INFLUENCE OF STRATEGIC ALLIANCES ON PERFORMANCE OF NCBA BANK KENYA PLC

BY

PROVIDENCE CHEPKOECH

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI

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DECLARATION

I Providence Chepkoech thus state that this MBA research project "Influence of strategic alliance on the performance of NCBA bank, Kenya PLC" is entirely my original work, and has not been submitted for examination to any other Institution, or college or university for the award of any certificate, diploma or degree.

_____Date_____**11/30/2022**_____

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D61/35317/2019

SUPERVISOR'S APPROVAL

This research MBA project by Providence Chepkoech titled "Influence of strategic alliance on the performance of NCBA bank, Kenya PLC" has been submitted for examination with my approval as the University Supervisor.

Signature   Date: **30TH NOVEMBER 2022.**

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DEDICATION

I dedicate this project to my parents Mr. & Mrs. Kerich and my siblings Sharon,

Prudence, and Shem who have all played a selfless role to get me here even when I did

not know how, your love and sacrifice have made this possible.

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I acknowledge the Almighty Father by dedicating this project to Him because without

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ABBREVIATIONS

CBK   Central Bank of Kenya

CBRR`   Central Bank Reference Rate

KBA   Kenya Bankers Association

KBRR   Kenya Bankers Reference Rate

NGO   Non-Governmental Organization

PLC   Public Limited Company

RBV   Resource Based View

ABSTRACT

Strategic alliances play an essential role to the success of modern organizations. Businesses are increasingly developing strategic alliances to improve their performance and market position. The establishment of strategic alliances is a reaction to globalization and the complicated and uncertain business environment. Companies are developing strategic alliances to help them expand their market share, enter new markets, develop dynamic skills, and lower operating costs The study aimed to investigate the influence of strategic alliances on performance of commercial banks in Kenya: A case study of NCBA bank Kenya PlC. The study used the following two theories; Resource Based View Theory (RBV) and Dynamic Capabilities Theory. The study was qualitative in nature, hence adopting a case study as its design. The research instrument used to collect the data was the interview guide. The data obtained by the researcher was analysed qualitatively by the help of content analysis. The study found that NCBA bank formed strategic partnership with in order to increase its customer base number, market share, improve customer service, develop more products or services and eventually achieve profitability. The study found out that NCBA bank had formed strategic alliances with the insurance firms through NBCA insurance agency. The bank had also formed a strategic alliance with Safaricom PLC so as to offer Mshwari and Fuliza products. The bank had also formed a strategic alliance with Isuzu Kenya. The strategic alliance allowed private schools and National Police Service to purchase and lease buses from ISUZU and get financed with NCBA bank. The study found out that NCBA had formed a strategic alliance with Mysafe Vaults and Kenya association of manufacturers. The study also found out that NCBA bank had a strategic alliance with Tilisi developments, Optiven Limited and Shelter Afrique. The study concluded that strategic alliance contributed to the performance of NCBA bank. The strategic alliances formed by NCBA bank can be attributed to have significantly improved the performance of NCBA bank and led to an increase in the customer base, market and profit of the bank. The study concluded that NCBA bank has been able to influence customers as the result of strategic alliances. The study also concluded that NCBA bank has been able to adjust to the changes and opportunity available in the market due to strategic alliance. The researcher concluded that NCBA achieved the following as a result of strategic alliances; markets expansion, increase in customer number, adoption of better technologies to improve customer service delivery and development of new advanced products and services for the customers. Lastly, the study concluded that NCBA bank has diversified its products and services though identifying opportunities and coming up with a product that meets the needs of the market segment identified. The study recommends NCBA to continue forming new strategic alliances for better improvement of the customers services and profitability of the organization. The study also recommends that NCBA to incorporate data protection in its strategic alliances. The study also recommends the government to offer support to banks by providing good working environment and favorable taxes.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Businesses are increasingly developing strategic alliances to improve their performance and market position (Baranov, 2013). The establishment of strategic alliances is a reaction to globalization and the complicated and uncertain business environment. Companies are developing strategic alliances to help them expand their market share, enter new markets, develop dynamic skills, and lower operating costs (Mwangi, 2014). Since many of the resources, capabilities, or talents required for the company's high-level performance are available outside the company and are frequently beyond the management's control, increased industry competition makes it difficult for businesses to compete alone and hence, companies are compelled to look for alliance partners (Baranov, 2013).

This study was anchored on Resource Based View Theory (RBV) which was supported by Dynamic Capabilities Theory. The RBV Theory highlights the necessity for businesses to establish firm-specific and distinctive capabilities to help them to compete successfully in the industry. RBV necessitates the mapping of organizational strategic resources and their efficient exploitation in value-added activities (Arrigo, 2012). Strategic resource scarcity necessitates their external provision via strategic alliances. Dynamic Capabilities Theory emphasizes on internal and external organizational strengths, such as capital expenditures intended to maintain the markets' dynamic nature and achieve a competitive position. As per the dynamic capability theory, an organization's capabilities are its capacity and ability to deploy resources, usually in tandem with its processes, procedures, and customer

demand (Bogers, Chesbrough, Heaton & Teece, 2019). The requirement for forming strategic alliances was addressed by RBV, and their implementation was addressed by dynamic capability theory.

Commercial bank performance in Kenya is of tremendous concern because they contribute to the growth of Kenya's economy. In light of this body of research, this study's goal was to investigate the impact of strategic partnerships on the performance of commercial banks in Kenya. The banking sector in Kenya which presently has 47 commercial banks as per KBA reports (2022), is a fast-paced industry with stiff competition. In light of this, banks anticipate that to compete effectively in the market, they need to form strategic partnerships with key players in the industry. To conduct a thorough and in-depth investigation, this study used a case study methodology. The research findings can be extended to other firms looking to form strategic relationships after a great comprehension of this topic is attained. This study adopted a case study of NCBA Bank and sought to find out the strategic alliances formed by NCBA Bank and their influence on its performance.

1.1.1 Concept of Strategic Alliance

Strategic alliances are a form of corporate collaboration that entails pooling resources and expertise to achieve the shared objectives of the partners in the alliance while still maintaining their respective legal identities (Russo, 2017). Alliance justifications change as the economy and industry change (Tjemkes, Vos, & Burgers, 2017). For instance, in the 1970s, companies prioritized the effectiveness and quality of their products and formed alliances to get access to new technologies, domestic and international markets, and market stability. As a result of ongoing globalization, escalating competition, and increasingly demanding clients, the emphasis switched to acquiring flexible market positions during the

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1980s. Their alliances offered flexibility, which they used to solidify industry positions, establish industry eminence, and achieve economies of scale. Then, during the 1990s and 2000s, businesses shifted their focus to learning as well as capability development for innovation. They started using alliances to guarantee a steady stream of opportunities for technological improvements, pro-actively maximize returns, and optimize their entire value for product or target markets, and gain the capacity to respond to shifting internal and external conditions (Tjemkes, Vos, & Burgers, 2017). Alliances assist businesses in meeting institutional and market expectations for sustainability. Regardless of the rationale, the strategic advantage of alliances is evident, particularly in today's context of rapidly growing and shifting markets, global intense competition, network organizations, dynamic and high-cost technology (Tjemkes, Vos, & Burgers, 2017).

