THE EFFECT OF STRATEGIC ALLIANCES ON THE GROWTH OF MARKET SHARE OF COMMERCIAL BANKS IN KENYA: A CASE OF KCB BANK PLC

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DECLARATION

I declare that this is my original work and that it has not been presented for examination in any other University or Institution of Higher Learning.

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This thesis has been submitted for examination with our approval as the University supervisors.

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DEDICATION

This work is dedicated to my aunt and fiancée, whose love, prayers and immense support has been consistent during my studies.

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ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis of Variance

ATM: Automated Teller Machine

CBK: Central Bank of Kenya

CEO: Chief Executive Officer

DSE: Daresalam Stock Exchange

GCOO: Group Chief Operating Officer

KCB: Kenya Commercial Bank

KCB: Kenya Commercial Bank

NIC: National Industrial Bank

NSE: Nairobi Stock Exchange

PLC: Public Listed Company

POS: Point of Sale

RBV: Resource Based View

TCT: Transaction Cost Theory

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DEFINITION OF TERMS

Dynamic capabilities: The firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (Lubello *et al,* 2015)

Knowledge Sharing: This is defined as an activity through which knowledge (information, skills, or expertise) is exchanged among organizations (Das *et al*., 2010)

Market Access: it's the ability of a company to sell goods and services with eased or joint access (Uddin & Akhter, 2011).

Market share: Market share refers to the percentage of sales a company has in a specific market within a specific time period (Arrigo, 2012).

Market: An actual or nominal place where forces of demand and supply operate, and where buyers and sellers interact (directly or through intermediaries) to trade goods, services, or contracts or instruments, for money (Arrigo, 2012).

Sharing Financial Risks: the information sharing of risk that reflects the uncertainty of the company's return on assets. Factors that affect business risk may also include variations in demand, sales price and costs, the rate of developing new products, the freedom to adjust prices as costs rise and a company's operating costs (Cesarani, 2014).

Strategic Alliance: A strategic alliance is a voluntary arrangement between firms that involves the sharing of knowledge, resources and capabilities with intent of developing processes, products, or services (Baranov, 2013).

ABSTRACT

The Kenya banking sector has been facing stiff competition as a result of globalization where other players have joined the sector with differentiated innovative products and services. Alliances are becoming an alternative business strategy and hence the formulation of strategic alliances in the banking industry because of the development of worldwide patterns, for example, heightened rivalry, taking off cost of capital, including the cost of innovative work and the regularly developing interest for new advances. The study sought to determine effect of strategic alliances on the growth of market share for commercial banks in Kenya. The specific objectives were determining the effects of sharing financial risk, knowledge sharing, markets access and gaining capabilities on the growth of market share for commercial banks in Kenya. The study was anchored on four theories namely Resource Based View, Open System Theory, Game Theory and Dynamic Capabilities Theory. The study used a case study research design of KCB Bank Plc. The target population of the study comprised of the 182 directors and senior managers who are involved in the daily management of the alliances top management employees from the KCB Bank Plc. Data was collected through the use of closed ended questionnaires. The questionnaires were administered to the senior and middle level management for data collection. A pre-test on the research instrument was done to ensure it fits the requirements of the research. Data collected was analysed by use of descriptive statistics including the mean, variance and standard deviation. The findings suggest that strategic alliances had a positive significant relationship with market share. The findings of this study showed that strategic alliance formation has a significant effect on the growth of market share at KCB Bank Plc. The entire null hypotheses was rejected. It is recommended that firms seek appropriate kinds of partnerships and alliances that will help enhance their own market share and growth. It is further recommended that firms should reconsider reasons for engaging in strategic alliances and understand whether they will gain capabilities, knowledge, and find it easier to access new markets.

CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

Introduction

The introduction highlights the background of the study, where a brief description of strategy and strategic alliance is reviewed. Further the section presents the problem of the study regarding strategic alliance; the purpose of the study, and the research questions that were used to carry out the study. Further, the significance of the study and the scope of the study are also highlighted.

Background to the study

The formation of strategic alliances has been seen as a response to globalization and increasing uncertainty and complexity in the business environment (Baranov, 2013), thanks to its own benefits that have been highlighted as follows (Arrigo, 2012): transaction costs, the enhancement of the competitive position and the acquisition of knowledge. Strategy can help organisations to deal with different areas such as marketing, finance, production, research and development, and public relations (Certo & Certo, 2012).

