# 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 ($\beta$=-.894 and p=.053). the next highest was horizontal alliance with ($\beta$=-1.040 and p=.054). The third highly ranked was joint venture alliance with ($\beta$=1.042 and p=.060) and the fourth one was equity alliance with ($\beta$=.253 and p=.066). the fifth one was franchise with ($\beta$=-.203 and p=.072) and the last one was diagonal alliance with ($\beta$=.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.

## INTRODUCTION

Increased competition, disruptions and dynamics in business environment continue to exert pressure on firms to pursue effective strategies and partnership alliances to gain sustainable competitive advantage Abdirizak,[1]. Empirical evidence demonstrates how companies leverage

Porters' competitive strategies Islami, Mustafa, and Topuzovska, [20], such as product differentiation strategy among others strategies so as to maintain market share Kiarie, [26]. A competitive strategy is a long-term plan that assist a business gain a competitive advantage over its opponents. A firm position itself by leveraging its strengths Penrose [35] in his model argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation. By applying these strengths in either broad or narrow scope, three generic strategies will arise as the consequences of this strategic move: cost leadership, differentiation, and focus. These strategies apply at the business unit level. They are known as generic strategies because they do not originate from the firm or industry. Porter's framework proposes that firms that pursue any of these competitive strategies would develop a competitive advantage that would enable them to outperform competitors in that industry. Further, these firms engage themselves in partnership alliances to ensure competitive advantage is rest assured. So, apart from Porter's generic competitive strategies, alliance partnerships have a remarkable contribution towards the sustainability of a firm against stiff competition in the market.

Strategic alliance are partnerships of two or more corporations or business units that work together to achieve strategically significant objectives that are mutually beneficial to the parties DeToni, et al. [13]. Alliance partnerships is a voluntary agreement among enterprises that includes exchange of products and development of technologies or services Galvin, [16]. Besides, the motives of the strategic alliance are comprised of possibilities related to better and faster access to technologies, ability to establish in new markets, reduce financial and political risk, form added value. From the firm perspective, Mwancha, and Ouma, [32] identify alliance partnerships as ones in which the major source of return is stimulation of demand. Examples of such alliances include cross-selling, advertising, and promotion. Such alliances can give manufacturers entry into new geographical markets or customer segments, thereby increasing product demand. On the other hand, Williamson [50] define alliance partnerships as lateral relationships among firms intended to build user or consumer awareness of the returns they offer.

An important characteristic of the consumer perspective is that the motivation to form these alliances often arises out of demand side considerations such as favorable consumer preferences for the products that come out of these alliances, in contrast to partner-side factors such as mutual liking among alliance partners or cost minimization Rubin, and Babbie, [38]. Ingredient branding, dual branding, and sharing of distribution channels are examples of such alliance partnerships. Alliance products span such diverse industries as technology (Compaq computers with Intel microprocessors), food products (Diet Coke with NutraSweet), and financial services (Shell Chase Bank MasterCard). Alliances can be classified as diagonal alliances, vertical alliances, joint ventures, equity alliances, horizontal alliances, and franchises Mamédio et al. [29]. A diagonal alliance is described as a partnership of two companies in different industries. An inter-firm collaboration comprising two parties from alternate levels of value chain with a fundamental goal of internal augmentation by subcontracting ensuing value chain operations is referred to as a vertical alliance Mason, and Bramble, [30]. On the other hand, horizontal alliances comprise two firms from similar value chain category largely to cut down costs Mamédio et al. [29]. A joint venture is an agreement by two or more companies who decide to form a new company or two or more parties to form a new single entity/company to undertake a certain project/venture Williamson, [50]. Equity alliances are formed when one company acquires equity stake of another company and vice versa and these shareholdings make the company stakeholders and shareholders of each other Mamédio et al. [29]. Franchising is where a franchiser gives the right to use a brand-name and corporate concept to a franchisee who has to pay a fixed amount of money but the franchiser keeps the control over pricing, marketing and corporate decisions in general Kim [27]. Licensing is when company pays for the right to use another company´s technology or production processes. Use of alliances partnerships has precipitated enduring industry changes, the disruptive impacts of which have been exacerbated by the technological changes that they facilitated. As alliance partnerships have become more prevalent, managers have learned to take their transformative powers for granted; they now treat alliance partnerships as yet another trait characterizing competitive behaviors with which they must cope in order for their firms to survive and thrive.