Technically, strategic alliances are a sort of collaboration and cooperation that can be developed for the corporate and business levels and put into action to achieve common goals and create superior resources. In order to increase a company's competitive advantage, enter untapped areas, share costs and risks, and supplement crucial capabilities that are already present, among other things, strategic partnerships are essential. Since markets are always changing, it may be challenging for a firm to stay on top of all technologies, resources, and competences while also succeeding in every sector (Russo, 2017). This demonstrates unequivocally the necessity of companies forming strategic alliances in order to preserve market leadership, maximize earnings, and remain competitive and modern.

In response to the fast-rising complexity and uncertainity of the shifting business environment as well as in response to globalization, strategic alliances are created (Baranov, 2013). Due to the external market conditions that show insufficient internal resources required for maintaining the competitive advantage in the industry, alliances have become an increasing trend, particularly in the global marketplaces where more firms are adopting collaborative methods. Strategic alliances are long-term partnerships that are difficult to establish and maintain but are aimed at achieving a durable competitive edge. Strategic alliances can take many different forms, including joint ventures, partnerships, and contracts.

1.1.2 Organizational Performance

Organizational performance refers to the ability of an organization to acquire and employ its limited valuable resources in an efficient manner while pursuing its operations' objectives (Jenatabadi, 2015). It also refers to the conversion of inputs into the desired outputs with an aim of attaining certain results. The performance results stem from a firm's success in the market or the attained market position. Most firms whether small or large strive for growth. Big firms strive to get bigger while small firms strive to get bigger.

Most organizations desire growth for their prosperity and survival. The political, economic, and social success of developing countries is heavily influenced by the performance of their organizations. Any company's primary goal is progressive performance because performance is where businesses discover their growth. The term "performance measurement" refers to all aspects of the business management cycle as well as control mechanisms and management that offer information that is shared with both internal and external users (Jenatabadi, 2015).

Financial performance is a gauge of a firm's financial health that results from management choices and the organizational members that carry them out. In banks, growth is correlated with increases in loan volumes, deposits, clientele, assets, bank positioning, and customer retention rates (Maselo, 2019). Partnerships, market shifts, entry into new markets, and the development of new product lines are examples elements that contribute to organizational growth. Since maximum profitability is the ultimate goal of the majority of businesses, they often measure growth in terms of revenue.

1.1.3 Commercial Banks in Kenya

Kenya's banking sector consists of a number of organizations that can be divided into commercial banks, microfinance institutions and SACCOs. Kenya Bankers Association (KBA), an organization that represents commercial banks' financial interests, was established in Kenya on 16th July 1962. There are presently 47 commercial banks in Kenya, according to KBA statistics (2022). Kenya's banking sector is governed by the Banking Act, the Companies Act, as well as the Central Bank of Kenya (CBK). Because they have substantial control over the amount of money available for circulation in the nation, commercial banks are vital to the expansion of the economy (Maselo, 2019).

Commercial banks are important in Kenya in carrying out monetary policies, facilitating local and international payments for goods and services, encouraging client savings, and encouraging investment in the economy through direct investments or the advancement of loans to investors. In creating and carrying out monetary and fiscal policies, the CBK is a key player. CBK's responsibility is to preserve the liquidity and solvency of the national currency (The Kenyan Shilling) as well as the smooth operation of the Kenyan financial system.

To better satisfy the complex, expanding needs of the client base and to better address the problems posed by globalization, Kenya's banking sector has undergone automation and evolved from the conventional banking system. With some businesses being new to the market, the banking sector is characterized by growing rivalry from both local and foreign institutions. According to Ongore and Kusa (2013), commercial banks strive to offer financial services that are sustainable by assuring the long-term success of businesses and significantly promoting social, economic, and societal growth.

1.1.4 NCBA Bank Kenya PLC

NCBA Group was established on October 1st, 2019, following the approval by CBK and the National Treasury of the merger of CBA Group and NIC Group PLC. As a result, NCBA Group, a new organization, was created. The NCBA Group boasts of over 100 branches across East Africa. As one of the top banking groups in Africa in terms of client counts, NCBA Group serves more than 50 million consumers (NCBA, 2022). According to assets, NCBA Bank is Kenya's third-largest bank (NCBA, 2022). It also excels in digital and corporate banking, and asset finance. Through its facilitation of the Big Four Agenda's implementation that is focused primarily on inexpensive housing, dependable food supply, free healthcare, and manufacturing, NCBA Bank is a key player in the support of Kenya's current economic aspirations. Solutions for small- and medium-sized businesses, retail customers and corporations, brokerage services, bancassurance, and investment banking services, and property banking services are just a few of the services offered by NCBA Bank. Large enterprises, diplomatic and NGOs, Small and Medium Enterprises, institutions, and the wealthy segments of society are the key targets of NCBA Bank.

1.2 Research Problem

Strategic alliance formation has expanded over time as businesses seek to gain a competitive edge and enhance their performance (Wandia & Ismail, 2018). Strategic alliances have risen sharply, particularly in the banking industry, which is characterized by rapid technological advancements, shifting consumer preferences, shifting service delivery requirements, and globalization. Instead of ownership, a business may need to acquire the necessary abilities, resources, and innovations to improve its overall performance (Capik, & Brockerhoff, 2017). Strategic alliances have been successful across a variety of businesses, according to numerous researches and are now the primary tool for achieving improved performance, which is the core objective of any business. Alliances are important for a company's performance because they give access to resources that are necessary for gaining and preserving competitive advantages (Andersén, 2011).

Financial institutions in Kenya continue to face a number of difficulties on account of the challenging economic conditions, restrictions imposed by the government, the current pandemic that has severely hampered the economy as a whole, and other factors. As an illustration, the 2016 Banking Amendment Act set a ceiling on loan interest rates that was according to the CBRR and the KBRR. Additionally, commercial banks had to pay depositors, minimum interest rate of 7% under the terms of the statute. Mbua (2017) claims that this prompted commercial banks listed on Nairobi Securities Exchange to collaborate with other organizations in order to boost non-funded income, maintain competitiveness, and mitigate the effects of strict restrictions. In line with the economic climate at the time, the CBK also eliminated transaction fees for mobile money services in 2020 and also introduced the rules governing pricing (CBK, 2020). Banks' performance has decreased as

a result of these causes and hence commercial banks in Kenya are considering strategic alliances as competitive strategies that will allow them to accomplish goals that would be challenging to attain otherwise. Various banks have formed alliances such as the merger of NIC and CBA Banks, the acquisition of Jamii Bora Bank by CBA Bank, and strategic alliances between Safaricom and NCBA Bank in provision of Fuliza and Mshwari services.

Numerous studies have demonstrated the benefits of strategic alliances on organizations. Nzengya (2013) investigated the strategic alliances among commercial banks in Kenya demonstrating that mergers were the most common type of alliances within the banking sector and that the main reason for formation of alliances were profit maximization and need for competitiveness presenting a conceptual gap. With a focus on the KCB group, Maselo (2019) investigated how strategic alliances affected the market share growth of commercial banks in Kenya. According to the study, strategic alliances and the competitiveness of commercial banks are positively correlated. However, the study also revealed a conceptual gap. Onje and Oloko (2017) also undertook a study on the impact of strategic alliances on the commercial banks' financial performance utilizing variables such as cost, synergy and growth hence revealing a conceptual gap. Zikri (2020) investigated the influence of strategic alliances on expansion of market share of the commercial banks in Malaysia utilizing variables such as market access, knowledge and financial risks sharing. The study established that the growth of market share is extensively impacted by strategic alliances. The study however revealed a conceptual and contextual gap.

