PARTNERSHIPS IN INTERNATIONAL OPERATIONS AND COMPETITIVE ADVANTAGE OF MULTICHOICE KENYA LIMITED

BY

VICTOR ODHIAMBO AGIGO

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

DECEMBER, 2018

DECLARATION

I declare that this Research Project is my original work and has not been submitted to any other institution for academic or any other purpose

Signature: ____________________________ Date: ____________________________

VICTOR ODHIAMBO AGIGO

This Research Project has been submitted for examination with my approval as the University Supervisor

Signature: ____________________________ Date: ____________________________

NAME: MR. ELIUD O. MUDUDA.

LECTURER,

DEPARTMENT OF BUSINESS ADMINISTRATION,

SCHOOL OF BUSINESS,

UNIVERSITY OF NAIROBI.

DEDICATION

I dedicate this Research Project to my supportive family: my parents Alice and John Agigo, my dear wife Florence and my daughter Mercy.

ACKNOWLEDGMENTS

First, I would like to acknowledge LORD GOD ALMIGHTY who has seen me through thus far. His faithfulness has manifested in my academic life and I am a testimony that the LORD is good and His mercies endure forever.

I also wish to appreciate my supervisor Mr. Eliud O. Mududa and moderator Prof. Z.B. Awino who tirelessly guided me through this Research Project. God Almighty bless them abundantly.

Third, I am grateful to my dear wife Florence Achieng for her moral support throughout the entire period of this research. I also want to recognize my mother Alice Agigo for the inspiration and sacrifice she has made in my academic life. Thanks for daring me to dream big.

Finally, I would like to thank the management and staff of Multichoice Kenya Limited for allowing me to gather the necessary data for this study and granting me an interview time. I laud this cooperation and I am forever grateful.

ABSTRACT

Partnership is an agreement between two organizations to pool together their resources to pursue mutually beneficial objectives. Many global organizations have adopted partnership as an entry strategy into new markets. However, partnerships have also been adopted as an international business operations model. The objective of this study was to investigate the extent to which Multichoice Kenya Limited, a market leader in the video entertainment industry in Kenya, has adopted partnerships in its operations and to determine the contribution it has on its competitiveness. The study adopted a case study approach that employed interview guide to get information from the functional heads of the eight departments of Multichoice Kenya Limited. The functional managers were suitable for this study since they were responsible for the various key performance indicators in their departments and had prerogative over the partners in their functions. The results were captured and translated into texts. Content analysis method was used to analyze the data. The study established that partnerships existed across the different functional departments at Multichoice Kenya Limited. The partners were both exclusive and non-exclusive. The exclusive partnerships were put in place in circumstances where a conflict of interest would be detrimental to the competitiveness of the company. The non-exclusive partnerships were employed in activities that did not jeopardize the success of the company and which would provide the company the advantage of gathering intelligence about the industry. The partners were drawn from IT service, Human Resource Staffing, Call Center Management, Manufacturing, Content Production, Sales, Audit, Distribution and Public Relations industries. The partners were both domestic and global in operations scope. It is evident from the study, that the partnerships contributed positively to the competitiveness of Multichoice Kenya Limited through the enhancement of brand equity in the market, provision of quality customer care services, enhancing differentiation, facilitation of product availability, knowledge, technology and skills sharing, as well as innovation. It can be concluded that partnerships are significant in the attainment of a superior position in the market provided that the company defines the strategic vision and incorporates the right partner. The choice of partner, the capability of the partner and the commonality of objectives provide a good recipe for success of partnerships. It is recommended that the companies put in place strict measures to safeguard information sharing in the partnerships to curb unwarranted disclosure to external third parties.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

MAL	Multichoice Africa Limited
MCK	Multichoice Kenya Limited
DTT	Digital Terrestrial Television
DTH	Direct to Home Television
DStv	Digital Satellite Television
FTA	Free to Air Content Provider
SVOD	Subscriber Video on Demand
ASO	Analog Switch Off
GTV	Gateway Television
SME	Small and Medium Enterprises
PR	Public Relations
CAK	Communications Authority of Kenya
KPI	Key Performance Indicator

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Many companies are adopting partnerships as an operations approach in the various industries they operate in. This approach involves a contractual agreement with other firms for the purpose of achieving specified common objectives. Glendinning, Powell and Rummery (2002) defined partnership as an undertaking taken by two or more parties to achieve shared objectives. The partners combine their resources in a joint effort to achieve the desired synergy. International business partnership is an engagement that incorporates other firms in the value chain of an international firm to achieve the delivery of merchandise and services to its customers across different countries.

This study sought to understand the contribution of international business partnerships on the competitive advantage of Multichoice Kenya Limited. According to Michael Porter (1985), competitive advantage is the relative superiority of a firm's product and service offerings in the market where it operates. This can be achieved through cost leadership and differentiation. The cost leadership strategy looks the ability of the firm to produce the merchandise and services at a lower cost without compromising the quality. The differentiation strategy, on the other hand, is concerned with the techniques the firm uses to produce unique superior products and services to the customers relative to those of the competitors.

This study was anchored on three theories Strategic Alliance Theory, the theory of Internationalization and Resource-Based View. The theory of strategic alliance was significant in the understanding of the concept of partnerships and how organizations pool their resources in pursuit of common objectives.

The theory of internationalization was important in understanding how firms operate within the context of global business. The concept of competitive advantage was understood through the prism of Resource-Based View that describes how the firm's resources can be used to attain an advantage in the industry.

It was the intent of this study to bring to light the relationship between partnership and a competitive advantage of the firm. This study was not only to bring an understanding of the various international business theories but also underscore the relevance of partnerships in the achievement of the strategic objectives of firms in the international business.

The context of this study was the video entertainment industry in Kenya. The video entertainment industry is a competitive industry characterized by oligopolistic competition. The industry comprises of Pay TV service providers as well as Free to Air (FTA) service providers. There are five players in the video entertainment industry in Kenya with Multichoice Kenya Limited being the dominant player. The company offers video entertainment services in two brands, DStv and GOtv. The recent entry of Star Times Limited and Kwese TV has resulted in an increased rivalry in the industry.

1.1.1 International business operations

International business operations entail all the activities that firms engage in to deliver the products to the consumers in the global market. International Business operations involve the import and export of services and merchandise across different countries (Collinson, Hodgetts & Rugman, 2006). The importation helps the firm to acquire the necessary inputs that it requires to operate. The firm in the international business also exports its finished goods and services to individuals, organizations and countries in different international markets.

According to Guisinger and Sethi (2002), International Business operation is conducted in a complex environment. The international business environment is composed of both domestic and international competitors. The companies in the international business need to carefully understand their internal and external environment. The internal environment of the firm in the international business comprises the whole collection of human resources, technology, capital and assets that the company can use to its advantage.

Gillespie (2007) recommends that the external business environment can be understood through PESTEL analysis. The companies operate in areas with different political policies and governance structures. The socio-economic factors such as inflation, interest rates, demographic structures and purchasing power also affect international business operation. Technological and ecological factors also affect the ways in which business conduct their operations in the international markets. Finally, the legal factors include the legal and judicial systems determine the ways the firms operate.

1.1.2 Partnerships as an international business orientation

Firms have adopted partnership as a means by which they can operate in the international markets. A partnership can be defined as an organized association between two or more entities for the sake of achieving common objectives (Glendinning, Powell &Rummery, 2002). The partnership arrangement seeks to gain an increased output, or synergy, that each of the entities operating alone would not otherwise achieve. The partnership arrangement does not dissolve the participating firms but brings them together to focus on the attainment of the common goals (Skage, 1996). This means that the identification and agreement of the common objectives is a factor of success.

Cavusgil (1998) observed that the increase in globalization has led to the collaborative ventures between firms from different countries. The companies irrespective of their sizes, he observed, found it necessary to work together through partnerships as a way of competing effectively in the marketplace. The motivation for such an arrangement range from the desire to reduce risks, maintain flexibility and leveraging on each other's strengths. The partnerships come in different forms. Four types of international business partnerships exist sales and distribution arrangements, joint ventures, licensing and franchising. In all the arrangements, there is a contractual agreement between the multinational firm and firms in the foreign market. Partnerships transcend both the manufacturing and service sectors.