Although heightened competition cut across all sectors, the present-day mobile telephone network industry stands out as one of the few sectors categorized as most turbulent globally Asena, [4]. Also, not all alliances attain their objectives because the type of an alliance, determines its performance Varma et al. [44]. For instance, Standard and Poor's market intelligence [2020] strategy and annual commoditization tracker analysis of the result for telecommunications providers worldwide points at the global shrinking Average Revenue Per User (ARPU), nose-diving profitability, sky-rocketing liability and dwindling cash flow, Kenya Mobile Subscriptions and Penetration uprising trends and Kenya mobile telephone operator declining market Share.
The aforementioned low performance trends witnessed for telecommunications providers worldwide is majorly attributed to hyper-competition Islami, Mustafa, and Topuzovska, [19] which is occasioned by fast disruptive, fast changing, short life cycle technologies and products Ayaga, and Nnabuko [5] as well as increasing and changing customer needs and tastes HoRy [18]. Still, inability to manufacture and control all requisite resources, forces them to depend on these companies Porter (36]. Further, some firms are stuck to beaten-path competitive strategies Xiuyu, [51] while others fail embracing any competitive strategy Kuratko, and Hoskinson, [28].

## PROBLEM STATEMENT

Mobile telephone network industry in Kenya which is made up of 66 firm as per CA, [11] has significantly added to the development of the country's economy. According to Economic Survey Report, [14], Telecommunication companies, radio and television broadcasting, publishing activities, internet service providers among others were recorded as the major contributors in the sector, contributing approximately Sh325 billion as at 2019. Mobile phone and mobile money subscriptions also recorded an upward trajectory of 126 per cent and 67 per cent respectively in 2020, as compared to 111 per cent and 61 per cent in 2019, respectively. It was also revealed that total mobile money transfers in the country increased from Sh4.3 billion to Sh5.2 billion in 2020 Mwancha & Ouma, [32]. The sector has emerged to be the main source of government revenue particularly through duty remittance KNBS, [24]. Undoubtedly, the mobile subsector has been expanding, currently boasting of over 59 million subscribers CA, [11] in Kenya. This success has been associated to alliances formed amongst the market players. For example, Wananchi Group, in collaboration with Google and wireless data service management company Aptilo Networks, launched Wazi Wi-Fi, which is a high-speed wireless broadband network service hub in Nairobi, Kenya. This collaboration has fostered business opportunities to those players Aptilo Networks AB, (3). Airtel Kenya, Pan Africa Life Assurance Limited and MicroEnsure entered into an alliance partnership to provide a life insurance product. It also entered into a partnership with Nokia with the latter assigned the role of providing Airtel clients with value added services such as Nokia Life, Nokia Xpress Browser and Nokia Store Operator Billing on their mobile phones. Airtel Kenya further collaborated with Chase Bank and Visa to allow Airtel Money users to withdraw money from their Airtel Money accounts. Other partners were, Samsung Inc. and Apple Inc., offered their mobile phone customers across the country an opportunity to purchase their smartphone using Airtel outlets Kiarie, [26].

Safaricom since its inception has witnessed several alliance partnerships such as that of KCB bank of MKaro which enable clients to pay school fees directly into school bank accounts using the mobile money transfer platform and borrow without necessarily having a bank account KCB, Report, [23]. Further, KCB bank signed into a mobile phone banking alliance with CEVA a world's leading organization where clients can transfer money through mobile phone to any network in Kenya and globally KCB, [23]. Other alliance partnership with KPLC focusing on payment of electricity bills using M-pesa was witnessed between 2012 and 2018. There exists another alliance partnership between Safaricom verses Cooperative bank characterized by range of products and services which include M-Pesa, 24-hour customer service, ATM top-up, third party top-up, and Emergency Top-up Kalam [22].