Alliances made with mobile service providers and information technology service providers have mostly been the focus of numerous researches on alliances in Kenya (Kabuiya, 2015). Numerous studies have been done in the setting of industrialized nations; hence little is known about how strategic alliances have affected the growth and performance of commercial banks in Kenya, especially during this pandemic era. While there have been numerous studies on strategic alliances in Kenya, none, to the best of the researchers' knowledge, have focused on determining how the performance of commercial banks has been influenced by strategic alliances through a case study of NCBA Bank. In addition, the study on strategic alliances were done before the pandemic which has forced most organizations to make a lot of changes. Because of this dearth in knowledge, this study looked specifically at NCBA Bank, the most recent bank to merge successfully to answer the question of whether strategic alliances help commercial banks improve their performance. This therefore justifies the need for further research in this field. The research will hence provide an answer to the following research question: What is the influence of strategic alliances on performance at NCBA bank?

1.3 Research Objectives

The objective of this study was to establish the influence of strategic alliances on performance of NCBA Bank.

1.4 Value of the Study

The establishment of strategic alliances is an important strategy that still faces a knowledge gap. This study will be extremely useful to researchers and academics. They could spot information gaps and gather data needed for more in-depth study in this area. Additionally, they will profit by learning knowledge that can be applied to further research on the subject of strategic partnerships as a strategy for strategic expansion in Kenya's banking industry.

The study will be important to managers in firms because it will help them comprehend the idea of strategic alliances and how companies perform in their sectors. The management of the businesses will receive knowledge about the viability of using strategic alliances as a tool for performance growth. The management will realize the relevance of forming alliances that will accelerate the company's performance growth in order to maximize shareholder wealth.

The findings of this study will play a vital role in advising policymakers as they consider the implications of forming strategic alliances on organizational growth. This study will have a huge impact on how appropriate policies are developed and implemented, which is crucial for the growth of performance of financial institutions and the development of regulatory structures that will encourage competitive resource allocation and efficiency.

1.5 Chapter Summary

This chapter presented a background of the study and examined the issue of strategic alliances and organization performance. The chapter explored the developments within the banking industry and how banks position themselves in the industry and it also presented an overview of NCBA Bank. This chapter also explained the research problem, the research question and objectives that formed the foundation of this study. The chapter also presented the value of the study to theory, managerial practice and policymakers.

1.6 Organization of the Project

The project was organized into 5 chapters from chapter one up to five. Chapter one discussed the background of the study and explored the research question and the research objective achieved throughout the study. The impact of the study to the company is also revealed. Chapter two covered the basic theories concerning the research topic and the previous studies and also explored the empirical findings and the research gaps. Chapter three covered the research methodology applied in the study. Chapter four covered the results of the interview guide which is the research instrument and summarized the

findings. Chapter five covered the summary of this study and presented the conclusions from the study. Chapter five also presented the study recommendations and the implications of the study. In conclusion, the chapter covered the limitations of this study and suggested the areas requiring further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter thoroughly examines the literature on previous related research pertinent to the study topic. The chapter explores the theoretical foundation of this study, the empirical studies and research gaps.

2.2 Theoretical Foundation

This study was anchored on RBV Theory which was supported by Dynamic Capabilities Theory. The RBV theory addresses the need for forming strategic alliances while the dynamic capabilities theory addresses their implementation. Each of the theories is discussed in the subsequent sections.

2.2.1 The Resource Based View Theory

Penrose proposed the RBV Theory in 1959. Penrose proposed that the number of resources a firm has influences its size. RBV Theory suggests that resources have an influence on a company's performance; as a result, for resources to be potential sources of competitive advantage, they must be scarce, imperfectly imitable, non-substitutable, and valuable (Barney, 1991). RBV theory suggests that a firm's ability to engage in certain activities and determine what it can purchase from outside sources depends on the existence of unique resources within the organization (Wernerfelt,1984). According to Miller (2019), the essential principle of RBV is that companies compete based on their current resources and skills. The RBV theory states that firms with "strategic resources" have a significant competitive advantage over their rivals. Because competing companies may easily acquire

some resources, such as money and automobiles, they are not considered to be critical resources. Instead, a resource is considered strategic if it is valuable, unique, challenging to replicate, and designed to maximize value. The capacity of businesses to create or acquire strategic resources affects their performance and their ability to compete with their rivals (Mweru &Maina, 2016).

Alliances are seen as essential tools that search across boundaries and outside the realm of a firm's available resources in quest of vital resources and competencies. To make it easier to access resources that are available in other organizations, businesses form alliances. Another organization might not have access to or be able to afford the resources. According to the RBV theory, strategists choose a competitive approach that makes the best use of an organization's internal resources and competencies with the available external opportunities (Miller, 2019). According to the RBV model, an organization's resources are essential to achieving high performance. An organization must pool all of its resources and skills for a project to succeed.

Zikri (2020) asserts that the RBV theory's popularity may be seen in its quick diffusion throughout the diverse strategy literature. In general, this body's conceptual work has concentrated on the organizational resource characteristics that affect its ability to maintain a competitive edge. Following Penrose (1959), several theorists have emphasized the role that a firm's resources play in achieving lasting competitive advantage. There are theories that were developed concurrently with RBV, such as the theory of invisible assets. It implies that since information-based assets are typically difficult to acquire and take time to accumulate, they are the true sources of a firm's competitive advantage (Zikri, 2020).

These factors include consumer trust, company culture, technology, and brand image. They are both inputs and outputs of a firm's operations.

The internal resources of a business are heavily emphasized by the RBV hypothesis as a way to streamline operations and gain a competitive edge. RBV is a theory that is pertinent to the topic being studied since it looks at the function of resources and how they affect organizations. The RBV hypothesis justifies enduring organizational performance by emphasizing the potential of the organization to establish and maintain its competitive position through the procurement of vital resources. In the banking industry, this theory is used because organizations including banks use alliances to gain access to the valuable resources of other firms. Hence, firm resources provide a useful foundation for studying alliances.

2.2.2 Dynamic Capability Theory

According to Teece, Pisano, and Shuen (1997), an organization's "dynamic capabilities" are its "ability to build, integrate, and rearrange both internal and external competencies in response to the rapid changes in the environment." They proposed that positions and paths help to shape processes that makeup firms' dynamic capabilities. The external and internal forces limiting or enabling dynamic capabilities are represented by the positions and paths. The firm's internal positions are made up of its assets, such as its financial, technological, reputational, structural, and complementary positions are made up of the firm, its institutional environment and markets. The organization's potential to effectively adapt to shifts in the uncertain environment that directly impact on the firm's functioning is highlighted by the dynamic capability theory (Bogers, Chesbrough, Heaton, & Teece, 2019).

Companies that place a strong emphasis on their internal and external competencies have the ability to develop distinctive, integrated systems essential for bolstering the alignment of the organization's diverse skill set. Firms with significant dynamic capacities will employ strategic management to achieve the value-enhancing orchestration of firm assets within, within, and among organizations within the business ecosystem (Gathungu & Mwangi 2012). Besides, businesses that are unable to quickly develop new competencies frequently struggle to take advantage of opportunities and to compete in an effective manner. Dynamically competitive firms influence competition and market outcomes through innovation, entrepreneurship, semi-continuous asset orchestration, and firm reconfiguration.

Dynamic competencies, according to recent studies, are crucial for coping with the quick changes in the business environment. This shows how adaptable they are and how the levels of dynamism within the external environment vary. Dynamic capabilities have been emphasized as efficient methods for responding to rapid environmental changes and assisting the management team in modifying, reconfiguring, and extending operational capabilities to better suit the rapid environment. Because dynamic capabilities are specific to a company, competitors find it challenging to replicate them (Teece, 2018). Firms must search for new ways to gain competitive positions in order to navigate the dynamic environment.