Alliances play a critical role in firm survival, providing the access to critical resources that allow gaining and maintaining competitive advantages in today turbulent economic environment (Cobeña *et. al.*, 2017). They become a trend in global markets; more and more firms adopt cooperative strategies because the external market conditions show a lack of internal resources that they need for preserving their own competitive position in the marketplace.

The study was anchored on four theories namely Resource Based View (Pemrose, 1959), Open System Theory (Ludwig von Bertanlanffy, 1968), Game Theory (John von Neumann, John

Nash & Oskar Morgenstern, 1944) and Dynamic Capabilities Theory (David Teece, Gary Pisano & Amy Shuen, 1997). RBV calls for strategic resources mapping in the organization and their efficient utilization in value adding activities (Arrigo, 2012). Deficiency of the strategic resources calls for their external provision through strategic alliances (Das *et al*, 2010). Dynamic capability theory focuses on the organizations capability to integrate and reconfigure both internal and external resources and to generate competencies (Arndt, 2011). RBV answers the need for creating strategic alliances while dynamic capability theory caters for their implementation.

The market share refers to a competitor's share of the total industry sales, for the firm and its key rivals (Rothaermel, 2012). Unless otherwise, the market share calculations are based on the total sales revenues of the firm in an industry as opposed to units produced or sold by the individual firms (Teng, 2000). In arriving at the right market share, it is critical for a firm to define its industry appropriately, where the industry has not been appropriately defined, it becomes difficult for the organization to understand or estimate the size of the market (Mudambi, 2015).

A firm's market share tends to increase when it invests in growth related activities. At the same time, as this share increases, it is likely to invest in innovative products, services and technologies so as to maintain the market share (Shleimer & Shulman, 2011). Studies have also indicated that research and development incumbent monopolists tend to innovate more, raising barriers for potential entrants in the market while also maintaining dominance. Additionally, studies have found that the marginal value of an innovation tends to be positively related to its market share (Arndt, 2011). Industry leaders with high market share tend to gain more from additional innovation as opposed to industry followers with low market share.

Strategic Alliance

Baranov (2013) defines a strategic alliance as a voluntary arrangement between firms that involves the sharing of knowledge, resources and capabilities with intent of developing processes, products, or services. A strategic alliance can help a firm offer a more effective process, grow into a new market, or develop an edge over a competitor. The arrangement allows the two businesses to work toward a common goal that will be of benefit to bot (Mudambi, 2015). The gained advantage may provide a short- or long-term benefit and may be formal or informal between the two partners. The results of forming a strategic alliance can include allowing each of the businesses to achieve organic growth at a quicker pace than would happen if they acted alone (Schleimer & Shulman, 2011). This study used sharing financial risk, knowledge sharing, markets access and gaining capabilities as the strategic alliances for banks in Kenya.

According to Cesarani (2014), sharing of financial risk entails the information sharing of risk that reflects the uncertainty of the company's return on assets. Factors that affect business risk may also include variations in demand, sales price and costs, the rate of developing new products, the freedom to adjust prices as costs rise and a company's operating costs. Rothaermel (2012) asserts that sharing financial risk allows banks to form a partnership with the goal of introducing a new business or expanding an originator's target market. In addition to sharing the risk of loss is often able to arrange for the provision of advisory services designed to expand a bank's or corporation's capacity to originate, monitor, and service the assets.

Knowledge sharing involves the activities through which knowledge inform of information, skills, or expertise is exchanged among organizations (Das *et al.*, 2010). According to (Baranov, 2013), the development of knowledge sharing platforms and learning technology is playing a substantial role in eliminating communication impediments and incrementing the

straightforwardness and efficiency of information sharing in companies. Further, it assists to curtail the costs that your business may experience in case of imprecise problem-solving efforts (Lubello *et al*., 2015).

Markets access allows the banks to sell goods and services with eased or joint access (Uddin & Akhter, 2011). This thought the ccombining of resources and expertise of two otherwise unrelated companies. This type of partnership usually offers great advantages, but it can also present certain risks, since arrangements of this sort are generally highly complex. Joint market access with allows for access to greater resources, including specialised staff, technology and finance (Johnson, Scholes & Whittington, 2018).