For partnerships to be effective, it is important for the parties involved to avoid areas of competing interests. The firms need to understand the areas in which their joint efforts would result in synergy. The common goals would form part of the partnership agreement. Another factor of success in the partnership arrangement is the degree of knowledge transfer. The knowledge transfer process should be seamless and without any ambiguity. Excessive protectionism by one partner may hinder the efficacy of the partnership model.

1.1.3 Competitive advantage

Competitive advantage refers to the ability of the firm to create and defend a superior position in the market. According to Porter (1985), there are two broad strategies and a focused approach can be implemented to achieve a competitive advantage. These strategies help the firm to compete favorably with the other firms in the market and generate better returns on investment than the industry average.

The first strategy that a firm can use to get a competitive advantage is cost leadership. This involves the firm finding modalities of producing the goods and services at a cost cheaper than that of the competitors. Banker, Mashruwala and Tripathy (2014) noted that cost leadership advantage can be achieved economies of scale.

Differentiation is the next strategy that firms use to achieve a competitive advantage in the industries where they operate. Porter (1985) looks at differentiation as those unique features that distinguish a firm's product from those of the competitors. A highly differentiated product makes the customers easily identify with the product. Differentiation can be attained in the product features, the distribution mechanism, the customer service or the brand image that the firm portrays to the customers. Over and above the two strategies, there is the difference in the focused approach. This concept refers to the way that a firm segments and targets the customers in the market. The firm can have a cost focus or differentiation focus. In the former approach, the company opts to target a small segment of the industry where it can control costs via the cost drivers (Salavou, 2015). The differentiation focus is an approach by the firm to concentrate on the qualities that distinguish its products and service offerings from those of the competitors.

1.1.4 Video entertainment industry in Kenya

The video entertainment industry comprises all the firms that are involved in the sourcing, sales and distribution of commercial and free to air video entertainment content. An industry can be defined as a group of firms that produce similar outputs (Porter, 1980). The products are considered very close substitutes for each other in the market where they are consumed. The firms considered in the context of this study were either FTA service providers or in the Pay TV business.

This study was limited to the Pay TV and FTA entertainment strategic group where MCK operates. In this group, the firms package a variety of video content in bouquets and show them in a predetermined sequence. The customers receive the video content through the decoders and television sets.

The number of pay TV subscribers in Africa was at 23.7 million users in 2017 (IT Web, 2017) with 70% of the consumers accessing the content via Direct to Home (DTH) transmission. The East African market has a 21% pay TV penetration with Kenya leading with 12 million households and a TV penetration of 32% (Jefwa, 2015).

There five industry players in Kenya: Multichoice Kenya Limited, Star Times, Azam TV, Zuku TV and Kwese TV. MCK is the dominant player in the market with Zuku TV and Star Times being key challengers in DTH and DTT businesses respectively. However, with the entry of Kwese TV in 2017 the industry is set for an increased competition in Kenya (Kwese.com, 2017).

1.1.5 Multichoice Kenya Limited

Multichoice Kenya Limited, MCK, is a Kenyan subsidiary of Multichoice Africa Limited (MAL). It was established as a result of a joint venture entered into by MAL and the Kenya Broadcasting Corporation in early 1995 (Multichoice Kenya, 2015). The parent company, MAL, is in South Africa and is responsible for the sourcing, packaging, transmission and selling of content across different countries in Africa.

Multichoice Kenya has two brands: DStv and GOtv. The former brand was the initial brand introduced in the Kenyan market while the latter was introduced in 2011 to cater for the mass market. GOtv brand recorded significant growth with the Analog Switch-Off (ASO) that was commissioned by the Kenyan government in 2015 (GSMA, 2017).

MCK has recorded tremendous growth since its inception and is currently the market leader in the video entertainment industry in Kenya. It sells various contents packaged into bouquets with the DStv and GOtv brands having five and three bouquets respectively to cater for the different customer segments. The company has collaborated with different partners in its value chain activities, both primary and secondary value chain functions in the areas of content sourcing, sales and distribution, marketing and support functions.

1.2 Research problem

Multinational Corporations are faced with the challenge of which strategic configurations to make to achieve superior performance in the markets where they operate. This is in consideration of the fact that international businesses operate in fast-paced environments characterized by unpredictable changes in the environments (Cavusgil, Knight, Rammal, Riesenberger & Rose, 2014). Despite being a market leader in the Pay TV sector in Kenya, Multichoice Kenya Limited is faced with competition from new entrants and the other competitors. The video entertainment industry in Kenya is characterized by stiff competition, which has resulted in the exit of Smart TV and GTV in the recent past (Alakhume, Mugasa, Myburgh & Niebuhr, 2013).

Whereas several studies have been conducted to elucidate on the concepts of international business partnerships, little has been done to bring to light the contribution of partnership to the competitiveness of the firms in the video entertainment industry. Mwangi and Ngamau conducted surveys on the effect of strategic alliances on the performance of firms in the mortgage and insurance sectors respectively. Their studies realized that there was a positive correlation between partnerships and the performance of the firms (Mwangi, 2017; Ngamau, 2015).

Moreover, Ngigi and Wekesa conducted case study research on Zuku Company Limited and Multichoice Kenya Limited respectively. The focus of the studies was on the effect of service quality on performance and the competitive strategies adopted by the firms (Ngigi, 2013; Wekesa, 2013). Even though Wekesa (2013) noted that partnership with big brands contributed positively to the performance of MCK, the study did not reveal the extent of the contribution nor did it look at partnerships in other functional areas of the company.

Studies in different contexts concur that partnerships are helpful in the firms' value chain activities like sourcing, production and service delivery (Knoke and Todeva, 2005; Khuzaini, Oetomo, Setyadi and Suwitho, 2017). Gimpel and Dawi conducted research in the video entertainment industry to establish the key factors of success in the video entertainment industry. The studies showed that consumer preferences and service quality were influential in the performance of the firms (Dawi, 2016; Gimpel, 2015).

However, none of the studies brought out any role played by partnerships in achieving a competitive advantage in the context of the video entertainment industry. To what extent has MCK adopted partnership as an International Business Operation orientation and how does it contribute to its competitiveness in the video entertainment industry in Kenya?

1.3 Research objective

The objective of this study was to determine the effect of partnership, as an international business orientation, on the competitiveness of Multichoice Kenya Limited in the video entertainment industry in Kenya.

1.4 Value of the study

This study will provide the management of MCK with key insights on the contribution of partnerships to the competitiveness of the company. It will highlight the essence of such partnerships in the video entertainment industry.

Stakeholders in the video entertainment industry will also find the results of this study useful in their decision-making models, especially where partnerships are involved. The top management of the firms in the video entertainment industries, both free to air and pay TV providers, will get some key insights from the study. International Business Managers and key stakeholders will also benefit from having an understanding of the contribution of the concept of partnerships on the competitiveness of the international business ventures.

The study will contribute to knowledge in the area of International Business Management. It will relate to the International Business Theories and the practical implementation in the world of International Business Management. The study explains the Internationalization Theory, the Strategic Alliance Theory and the Resource-Based View. These are key Global Business Management theories that need to be understood and adopted in the field of International Business Management. The scholars will also understand the concept of global business partnerships and the contribution of such partnerships to the competitive advantage of the firms in the international business.

Finally, the study will provide an opportunity for further research. From the literature review, empirical studies and knowledge gaps highlighted in this study, scholars can advance the research on the various concepts and theories discussed herein. They can also extend this study to other industries in both domestic and global contexts.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the existing literature around the concept of partnerships in the international business operations and the context of video entertainment industry. It reviews the existing studies that have been done to investigate the effect of partnerships on the competitive advantage of international business operations across different industries.

Moreover, this chapter will elaborate on the various theories that support the three concepts of partnerships, international business and competitive advantage in international business. The theories will provide the framework for understanding the relationship between the various concepts of the study and provide a basis for understanding the contribution of the study on the related international business theories.

The discussion below will also provide the relevance of the concepts in the context of the video entertainment industry. The literature review will seek to understand the contribution of international business partnerships in other industries with a view to understanding its effect on the video entertainment industry in Kenya.

2.2 Theoretical foundation

Numerous models and theories can be used to explain the concepts of partnership, international business operations and competitive advantage. This study uses three theories namely Strategic Alliances, the theory and Internationalization and Resource-Based View to provide an understanding of partnerships, international business operations and competitive advantage respectively.