Nevertheless, the sector has also faced both performance fluctuations and stiff competition challenges within and without over the years even with continuous alliance partnership formations with other strategic organizations. For instance, between 2017 and 2019, the mobile telephone network market experienced some downward and oscillating trends evident by the performance reports of some of the giant players in this industry such as Safaricom which whose market share sunk to 63.7 percent from 64% in 2018, Telkom's 6.3% from 8.8% and Equitel's 2.8 from 4.3% of the portion of the overall industry as at September 2018 CA, [11]. Notably, it is only Airtel that did not experience market share shrinkage for it gained from 22.3% in 2018 to 27.2% in 2020. Contrary to comparison of 2017, performance transfer of cash increased in 2018 where people utilizing the mobile banking totaled to 22.8 million and 1.6 million for Safaricom and Airtel respectively in 2017 CA, [10]. Further, the same mixed fortune was displayed in profitability where Safaricom recorded Kshs. 48.4 billion improved returns while Airtel posted a deficiency of 5.95 billion in the year 2017 CA, [10]. Other players with similar performance experience were Finserve Africa whose returns dropped from 11% to 8% in 2020. Also, the market share for Sema mobile services remained below 0.0 per cent. For instance, net returns for Sema Mobile dropped from € 7,254 to € 7,038 between 2019 and 2020 Sema Mobile Final Report, Shitseswa, Kwendo and Chiseno [41]. It is against this backdrop the current study aimed at establishing the moderating effect of alliance partnerships on the relationship between cost leadership strategy and firm performance of mobile telephone network service providers in Kenya.

**Purpose and Objective of the Study**

The purpose of this study was to assess the moderating effect of partnership alliances on the relationship between cost leadership strategy and firm performance of mobile telephone network service providers in Kenya

a) 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.

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## LITERATURE REVIEW

A competitive strategy is a long-term plan that assist a business gain a competitive advantage over its opponents. A firm position itself by leveraging its strengths. Porter (1985) in his model argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation. By applying these strengths in either broad or narrow scope, three generic strategies will arise as the consequences of this strategic move: cost leadership, differentiation, and focus. These strategies apply at the business unit level. They are known as generic strategies because they do not originate from the firm or industry. Porter's framework proposes that firms that pursue any of these competitive strategies would develop a competitive advantage that would enable them to outperform competitors in that industry. However, a company seeking competitive advantage must choose the type and the scope within which it will attain it (Niyarta, 2019).

Cost leadership is reducing the economic costs (such as production, distribution and marketing costs) below all of the competitors (Barney, 20017). A firm following a cost leadership strategy offers products or services with acceptable quality and features to a broad set of customers at a low price. Thus, the firm is able to gain more profit margins or could provide a competitive price to attract more customers for high sales (Jobber, 20014). In order to adopt cost leadership strategy without forgoing profit, a firm should have the internal strengths, such as differential access to factors of production, technological software advantage independent of scale (Barney, 2007), sustained access to less costly capital, products designed for efficient manufacturing, efficient distribution channels.

Apart from Porter's Generic Competitive Strategies, Alliance partnerships have a remarkable contribution towards the sustainability of a firm against stiff competition in the market. Strategic alliance are partnerships of two or more corporations or business units that work together to achieve strategically significant objectives that are mutually beneficial to the parties (Drucker, 2016). Alliance partnerships is a voluntary agreement among enterprises that includes exchange of products and development of technologies or services (Gulati, 1998). Besides, the motives of the strategic alliance are comprised of possibilities related to better and faster access to technologies, ability to establish in new markets, reduce financial and political risk, form added value and derive. From the firm' perspective, Zaman (2016) identify alliance partnerships as ones in which the major source of return is stimulation of demand. Examples of such alliances include cross-selling, advertising, and promotion. Such alliances can give manufacturers entry into new geographical markets or customer segments, thereby increasing product demand. On the other hand, Zhang, Jiang, Shabbir, and Du (2015) define alliance partnerships as lateral relationships among firms intended to build user or consumer awareness of the returns they offer.