Dynamic capabilities is the ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (Lubello *et al*, 2015). Its also the capability of an organization to purposefully adapt an organization's resource base. The goal is to identify the various factors and dimensions of the firm's centric capabilities that can optimally utilize and work as a source of advantage and to explain how the myriad combinations of competences and resource can be developed, deployed, and protected having a long-term approach and vision in mind (Amita, Pearce, Richard & Robinson, 2011). It helps in formulating the path of strategic management and planning the company strategy that helps in gaining the competitive advantage (Arndt, 2011).

Market Share

Calzolari and Denicolo (2013) define market share as a firms` performance relative to its competitors. Usually, a higher market share implies that a firm realizes higher sales than its competitors because it successfully expands its customer base. Studies from Amidu and Harvey (2016); Li, Chiu and Huang (2019) conceptualize banks market share with growth in customer numbers, growth in the loan book, growth of deposits, increase customer retention and bank

positioning. Pearce and Robinson (2013) also use the same definition that market share is sales relative to those of other competitors in the market. Market share is usually used to express competitive position. Gaining or building market share is an offensive or attack strategy to improve the company's standing in the market (Sarkissian, 2010).

Romaniuk, Dawes and Nenycz-Thiel (2018) asserts that hhigher market share puts companies at a competitive advantage. Companies with high market share often receive better prices from suppliers, as their larger order volumes increase their buying power. Increased market share and greater production go hand-in-hand, with the latter decreasing a company's cost to produce an individual unit due to economies of scale. According to Emre (2017) market share gains are most appropriate when the following five conditions are present; in high growth markets, when the firm has developed a breakthrough innovation, when an acquisition can be explained, when a competitor is unwilling to fight back and when a competitor is unable to fight back. Stuart (2017) sees market share as determinant of return on investment and therefore an increase in market share will lead to an increase in profitability.

Pearce and Robinson (2013) also see market share as sales relative to those of other competitors in the market. Market share is usually used to express competitive position. It is also generally accepted that increased market share can be equated with success, whereas decreased market share is a manifestation of unfavourable actions by firm and usually equated with failure. However, high market share has been associated with higher profits. Market share is a key indicator of market competitiveness; how well a firm is doing against its competitors. This metric, supplemented by changes in sales revenue, helps managers evaluate both primary and selective demand in their market. It enables them to judge not only total market growth or decline but also trends in customers' selections among competitors.

Generally, sales growth resulting from primary demand (total market growth) is less costly and more profitable than that achieved by capturing share from competitors. Conversely, losses in market share can signal serious long-term problems that require strategic adjustments. Firms with market shares below a certain level may not be viable. Similarly, within a firm's product line, market share trends for individual products are considered early indicators of future opportunities or problems (Armstrong & Greene, 2017).

Strategic alliances service four important objectives across industries. The overarching reason behind strategic alliances is helping the firm to build synergies and innovative capabilities by gaining new competencies (Emre, 2017). At the same time strategic alliances help a company to share risks with its strategic partner in a manner that helps to drive positive growth. Sharing of risks allows for both companies in the strategic alliance to minimize losses and hence facilitate growth and development of the two companies (Stuart, 2007). Secondly, strategic alliances also foster knowledge sharing among strategic partners that helps to build synergies and competitive advantage. In the context of strategic alliances, companies come together and share knowledge that is used in developing new products and services and hence improve its competitive edge in the market. Such knowledge sharing capabilities have been at the heart of strategic alliances (Pearce & Robinson, 2013).

Thirdly, strategic alliances also facilitate access to new markets for firms, an element that may not be possible for the firm when acting alone. Upon forming an alliance, the firm gains access to the partner's markets helping to facilitate ease of expansion (Jesse, 2010). Lastly, in the spirit of building synergies, strategic alliances also help firms to gain new capabilities and competencies as a result of shared knowledge, technologies and management capabilities (Teng, 2010). This also drives positive performance of the two companies. Based on this, strategic alliances are viewed as avenues through which a firm can build synergies, share risks,

exchange knowledge, access new markets and gain new capabilities that are perceived to impact positively on the firm's market share.

