ISSN 2309-0405

MODERATING EFFECT OF PARTNERSHIP ALLIANCES ON THE RELATIONSHIP BETWEEN COST LEADERSHIP STRATEGY AND FIRM PERFORMANCE OF MOBILE TELEPHONE NETWORK SERVICE PROVIDERS IN KENYA

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ABSTRACT

The aim of the study was to investigate the moderating effect of alliance partnerships on the relationship between Porter's competitive strategies and firm performance of mobile telephone network service providers in Kenya. Specifically, the study sought to establish the moderating effect of partnership alliances on the relationship between cost leadership strategy and firm performance of mobile telephone network service providers in Kenya. The study was anchored to the Resource-Based Theory (RBV) and the syncretic paradigm theory. Positivism research philosophy and descriptive research design methodology were utilized in that order. The target population was all the 66 mobile telephone network service providers in Kenya. Primary data was gathered through use of structured questionnaires. Descriptive statistics, correlation and regression modeling was used to aid in data analysis. and a pilot study was undertaken to check the validity and reliability of the data collection instrument. Descriptive analysis portrayed that the 61 mobile telephone network service providers in Kenya registered had increased returns with a composite score of 3.84. Hierarchical regression results portrayed that all partnership alliance components moderated the relationship between cost leadership strategy and performance of mobile telephone network service providers in Kenya although it was not statistically significant. The level of moderation was ranked as follows; vertical alliance had interaction beta (β=-.894 and p=.053). the next highest was horizontal alliance with (β=-1.040 and p=.054). The third highly ranked was joint venture alliance with (β=1.042 and p=.060) and the fourth one was equity alliance with (β=.253 and p=.066). the fifth one was franchise with (β=-.203 and p=.072) and the last one was diagonal alliance with (β=.339 and p=.080). Generally, firms should consider partnership alliances as a conditional factor in the relationship between cost leadership strategy and firm performance other than treating it as a pure predictor. Further, the management of mobile telephone network service providers in Kenya should consider the extent to which individual components of partnership alliances moderate Porters' competitive strategies to performance connection.

Keywords: Partnership Alliances, Cost Leadership Strategy, Firm Performance, Mobile Telephone Network Service Providers in Kenya.