There is no one universally accepted way of defining the term firm performance. Therefore, this term is multidimensional. This is because performance entails various activities that have been put in place to establish the goals and aspirations of the entire organization and monitoring the progress that is been made towards achieving the targets that were set initially (Wijethilake, Munir and Appuhami, 2018). In strategic management, performance is in two perspectives, objective and subjective. From an objective perspective, Ayub, Kwendo and Liyayi (2019) defined business performance as a subset of the organizational effectiveness. In their view, the narrowest conception of business performance centers on the use of outcome-based financial indicators assumed to reflect the meeting of the economic goals of the firm. Typical of this approach would be indicators such as sales growth, profitability ratios (for example, return on investment, return on sale, and return on equity) and earnings per share.

## THEORETICAL FRAMEWORK

## RESOURCE BASED VIEW THEORY (RBVT)

The first proponent of this theory was Penrose [35] and later refined by Barney [7] who associated inter-firm collaborations to performance. Resource-Based Theory (RBV) holds that assets or resources can be strategically be key if they are scant, dear and non-duplicable. The theory emphasizes that business operations could post sterling performance when individual employees exhibit insights, experiences, abilities and gifts which are intangible assets. Further, a business can post superior performance when physical assets such as machines, gadgets and apparatuses are described by their specialized qualities and effectiveness. The RBV theory in a nutshell emphasizes that if a firm owns resources with the four mainstream characteristics, namely; valuable, rare, difficult to imitate, and non-substitutable then such a firm can survive any competition in the market and make remarkable profit margins amongst its peers in the market Barney, [7]. The theory advocate for a firm owning strategic resources and not just the normal resources that any firm can acquire but those which are (strategic resource) as opined by Rahul, [37]. The theory refers such resources as strategic resources unlike the normal ones which have no impact in the market.

According to RBV theory, it is difficult for a competing firm to imitate resources of another organization through replicating for they are protected by various legal rights such as trademarks, patents, and copyrights, which ensures they are difficult for the competition to imitate. For non-substitutable resources, the theory is of the view that competitors cannot find alternative ways to gain the benefits that a resource provides. Further, comparing tangible and intangible assets, the RBV theory advocate that the resources that are difficult to see, touch, or quantify, such as the knowledge and skills of employees, a firm's reputation, and a firm's culture are more of strategic resource as compared to the physical assets. Hence, intangible resources are more likely to meet the criteria for strategic resources and CEOs of firms who wish to achieve long-term competitive advantages should therefore place a premium on trying to nurture and develop their firms' intangible resources Barney, [7]. Also, according to the RBV theory, firms with dynamic capability, that is the unique ability to improve, update, or create new capabilities, especially in reaction to changes in its environment are competitive in the market arena. Said differently, a firm that enjoys a dynamic capability is skilled as it continually adjusts its array of capabilities to keep pace with changes in its environment. The RBV theory is applicable for the current study for it underpins the concept of mobile telephone firms in the industry adopting competitive strategies such as the commonly known Porter's generic competitive strategies or alliance partnerships to excel in the telecommunication industry. The theory portrays that for a firm to make competitive sense, it has to go a notch higher to own requisite assets to execute their systems and content adequately. Activities that are aligned to a company's objectives contribute a component that is part of what is required in allocating a firm's resources into plausible setting.

## THE SYNCRETIC PARADIGM THEORY

The syncretic paradigm theory pinpoints the returns offered by both competition and collaboration. It also points out the risk that managers who focus on competition might tend to ignore the returns that were offered by collaboration Arndt& Pierce, [3].

The syncretic paradigm is a middle ground between the competitive paradigm and the cooperative paradigm. The competitive paradigm held that firms attained competitive advantage in two key ways, either through achieving some advantageous position in the industry such as cost leadership, differentiation or focus, or through developing and using internal core competencies to develop superior products and services Galvin et al. [16].The cooperative paradigm, on the other hand, held that firms existed in networks characterized by interdependent relationships motivated by a desire to gain collaborative advantages through strategic collaboration Chumba, et al. [8]. Therefore, the syncretic paradigm is a hybrid paradigm that highlight the returns of both approaches, by advocating firms to deploy their core competencies to maximize value for both themselves and their competitors. This approach was applicable in the global airline industry. The syncretic paradigm theory is useful in this study owing to the fact that in reality, firms always seek innovative ways of operating in their capacity as independent legal entities. Additionally, those firms engaged in alliance partnerships strategy seek to optimize their profitability through maintaining and growing their individual market share. Firm performance was a consequence of both competitive and collaborative behavior. However, this theory is constrained by limited human relations to rational tenets, for example, transparency which cannot fit in certain conditions.