Kenyan Banking Industry

The Companies Act (2015), the Central Bank of Kenya Act (1966) and the Kenya's Banking Amendment Act, (2016) are the main regulators and governors of banking Industry in Kenya. These Acts are used together with the prudential guidelines which Central bank of Kenya issues from time to time. In 1995 the exchange controls were lifted after the liberalization of the banking in Kenya (CBK, 2018).

There are a total of 39 commercial banks in Kenya (CBK, 2018). Central Bank of Kenya is tasked with formulating and implementation of monetary and fiscal policies. The CBK ensures the proper functioning of the Kenyan financial system, the liquidity in the county and the solvency of the Kenya shilling. The banking industry in Kenya has involved itself in automation, moving from the traditional banking to better meet the growing complex needs of their customer and globalization challenges (CBK, 2018). There has been increased competition from local banks as well as international banks, some of which are new players in the country. This has served the Kenyan economy well as the customers and shareholder are the ones who have benefited the most (Muriithi & Louw, 2017).

KCB Bank Plc

KCB Bank Plc is the leading institution in Kenya's banking and financial sector with an asset base of over Kshs 500 billion. As at 2018, KCB Group has the widest network of outlets comprising of over 200 branches across the region, over 350 Automated Teller Machines (ATM) and over 15,000 agents. KCB Bank Group is composed of KCB Bank Kenya, KCB Bank Tanzania, KCB Bank Rwanda, KCB Bank South Sudan, KCB Bank, Burundi, KCB Bank

Uganda, KCB Insurance, KCB Capital and KCB Foundation. Shares of KCB Bank Plc are listed on the Nairobi Stock Exchange (NSE), under the symbol (KCB). The Group's stock is also cross listed on the Uganda Securities Exchange (USE), the Rwanda Stock Exchange (RSE) and the Dar esse Salaam Stock Exchange (DSE) (NSE, 2018).

There has been an increased financial risk sharing, knowledge sharing and widening the markets access over the last five years especially with the reduced income from interests which resulted due to the interest rate capping law of 2016 (CBK, 2016). The banking amendment Act 2016 saw the capping of interest rates at 14% and also required banks to pay a minimum 7% on customer deposits. This saw a desire by commercial banks to partner with other institutions so as to raise non funded income which previously had not been a key focus area for revenues (NSE, 2018).

KCB group forms non - equity strategic alliances aimed at providing better service solution for the bank’s customers (KCB Bank, 2013). For instance, MKaro and KCB - Mpesa are licensing agreement with Safaricom` s Mpesa to enable clients to pay school fees directly into schools bank accounts using the mobile money transfer platform and borrow without necessarily having a bank account. According to the KCB (2017) financial report, it signed into a franchising agreement with Visa and MasterCard to issue debit cards, credit cards and prepaid cards to clients. In addition, the bank has an outsourcing agreement with Tracom for card acquiring business where the bank provided point of sale (POS) to merchants. 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, 2018).

Statement of the Problem

The Kenya banking sector has been facing stiff competition as a result of globalization where other players have joined the sector with differentiated innovative products and services (Wandia & Ismail, 2019; Mwangi 2017). A major competitor has been the emergence of mobile banking where services similar to those offered by banks are rendered at the comfort of a mobile phone. For instance, Cash transacted via mobile phones hit Sh3.7 trillion in 2018 (Central Bank of Kenya, 2018). In addition, due to alterations in the working environment, banks have needed to form unions or one establishment assumes control over another's operations (Aggrey, 2017).

Alliances are becoming an alternative business strategy and hence the formulation of strategic alliances in the banking industry because of the development of worldwide patterns, for example, heightened rivalry, taking off cost of capital, including the cost of innovative work and the regularly developing interest for new advances (Mangar & Munyoki, 2018). For instance, some banks such as NIC bank and CBA are forming a strategic alliance to increase their market size and expand growth (Central Bank of Kenya, 2018). In addition, the banking sector in Kenya has in the recent past been under serious scrutiny by stakeholders after some banks ran into financial crisis and were consequently placed on receivership. The closure of Dubai, Imperial and Chase Banks left many depositors uncertain of the stability of some of the facilities in the industry (Anne, 2017).