2.2.1 Strategic alliance theory

The theory of strategic alliances refers to an arrangement between two different firms to work together by sharing their resources to achieve a common objective. The main objective of the formation of strategic alliances is the attainment of working synergies from the firms (Baden-Fuller & Grant, 2004). The synergistic output results in a competitive advantage. The areas in which firms can collaborate include marketing, distribution networks, technology, skills, customer service, production capability as well as the sharing of intellectual property amongst other areas.

There exist different types of strategic alliances such as joint ventures in which results in the formation of a legally independent entity. Another strategic alliance is the equity strategic alliance in which the firms own some share in the partnership. Non-equity strategic alliance occurs when the firms do not own shares in the new unit but opt to work together through a contract to pursue joint objectives. Finally, global strategic alliances arise out of the agreement between firms to work together in the context of the international business environment (Burgers, Hill & Kim, 1993).

The strategic alliance theory explains the concept of partnership between firms. It underscores the need for firms to work together to achieve a competitive advantage. According to Nielsen (2005), the competitive advantage is achieved when the firms realize an output which is bigger than the total sum of the individual firms’ output. This results in a win-win situation for the partnering organizations. Key success factors for the strategic alliances include proper choice of partners, commonality of interests and commitment. The firms must have some common objectives that they can pursue together (Baden-Fuller & Grant, 2004). Finally, the partnering organizations ought to devote their resources to be used to achieve the agreed objectives.

2.2.2 Internationalization theory

Firms grow and sustain their international operations differently. The internationalization theory underscores the various steps that a firm takes in its growth in the global trade. Internationalization can be explained as the means by which firms increase their involvement in international business operations (Luostarinen & Welch, 1988). Internationalization is concerned with the various models adopted by firms in terms of strategy, resources and operating structure to adapt to the international environments where they operate.

The primary model that was formulated to understand the process of internationalization is the Uppsala model, which was developed in 1977. It explains that firms internationalize through small incremental steps. They begin with a domestic market focus and explore the international market through exporting modes. After the exploration of foreign markets through exportation, the Uppsala model noted that firms can evolve into active involvement and committed involvement including such models as foreign direct investment (Johanson & Vahlne, 1977).

However, several studies have been undertaken to advance the Uppsala model. The studies conducted in various sectors disputed the necessity to grow to in small and incremental steps in a linear progression. McDougal and Oviatt (1994) observed that small and medium enterprises in the highly technical sector adopted an international operation model shortly after their inceptions. According to Cavusgil and Knight (2004), there were small firms that began international operations right at their inceptions. These firms were referred to as born-global by the nature of their international business operations.

Despite the differences in the frameworks that have been developed to explain the process of internationalization, there is a convergence in the motivation for going global in operations. The attractiveness of the foreign market is considered a pull factor for the firms that venture into international business. According to McGoldrick (2002), firms may venture in international business owing to limited growth opportunities in their home markets. This brings to the fore the third factor for internationalization, which is entrepreneurship.

Finally, the concept of internationalization is concerned with the modalities of setting up a successful international business operation. Several studies conducted in the past have reported that half the international retail businesses have failed in their international business ventures in foreign countries (Bianchi & Ostale, 2006; Feldmann, 2016; Jenkins & McKelvie, 2016). The management of the firms ought to configure their strategies to adapt to the international market environments to avoid such setbacks.

2.2.3 Resource-based view

The Resource-Based View explains the role of a firm's internal resources in the attainment of competitive advantage. The internal resources considered in this theory include the physical capital, the human capital and the organizational capital (Barney, 1991). These are the tangible and intangible assets the company can use to achieve a superior performance over its competitors.

The proponents of the Resource-Based Theory, unlike Porter (1985), observed that a firm's internal resources and not the external environment can be used to attain a competitive advantage. These resources need to have certain characteristics to yield a sustainable competitive advantage.

According to Barney and Hesterly (2008), these qualities can be understood through the VRIO framework. The resources ought to be valuable which implies that the worth of the resources should be able to provide the firm with the capability of responding to the environmental threats and opportunities. The resources also need to be rare in that only a few firms in the industry should be able to possess them. The rarity makes them bring an advantage to the few firms that have them and a corresponding disadvantage to the firms that lack them. Moreover, the inability to imitate the resources is a quality of the resources in which case they should be unique and difficult to copy. Finally, the VRIO framework looks at the organizational policies around the exploitation of the resources.

The implication of the Resource-Based Theory on the achievement of Sustainable Competitive Advantage is that managers of international businesses need to acquire, grow and retain certain tangible and tangible assets that the competitors do not have or cannot imitate. These resources comprise the specialized skills of employees, copyrights and technology. The firms ought to use these resources to exploit the opportunities in the external environment and curb the threats posed by the macro-environment (Grant, 1999).

2.3 Partnership in international business operations

Partnership is both an entry and operation model that can be used by multinational corporations in the global trade. Skage (1996) describes a partnership as an undertaking taken by two or more parties to achieve shared objectives. This arrangement comes with specific roles that are distributed amongst the partners. This implies that the partners need to identify areas of common interests where they can pool together their resources to achieve synergy. Partnership requires a very high level of trust, dedication and ownership towards the achievement of the identified common benefits.

International Business operation comprises all the activities that result in the production and delivery of products and services to the consumers. International Business operations involve the import and export of merchandise and services to the consumers. The international business operations of a firm comprise all the elements of inbound logistics, the processing of the inputs into products, all the outbound logistics and the supporting activities (McAdam & McCormack, 2001). Human Resources, Information Technology, Sales, Marketing and Customer service plays a supportive role to the primary operations flow.

Whereas joint ventures and partnership can be used as an entry mode into a foreign market, it can also be used as an operations model. Partnerships can be integrated into the operation processes of the firm. The company can incorporate strategic partnerships in sourcing, processing, marketing and distribution of its products to the consumers. Khan and Pillania (2008) researched on the use of strategic partnership in supply logistics in the manufacturing sector where they found that the partnership contributed to the agility, flexibility and the competitiveness of the firm. Partnerships have helped in the sourcing of relatively cheaper quality raw materials. This helps in the competitiveness of firms.

Mathieu (2001) observed that partnerships influenced the way the manufacturing firms conducted their operations with the partners collaborating in the provision of service, production services and customer service as areas of service specificity in the model. Partnerships have also been used in the marketing and distribution of finished goods in the manufacturing sector where the partners enter a revenue-share agreement on the returns from the marketing and sales activities.

2.4 Competitive advantage in organizations

Competitive advantage refers to the mechanisms that are adopted by firms to attain a better position relative to their competitors in the market. Porter (1985) posits that firms can obtain a competitive advantage through differentiation of products, the pursuit of cost leadership and a focus strategy. Barney and Hesterly (2008) noted that organizations can get an edge over their competitors through an enhanced customer satisfaction, increased profit, improved market share and the production of valuable products. This implies that organizations must find ways of delivering high quality products at relatively lower prices. The companies can improve their profits through low-cost production and the adoption of technology. Organizations also achieve increased market through robust sales and customer retention initiatives. All these contribute to a superior performance in the market.

According to Porter (1985), the sources of competitive advantage for the organizations include superior assets, better capabilities and non-imitability of its resources. These factors provide the organization with an operational excellence and product leadership. A company's resources and capability are a critical source of its competitive advantage. Through these, a company can either produce a similar product to its competitors at a lower cost or produce a highly differentiated product that retails at a high price. In the international business, a firm can achieve a competitive position in the market by adapting its strategy to suit the market dynamics of the various countries where it operates. The firm can also exploit the economies of scale in the global markets and maximize on the knowledge transfer across the various locations. The firm in the global business needs to understand their competitors and their target consumers. It is recommended that the firm conducts competitor analysis and market research to understand their rivals and consumers respectively (Porter, 1980).

2.5 Partnerships and competitive advantage in international businesses

Organizations can achieve a competitive edge in the markets where they operate through the infusion of partnerships in their operations. The global firms can partner with other domestic and global firms in various locations to attain a superior position in the various markets (Haskell, Pons & Veilleux, 2012).

The critical success factors for the adoption of partnerships are the commonality of the objectives, the partners' capabilities and how well they contribute towards the achievement of the identified objectives. The adoption of partnerships can result in attaining operational excellence. Partnerships can be adopted in the firm's value chain activities to provide a better product and service delivery.