By forming strategic alliances to combine their special dynamic capabilities, which are essential to achieving process efficiency and effectiveness as well as market and performance growth, alliance partners seek to strengthen their market position (Teece, Peteraf & Leih, 2016). The importance of dynamic capabilities in acquisitions has been

demonstrated by the body of literature currently in existence. For instance, the identification of distinguishing features of agreements, reduction of acquisition-related uncertainty, and enhancement of acquisition integration all need the use of dynamic skills.

The dynamic capabilities theory is pertinent to the topic at hand because it demonstrates how alliances are resource acquisition strategies that give businesses access to distant resources, enabling them to dynamically adjust their technical fitness in response to sudden shifts in their environment (Teece, Peteraf & Leih, 2016). The leading firms in the contemporary business environment are those who innovate their services and goods in a timely manner in response to the quick changes, in addition to having management that is capable of effectively coordinating and redeploying the organizations competencies (Teece, 2018). The expansion of the customer base is crucial for the banking industry, and commercial banks' ability to have flexible capabilities is pertinent.

2.3 Strategic Alliances and Performance

Alliance-related activities have significantly increased over time, and strategic alliances have proven to be the cornerstone of the competitiveness of many organizations. Companies have been able to attain high performance levels that would have been challenging to complete on their own. Companies that work together are better equipped to take use of each other's strengths and talents, creating synergies that help them compete successfully and increase their performance than those that join markets on their own (Tjemkes, Vos & Burgers, 2017). Strategic partnerships have emerged as a key element for competitive advantage for businesses, enabling them to solve the organizational and technological complexity that is escalating at an alarming rate and, in turn, facilitating the growth of performance in organizations (Matokho & Anyieni, 2018).

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More companies are forging partnerships with other players within supply chains today to improve the efficiency of the network that provides value to customers and in turn, improve performance. A study by Roby (2011) highlights a finding that Kraft and Starbucks had a successful strategic partnership in which Starbucks coffee was only to be sold by Kraft. Both companies finally turned a profit. Starbucks was able to access 25,000 American stores fast with the aid of 3,500 Kraft salespeople and their marketing heft. The expansion of competitive advantage is unquestionably a result of this alliance's market penetration, brand recognition, and mutually beneficial financial success (Roby, 2011). The assertion made by the RBV theories that alliances are advantageous to both parties appears to be supported by this success story.

Disney and Hewlett-Packard (HP) began a long-lasting collaboration in 1938 when HP founders sold Disney eight oscillators for use in the sound design of Fantasia. Disney Imagineers and HP engineers were able to construct the company's most technologically advanced attraction, using HP's IT architecture, servers, and workstations (Muthoka, 2015). Disney has improved its competitive advantage as a result of this collaboration by getting the technologies it required from HP.

The strategic partnership between the Cooperative Bank and Safaricom was explored by Kabuiya (2015). Cooperative bank made the decision to form a strategic collaboration based on a number of unique traits Safaricom possessed, most notably the success of its M-pesa mobile money transfer service. The cooperation benefited both parties, especially Cooperative Bank, which furthered its objective of concentrating on Kenya's unbanked people. Because they were able to draw in such a sizable clientele, Cooperative Bank views the cooperation as a success. The partnership with Cooperative Bank has increased M-

PESA's usage. In accordance with this arrangement, once authorized agents deposit cash at the bank, they can immediately access M-PESA. Before this arrangement, agents needed to put money into the bank account of the M-PESA Holding Company in order to obtain M-PESA. Before the money is then transmitted to the agent's bank account electronically, agents had to launch a request via M-PESA system to convert M-PESA into cash. With Cooperative Bank acting as a super-agent, the M-PESA agents now have an alternate and quicker route to obtain M-PESA or cash for a little commission fee to the bank.

These cooperative long-term partnerships between the companies are designed to transform working relationships and accomplish goals that benefit both parties (Krishnan, 2016). The adoption of the strategic partnership has a favorable effect on enhancing firm performance, although it is not a straightforward process. From this perspective, the strategy of a firm should thus be based on its resources and capabilities. One of the most effective strategies for helping businesses achieve high performance in fiercely competitive and fast-paced global markets and maintain profitability over time is the creation of strategic alliances (Krishnan, 2016). Businesses that create partnerships will perform better overall. Companies should think about forming alliances with other companies, especially those in the manufacturing or service sectors, to increase performance.

2.4 Empirical Studies and Research Gaps

From a theoretical perspective, the idea of a strategic alliance has drawn a lot of attention. The need to acquire new competencies, to achieve access to new markets and the improvement of supply chain efficiency are the main reasons why businesses form partnerships.

Nzengya (2013) conducted research on strategic alliances among Kenyan commercial banks, examining the causes, varieties, stages, and advantages of these partnerships. The study also looked at how alliances are formed strategically and the difficulties that come with them. The study found that mergers are the most common type of strategic alliance formed by commercial banks. The study also confirmed that the major motives behind the formation of alliances are the need to maximize revenue and profits and achieve a competitive edge in the industry. As the current research focuses on the impact of strategic alliances on performance, this study revealed a conceptual gap.

Maselo (2019) conducted research on the impact of strategic alliances on the expansion of market share for Kenyan commercial banks, with a particular emphasis on KCB Bank. The goals of the study were to determine how market access and increasing capabilities would affect KCB Bank's market share, as well as how sharing information would also influence its market share. The study identified a conceptual and methodological gap. The study examined the general alliances formed by KCB bank and whose findings were based on the company's administration point of view. This current study will only focus on the acquisition of dynamic capabilities, financial stability and market access to investigate the impact of strategic alliance on performance of commercial banks by specifically examining the case study of NCBA Bank. Onje and Oloko (2017) examined how strategic partnerships affected banks' financial performance. The study revealed the negative correlation between the operational costs of banks and leverage on the bank's performance. The market share, asset base, and efficiency of banks had positive relationships with the bank's income. The study highlighted conceptual discrepancy. This study also recommended further research on financial institutions incorporating additional financial parameters such as the growth

of deposit and capital ratio, loan books, and return on equity and assets. The study also emphasizes further research narrowing down on the specific alliance financial institutions enter into and the contribution to organizational performance.

Zikri (2020), who looked at commercial banks in Malaysia, also looked at how strategic alliances affected the rise of market share. To establish their influence on the expansion of market share, the study looked at elements such as market access, developing dynamic capabilities, sharing financial risk, and knowledge sharing. The results of the study demonstrated the considerable impact of strategic alliances on market expansion and suggested that commercial banks' management look for ideal strategic alliance partners who will support the expansion of their market share. In order to determine whether they would develop dynamic capacities and have better access to new markets, the report also advised businesses to reevaluate the purpose of their strategic alliances. This study presented a conceptual gap by looking at different variables and also provided a contextual gap since it was primarily focused on the Malaysian context yet the current study explores commercial banks in Kenya by looking at the case study of NCBA Bank.

Partnerships should concentrate on the alliance's vision and strategy, which includes a competitive study and market analysis. Shared objectives designed to erect an entry barrier bind strategic connections. Increasing the company's profitability is the ultimate purpose of strategic collaborations. There is limited information about the impact of strategic partnerships on the performance of commercial banks in Kenya because numerous researches has primarily focused on developed countries. With regard to the impact of strategic partnerships on performance of commercial banks, this study aims to close the existing gap.

