186
Lower-priced products	3.103	1.012

The results show that alliance management increased reliability of the firms to its customers (M=4.275); increased customer loyalty (M=4.137); increased growth (M=4.107) and product flexibility (M=3.862). In addition, the respondents said that alliance management resulted in building of brand reputation (M=3.793); improved quality of product-services (M=3.724) and faster service delivery to customers (M=3.689). The respondents further said that there is increased market share (M=3.517); efficiency in decision making (M=3.241); quick delivery of services by customers (M=3.137) and low price products (M=3.103). From the results, it is

evident that alliance management is important to real estate firms as it helped them improve the quality of goods and services, enhance brand reputation, increased customer loyalty, increased, sales, market share and growth.

4.5 Relationship between Real Estate Firms Alliance Management and Competitiveness

The relationship between real estate firm's alliance management and competitiveness was tested by using regression analysis, based on the regression model $Y = \beta_{o+} \beta_1 x$. The following shows the model summary, ANOVA and coefficients of regression.

Table 4.6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.624[a]	.389	.385	.89670

a. Predictors: (Constant), alliance

Table 4.5 shows that the coefficient of determination that is the percentage variation in the competitiveness is supported by the variation in alliance management. R square is 0.38.9 which implies that variance in competitiveness of the real estate firms can be explained by alliance management. Adjusted R squared is coefficient of determination which explains the variation in the competitiveness due to changes in alliance management. From the results of the study, the value of adjusted R squared was 0.38.5 which indicates that alliance management , explain 38.5% of real estate firms competitiveness.

Table 4.7 ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	33.462	1	33.462	79.367	.000[a]
1	Residual	71.252	169	.422		
	Total	104.713	170			

The significance of the coefficient of determination can be seen in the ANOVA table. From the table it can be seen that at α = 5%, the value of F_{stat} obtained at 79.367 and 0.000 sig. F_{tab} value at α = 5% was 2.761. Thus F_{stat} value is greater than the Ftab value. These results demonstrate that the coefficient of determination is a significant value. That is, simultaneously model has a good fit.

Table 4.8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.093	.273		4.001	.000
	motivate	.555	.062	.565	8.909	.000

a. Dependent Variable: alliance management

From the data, the generated table was

$Y= 1.093+ 0.555X_1$

From the above regression equation it was revealed that holding real estate firms alliance management to a constant zero, competitiveness of thee firms would be at 1.093 and a unit increase in alliance management would result in 0.555 increase in competitiveness of real estate firms operating in Nairobi. At 5% level of significance and 95% level of confidence, alliance management had a 0.000 level of significance.

4.6 Discussion of the findings

In the current business environment, business organizations are required to regularly revisit their competitive strategies. Alliance management is very important to real estate firms as they endeavour to understand the complex business environment and make effective choices. Firms must invest resources in ensuring that the objectives of strategic alliances are met by effectively managing the relationships. The study established that there are several factors that need to be considered by the real estate firms in ensuring that alliances are effectively managed. They include portfolio performance assessment, facilitation of relevant knowledge, complementary needs and skills, systematic relationship building, information and transparency and clarity in decision making process. The results of the study were found to be consistent with Schreiner (2009) findings that alliance management comprises of skills needed to manage strategic alliances such as coordination which consists of managing the interdependences between partners, the resolution of conflicts, ability to respond to the changing dependencies of the partner and to define tasks, roles, objectives and responsibilities. In addition, communication holds the alliance together and increases the information transparency in the collaborative arrangement.

In the 21st century business environment, firms must thrive in a complex and challenging context that is being changed by many factors from globalization, frequent and uncertain changes to the development of information technologies. Therefore, remaining competitive is a major pre-occupation of real estate firms. Alliance management enabled the real estate firms remain competitive in the market as they were able to respond to changes from competitors, reduce costs through economies of scale, enhance learning and enter into new markets. It further helps in implementation of strategic plans and minimization of superfluous work and promoting effectiveness. The results of the study were found to be consistent with Ireland et al., (2012) findings that alliance management enables firms share resources, learn from each other thereby enhancing competitive advantage in the competitive business world. Gomes (2006) findings were that the main goal of alliance is to add value with different focuses on trade, competence, information/knowledge acquisition or overcoming barriers. Varadarajan and Jayachandran (2009) noted that that firms focus on alliances management is to seek strategic advantages and position of alliance partners by leveraging critical capabilities (such as research and design and marketing) and responding to market and technological changes more flexibly.