Some of the studies conducted in this field presented research gaps; Mugo, (2012) studied the effect of financial knowledge sharing on the growth of micro-finance institutions in Kenya. This study was based on identify the strategic alliances at Kenya Commercial Bank Group Limited and to establish the effects of strategic alliances on the growth of Kenya Commercial Bank Group Limited. The study presented a conceptual gap as the study will use sharing

financial risk, knowledge sharing, markets access and gaining capabilities as the study variables. Wandia and Ismail (2019) conducted a study on the effects of strategic alliances on performance of commercial banks in Kenya. The study used partner match, commitment and strategic orientation on performance of commercial banks in Kenya. The study presented a conceptual gap as the study will use sharing financial risk, knowledge sharing, markets access and gaining capabilities as the study variables. Yasuda (2012) examined the effect of strategic alliances on financial performance and highlighted how strategic alliance was impacting the financial performance of banks. The study presented a contextual gap as the current study focused on market share using growth of the loan book, deposits and customer numbers.

Research Objectives

The general objective of this study was to determine effect of strategic alliances on the growth of market share for commercial banks in Kenya. The specific objectives were:

i. To establish the effect of sharing financial risk on market share for KCB Bank Plc
ii. To establish the effect of knowledge sharing on market share for KCB Bank Plc
iii. To determine the effect of markets access on market share for KCB Bank Plc
iv. To identify the effect of gaining capabilities on market share for KCB Bank Plc.

Hypotheses

H_{o1}; Sharing of financial risk has no significant effect on market share for KCB Bank Plc.

H_{o2}; Knowledge sharing has no significant effect on market share for KCB Bank Plc

H_{o3}; Markets access has no significant effect on market share for KCB Bank Plc.

H_{o4}; Gaining capabilities has no significant effect on market share for KCB Bank Plc.

Assumptions of the study

The study also assumed that the data collected from the participants was a true representation of the projected target population and adequate to draw conclusions.

Justification of the study

The Kenya Banking Act (2016) proposed the capping of interest rates charged on Loans by banks. This has seen a reduction in the profitability of most banks (CBK, 2017). With the reduction on interest which has greatly impacted on the profitability of banks in Kenya there has been a rise in the desire for commercial banks to form strategic alliances with different organizations with a view of taking advantage of these partnerships for purposes of diversifying their revenue streams. This research sought to determine effect of strategic alliances on the growth of market share for KCB bank Plc.

Significance/Importance of the Study

The findings of this study will act as a guide to policy makers in analysing the impact of sharing financial risk, knowledge sharing, markets access and gaining capabilities by banking firms to achieve market share. Policy makers can gain from this study by using the findings to make appropriate policies regarding establishment and expansion of financial institutions and developing a regulatory framework that will enhance competition and thus efficient allocation of resources. Kenyan banking industry plays a significant role for the Kenyan economy, and one of the most important banking centres among the East Africa Countries. Therefore the study sought to fill an important gap in the existing literature and improve the understanding of the effect of strategic alliances among institutions in Kenya.

Research Scope

This study focused on impact of strategic alliances on growth of market share in commercial banks, by looking primarily at KCB Bank Plc. The study was limited to senior and middle level management at KCB bank Plc Kenya and not the other subsidiaries. The focus on Kenya was because of the need to contextualize the study and understand the effects of strategic alliances from the context of KCB in Kenya. This study was carried out between the months of January – June 2018.

Limitations/Delimitations of the study

The main limitation was some respondents were unwilling to respond to answer the questionnaire. Those who were not willing were replaced with the ones willing to respond. Additionally, the participants feared victimization from the senior management. This was corrected by assurance in the consent form that all the information was to be very confidential and be used for the study only and not to be disclosed to any other party. This was corrected by assuring the university administration that all the information given was used for academic purposes and a copy of the research was submitted to the University.

Another limitation to the study was the response rate of the questionnaires. Not everyone, to whom the research instrument was administered, returned their responses. The researcher used drop and pick method to ensure fast administration of the questionnaires and follow up to method to have as many as possible filled and returned. Another limitation was time constraints. The concepts in this study are vast and time did not allow comprehensive research into strategic alliance, and every element under it. In this regard, the researcher narrowed down to selected factors which form the objectives of this study. The researcher also tried to explain the contents of the questionnaire to enable respondents to spend minimal time.

Chapter Summary

This chapter provided a background of the study and explained the issue of strategic alliances and market share. It also explained the developments in the banking industry and how KCB has been positioned in the industry. The chapter also explored the research problem and developed the research objectives and questions that form a key aspect of the study. The next chapter explores previous literature on the concept of strategic alliances and market share to help in the development of the research hypotheses.