Table 2.1. Summary of Empirical Studies and Research Gaps

Study	Methodology	Key Findings	Research Gaps	Focus of Current Study
Strategic alliances among commercial banks in Kenya. (Nzengya , 2013)	Descriptive survey design	The study established that mergers were the most common alliances within the banking sector. It also revealed that the primary motives for alliance formation were maximization of profits and pursuit of competitiveness.	The study presents a conceptual gap as it primarily examines the motives, stages, types, benefits, challenges and management of strategic alliances.	This study examines the influence of strategic alliances on performance of commercial banks by employing a case study research design.
The influence of strategic alliances on the growth of the market share of commercial bank. (Maselo, 2019)	Descriptive research design	Shared financial risks, leads to a decline in market share while knowledge sharing and greater market access levels, and gaining of capabilities result in market share growth.	The study explored 4 variables i.e. shared financial risks, gaining dynamic capabilities, access to markets, and	This study will primarily focus on the influence of strategic alliances on the performance of commercial banks by specifically

			knowledge sharing focusing and their impacts on growth of market share.	examining the influence of attaining dynamic competencies, access to new markets and the impact to growth of market share.
The impact of strategic alliances on financial performance of commercial banks (Onje and Oloko, (2017)	Descriptive research design	The study established that the proportion of funds allocated to alliances, the bank's financial leverage, and the bank's size have a relation to their financial performance.	The study variables were cost, synergy, and growth and their influence on financial performance i.e. the return to equity and assets hence presenting a conceptual gap.	The focus of this study will be the influence of strategic partnerships on performance of commercial banks by employing a case study research design of NCBA Bank.

The influence of Strategic Alliances on market share growth of commercial banks in Malaysia. (Zikri, 2020)	Case study research design	The study established that strategic alliances significantly impact the growth of market share. The study established that an inverse relationship exists between the growth of market share and shared financial risks.	The study presented a contextual and conceptual gap. The study focused on the Malaysian context and considered different variables i.e. access to markets, achievement of capabilities, knowledge sharing, and financial risks sharing	This study is only limited to commercial banks in Kenya and explores a case study of NCBA Bank.

Source: Researcher, (2022)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section discusses the methodology adopted by the researcher for the study. The study outlined the research design, methods of data collection, and how data was analyzed.

3.2 Research Design

A research design is a collection of procedures and methods that define variablesIt entails gathering information about events, organizing it, tabulating it, displaying it, and describing it. According to (Khan, 2014), a research design aims to improve the research capacity to design an operational plan in order to undertake on the various proposed approaches and tasks required for completing the research whilst also making sure that the techniques used are adequate to provide valid, objective, and exact answers to research concerns.

This study adopted a case study design based on NCBA Bank. A case design is the process of investigating an event with the purpose of getting insight information from it (Cooper & Schindler, 1999).The design is important for studies that require to have an in depth investigation in order to achieve the desired outcome. Case study design offers valuable information about a situation that might have been known. This research design was successfully used by (Akoth, 2021) and (Nyaboke, 2014) in similar studies.

3.3 Data Collection

The study collected primary data through an interview guide. The interview guide was the best option in collecting data from the interviewees and providing a better understanding

of the data output. The interview guide also gave the researcher access to more recent data and data that might not have been gathered using earlier data collection techniques. The study comprised of 5 respondents drawn from the top management level responsible for the management of the alliances. The respondents included, the head of marketing, the head of retail banking, the head of technology and operations, head of finance and head of sales.

In-depth interviews are semi-structured interviews in which the researcher has specific topics and questions in mind to pursue, but the questions are open-ended and flow following how the participant responds to each (Mears, 2012). The qualitative interview method is appropriate because it enabled interviewees to communicate in their own words, and this helped in acquiring in-depth information and comprehension of social processes. To record the choices and ideas that shape the research process, field notes and journal entries were used. The interview guide formed by the researcher had two sections. The first section aimed at collecting information about the profile of the interviewees while the second section collected information on the influence of strategic alliances on the performance of NCBA bank.

3.5 Data Analysis

The researcher collected qualitative data and aimed to identify the linkage between different categories after analyzing the data from the interviewees. The study took qualitative analysis enabling the researcher to describe, interpret and criticize the research topic since it is hard to accomplish so quantitatively. The researcher employed content analysis to analyze data from the interviews. According to (Schreier, 2012), content

analysis is one of the best qualitative methods for analyzing research data and elicit information useful to the study.

Content analysis is used to analyze contents from various sources of information such as books, magazines, newspapers and face-face information obtained during interviews (Khan, 2014). Content analysis comprises the following steps; understanding the data, coding the data, identifying patterns, categorizing similar themes and lastly coming up with a conclusion. The researcher used content analysis to evaluate, bring out conclusions and recommendations from the interviews. In the process the researcher also took notes of trends and underlying themes

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the results of the interview guide that the researcher collected from NCBA bank and summarizes the interview guide findings. The aim of the study was to investigate the influence of strategic alliance on performance of the commercial banks in Kenya. The chapter has been divided into three sections, interviewees' profile, strategic alliances and the influence of strategic alliances on the performance of NCBA bank. The researcher will be looking at how strategic alliance has contributed to the performance of NCBA bank.

4.2 Demographic profile

The research interviewed the head of marketing, the head of retail banking, the head of technology and operations, head of finance and head of sales. The head of marketing has worked for NCBA bank for one year and one month. The head of retail banking has worked for NCBA for three years and two months while the head of technology and operations has worked for NCBA for two years. The head of finance has worked for NCBA bank for three years and two months. The head of sales has worked for the company for five years and two months. All the interviewees have worked for NCBA bank for a good period and thus able to provide the correct information about the influence of strategic alliance on performance of NCBA bank. The interviewees stated that they are involved in strategic alliances.

4.3 Strategic Alliances

The interviewees stated that NCBA bank has formed several strategic alliances over the last five years in order to diversify its products. The head of sales stated that NCBA bank has formed strategic alliance with the insurance firms through NBCA insurance agency. The head of marketing also noted that NCBA had a strategic alliance with Safaricom PLC. The manager added that NCBA partnered with Safaricom to offer Lipa na Mpesa services, Mshwari and Fuliza products. Mshwari enables the Safaricom customers to save money on the platform and borrow with ease. The product has made it possible for most people in Kenya to access small loan facilities which they repay later with a small interest. Fuliza products enables customers to complete a transaction even if they don't have sufficient funds in their Mpesa. The amount advanced to the customer is then deducted immediately money is deposited into the Mpesa account of the customer

The head of finance stated that NCBA bank had formed a strategic alliance with Toyota, TATA, DT Dobie, Ganatra and a major partnership with Isuzu Kenya. The manager added that the strategic alliance allows private schools to purchase buses from ISUZU and get financed with NCBA bank. The bank will finance the schools up to a period of 72 months at a loan interest of 13%. The bank and ISUZU were able to strike the deal after having a consultation meeting with 822 schools which were under the Kenya private school's association (KPSA) umbrella. NCBA also provided insurance of the buses at 3.8% via the NCBA insurance agency. In addition, NCBA also offered long term leasing of buses to the private schools of up to 5 years.

The head of retail banking asserted that in addition to the school busses financing and leasing deal, the bank also got into a strategic alliance with ISUZU and National police

service. The partnership was to see NCBA bank finance leasing of 143 vehicles. The vehicles 143 vehicles comprised of 115 cabin picks, SUV MUX's & two buses. The agreement between NCBA, ISUZU and National Police Service was for the government to lease the vehicles but pay for the leasing quarterly to NCBA Bank. ISUZU Kenya was to provide the vehicles and in addition offer servicing and maintenance of the vehicles through its dealers country wide.