## SHAREHOLDER VALUE MAXIMIZATION THEORY

As a tool for explaining firm performance, this study utilized the shareholder maximization theory. Mamédio et al. [29] observe that maximizing shareholder value entailed maximizing the stock market valuation of the firm's shares. The principle behind shareholder value maximization or value-based management stated that managers should first and foremost consider the interest of shareholders in any business decisions. In the context of a horizontal alliance, it implies that businesses that dilute shareholder value should be avoided. This may cause firms to split their profits amongst the combined shareholders.

Shareholder value is normally broken into components, also known as value drivers Freeman, [15]. These include revenue, operating margin, cash tax rate, incremental capital expenditure, investment in working capital, cost of capital and competitive advantage. In essence maximizing shareholder value will be a function of how well management optimizes on each of these variables to ensure an optimal overall performance. Shareholder value theory also recognizes the need to minimize information asymmetries between the principal (shareholders) and the agent (management) in order to curb opportunistic behavior on the part of management that may result in losses to the shareholders Sayers, [40].

The theory is useful in this study since alliances are assumed to be formed with the aim of improving a firm's performance compared to periods where the firm was not engaged in any alliance Išoraite, [21]. Ultimately, any horizontal alliance strategy should be beneficial to the shareholder and should add value to the firm's shares. The shareholder value maximization theory will provide a framework for contextualizing the returns of a horizontal alliance strategy, and assessing whether the alliance satisfy the intended returns of maximizing value for that firm. The shareholder value maximization theory aptly captures this concern through observation that managers were motivated to maximize value for shareholders and avoid any alliance that may dilute the market value of the firm's stocks Uddin & Akhter, [43]. Therefore, an alliance only gains prominence where the firm's management sees opportunities for growth, but does not in any way substitute the firm's strategic intent at the point of inception.

**Cost leadership Strategy, Partnership Alliances and Firm Performance**
Mamédio, et al. [29]. likewise upheld this finding when they affirm that organizations join alliances significantly improve organization standpoint and status, to draw in coordinated collaborators, have sufficiency, pull in forthcoming investors and get government endorsement. However, qualitative strategy isn't suitable in this study as it cannot successfully measure performance that can best be resolved through quantitative methods.

Xiuyu [51] did a study on marketing strategies of Chinese mobile phone MNCS in the European market in the context of Huawei. The study established that the integration of innovative strategies and pricing strategies of Huawei as the competitive strategies enhanced the competitive advantages and performance of Huawei in Europe. Further, it found that Huawei's competitive strategies are phased with the early-stage utilization of incremental innovation strategy and innovation integration method were utilized to improve non-core parts, and low prices complemented technology disadvantages. In the middle stage, internal innovation and open innovation are utilized. In the final stage, the technology of core components and non-core parts are improved by modular innovation and incremental innovation to lay the foundation for improving premium step by step.

Varma, et al. [44] led a quantitative study with 5-point Likert scale on effect of alliance partnerships size and firm performance on departmental heads in 2 MNL in Japan. They discovered that economies become more globalized, information based, information creation and adapting, progressively becoming appropriate to go into new markets. Factor analysis was utilized to analyze the parameters. Firm performance was operationalized as ROA, operating cash flow, customer fulfillment level, extension of market share and nature of products. The study utilized a Likert size of 5 points to decide impact of the above factors on organization performance, members were required to rate every one of the factors in connection to performance. The discoveries set up a solid connection between size of alliance network and hierarchical performance. Conversely, the small size of the tested populace undermines the study unwavering quality as it probably won't be a representation of alliances since firms with more alliances can give better result of effect of alliance partnerships.