Partnerships have been successfully incorporated into the primary value chain activities and yielded positive results. Khuzaini, Oetomo, Setyadi and Suwitho (2017) noted that partnerships helped in the sourcing of raw materials, improving the production and acquisition of skills. This implies that partnerships can positively contribute to an excellent execution of the primary activities of sourcing, manufacturing and distribution of finished products (Mathieu, 2001).

Moreover, organizations can also adopt partnership in the secondary activities of their value chains. Such functions as Human Resource Management, Customer Retention, Financial Management and Customer Service may be improved through strategic partnerships. Partnerships play a significant role in the successful execution of the support functions.

Partnership arrangement can result in the sharing of ideas and technology. This facilitates the exchange of skills, knowledge and ideas between the partners. Innovation leads to improved production efficiency and reduced the marginal cost of goods.

Through partnerships, the companies can get access to unique and specialized skills that their competitors may not access (Baden-Fuller & Grant, 2004). Partners in a collaborative environment may share patented knowledge and copyrights that may boost the uniqueness of their outputs.

2.6 Empirical studies and knowledge gaps

Several studies have been done on the concepts of partnership, international business, competitive advantage as well as the video entertainment context. In a descriptive cross-sectional survey that was carried in the Mortgage Sector in Kenya, Mwangi (2017) found out that there was a direct positive relationship between resource sharing in partnerships and firm's performance. This research highlights the contribution of partnerships in the firm's performance in the Mortgage sector. In the survey conducted in the insurance industry firms that targeted the managers of 51 firms, Ngamau noted that strategic partnerships contributed to higher profitability through better distribution and higher retention rates (Ngamau, 2015).

Haskell, Pons and Veilleux (2012) conducted a research on 28 biotech firms in Canada and the USA to understand the effect of partnerships on the internationalization of small firms. The study observed that the alliances differed based on certain factors like the age of the firm, the development phase the firm was in and the various competencies. Similarly, Hitt, Ireland and Vaidyanath (2002) did a secondary research focusing on the relationship between strategic alliances and the competitive advantage of firms. The study observed that strategic partnerships through the sharing of resources, learning and value-creation contributed to competitive advantage. The study recommended that a trusting relationship ought to be encouraged to safeguard social capital and knowledge.

Kirunga (2016), conducted a descriptive research among SMEs in the Nairobi CBD to understand the effect of their partnership with foreign partners. The results of the study indicated that the partnership enabled the SMEs to access international markets, access to external knowledge and diversify risks. A similar study by Kosgei (2017) with 30 respondents on the factors that influenced the utilization of joint venture partnerships in the real estate sector pointed out that legal factors and the adoption of technology were strong influencers of International Joint Ventures.

A study conducted in 2005 by Todeva and Knoke showed that strategic alliances helped firms to attain better objectives through collaboration as opposed to competition. The secondary research looked at the formalization of inter-organizational relationships and emphasized the advantage of collaborative arrangements in firms (Todeva & Knoke, 2005). A recent study conducted by Setyadi, Oetomo, Khuzaini and Suwitho (2017) in the wood manufacturing industry concurred that partnerships played a critical role in the competitiveness of firms. The researchers noted that partnerships are useful in sourcing for raw materials, better production and improvement of skills. All these contribute to the achievement of competitive advantage.

The video entertainment industry in Kenya is very competitive. In a case study that targeted 256 respondents from Zuku Company Limited, Ngigi (2013) observed that there is a close link between the service quality and performance in the industry. The research also recognized the significance of reliability and network stability in the competitiveness of the firms in the video entertainment industry in Kenya.

Moreover, Wekesa (2013) conducted a case study research that investigated the competitive strategies that had been adopted by Multichoice Kenya Limited. The study sought the feedback of senior and middle level manages at Multichoice Kenya Limited.

The results of the study noted that partnership with strong brands, the use of the dollar as a currency and a robust website strategy contributed to the competitiveness of Multichoice Kenya Limited.

According to Gimpel (2015), the video entertainment industry is getting competitive moving into the future. Grimpel conducted a case study in which Senior Executives in the industry were interviewed to get information about the industry. The research realized that consumers wanted smaller content bundles, preferred to flexible watching of the content and favored individual accounts as opposed to household viewing. In a survey conducted in the video entertainment industry, Dawi, Jusoh, Nor and Qureshi (2016), observed that service quality dimensions contributed to the firm's competitiveness in the industry. The study noted that tangible elements, service reliability, the quality of the content, customer service, the price, interactivity and convenience. This implies that the video entertainment industry being a service industry requires competitive service offering for the survival of the firms.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the approach that was used to conduct the study. It spells out the design of the study that was adopted including the tool that was used and the targeted respondents. It provides a rationale behind the selection of the design.

Secondly, the modalities of data collection are explained in this chapter. The discussion looks at the means through which the collection of both the primary and secondary data for the study were to be achieved. The data collection mechanisms also provide the rationale for the choice of the data collection modalities that were employed in the study.

Finally, this chapter explains how the data that was to be collected would be analyzed to provide meaningful insights. The insights that were to be derived from the analysis were significant in understanding the contribution of the concept of partnership to the competitive advantage of Multichoice Kenya Limited within the context of the video entertainment industry.

3.2 Research design

The research design that was adopted in this study is a case study. Case studies are recommended in studies where the researchers are interested in understanding a real-life phenomenon in context especially when the boundaries between the context and the phenomenon is not clear (Davis & Yin, 2007).

The aim of this study was to understand a real-life phenomenon involving the use of partnerships as an International Business operations orientation in the context of the video entertainment industry in Kenya.

According to Zainal (2007), a case study as a research methodology permits the exploration and understanding of complex issues. It can be employed in a situation where an in-depth understanding is required to overcome the limitations of qualitative or quantitative research. The method includes both qualitative and quantitative research and is useful in the explanation of the process and results of the phenomenon.

The target respondents were eight members of MCK management. These were the heads of the different functions within the organization. The functional heads were preferred for this study because they were responsible for the control of the operations of their departments, implementation of the company-wide strategy and monitoring the impact of the various initiatives in their functional areas. The aforementioned factors make the insights that were drawn from their responses be of high credibility.

3.3 Data collection

The data for this study were collected using both primary and secondary methods. According to Boeije and Hox (2005), both primary and secondary data can be collected to give a better insight into a phenomenon. The primary data collection was achieved through interviews. The interview guide was designed to understand the background of the respondent, their role in MCK as an organization, the extent to which their functions adopted partnership as an operation orientation and the impact of such partnerships.

The respondents were the Human Resource Manager, The Finance Manager, Sales Manager, Marketing Manager, Communications Manager, Retention Manager, Operations Manager and the Channel Development Manager. The respondents were requested to provide feedback through an interview process, which was aided by the Interview Guide attached in Appendix II.

Secondary data was collected from publications, company reports and journals. The use of secondary information was very useful in understanding the context of the research. The secondary data augmented the data was collected from the primary research.

3.4 Data analysis

Data analysis can be defined as the process of getting insights from collected data. According to Longnecker and Ott (2015), the analytic process involves the examination and interpretation of data. Since the data that was collected from the respondents were qualitative in nature, this research employed a content analysis as a method for extracting the insights from the responses. According to Stemler (2015), content analysis is a research method that is used to make deductions from textual and oral data.

The three main considerations in this method were systematic, objectivity and generalizability of the data. The systemic quality underscores the need for the information provided to be consistent. The objectivity of the information is concerned with the relevance of the information provided to provide the same insights from the same messages. Finally, the generalizability of the information implies that the information provided can be used in another similar context.

Qualitative content analysis as a method of analysis is relevant to this study owing to the nature of the data was to be generated from the interviews. The data from the interview were collected in audio format and transcribed to text formats for content analysis. According to Bengtsson (2016), content analysis is carried in four keys steps of de-contextualization, re-contextualization, categorization and compilation. The key concerns during the procedure were the validity and reliability of the data. This justified the adoption of content analysis in this study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The objective of this study was to determine the effect of partnerships in the international business operations on the competitiveness of Multichoice Kenya Limited. The study was interested in understanding the extent to which partnerships have been adopted international business operation by Multichoice Kenya Limited and whether or not this has contributed to the competitiveness of the company within the video entertainment industry where it operates.