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CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter presents a review of the related literature on the subject under study presented by various researchers, scholars, analysts and authors. The materials are drawn from several sources which are closely related to the theme and the objectives of the study. This chapter addresses the theoretical foundation of the study, type of strategic alliances, reasons for strategic alliances, strategic alliances practices and challenges of strategic alliances.

Theoretical Framework

The study focused on two concepts; strategic alliance and market share. The study was anchored on four theories namely Resource Based View, Open System Theory, Game Theory and Dynamic Capabilities Theory. Theoretical framework analysis is also done in the formation of strategic alliances. Each of the theories is discussed in the subsequent sections.

Resource Based View

Resource Based View Theory was proposed by Pemrose in 1959. According to Barney, RBV focuses attention on an organization's internal resources as a means of organizing processes and obtaining a competitive advantage. Barney stated that for resources to hold potential as sources of sustainable competitive advantage, they should be valuable, rare, imperfectly imitable and not substitutable. The resource-based view suggests that organizations must develop unique, firm-specific core competencies that will allow them to outperform competitors by doing things differently (McIvor, 2014). In the resource-based view, strategists select the strategy or competitive position that best exploits the internal resources and capabilities relative to external opportunities. Given that strategic resources represent a

complex network of inter-related assets and capabilities, organizations can adopt many possible competitive positions.

According to this theory, all resources are equally important to determine the success of project implementations. Resource-based view views the organization as a bundle of assets and resources that can create competitive advantage if employed in distinctive ways (McIvor, 2014). The resource-based perspective holds that the possession of certain resources and capabilities defines what the organization will do and what it can obtain from outside parties. For the success of a project, all the resources should be incorporated together

This theory argues that resources are the determinants of firm performance (Barney, 1991; Schulze, 1992), and resources must be rare, valuable, difficult to imitate and no substitutable by other rare resources. When the latter occurs, a competitive advantage has been created (Barney, 1991). The popularity of the resource-based view (RBV) of strategic management is manifest in its rapid diffusion throughout the strategy literature (Arrigo, 2012). The conceptual work in this stream generally has focused on the characteristics of firm resources that can contribute to a sustainable competitive advantage. Some theorists have followed Penrose (1959) quite closely, emphasizing how resources contribute.

These explanations lay the conceptual foundation for subsequent analyses of how resource-based advantages may be leveraged via diversification. Steiner (2017) identified significant roles for resource richness and diversification of resource usage, the analysis highlights the importance of resource characteristics underlying factor market imperfections as drivers of alliance formation in a single primary input supply chain. The results suggest that resource heterogeneity is important for alliance formation and organizational success in specialized supply chains. Thus, alliances can be understood as mechanisms that extend the resource horizons of firms across its existing boundaries as a means to seek necessary resources and

competencies. Organizations therefore seek alliances to be able to access resources that are with other organizations. These resources would be either expensive for one organization or inaccessible for another organization.

The Resource Based View is relevant in the study as it explores the role of resources and dynamic capabilities and their effects on firms. In the banking industry, growth in customer number is key and hence the ability to possess key resources and capabilities tend to have a positive effect on the success of the firm in the market. KCB's resources and capabilities have been at the heart of the firm's performance and competitive advantage. Its ability to exploit these resources and capabilities have made the company the largest by assets as well as market share.

Open System Theory

Open system theory was developed by Ludwig von Bertanlanffy (1968). Open system is a process that exchanges material, energy, people, capital and information with its environment. The open-systems theory also assumes that all large organizations are comprised of multiple subsystems, each of which receives inputs from other subsystems and turns them into outputs for use by other subsystems (Scott, 2015). The subsystems are not necessarily represented by departments in an organization, but might instead resemble patterns of activity. In open system theory is of the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival (Luhmann, Baecker & Gilgen, 2013).

The open system theory asserts that an organization, by its most basic definition, is an assembly of people working together to achieve common objectives through a division of labour. An organization provides a means of using individual strengths within a group to achieve more

than can be accomplished by the aggregate efforts of group members working individually (Klimontovich, 2012). Business organizations are formed to deliver goods or services to consumers in such a manner that they can realize a profit at the conclusion of the transaction.