Wheelen, et al. [45] utilized simple random sampling to select 100 managers of 10 seed organization specialists in Chile to investigate the impact of specialized (creative) and business capital on entry into new markets. Utilizing 5-Likert scale questionnaire on 100 managers, collected data was descriptively analyzed. Principal organizations were appealingly well-considered to enter another market particularly whenever had high inventive indent of and stable business capital. The study recommended firms to utilize alliances in order to enter new markets.

## METHODOLOGY
This study was based on descriptive research design. Descriptive research design entails description of a scenario in an in-depth manner. The design requires the researcher to use theoretical approach in collecting data, its analysis, preparation and presentation in a manner that it is understandable.

### Research Population, Sample Size and research instrument

The target population was all the 66 mobile telephone network service providers in Kenya. In this study, the population also represented the sample size for the total number of the 66 mobile telephone network service providers in Kenya. A questionnaire was used to collect data for analysis purposes.

## FINDINGS AND CONCLUSION

This section of the study presents the background information of the unit of analysis which is the 66 mobile telephone network service providers in Kenya.

### Alliance Partnerships and Firm Performance

All companies (100%) were in partnership with all the six categories of alliances namely horizontal, vertical, joint ventures, equity, franchises and diagonal alliances. Overall, the coefficient study outcomes summarized at F with $P<0.05$, for all the three levels of testing for moderation gave a picture of a positive and significant relationship between alliance partnerships and firm performance among of mobile telephone network service providers in Kenya. In quantifying the degree of influence, alliance partnerships entity accounted for statistically significant influence on firm performance of mobile telephone network service providers in Kenya. More specifically, the three tests for moderation based on each Porter's generic competitive variable, it was established for focus strategy and cost leadership strategy experienced partial moderation effect except differentiation strategy. So briefly, Alliance Partnerships generally have a moderating influence between porter generic competitive strategies and firm performance of mobile telephone network service providers in Kenya.

Also, research findings revealed that companies which entered into alliance partnerships to reduce costs and risk, new market and access the outside resources. The choice of alliance partnerships was not based on their suitability to Porter's competitive strategies. On its effect on performance, the utilization of alliance partnerships strategy resulted into more increased rising sales volume than market share, corporate social responsibility activities and shareholder value and satisfaction. At the bottom of alliance partnerships strategy influence on performance were branch network expansion and organization revenue.

### Correlation and Regression Analysis

### Correlation Analysis on Porter's Competitive Strategies and Firm Performance

### Correlation Analysis on Cost Leadership Strategy and Firm Performance

| | | Firm Performance | Cost Leadership Strategy |
|---|---|---|---|
| Firm Performance | Pearson Correlation | 1 | |
| | Sig. (2-tailed) | 0.000 | |
| Cost Leadership Strategy | Pearson Correlation | 0.769** | 1 |
| | Sig. (2-tailed) | 0.000 | |

Regression Results of Alliance Partnerships, Cost Leadership Strategy and Firm Performance of Mobile Telephone Network Service Providers in Kenya

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .773[a] | .598 | .544 | .73772145 | .598 | 11.243 | 7 | 53 | .000 |
| 2 | .797[b] | .636 | .535 | .74517750 | .038 | .824 | 6 | 47 | .557 |

**ANOVA[a]**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| | Regression | 42.833 | 7 | 6.119 | 11.243 | .000[b] |
| 1 | Residual | 28.844 | 53 | .544 | | |
| | Total | 71.677 | 60 | | | |
| | Regression | 45.579 | 13 | 3.506 | 6.314 | .000[c] |
| 2 | Residual | 26.099 | 47 | .555 | | |
| | Total | 71.677 | 60 | | | |

a. Dependent Variable: Firm Performance
b. Predictors: (Constant), Franchises, Cost Leadership Strategy, Diagonal alliances, Vertical alliances, Joint Ventures, Equity alliances, Horizontal alliances
c. Predictors: (Constant), Franchises, Cost Leadership Strategy, Diagonal alliances, Vertical alliances, Joint Ventures, Equity alliances, Horizontal alliances, JV_CLS, DA_CLS, HA_CLS, FR_CLS, EA_CLS, VA_CLS