The success and rapid growth of many organizations have largely been attributed to effective alliance management which focuses on planning capabilities and company practices that ensures objectives set when entering into strategic alliances were met. The real estate firm's benefits from alliance management has not been left behind as it was found that the management has helped the firms offer good products and services to its customers thus building brand reputation which creates loyalty, increased, sales, market share and growth.

The results of the study were found to be in line with Hu and Huang (2004) findings that management of alliance can lead to growth and profitability in both domestic and global markets. Establishment of business alliances facilitates easier and cheaper access of resource inputs and quick entry into new markets. Das and Teng (2001) findings were that alliances management enable organizational transfer of new technologies, creating customer value, leveraging on economies of scale and scope, gaining access to specific markets and distribution channels, and reduce operational costs.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter covers summary of the findings, conclusions, limitations of the study, recommendations and suggestions for further research.

5.2 Summary of Findings

The objective of the study was to find out the influence of alliance management on the competitiveness of real estate firms in Nairobi. The following are the findings

Since today's business environment is one of intense competition, rapid changes in technology, demanding consumers and other pressures, real estate firms are focusing on alliance management in order to satisfy customers needs while at the same time beating competition from other firms. However, to ensure that alliance management is effective, there are factors that need to be taken into consideration by the firm in order achieve the intended objectives. The factors are: facilitation of relevant knowledge, complementary needs and skills and systematic relationship building. The study further established that information transparency and clarity in decision making process were factors that need to be considered.

Strategic alliances are essential building blocks for real estate firms, as they help achieve stronger and more effective market presence. They have become a key source of competitive advantage for real estate firms allowing them to cope with increasing organizational and technological complexities. To create sustainable value for customers and shareholders they

have to be effectively managed to enable strategic partners respond to competition, reduce costs through economies of scale, and enhance learning and entry into new markets.

As the rate growth of global business increases, and customers become increasingly more demanding and enlightened, companies are finding that the competitive business environment is rapidly changing. Markets are developing so quickly making it difficult for one company keep abreast with all technologies, resources, competencies, and information needed to respond, while being successful in same markets. Strategic alliances fill this gap. However, these alliances must be managed effectively to ensure that all partners gain maximally from the collaborations. Real estate firms' have benefited from alliance management as it was found that the firms were able to offer quality products and services to its customers thus building brand reputation which creates loyalty, increased sales, market share and growth.

5.3 Conclusion

The study sought to find out the influence of alliance management on the competitiveness of real estate firms in Nairobi. After evaluating the findings, the study concluded that alliance management moderately influences the competitiveness of real estate firms in Nairobi.

Effective management of the alliance enabled organizations grow and develop the appropriate competencies. Therefore, the fact that organizational competencies are based on the effective and efficient management of partner firm relationships puts it at the heart of business performance and value creation. Before implementation of alliances,real estate firms

ought to consider factors that might derail effective management of the same. In real estate industry, firms are very vulnerable and therefore the top level managers must always implement the factors outlined in the study. It should be noted that this is a very imitable industry and therefore the results of this study will also affect other industries.

In the present day business environment, organizations are confronted with substantial increases in both competition and uncertainty and consequently the management of these organizations have realized that they need to look outside the organization for collaborations that will bring about an operational synergy. Greater alliance management among the real estate firms and other organizations enable the firms respond to competition, reduce costs through economies of scale, enhanced learning and entry into new markets. At the same time, alliance management enables the firms to create loyalty, increase sales, market share and growth. When taken together, competitiveness is gained as a result of an alliance based on high-quality information and continuous improvement efforts.

5.4 Limitations of the Study

The methodology required the use of both qualitative and quantitative methods of data collection but the analysis were more of quantitative due to the lack of finances and time, to effectively measure the competitiveness of alliance management, a period of one year or more is needed to monitor the activities of the alliance thus the different methods should be given equal considerations.

The study used senior members of staff from real estate firms which limits the generazability of the results to other firms and other country contexts. The sample selection may also limit the generalization of results to the overall population. The narrow and specific focus of this study means the results are limited to real estate firms only which may not translate to other industry and national contexts. The study relied heavily on the single key informant approach during the data collection stage, which may create the wrong impression and influence other areas. Precautions should be taken to minimize the possible problems brought by the single informant approach thus using different sources of data for the independent and dependent variables would provide more robust evidence, this therefore deserves more attention.