The head of sales stated that NCBA Bank had a strategic partnership with Mysafe Vaults and Kenya association of manufacturers. This strategic alliance makes it possible for organizations and individuals to purchase a safe and pay for it with small instalments at NCBA bank. The head of finance noted that NCBA bank has also partnered with Strathmore University in order to support entrepreneurs through offering of entrepreneurship development programs. In addition, the finance manager stated that NCBA bank had a partnership with Optiven group which sells plots of land. The agreement between Optiven and NCBA bank is for the bank to finance customers to buy plots of land from Optiven. The bank also finances the customers to build houses on the lands and offers them a repayment period of up to 25 years.

The head of technology and operations stated that NCBA bank has a strategic alliance with Tilisi developments. Tilisi development has over 400 acres and is putting up over 300 homes for mixed use along Limuru road. NCBA bank partnered with Tilisi so as to finance clients who would like to purchase homes. The head of technology and operations also stated that the company has partnered with Shelter Afrique which is a property company. The bank has an agreement to offer mortgage to over 200 housing units in Nairobi, Kisumu,

Kiambu, Mombasa and Machakos. NCBA bank got into partnership with Shelter Afrique so as to bridge the housing gap in Kenya.

The sales manager stated that NCBA bank has formed strategic alliances with the relevant businesses so as to assist it to grow its customers number and offer its services to more people and companies. In addition, the head of sales stated that NCBA has also formed strategic alliances in order to; access wider customer markets, remain competitive and deliver efficient services. The findings are in line with Tjemkes, Vos and Burgers (2017) who asserted that companies that work together are better equipped to take use of each other's strengths and talents, creating synergies that help them compete successfully and increase their performance than those that join markets on their own.

4.4 Strategic Alliances and Performance of NCBA Bank

This section discussed the strategic alliances and performance of NCBA bank. In addition, the section also discussed the metrics used to assess performance by NCBA, the effect of strategic alliances on performance of NCBA, advantage of the strategic alliances to NCBA partners. Lastly, the section discussed the disadvantages of strategic alliances.

4.4.1 Performance Assessment Metrics

This section aimed to find out from the interviewees the metrics that NCBA banks uses to assess the performance of the strategic alliances between the company and the partners. The metrics are important as they help the bank know whether the alliances are beneficial to the bank or not and how they can improve on the strategic alliances next time. The head of finance stated that the bank uses the key performance indicators (KPIs) to assess the performance of the strategic alliances. The head of sales added that the key performance

indicators used by NCBA are; customer growth, profitability, loan portfolio and market share.

The head of sales stated that customer growth indicator plays a vital role in assessing the performance of the metrics. The head of sales added that the reason why the bank adopted strategic alliances was to increase its customer base number. The more an increase in customers number as a result of strategic alliance the better for the bank. When the customers number for the bank increases so does the market share increase. The head of retail banking stated that the bank also uses loan portfolio to assess the performance of the strategic alliances. The bank has partnered with ISUZU Kenya, Tilisi, Shelter Afrique, Optiven limited and many other companies in order to finance clients to easily access the products offered by these company. When more customers take loan the more the interest rate the bank will get from those loans and hence an increase in the company's profitability.

4.4.2 Effects of Strategic Alliances on Performance

Performance deals with an organization achieving its goals and optimizing its results. The head of technology and operations stated that the strategic alliances have significantly contributed the performance of NCBA bank. The head of technology and operations further stated that strategic alliances adopted by NCBA enabled the bank to adjust to the changes and opportunity available in the market. Hence, meeting more customer demands

The head of finance stated that the bank has been able to grow as a result of the strategic alliances. The strategic alliances had led to markets expansion, increase in customer number, adoption of better technologies to improve customer service delivery and advancement of new products and services for the customers. The strategic alliances have enabled the bank to diversify its products and services though identifying opportunities and

coming up with products that meets the needs of the market segment identified. The head of sales stated that overall, the bank has been able to perform better in terms of customer growth, customer satisfaction and increase in profitability as a result of the strategic alliances. The head of finance stated that NCBA bank has significantly improved in its performance for the last five years as a result of the strategic alliances. The findings are in line with Matokho and Anyieni (2018) who asserted that strategic partnerships have emerged as a key element for competitive advantage for businesses, enabling them to solve the organizational and technological complexity that is escalating at an alarming rate and, in turn, facilitating the growth of performance in organizations

4.4.3 Advantage of Strategic Alliances

This part aimed to identify the advantages that NCBA bank has obtained from adopting strategic alliances. The head of retail banking stated that NCBA bank and its customers have achieved numerous benefits from strategic alliances. Strategic alliances have led to wider access of bank financial services to the customers, wider distribution channels, convenience and flexibility. The head of marketing added that NCBA bank has become a one stop shop for the customers as a result of strategic alliances. The bank now offers almost all services that customers would require.

The head of finance stated that strategic alliances have enabled NCBA bank to achieve a competitive advantage over its competitors. As a result of the many partnerships the bank has, the bank has managed to meet all the needs of the different customers, which has increased its customer base number and led to an increase in market share and profit. The head of sales stated that the strategic alliances have also enabled NCBA bank to achieve the vision of the bank shareholders. The findings are in line with a study done by Roby

(2011), the researcher looked at Kraft and Starbucks and found out that Kraft and Starbucks had a successful strategic partnership in which Starbucks coffee was only to be sold by Kraft. As a result of the strategic alliance both companies made good profit.

4.4.4 Adverse effects of Strategic Alliances

Strategic Alliances contribute significantly to the performance of an organizations but it also has its adverse effects. The head of technology and operations stated that strategic alliances sometimes require the bank to share its resources and the profits they make as a result of the partnership. The head of technology and operations also added that through strategic alliances the bank is sometimes required to share its competencies. The skills and knowledge are unique resources for an organization and sharing them can be problematic. The head of marketing stated that an organization reputation can be harmed by the company they get into a strategic alliance with, if the other company reputation gets damaged it can harm the reputation of the other company.

The head of finance stated that in situations where one organization is powerful and is getting into a strategic alliance with a weaker organization the power to make decisions might be distributed unevenly. The weaker organization might always act in accordance with the will of the powerful organization even if the weaker organization is not comfortable with the decision. The head of sales stated that different organizations have different management styles which can also present a challenge in strategic alliances. The difference in management styles often forces allies to be flexible and to adjust to the management style of the other ally. Lastly, the head of retail banking stated that in strategic alliance an organization cannot make decisions freely, they have to always consult with the

partner before arriving at a decision. If the partner is not okay with the decision nothing will move.

4.5 Discussion of Results

NCBA bank has formed several strategic alliances in order to increase its customer base and customer numbers, market share, improve customer service, develop more products or services and eventually achieve profitability. The researcher established that NCBA bank had formed strategic alliances with the insurance firms through NBCA insurance agency. The bank had also formed a strategic alliance with Safaricom PLC so as to offer Mshwari and Fuliza products. Mshwari enables the Safaricom customers to save money on the platform and borrow with ease. The researcher also established the bank had formed a strategic alliance with motor dealers like Toyota, DT Dobie, Ganatra, and their biggest dealer, Isuzu Kenya. The strategic alliance with Isuzu Kenya allowed private schools and National Police Service to purchase and lease buses from ISUZU and get financed with NCBA bank.