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|---|
| | | B | | Std. Error | Beta | | |
| | (Constant) | .123 | .544 | | .227 | .822 | |
| | Cost Leadership Strategy | .792 | .093 | .758 | 8.554 | .967 | .000 |
| | Diagonal alliances | -.033 | .199 | -.015 | -.168 | .868 | .912 |
| 1 | Joint Ventures | -.109 | .221 | -.049 | -.496 | .622 | .767 |
| | Equity alliances | .106 | .216 | .049 | .492 | .625 | .772 |
| | Horizontal alliances | -.090 | .221 | -.041 | -.408 | .685 | .757 |
| | Vertical alliances | -.032 | .201 | -.015 | -.161 | .873 | .885 |
| | Franchises | .017 | .212 | .008 | .079 | .937 | .801 |
| | (Constant) | .079 | .655 | | .121 | .905 | |
| | Cost Leadership Strategy | 1.019 | .690 | .975 | 1.478 | .146 | .018 |
| | Diagonal alliances | -.054 | .213 | -.025 | -.254 | .801 | .812 |
| | Joint Ventures | -.181 | .241 | -.081 | -.750 | .457 | .659 |
| | Equity alliances | .150 | .241 | .069 | .621 | .537 | .634 |
| | Horizontal alliances | -.141 | .239 | -.064 | -.592 | .557 | .660 |
| 2 | Vertical alliances | -.055 | .237 | -.025 | -.233 | .817 | .654 |
| | Franchises | .145 | .238 | .067 | .611 | .544 | .647 |
| | DA_CLS | .074 | .219 | .105 | .339 | .736 | .080 |
| | JV_CLS | .274 | .263 | .375 | 1.042 | .303 | .060 |
| | EA_CLS | .066 | .261 | .087 | .253 | .801 | .066 |
| | HA_CLS | -.277 | .266 | -.394 | -1.040 | .304 | .054 |
| | VA_CLS | -.225 | .252 | -.341 | -.894 | .376 | .053 |
| | FR_CLS | -.044 | .218 | -.066 | -.203 | .840 | .072 |

a. Dependent Variable: Firm Performance

## MAJOR FINDINGS

All the six categories of alliances namely horizontal, vertical, joint ventures, equity, franchises and diagonal alliances were (100%) utilized by all the companies which were in partnership. Overall, the coefficient study outcomes summarized at F with $P<0.05$, for all the two levels of testing for moderation gave a picture of a positive and significant relationship between alliance partnerships and firm performance among of mobile telephone network service providers in Kenya. In quantifying the degree of influence, alliance partnerships entity did not account for statistically significant influence on firm performance of mobile telephone network service providers in Kenya. More specifically, the two-stage model test for moderation based on cost leadership strategy did not experience partial or full moderation effect. So briefly, Alliance Partnerships generally did not have a statistically significant moderating influence between porter generic cost leadership strategy and firm performance of mobile telephone network service providers in Kenya.

Also, research findings revealed that the choices made by companies which entered into alliance partnerships to reduce costs and risk, new market and access the outside resources was not based on their suitability to Porter's competitive strategies. On its effect on performance, the utilization of alliance partnerships strategy resulted into more increased rising sales volume than market share, corporate social responsibility activities and shareholder value and satisfaction. At the bottom of alliance partnerships strategy influence on performance were branch network expansion and organization revenue.

It was portrayed that firms were in partnership under all the six categories of alliances namely horizontal, vertical, joint ventures, equity, franchises and diagonal alliances. This resulted into costs and risk reduction, new market and access the outside resources which positively impacted on performance in terms of sales volume, market share, corporate social responsibility activities and shareholder value and customer satisfaction. More specifically, all the individual components of partnership alliances did not show statistically significant moderating effect.

## CONCLUSION

As per the study specific objective which investigated on 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, it was portrayed that firms were in partnership with all the six categories of alliances namely horizontal, vertical, joint ventures, equity, franchises and diagonal alliances. This resulted into costs and risk reduction, new market and access the outside resources which positively on performance in terms of sales volume, market share, corporate social responsibility activities and shareholder value and satisfaction.

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