This chapter provides the analysis of the primary and secondary data collected during the study. The primary data was collected using the interview method. The respondents were eight functional management members of Multichoice Kenya Limited. The respondents were identified as appropriate respondents since they had the mandate to engage and sign-off partners in their respective departments as well as champion the attainment of key deliverables in their functional areas.

The data that was collected using the interview guide were qualitative in nature. The method used to organize and analyze the data was content analysis. The data provided was regrouped to deduce the profile of the respondents, understand the concepts of partnerships and competitive advantage and to understand these concepts within the prism of the video entertainment industry in Kenya.

4.2 Profile of the respondents

The respondents were drawn from the eight functional areas of Multichoice Kenya Limited which are: Human Resource Management, Retention, Marketing, Public Relations and Communication, Sales & Distribution, Channel Development, Finance and Operations. All the target respondents participated in the interview.

Half of the functional managers have been with the company for a period of 5-7 years. Two functional managers have been with MCK for 2 years or less, with 1 functional manager each having had a tenure of 3-4 years and 8-10 years as illustrated in the chart below.

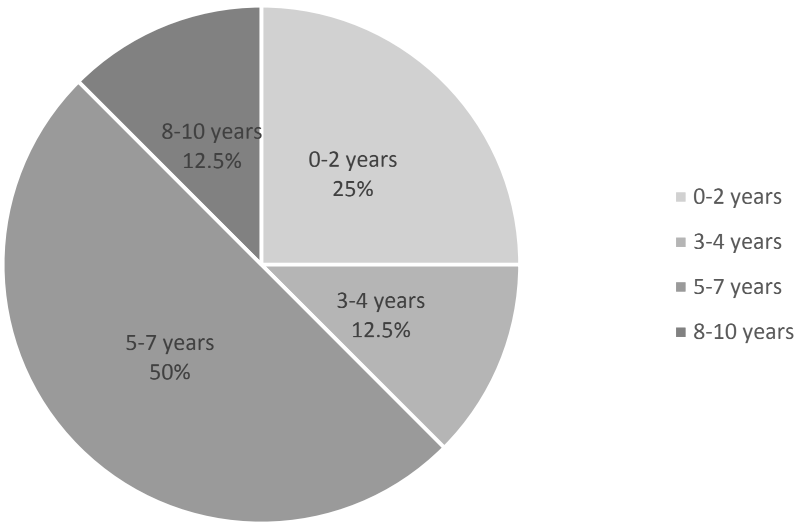

Figure 4. 1 The age of functional managers at MCK (Source: Research Data, 2018)

Out of the 8 respondents, 5 reported to the Chief Customer Officer while the other 3 reported to the Managing Director. The Sales & Distribution Manager has the highest number of direct reports at 8 while Finance and Retention Managers each have 6 direct reports. The remaining 5 functional managers have between 1 and 3 direct reports.

75% of the respondents had attained a Master's Degree level of education while the rest two have a Bachelor's Degree and a Post-graduate Diploma. This validates the authority of the functional managers in making strategic and operational decisions of the functions they are responsible for. It also confirms the ability of the managers to recommend, contract and manage partnerships with other organizations for the sake of achieving the key performance indicators of their departments. The table below shows the highest educational levels attained by the functional managers at the company.

Table 4. 1 Educational level of the respondents (Source: Research Data, 2018)

Level of Education	Frequency	Percentage (%)
Master’s Degree	6	75.0
Post-Graduate Diploma	1	12.5
Bachelor’s Degree	1	12.5
Diploma	0	0.0
Total	**8**	**100.0**

4.3 Overview of Multichoice Kenya Limited

Multichoice Kenya Limited is the market leader in the Kenya Video Entertainment industry. From the case study, the key competitors for the company include Zuku Limited, Azam TV and Startimes TV. The company sells different sets of hardware such as decoders, dish kits, antennas, remotes and electronic cabling parts. The key products are sold under two brands: DStv and GOtv.

DStv brand has five content packages while GOtv has three packages. The packages differ in content and pricing. Customers are able to make downgrade and upgrade package changes in their subscription. The DStv product is transmitted via satellite as a Direct to Home (DTH) model. On the other hand, GOtv signals are transmitted via antennas in a Digital Terrestrial Television (DTT) model.

The company procures content from both local and global suppliers. The product mixture is both exclusive and non-inclusive. The content is then repackaged into various bouquets and sold to the customers in subscription models. The company’s value chain includes all content sourcing mechanisms, content packaging, customer acquisition, subscription management, retention and customer care activities.

4.4 Partnerships at MCK

The key functions at MCK are Sales & Distribution, Marketing, PR &Communications, Operations Department, Finance, Human Resource Management, Channel Development and Customer Value Management. This organizational arrangement helps the company acquire, retain and support their subscriber base. The company has partnered with other organizations to achieve the objectives of the functions.

From the case study, it was deduced that all the functions have adopted partnerships as a means of attaining the KPIs. The partners are both local and global in nature. The local customers are engaged where the knowledge of the local dynamics is an advantage. The distribution function has the highest number of local companies in partnership with MCK. The companies help in getting the hardware available to the customers across the geographic spread of the Kenyan market. The distributors, supermarket chains and electronic stores have a well-established presence even to the rural areas of the country. Therefore, the local partners provide MCK with an advantage of access to their customer base. On the other hand, there are global partners of MCK which are majorly responsible for the provision of technology, manufacturing of the hardware and the provision of systems. The companies are ISO certified and provide MCK with the advantage of economies of scale and global best practice.

The study also noted that the partnerships were either exclusive or non-exclusive to MCK. The exclusive companies were engaged in situations where the kind of information shared was highly confidential and the deliverables were critical. The exclusivity eliminated the conflict of interest between the partners and any other competitor that would require the services of the organization. The organizations that are in non-exclusive partnerships with MCK carry out non-core activities that would not jeopardize the company’s success such as sales and subscription collection services.

4.4.1 Partnerships in Sales & Distribution Channels

The Sales and Distribution function is concerned with availing Multichoice Kenya products in the market. This function makes the hardware accessible to the customers across 9 sales regions in Kenya. Multichoice Kenya Limited has partnered with about 1,500 sales and distribution channel partners to make its products available to the consumers across the countries. The partnering channels include distributors, supermarkets, electronic stores and direct sales partners. The distributors help in breaking the bulk of stock across the country. They facilitate the movement of stock to the lower channels in the regions such as the electronic stores and lower tier supermarkets. Most of these partners are non-exclusive to MCK. This is strategic in helping the company to gather market intelligence on the competitor activities.

The company has also had partnerships with local telecommunications companies in a win-win arrangement that ensured that the telecommunications companies sold specialized internet bundles to the new MCK subscribers while MCK provided the video on demand services for SVOD customers. This was a complementary partnership that ensured that the consumers used the internet to consume the connected video services.

The partnering organizations in Sales and Distribution are both local and global. The local partners are primarily distributive in purpose. However, the product partners are global. The global partners are responsible for the production and supply of hardware pieces like decoders, dishes and electronic components. The partners originate from diverse industries including retailers, corporates and electronic stores. The partnerships have helped in the acquisition, retention and servicing of MCK customers. They have also been useful in the governance of recommended retail prices of MCK products in the market. An average 90% of the MCK acquisitions come through partner sales.

4.4.2 Partnerships in Finance

The finance department at MCK is responsible for the collection of revenue, accounting, reporting and auditing. Much of the work in this department is done internally at MCK. However, the department has engaged some organizations to help in the collection of subscription payments. The first area in which the company has partnered with a global and non-exclusive partner is in the audit section. MCK finance function has engaged a global audit firm to audit its financial books. The audit firm compliments the audit work that is done internally

Moreover, there are 80 payment collection partners that have been engaged to help the company collect subscription from the customers. These collection agents are not exclusive to MCK, they can collect subscription from the competition depending on the agreements they have with them. The agents are located across the country to provide convenience to MCK subscribers. The partnerships have been in place for more than 10 years.

4.4.3 Partnerships in Retention and Customer Value Management

The customer value management function is responsible for the retention of the MCK customer base. The subscribers are retained through proper profiling, retention offers and win-backs. The function is also responsible for the value management of the subscribers which can be achieved through upgrades to right packages. The company has partnered with different organizations in the achievement of the above critical deliverables. The 4 partners in customer value management are drawn primarily from two industries: IT service providers and outbound call-center service providers. The IT service providers help the retention team to profile the customers, target them appropriately, manage offers and monitor the behavior of the consumers.