The researcher also established that NCBA had a strategic alliance with Mysafe Vaults and Kenya association of manufacturers. This strategic alliance made it possible for organizations and individuals to purchase a safe and pay for it with small instalments at NCBA bank. The researcher also found out that NCBA bank had a strategic alliance with Tilisi developments, Optiven Limited and Shelter Afrique. The strategic alliance was to see customers purchase lands or home form the Tilisi, Optiven Limited or Shelter Afrique and NCBA bank would finance them to acquire the properties and repay the loan facilities over a particular period of time. The researcher established that NCBA bank achieved the following benefits from strategic alliances; wider access of bank financial services to the

customers, wider distribution channels, convenience and flexibility. In addition, NCBA bank has become a one stop shop for the customers as a result of strategic alliances. The findings of the research are in line with a study done by Kabuiya (2015) on the partnership between the Cooperative Bank and Safaricom. Cooperative bank made the decision to form a strategic collaboration based on a number of unique traits Safaricom possessed, most notably the success of its M-pesa mobile money transfer services. The cooperation benefited both parties because they were able to draw in such a sizable clientele.

The researcher established that NCBA bank used the following metrics to assess the performance of the strategic alliances between the company and the partners. The researcher found out that NCBA uses the KPIs to assess the performance of the strategic alliances. The researcher also established that NCBA has significantly improved in its performance as a result of strategic alliances. The strategic alliances adopted by NCBA enabled the bank to adjust to the changes and opportunities available in the market. In addition, the researcher established that the strategic alliances had led to market expansion, increase in customer number, adoption of better technologies to improve customer service delivery and development of advanced products and services for the customers. Lastly, the strategic alliances have enabled the bank to diversify its products and services though identifying opportunities and coming up with a product that best meets the needs of the market segment identified. The findings are similar to a study by Zikri (2020), who looked at commercial banks in Malaysia and how strategic alliances affected the rise of market share. The study found out that strategic alliances lead to market expansion.

The researcher found out that NCBA bank had also received some adverse effects from strategic alliances. The researcher established that strategic alliances sometimes require the

bank to share its resources and the profits they make as a result of the partnership. In addition, the bank also has to share its skills and knowledge. The researcher also found out that strategic alliances have the following adverse effects. An organization reputation can be harmed by the company they got into a strategic alliance with, if the other company reputation gets damaged it can harm the reputation of the other company. In situations where one organization is powerful and is getting into a strategic alliance with a weaker organization the power to make decisions might be distributed unevenly. Different organizations have different management styles which can also present a challenge in strategic alliances. Lastly, the researcher established that in strategic alliance an organization cannot make decisions freely, they have to always consult with the partner before arriving at a decision.

CHAPTER FIVE

SUMMARY OF THE STUDY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the influence of strategic alliance on performance of commercial banks in Kenya. A case of NCBA Bank Kenya PLC. The data was collected an interview guide and the data was analyzed through content analysis. This chapter summarizes the findings as discussed in chapter four. The section also discusses the conclusions, limitations of the study and suggested areas for further research. The findings of the study have been summarized alongside the objective of the study.

5.2 Summary of the Study

The objective of this study was to establish the influence of strategic alliances on performance of NCBA Bank. The study determined that NCBA bank had formed several strategic alliances in order to increase its customer base number, market share, improve customer service, develop more products or services and eventually achieve profitability. The study found out that NCBA bank had formed strategic alliances with the insurance firms through NBCA insurance agency. The bank had also formed a strategic alliance with Safaricom PLC so as to offer Mshwari and Fuliza products. The bank had also formed a strategic alliance with motor dealers like Isuzu Kenya. The strategic alliance allowed private schools and National Police Service to purchase and lease buses from ISUZU and get financed with NCBA bank.

The study found out that NCBA had formed a strategic alliance with Mysafe Vaults and Kenya association of manufacturers. This strategic alliance made it possible for organizations and individuals to purchase a safe and pay for it with small instalments at NCBA bank. The study also established that NCBA bank had a strategic alliance with Tilisi developments, Optiven Limited and Shelter Afrique. The strategic alliance was to see customers purchase land or homes from Tilisi, Optiven Limited or Shelter Afrique and NCBA bank would finance them to acquire the properties and repay for them over a certain period of time.

5.3 Conclusion of the Study

Strategic alliances play an essential role to the success of any organization. From the analysis, the researcher can conclude that strategic alliance contributed to the performance of NCBA bank. The strategic alliances formed by NCBA bank can be attributed to the significant improvement in the performance of NCBA bank and led to an increase in the customer base, market and profit of the bank. NCBA bank had formed strategic alliances with the insurance firms through NBCA insurance agency. The bank had also formed a strategic alliance with Safaricom PLC so as to offer Mshwari and Fuliza products. The bank had also formed a strategic alliance with Isuzu Kenya. The bank had formed a strategic alliance with Mysafe Vaults and Kenya association of manufacturers. The bank had also formed a strategic alliance with Tilisi developments, Optiven Limited and Shelter Afrique. The study concluded that NCBA has received significant improved in its performance as a result of strategic alliances adopted. The study concluded that NCBA bank has been able to reach and acquire more customers as the result of strategic alliances. The study also concluded that NCBA bank has been able to adjust to the changes and

opportunities available in the market due to strategic alliances. The researcher concluded that NCBA Bank achieved the following as a result of strategic alliances; markets expansion, increase in customer number, adoption of better technologies to improve customer service delivery and development of new products and services for the customers. Lastly, the study concluded that NCBA bank has diversified its products and services though identifying opportunities and coming up with products that meets the needs of the market segment identified

5.4 Recommendations of the Study

The study found that the strategic alliances adopted by NCBA Bank contributed to competitive advantages of the bank. The study first recommends NCBA Bank to continue forming new strategic alliances for better improvement of the customers' services and profitability of the organization.

Secondly, the study recommends that NCBA Bank should incorporate data protection in its strategic alliances. In today's century a lot of data is collected through the partnership between organizations. The organizations deal with clients on a daily basis, hence accumulating data every single minute from these customers. It's important to have measures in place that protects client's data from unauthorized access. Furthermore, clients want privacy which is the responsibility of the organization to give them.

Thirdly, the study recommends the government to offer support to banks by providing good working environment and favorable taxes. The government should offer support in areas like data protection, developing policies that guide banks in pricing their products and services. Lastly the central bank of Kenya should encourage all banks to adopt strategic alliances in order to improve on the services and products they offer to their customers.

5.5 Implications of the Study

The study has established knowledge that will be useful to academics and researchers. They could spot information gaps and gather data needed for more in-depth study in this area. Additionally, they will profit by learning knowledge that can be applied to further research on the subject of strategic partnerships as a strategy for strategic expansion in Kenya's banking industry.

The study findings will be of importance to managers in different organizations because it will help them comprehend the idea of strategic alliances and how companies perform in their sectors. The management of the businesses will receive knowledge about the viability of using strategic alliances as a tool for performance growth. The management will realize the relevance of forming alliances that will accelerate the company's performance growth in order to maximize shareholder wealth. The study findings will play a significant role in advising policymakers as they consider the implications of forming strategic alliances on organizational growth. This study will have a huge impact on how appropriate policies are developed and implemented, which is crucial for the growth of performance of financial institutions and the development of regulatory structures that will encourage competitive resource allocation and efficiency.

5.6 Limitations of the Study

It is necessary to conduct a more thorough investigation in order to fully comprehend the impact of strategic alliances on the performance of commercial banks in Kenya. This will take more time and resources in the form of personnel in order to undertake in-depth interviews with various managers, employees, suppliers, and customers of the company with the aim of establishing the various strategic alliances that the bank has formed over

the last several years. The research was limited on the number of interviews that were conducted, as the researcher only focused on interviewing five heads of departments only. With only five heads of departments being interviewed the information availed might have been limited to infer conclusion from.