5.5 Recommendations

The study found out that alliance management enabled the real estate firms to improve their competitiveness; it is recommended that firms should adopt and develop alliances that can enable them cope with the changing conditions in the business environment, alliances that are in line with their internal capabilities, as they give them an opportunity to exploit markets and achieve superior performance. The findings help the real estate firms refine the order of the effects that ultimately results in corporate profitability. For the real estate firms to continue positioning themselves strategically, the study found that they need to embrace more of information technology and more particularly on property software as this will increase productivity, efficiency and timely service delivery to the customers.

This study has implication on resource based view theory in that using alliance management a firms able to multiply its resources. It suggest that rationale for alliance management is the value creation potential of firm resources that are pooled together. The study also add more knowledge on the transaction cost theory in that through alliance management could lead also to transactional economies (that is savings on the costs of exchange inputs, when reduced amounts of resources are required to get the intermediate inputs.

The study established that alliance management was important to the real estate firms' competitiveness and it is recommended that firms need to ensure the post formation stage of alliance formation is well managed. It takes critical resources to build and manage alliances; therefore too many alliances without the capability to manage them may have detrimental effects on a firm. This yin and yang of promoting entrepreneurial companies calls for competency in managerial skills. A manager must understand the firm's alliance management capability at a given point in time, while realizing that alliance management is not finite but can be built.

The results should guide practitioners towards a cautious, balanced approach to alliance management. Managers should bear in mind that every alliance places its own demands on a firms. They should negotiate entry of new alliances as part of the firm's overall portfolio of alliances and in the context of the firm's alliance management capability. While the benefits of alliances may appear to be significant, the risks, given the firm's existing alliances and current stage of development, may outweigh the potential benefits. The right balance of

alliances, under the right conditions, appears to provide tangible benefits to the real estate firms new product development.

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

5.6 Suggestions for Further Research

A similar study can be conducted in other sectors such as the service industry, manufacturing sector, nonprofit making organizations, government ministries, departments and agencies in order to compare variation of responses.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Please answer all questions in the space provided or tick the appropriate box as required on the influence of alliance management on the competitiveness of real estate firms in Nairobi. The information is to be used for research purposes only and will be treated as highly confidential.

Section A: Demographic Characteristics of Respondents

1. Name of the real estate firm (Optional)…………………………………….
2. How long has your real estate firm been in operation in Nairobi?

a) Under 5 years ( ) b) 6 – 10 years ( )

c) 11 – 15 years ( ) d) 16 – 20 years ( )

e) Over 25 years ( )

3. How many employees are there in your real estate firm?
    a) Less than 100 ( )
    b) 100 – 499 ( )
    c) Above 500 ( )

Section B: Alliance Management

4. To what extent has the following factors influenced your firm's alliance management capability? Use 1-Not at all, 2-Less extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

	1	2	3	4	5
The firms have complementary needs and skills and not similar strengths and weaknesses					
Top and middle management of the firms have skills and knowledge to handle issues between alliance partners					
Development of key success factors and frequency of portfolio performance assessment.					
Speed of decision making					
Clarity of decisions making process					
Information sharing and transparency					
Trust among partners					
Management facilitate the integration of relevant knowledge, by providing face-to-face interactions for the transfer of complex insights					
Systematic relationship building					
The management in firms reconcile divergent objectives					

5. To what extent do you agree with the following regarding alliance management of your real estate firm in Nairobi?

Alliance management	**1**	**2**	**3**	**4**	**5**
Alliance management enable real estate companies to leverage off one another's comparative competencies					
Alliance management enhance mutual learning experiences					
Alliance management enable real estate firms to respond to competition and to reduce uncertainty					
Alliance management contributes to successful implementation of					

the strategic plan in real estate firms					
Alliance management enables the firms to create efficiencies by minimizing the performance of superfluous work and promoting effectiveness					
Alliance management has facilitated easier and cheaper access of resource inputs and quick entry into new markets					
Alliance management enable the firms to achieve the economy of scale by drastically reducing the costs necessary for the market					

Section C: Competitiveness

6. To what extent has the adoption of alliance management helped your real estate firm achieve of competitiveness in the following areas? Use 1- Not at all, 2-Less extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

Competitiveness	**1**	**2**	**3**	**4**	**5**
Improved quality of products-services					
Increased customer loyalty					
Offering technical support					
More product flexibility					
Reliability of the firm by customers					
Quick delivery of services by customers					
Lower-priced products					
Faster service delivery to customers					
Service and product innovation					
Increased growth rate					

Increased returns on investments					
Increased market share					
Expanded distribution channel					
Brand Reputation					
Motivated & loyal workforce					
Efficient decision making process					