The outbound call center is resourceful in handling customers issues and making a personalized outbound retention calls to the consumers. The outbound call center service providers are local. However, the IT service providers are global firms. Moreover, the partners involved in customer value management are exclusive to MCK owing to the high confidentiality of the information involved.

The partners help in the execution of the retention and win-back activities while the MCK functional heads are responsible for strategy formulation and budgetary allocations. MCK supports the partners in the Customer Value Management functions through training and the procurement of facilities. Through the partners, 70% of customer win-backs have been achieved.

4.4.4 Partnerships in Marketing, PR & Communications

The Marketing Function is responsible for the promotion of MCK products, creating awareness and building a strong brand position in the minds of the consumers. Public Relations and Communications, on the other hand, is responsible for protecting the MCK brand reputation and shaping the opinion about the company. In both functions, MCK has partnered with other organizations to achieve common objectives.

There are 5 key partners that have agreements with MCK to execute the Marketing, PR and Communication objectives in the company. The companies have been engaged for a period of between 1 year and 5 years. The partner organizations are drawn from Telecommunications, Beverage, Hospitality, Entertainment and Public Relations industries. The partners are both domestic and global in nature. Most of the global partners are vital in the supply of content and promotion materials. The partnering organizations are both exclusive and non-exclusive with the latter being the majority.

For Marketing and PR, the partnering organizations are primarily responsible for the execution elements while the internal structures at MCK are in charge of innovation and strategy. Through the partnerships, the company has benefitted from an increased rate of customer acquisition, market share growth, growth in average revenue per user, engagement with customers and content awareness.

4.4.5 Partnerships in Human Resource Management

The Human Resource Management function is responsible for the recruitment and retention of skills required for the company to achieve its objectives. The HR department at MCK has engaged with partners to achieve these key objectives. The department has partnerships with 6 organizations. The partnerships have been in place for more than 10 years. Four organizations are recruiters while the remaining two are IT services firms.

The IT services firms help the HR function in the automation of payroll, employee leave management, performance reviews and online management of employee profiles. The two companies are global and non-exclusive. They are responsible for ensuring an easy to use online employee engagement platforms.

The recruitment firms are both domestic and global. They help the HR function in the selection, profiling and recruitment of suitable candidates for various roles that arise within the company. These companies help in the screening of candidates and performing background checks. It is after the preliminary screening that they recommend candidates to MCK HR for further interview. However, MCK HR has the option to recruit directly. These partnerships have helped the HR function in identifying highly qualified personnel to join its workforce.

4.4.6 Partnerships in Operations and Customer Service

The Operations Department is responsible for the resolution of the subscribers' issues. There are different channels through which MCK customers can get help including walk-in service centers, branches, inbound call center and via social media. The Operations function has contracted partners to help it achieve its objectives.

The company has partnered with two companies to provide call center management services and staff recruitment. The inbound call center is tasked with handling customer queries and complaints. They use internal IT systems to access the customers' profiles and resolve the issues. If they are not able to resolve the issues, they escalate them to the next level of support within MCK. The company has also engaged partners to help it monitor the social media issues and get them resolved. The partnership is not exclusive.

The partners engaged at the Operations function are both domestic and global. The companies are drawn from IT services, Call Center Management and Staffing industries. The key objective of the partnerships is to help resolve customer issues within agreed turn-around timelines. The efficacy of the service provided are measured using customer satisfaction indices such as the net promoter score, the customer experience survey and the overall satisfaction score. These metrics vary from section to section within the operations department. However, the branches and walk-in service centers are purely operated by MCK.

4.5 Recruitment and sustenance of partners at Multichoice Kenya

The recruitment of partners at MCK is on a need basis. The company evaluates whether or not they need to incorporate the services of a partner for the various tasks in the various departments. The company identifies, scores and contracts suitable partners.

The choice of partners at MCK is pegged on the partner capability and their ability to achieve the required objectives. On the capability of the partner, MCK looks at the tools, technology, staff, skills and specialization of the partner. On the other hand, the ability of the partners to achieve the objectives entails the suitability of their location, their accessibility and strategic fit with the objectives of MCK. Once the partners are profiled, they are scored based on the two broad criteria. Most suitable partners are engaged and contracted based on mutual interests.

There are several measures that are taken by MCK to safeguard the partnerships and the flow of information. MCK signs non-disclosure agreement to ensure that the partners do not share its confidential information with third parties. The non-disclosure agreements apply in the entire projects and product lifecycle from ideation to launch and maintenance. Secondly, the company drafts and signs contracts to cover the partnerships with the other organizations. Partner contracts spell out the responsibilities and the terms that govern the engagement. Finally, the company has copyrights and intellectual property right agreements that protect the use of its contents.

Most of the partnership agreements that MCK has in place are long-term in nature. The sustenance of these partnerships plays a significant role in the success of the arrangements. MCK has employed diverse measures to sustain the partnerships. First, MCK provided demo-decoders to the sales partners to assist them in selling their bouquets and encourage upgrades. The company has also provided points of sale materials to the channel partners. These materials help the sales channel partners in promoting the value proposition of the MCK products to the customers in the market. The second approach towards the sustenance of the partnerships is through training. MCK organizes conferences, newsletters and town-halls to train the partners on their products both new and existing.

This continuous sharing of knowledge enhances the performance of the partners. Moreover, the company has provided basic facilities and technology to the partners to enable them to carry out the tasks. These facilities include computers, software and dialing equipment.

4.6 Partners performance measurement

The performance of the partners can be measured using different methods. From the case study, MCK uses targets and key performance indicators to monitor the performance of the partners. For the sales function, the KPIs are in the form of new acquisitions, the level of stock and the metrics on cross-selling. For Marketing & Public Relations, the key performance indicators are both qualitative and quantitative including the brand perception, promotions reach, the frequency of promotions and timing of the promotions. All the functional departments have targets which they share with the partners. The key performance indicators and targets form the basis of partner evaluation.

The second mechanism used to monitor the performance of the partners is through applications report. The company has so many applications used by different partners to interact with the company or its customers. These applications have downloadable reports that are accessible to MCK. From the applications, the various transactions and metrics reports can be availed, organized and analyzed to give an indication of the performance of the partners against the objectives. It is from the Applications and System reports that such metrics as issue turn-around times, frequencies and escalations can be measured. The analysts at the various departments organize the system reports and analyze them to provide key insights on the various KPIs of the partners to evaluate their performance.

Finally, the KPIs that deal with the customer service can be measured using surveys. The customer perception of service is measured through net promoter scores, customer satisfaction indices and customer experience surveys. Sample customers are selected and subjected to surveys where these metrics are measured against agreed acceptable levels as an indication of the performance of the partners.

4.7 Partnerships and the competitive advantage of Multichoice Kenya Limited

Multichoice Kenya Limited is the market leader in the video entertainment industry in Kenya. The company has attained a superior position in the industry with a strong brand presence in Kenya. One of the factors that has helped MCK to attain and sustain this superior position in the industry is the use of partnerships as an international business operation mechanism.

Through the partnerships that MCK has with different organizations, the company has realized a growth in subscriber base through an increase in new account sales year on year as well as excellent retention capabilities. This growth in subscriber base has helped the company maintain a superior market share in the video entertainment industry in Kenya. The partnerships account for an average of 90% of new sales. The new customers acquired join the natural decay curve of the company and some are eventually lost through churn. However, the remaining base from the new subscribers increments the base thereby increasing the company market share in the industry.

Moreover, the partnerships in retention account for 70% of the win-backs that are realized for the customers that had churned. The two-pronged approach of new sales and win-backs contribute significantly to the growth of the MCK customer numbers. The dominant position taken by Multichoice can be attributed to this growth hence a competitive advantage in the Kenyan video entertainment industry.

The partnerships have also contributed to the brand equity of the company. The partners through the point of sale and promotion materials have contributed positively to the brand awareness across the country. The mutual agreement with brand ambassadors and various outlets has made the company activities visible across the country. This visibility enforces the top of mind awareness of the Multichoice brands, DStv and GOtv, in the minds of the consumers in the market.