The researcher also faced the limitation of exercising discretion of data obtained from the interviewees so as not to disclose information that they may consider proprietary and confidential. To mitigate this limitation, the researcher provided the interviewees with introduction information which assured them of the confidentiality of the data that would be obtained. The researcher also provided them with introduction letter from the university which gave them assurance that the information gathered would be solely used for academic research only.

The study was only limited to NCBA bank, Kenya, the findings from this research may not be applicable to other banks or organizations. To fully understand the importance on the influence of strategic alliance on performance then one would need to do a research with a wider target sample from different banks. In addition, the study was only limited to NCBA bank in Kenya while NCBA banks has branches in Uganda, Rwanda and Tanzania. The findings from NCBA Kenya might not be similar to NCBA Banks in Uganda, Rwanda and Tanzania.

5.6 Areas Suggested for Further Research

The researcher recommends a study be carried out on NCBA bank investigating to what extent the formed strategic alliances influence performance of the bank. Secondly a similar study can be carried out with a wider sample to collect data from. This study only focused on five heads of departments. The study can also include employees to get their views.

More time for research and additional personnel need to be availed to carry out an in-depth interview with the various stakeholders of NCBA bank.

Other researchers can adopt this study and use other methodologies such as the use of customers as the respondents to establish the perception of the customers on the adopted strategic alliances by NCBA bank. This will be beneficial to the pool of knowledge on NCBA bank because it will give an all-rounded understanding on the influence of strategic alliances adopted by the bank.

This study only focused on NCBA bank Kenya while Kenya has more than 45 banks and some banks have branches outside the country. Besides, NCBA bank also has branches outside the country. The researcher recommends that research can be done on the influence of strategic alliances adopted by all commercial banks in Kenya. In addition, another study can be carried on the influence of strategic alliances adopted by NCBA bank but with a focus on all the four countries NCBA bank has a presence in. This will give a better understanding on whether NCBA bank has adopted the same strategic alliances as other commercial banks in Kenya.

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APPENDICES

Appendix I: Letter of Introduction to Respondents

Dear Respondent,

I am undertaking important research on the "*Influence of Strategic Alliance on Performance of Commercial Banks: A Case of NCBA Bank*".

This is in partial fulfillment of the requirement for the award of the Degree of Master of Business Administration, School of Business, University of Nairobi.

I would greatly appreciate the opportunity to meet with you briefly for an interview. I am particularly interested in your thoughts on the impact of strategic alliances on your organization's performance. I have at least nine questions to ask which will take approximately thirty minutes of your time.

Please note that there is no wrong response to any of the interview questions. All information provided during the interview will be handled with absolute secrecy and utilized only for this study.

I will appreciate your kind consideration of my request.

Yours Sincerely,

Providence Chepkoech

D61/35317/2019

Appendix II: Interview Guide

SECTION A: BIO-DATA OF RESPONDENTS

1. What role do you currently hold within the company?

2. How long have you worked for the company?

SECTION B: STRATEGIC ALLIANCES

3. What are the most significant strategic alliances that the company has formed in the last five years?

4. What were the key drivers behind your company's decision to form these strategic partnerships?

SECTION C: THE INFLUENCE OF STRATEGIC ALLIANCES ON THE PERFORMANCE OF NCBA BANK

5. What metrics do you use in your organization to assess performance?

6. What effects do NCBA Bank's strategic alliances have on its performance?

7. What advantages do the partner companies stand to gain from the strategic alliances?

8. What elements interfere with or adversely affect the alliance's ability to function?

9. How would you rank your company's performance over the last five years as a result of the formation of strategic alliances?

Appendix III: Introduction Letter

UNIVERSITY OF NAIROBI
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES
OFFICE OF THE DEAN

Telegrams: "Varsity",	P.O. Box 30197-00100, G.P.O.
Telephone: 020 491 0000	Nairobi, Kenya
VOIP: 9007/9008	Email: *fob-graduatestudents@uonbi.ac.ke*
Mobile: 254-724-200311	Website: *business.uonbi.ac.ke*

Our Ref: **D61/35317/2019**   November 07, 2022

TO WHOM IT MAY CONCERN

RE: <u>INTRODUCTION LETTER: CHEPKOECH PROVIDENCE</u>

The above named is a registered Master of Business Administration Student at the Faculty of Business and Management Sciences, University of Nairobi. She is conducting research on: *"**Influence of Strategic Alliances on Performance of NCBA Bank Kenya PLC.***"

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project.

The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

<u>PHILIP MUKOLA (MR.)</u>
FOR: ASSOCIATE DEAN, GBS & R
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

PM/fmi

Appendix IV: Originality Report

30TH NOVEMBER 2022.

INFLUENCE OF STRATEGIC ALLIANCES ON PERFORMANCE OF NCBA BANK KENYA PLC

ORIGINALITY REPORT

14%	13%	2%	8%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	erepository.uonbi.ac.ke Internet Source	5%
2	pdfs.semanticscholar.org Internet Source	2%
3	erepository.uonbi.ac.ke:8080 Internet Source	1%
4	ir-library.ku.ac.ke Internet Source	1%
5	Submitted to Western Oklahoma State College Student Paper	1%
6	www.coursehero.com Internet Source	1%
7	Submitted to Kenyatta University Student Paper	<1%
8	Submitted to Mount Kenya University Student Paper	<1%

chss.uonbi.ac.ke

Appendix V: Supervisor Allocation Form

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS MASTERS PROGRAMME
MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM

SECTION A: (To be completed by the student)

Name of student: PROVIDENCE CHEPKOECH   Reg. No.: D61/35317/2019

Department: BUSINESS ADMINISTRATION

Specialization (Tick as appropriate)
i)   Marketing   [ ]
ii)   Human Resource Management   [ ]
iii)   Strategic Management   [✓]
iv)   International Business   [ ]
v)   Insurance/Risk Management   [ ]
vi)   Entrepreneurship   [ ]
vii)   Finance   [ ]
viii)   Accounting   [ ]
ix)   Operations Management   [ ]
x)   Management Information Systems   [ ]
xi)   Procurement & Supply Chain Management   [ ]

Mobile phone: +254708225671   Email: D61353172019@STUDENTS.UONBLAC.KE

Proposed Title of Study: THE INFLUENCE OF STRATEGIC ALLIANCES AND PARTNERSHIPS ON THE GROWTH OF NCBA BANK KENYA PLC.

Name of Preferred Supervisor(s):   (i) PROF. MARTIN OGUTU

                                    (ii) PROF. JAMES GATHUNGU

                                    (iii) PROF. KENNEDY OGOLA

Signature of student: ....   Date: 11/01/2023

SECTION B: (For Official Use only. To be completed by the Department)
i)   Name of Supervisor Allocated:
Supervisor: Prof. J. Gathungu   Mobile No.: ....
Co-Supervisor (if any): ....   Mobile No.: Prof. J. Mealu
Moderator: Dr. K. Ogollah   Mobile No.: ....
Proposal Presentation/Submission Dates:
Proposal Presentation: ....Oral Defense: ....Project Report Submission Date: 17/10/22
ii)   Approved by Thematic Coordinator:

Name................ Signature:................ Date: ....

Approved by Chairman of Department:
Name: Dr. F. Musonda Signature: .... Date: 13/1/2022