APPENDIX II: LIST OF REAL ESTATE FIRMS IN KENYA

1.	Abacus Property Limited
2.	Ace Realtors Limited
3.	ADM (Archer Dramond Morgan) Ltd
4.	Advent Valuers Limited
5.	Africa & Beyond Valuers Limited
6.	Alliance Realtors Limited
7.	Amazon Valuers Limited
8.	Amber Properties Limited
9.	AMS Properties Ltd
10.	Ankar Realtors
11.	Ark Consultants Limited
12.	Aspire Africa Ltd
13.	Atlantic property Developers Limited
14.	Axis Real Estate
15.	Azizi Realtors
16.	Bahati Ridge Development Ltd
17.	Bahati Ridge Ltd
18.	Becam Properties Limited
19.	Blookland Management Limited
20.	Blueline Properties Limited
21.	Blumac Realtors Limited
22.	Brand Spark
23.	Brevilla Properties Limited
24.	Brilliant Grand Properties
25.	Britam Properties Limited
26.	Broll Kenya Limited
27.	Buyrent Kenya
28.	Canaan Properties
29.	Canton Real Estate
30.	Century Properties Limited
31.	Cherwell Limited
32.	Chingwell Holdings
33.	Colburns Holdings Limited
34.	Coral Properties Limited
35.	Corner House Development Limited
36.	Cretum Properties Limited
37.	Crystal Valuers Limited
38.	Cytonn Investment Limited
39.	Daykio Plantations Limited
40.	Diamond Park Limited

41.	Diamond Property Merchants
42.	Dinara Developers
43.	Dunhill Consulting Limited
44.	Earth Scope Properties Limited
45.	Earthland Property Investement
46.	Eastwood Consultants Limited
47.	Easy Properties Limited
48.	Edifice Ltd
49.	Facesaver Enterprises Limited
50.	Fairdeal Properties
51.	Financial & Property Consultants Ltd
52.	Fortress Consulting Ltd
53.	Fusion Capital
54.	Gakuyo Real Estate
55.	Gakuyo Real Estate Limited
56.	Gimco Limited
57.	Greenspan Investment Limited
58.	Halifax Estate Agency Limited
59.	HassConsult
60.	Home Afrika
61.	Homelink Enterprises
62.	Homes Universal
63.	Homes Universal Ltd
64.	Homescope Properties Limited
65.	Jericho Developers
66.	Karengata Properties Managers
67.	Kensim Properties
68.	Kenya Houses Limited
69.	Kenya Sterling Homes
70.	Kings Developers Limited
71.	Kingspride Properties Limited
72.	Kisima Real Estate Limited
73.	KnightFrank
74.	Kore Forests Ltd
75.	Lamudi.co.ke
76.	Land Link Africa Ltd
77.	Landex Group Limited
78.	Landmark Realtors Limited
79.	Laser Property Services Limited
80.	Lexcom International
81.	Liberty Homes Ltd

82.	Likizo Lettings Ltd
83.	Limitline Holdings
84.	Little Legends Ltd
85.	Llyod Masika Limited
86.	Luprom Property Management Ltd
87.	Lustman & Co. Ltd
88.	Lyndsays Enterprises Ltd
89.	M & D Homes (K) Ltd
90.	M & M Designs
91.	Maap Shelter Agencies
92.	Madiba Properties Ltd
93.	Mahale Estates Ltd
94.	Maisha Afrika Ltd
95.	Mentor Management Limited
96.	Monarch Properties Limited
97.	Mwanjari Investments Limited
98.	Myspace Properties Kenya
99.	Neema Management Limited
100.	Neptune Shelters Limited
101.	Norwich Union Properties Limited
102.	Nw Realite Limited
103.	Oakpark Properties Limited
104.	Optiven Enterprises Limited
105.	Pam Golding Properties
106.	Paragon Valuers
107.	Pentagon Properties
108.	Prism Investment Limited
109.	Prodigy Properties Limited
110.	Property 24
111.	Property Point
112.	Propertylink Africa
113.	PropertyWorld
114.	Prudential Real Estate Limited
115.	Real Management Services Limited
116.	Realcom Management
117.	Regent Management Ltd
118.	Rubyland Limited
119.	Ryden International
120.	Sema Estate Agent
121.	Silver Flames Properties Limited
122.	Sky Management Limited

123.	Sunset Boulevard Limited
124.	Superior Homes Kenya
125.	Suraya Properties Limited
126.	Sweethomes Management Limited
127.	TRV Group of Companies
128.	Turn Around Mentors Limited
129.	Tysons Limited
130.	Unihomes Apartments Ltd
131.	Verity Management Limited
132.	Villa Care