The partnerships with IT services firms have helped MCK keep up with the latest technological innovations in the industry. Through partnerships, the company has been able to decentralize the creation of customer accounts through mobile technology. Moreover, the IT systems have enabled a real-time resolution of customer issues. The ease of reporting issues and the resolution timelines are very critical factors in measuring issue resolution. These requirements have been fulfilled through the collaboration with IT service providers.

The acquisition, retention and motivation of a skilled workforce are important in the competitiveness of a company. These factors have been made possible by the partnerships with the Recruitment firms. They have enabled MCK to identify, profile and recruit skilled resources. The Human Resource Recruitment partnerships have also been crucial in the management of transitions when employees leave the business. The management of the employee transitions is significant in ensuring continuity.

As observed by Porter (1985), a company can create and sustain a competitive position in the market through cost leadership and proper segmentation of the customers. Multichoice Kenya through the partnerships in its operation has been able to achieve this. The company has remained a dominant player in the industry since its inception.

From the partnerships, MCK has been able to seek cost leadership in the industry. The company has realized a significant reduction in the costs of content, acquisitions and service. The reduction in costs has been enhanced by the innovative capabilities of the company and its partners. Through global sourcing and supplies via partnerships with global content producers, the company has been able to achieve economies of scale while at times getting exclusive content. Moreover, through the partnerships, the costs of acquisition of decoders has decreased over the years. The partnership with global suppliers of hardware such as decoders and electrical parts has implied that the company gets the supplies at relatively lower prices achieved through the manufacturing economies of scale in the various through reduced production costs and favorable labor conditions. The company, through the partnerships with other organizations, has also reduced the cost to serve and the cost to sell. The sales partnerships have helped the company to avoid certain fixed sales costs that are borne by the sales and distribution partners. The cost of customer service and retention has been reduced through the partnerships with the IT services, Recruitment and Call Center Management firms.

The second source of competitiveness has been the creation of a highly differentiated product. The company’s products, GOtv and DStv, are highly differentiated. The brands have unique bouquets that can only be accessed by MCK subscribers. These exclusive products are a key differentiator between MCK products and those of the competition. Through innovation, the company has been able to enhance the features of its products. For instance, the DStv product is the only product in its category that can be accessed via connected video over the internet. The quality of customer service has been enhanced through customer service partnerships with other organizations.

Finally, the company has been able to segment and target its consumers differently. Whereas DStv targets the middle and upper class of consumers, GOtv is a mass market product. The partnerships that MCK has with other organizations have been designed to handle the two brands differently. The sales and activation process for the two brands are different. Also, the marketing strategy for the two brands is unique with each having a different profile for brand ambassadors and social media care personas. Through this focus, the company has achieved a competitive position for its products in the video entertainment industry.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of this case study was to determine the extent to which Multichoice Kenya Limited had incorporated partnerships in its operations as an international business in the video entertainment industry in Kenya. This chapter provides a summary of the findings of the study. It also presents the conclusion that can be drawn from the findings of the study. Based on the findings of the study, this chapter also gives the recommendations for policy and practice as well as recommended areas for further research.

5.2 Summary of findings

The study established that partnerships exist in all the functional departments of Multichoice Kenya Limited. The partners were drawn from different industries including Telecommunications, IT services, Manufacturing, Content Production and Distribution Channels. The number of partners engaged for different tasks differed from department to department with the Sales & Distribution Function having the highest number of partners engaged for the purpose of enhancing products availability and sales across the country. The partnerships have existed since the inception of the company in Kenya in the year 1995.

Moreover, the case study found out that there were both exclusive and non-exclusive partnership arrangements between MCK and other organizations. The exclusive partnerships were chiefly those tasks that require high levels of confidentiality and commitment. The non-exclusive partnerships provided the company with the ability to monitor competitor activities in the market.

It is evident from the study that the partnerships have contributed significantly to the competitiveness of MCK by facilitating differentiation, enhancement of value for money and service excellence. MCK partners across the departments are tasked with delivering on the company objectives. All the respondents agreed that the partners perform the critical tasks in their departments, thereby highlighting the important role played by partnerships in the operations of MCK.

5.3 Conclusions

From the study, several conclusions can be drawn. First, it is evident that partnerships contribute significantly to operational excellence. From the case, Multichoice Kenya has incorporated partnerships across its entire value chain. The partners contribute to the attainment of the various key performance indicators in all the departments where they have been incorporated. It is clear that the partners play a significant role in the acquisition of customers, the collection of subscription, the sourcing of content, the retention activities and the provision of customer support.

Partnerships also play an important role in the sharing of ideas, creativity, skills and technology. This implies that companies can engage partners with better capabilities that they have so as to gain superior products and services. This can be deduced from the engagement of call center management companies and technology systems providers as MCK partners.

It is evident that the employment of partnerships as an international business operations approach contributes to a superior position in the market. Whereas partnerships alone, do not produce the competitiveness in the industry where the firm operates, they result in synergistic outputs of the tasks that are jointly undertaken. The synergistic output results in a superior product or service features and better ways of working.

Moreover, effective partnerships require that the parent company formulate the strategy before seeking partnerships. This means that the parent company is responsible for the formulation of strategy while the partners are incorporated to help in the execution. This approach ensures that the company moves in the specified direction outlined in its vision.

5.4 Recommendation for policy and practice

From the study, it is highly recommended that the company continues in the adoption of strategic partners in its quest for excellence. The partnerships have contributed positively to its superior position in the video entertainment industry. However, the company should be careful to innovate solutions. In so doing, the partners will help more in the execution. It is in the best interest of the company to have a complete oversight of the customer lifecycle management. The use of the partners in customer lifecycle management should only be adopted when the company lacks the capability.

The second recommendation is that there ought to be clarity of goals that are embraced by both partners. This will ensure that there is a mutual commitment to the attainment of the goals. The costs, timelines and scope of initiatives or tasks need to be agreed well in advance. This is helpful for the review of the performance of the partnerships. Clearly defined roles and objectives are easy to evaluate.

The third recommendation for international business managers interested in the adoption of partnerships as an operation model should be keen on the compatibility of the partners and their long-term commitment. The compatibility of the partners ensures that there is a fit between the partners especially on the requirements and the capability of the partners. The long-term commitment is necessary because the strategy is concerned about the long-term vision of the company.

One of the issues that came up during the study was the issue of data privacy breach. Even though the companies sign contracts and non-disclosure agreements, the Communications Authority of Kenya should formulate string policies that discourage unwarranted access to information shared within the partnerships. In so doing, CAK will encourage the adoption of partnerships within the video entertainment industry.

5.5 Recommendation for further research

This study focused on the adoption of partnerships as an international business operations model at Multichoice Kenya Limited within the context of video entertainment industry where it operates. It is highly recommended that research is conducted to understand the concept of international business partnerships as an operation model in other multinational companies in Kenya. This understanding would elucidate on the adoption and effect of partnerships on the competitiveness of other global companies in Kenya. Secondly, it is recommended that a similar study is undertaken on the other firms in the video entertainment industry in Kenya to understand the adoption of partnerships in the industry.

REFERENCES

Alakhume, O., Mugasa, M., Myburgh, V., & Niebuhr, B. (2013). *Kenya Media and Entertainment Outlook: 2013-2017*. PricewaterhouseCoopers.

Baden-Fuller, C., & Grant, R. (2004). A knowledge accessing theory of strategic alliances. *Journal of management studies, 41*(1), 61-84.

Banker, R., Mashruwala, R., & Tripathy, A. (2014). Does a differentiation strategy lead to more sustainable financial performance than a cost leadership strategy?. *Management Decision, 52*(5), 872-896.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, *17*(1), 99-120.

Barney, J., & Hesterly, B. (2008). *Strategic management and competitive advantage*. England: Pearson Prentice Hall.

Bengtsson, M. (2016). How to plan and perform a qualitative study using content analysis. *Nursing Plus Open, 2* (1), 8-14.

Bianchi, C., & Ostale, E. (2006). Lessons learned from unsuccessful internationalization attempts: Examples of multinational retailers in Chile. *Journal of Business Research, 59*(1), 140-147.

Boeije, H., & Hox, J. (2005). *Data collection, primary versus secondary*. Utrecht University, The Netherlands.

Burgers, W., Hill, C., & Kim, W. (1993). A theory of global strategic alliances: The case of the global auto industry. *Strategic management journal*, *14*(6), 419-432.

Cavusgil, S. (1998). International Partnering: A systematic framework for collaborating with foreign business partners. *Journal of International Marketing*, 91-107.

Cavusgil, S., & Knight, G. (2004). Innovation, organizational capabilities and the born-global firm. *Journal of international business studies*, *35*(2), 124-141.

Cavusgil, S., Knight, G., Rammal, H., Riesenberger, J., & Rose, E. (2014). *International business*. Pearson Australia.

Collinson, S., Hodgetts, R., & Rugman, A. (2006). *International Business*. Pearson Education.

Davis, D., & Yin, R. (2007). Adding new dimensions to case study evaluations: The case of evaluating comprehensive reforms. *New directions for evaluation, 2007*(113), 75-93.

Dawi, N., Jusoh, A., Nor, K., & Qureshi, M. (2016). Service Quality Dimensions in Pay TV Industry: A Preliminary Study. *International Review of Management and Marketing, 6*(4S), 239-249.

Feldmann, F. (2016). Factors of Success and Failure for International Retailers in Poland. *Journal of Management and Business Administration, 24*(3), 2-22.

Gillespie, A. (2007). *PESTEL analysis of the macro-environment*. Foundations of Economics, Oxford University Press, USA.

Gimpel, G. (2015).The Future of Video Platforms: Key Questions Shaping the TV and Video Industry. *International Journal on Media Management, 17*(1), 25-46.

Glendinning, C., Powell, M., & Rummery, K. (Eds.). (2002). *Partnerships, New Labour and the governance of welfare*. Policy Press.

Grant, R. (1999). The resource-based theory of competitive advantage: implications for strategy formulation. *In Knowledge and strategy* (pp. 3-23).

GSMA. (2017). *Digital Migration Process in Kenya* [EBook] (pp. 6-8). Retrieved from https://www.itu.int/en/ITU-R/seminars/rrs/2017-Africa/Forum/GSMA%20Digital%20Migration%20Process%20in%20Kenya.pdf

Guisinger, S., & Sethi, D. (2002). Liability of foreignness to competitive advantage: How multinational enterprises cope with the international business environment. *Journal of International Management, 8*(3), 223-240.

Haskell, N., Pons, F., & Veilleux, S. (2012). Going global: how smaller enterprises benefit from strategic alliances. *Journal of Business Strategy, 33*(5), 22-31.

Hitt, M., Ireland, R., & Vaidyanath, D. (2002). Alliance management as a source of competitive advantage. *Journal of management, 28*(3), 413-446.

IT Web. (2017). *Africa's pay-tv subscriptions hit 23.7m*. Retrieved from https://www.itweb.co.za/content/nLPp6VMrXkZvDKQz

Jefwa, B. (2015). *Pay-TV reaches 21 percent of TV households in East African community*. Retrieved from https://www.cio.co.ke/news/main-story/pay-tv-reaches-21-percent-of-tv-households-in-east-african-community/

Jenkins, A., & McKelvie, A. (2016). What is Entrepreneurial Failure? Implications for future research. *International Small Business Journal, 34*(2), 176-188.

Johanson, J., & Vahlne, J. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of international business studies, 8*(1), 23-32.

Khan, A., & Pillania, R. (2008). Strategic sourcing for supply chain agility and firms' performance: A study of Indian manufacturing sector. *Management Decision, 46*(10), 1508-1530.

Khuzaini, K., Oetomo, H., Setyadi, T., & Suwitho, S. (2017). The Influence of Strategic Alliance on Competitive Advantage through Market Area and Product Innovation. *International Journal of Business Administration, 8*(7), 57.

Kirunga, R. (2016). *The Role of International Network Management as a Source of Competitiveness among SMEs within the Nairobi Central Business District.* Unpublished MBA Project. University of Nairobi.

Knoke, D., & Todeva, E. (2005). Strategic alliances and models of collaboration. *Management Decision, 43*(1), 123-148.

Kosgei, S. (2017) *Factors Influencing Utilization of International Joint Venture Partnerships.* Unpublished MBA Project. University of Nairobi.

Kwese.com. (2017). *Kwesé unveils the first 'pay-as-you-watch' TV bouquet in Kenya*. Retrieved from https://www.kwese.com/news/1266096/kwes%C3%A9-unveils-first-pay-you-watch-tv-bouquet-kenya

Longnecker, M., & Ott, R. (2015). *An Introduction to Statistical Methods and Data Analysis*. Nelson Education.

Luostarinen, R., & Welch, L. (1988). Internationalization: Evolution of a concept. *Journal of general management, 14*(2), 34-55.

Mathieu, V. (2001). Service strategies within the manufacturing sector: benefits, costs and partnership. *International Journal of Service Industry Management*, *12*(5), 451-475.

McAdam, R., & McCormack, D. (2001). Integrating business processes for global alignment and supply chain management. *Business Process Management Journal, 7*(2), 113-130.

McDougall, P., & Oviatt, B. (1994). Toward a Theory of International New Ventures. *Journal of International Business Studies, 25*(1), 45-64.

McGoldrick, P. (2002). *Retail Marketing*. McGraw-Hill.

Multichoice Kenya. (2015). *About MultiChoice Kenya*. Retrieved from https://www.dstv.com/en-ke/news/about-multichoice-kenya

Mwangi, W. (2017). *Effects of Strategic Partnership on Financial Performance of Mortgage Companies in Kenya.* Unpublished MBA Project. University of Nairobi.

Ngamau, P. (2015) *Influence of strategic partnerships on performance of insurance companies in Kenya.* Unpublished MBA Project. University of Nairobi.

Ngigi, S. (2013) *Service Quality and Performance of Paid Television Services: The Case Study of Zuku Company Limited.* Unpublished MBA Project. University of Nairobi.

Nielsen, B. (2005). The role of knowledge embeddedness in the creation of synergies in strategic alliances. *Journal of Business Research, 58*(9), 1194-1204.

Porter, M. (1980). *Competitive strategy: techniques for analyzing industries and competitors*.

Porter, M. (1985). *Competitive advantage: creating and sustaining superior performance*. New York: Free Press.

Salavou, H. (2015). Competitive strategies and their shift to the future. *European Business Review, 27*(1), 80-99.

Skage, S. (1996). Building Strong and Effective Community Partnerships. *A Manual for Family Literacy Workers, The Family Literacy Action Group of Alberta.*

Stemler, S. (2015). Content analysis. *Emerging Trends in the Social and Behavioral Sciences: An Interdisciplinary, Searchable and Linkable Resource*, 1-14.

Wekesa, E. (2013) *Competitive strategies adopted by Multichoice Kenya Limited*. Unpublished MBA Project. University of Nairobi.

Zainal, Z. (2007). Case study as a research method. *Journal of Humanities*, (9), 1-6.

APPENDICES

Appendix I: Introduction letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

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

P.O. Box 30197
Nairobi, Kenya

DATE 16/10/2018

TO WHOM IT MAY CONCERN

The bearer of this letter VICTOR ODHIAMBO AGAGO

Registration No D61/64482/2013

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
16 OCT 2018
P.O. Box 30197 - 00100, NAIROBI

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

Appendix II: Interview guide

1. What is your role in the organization?
2. What is your highest level of academic qualifications?
3. How long have you been in the organization?
4. How many people directly report to you?
5. Who is your line Manager?
6. As a company, who are your key competitors in the market?
7. Have you partnered with any other organization(s) to perform some tasks in your department? Are they key tasks?
8. How many organizations have you partnered with in your department?
9. What industries are the partners drawn from?
10. Are the partnering companies domestic or global?
11. How has the partnership(s) contributed to the KPIs of your department?
12. How long have the partnerships been in place?
13. Are the partners you work with exclusive to MCK or they have been contracted by the competitors?
14. Have these partnerships contributed in any way to the provision of superior products or services in the market? Explain
15. To what extent in your view have the partnerships provided the organization a superior position than the competitors in the market if any? Explain
16. Would you recommend partnerships as an operation model?
17. What measures have been put in place to guard the confidential information that you share with the partners?
18. How best can you explain the knowledge transfer between MCK and the partners?
19. What support does your department give to the partners?
20. What tools and methods do you use to evaluate the performance of the partner(s)?