The open system theory is relevant as it's a way of thinking about dynamic systems, or systems that interact with their environments. All businesses are dynamic systems, evolving and changing in response to feedback. Open systems theory is useful for in the study because it provides a framework for thinking about processes such as change a regular part of running a business to growth.

Game Theory

Game Theory was proposed by John von Neumann, John Nash and Oskar Morgenstern in 1944. Game theory is the process of modelling the strategic interaction between two or more players in a situation containing set rules and outcome. In addition, Game theory is a theoretical framework for conceiving social situations among competing players. Game theory is the science of strategy, or at least the optimal decision-making of independent and competing actors in a strategic setting (Myerson, 2013).

The focus of game theory is the game, which serves as a model of an interactive situation among rational players (Geckil & Anderson, 2016). The game identifies the players' identities, preferences, and available strategies and how these strategies affect the outcome. Depending on the model, various other requirements or assumptions may be necessary (Webster, 2018).

The game theory is relevant as it helps to develop business models to manage interactions of decision makers either in a scenario of cooperative or competitive approaches to behaviour for conflict resolution. A conflict occurs when paths are crossed. It means when one decision making entity perceives the influence of other actions on its achievement. When there is a conflict of interest, it is generally resolved through cooperative or competitive styles. A

collaborative method is a win-win approach for a problem-solving while; competitive style is a win-lose way.

Dynamic Capabilities Theory

The Dynamic Capabilities Theory was defined by David Teece, Gary Pisano and Amy Shuen, in 1997. Dynamic capabilities are the capacity of an organization to purposefully create, extend or modify its resource base (Helfat *et al*, 2007). Dynamic capabilities are hard for rivals to replicate because they are built on the idiosyncratic characteristics of entrepreneurial managers and the history-honed routines and culture of the organization (Teece, 2014).

In their work, Teece *et al* (1997) explained that dynamic capabilities are processes shaped by positions and paths. Those processes include co-ordination and integration, learning and reconfiguration. Positions and paths are the internal and external forces enabling and constraining dynamic capabilities. The internal position relates to the firm's assets which includes, its stock of technological, complementary, financial, reputational, and structural assets.

The external position refers to the firm vis-à-vis its institutional environment and its markets. Teece, Pissano and Shuen (1997) explain that the firm's position will have a bearing on the firm's strategic posture and how competitive advantage could be gained. Recent developments in the dynamic capabilities literature highlight that alliances are a form of resource acquisition strategy that allow firms to dynamically adapt their technical fitness to the environmental changes by accessing distant resources (Schleimer & Shulman, 2011). The majority of the studies on dynamic capabilities assert that dynamic capabilities are necessary to deal with rapidly changing environments. This means dynamic capabilities can vary with levels of dynamism in the external environment. Winter (2003) contends that the pace of change in an

industry acts as a contingency factor in the decision to develop and deploy dynamic capabilities.

Notably exogenous factors affect each firm differently, as they are moderated by managerial perceptions. Existing literature has demonstrated the importance of dynamic capabilities to acquisition outcomes. For example, Heimeriks *et al*. (2012) suggest that dynamic capabilities help to identify the unique features of deals, reduce the ambiguity associated with acquisitions and, ultimately, enhance acquisition integration. Dynamic capabilities have been proposed as a means for addressing turbulent environments by helping managers extend, modify, and reconfigure existing operational capabilities into newness that better match the environment. When strategic alliance partners combine their capabilities they seek to improve their market positions through combining different capabilities that will enable them drive efficiency and effectiveness in terms of processes. These capabilities gained through an alliance help an organization achieve growth.

The concept of Dynamic Capabilities and Strategic Management mainly focuses on the internal strengths of the organization such as workforce and capital investments rather than harping on the external forces such as government policies and market trends to sustain the dynamic nature of the market and gain the competitive advantage.

The dynamic capabilities model is relevant in the study as it highlight that alliances are a form of resource acquisition strategy that allow firms to dynamically adapt their technical fitness to the environmental changes by accessing (or obtaining) distant resources. Dynamic capabilities are necessary to deal with rapidly changing environments. In the banking industry, growth in customer number is key and hence the ability to possess key resources and capabilities tend to have a positive effect on the success of the firm in the market. KCB's resources and capabilities have been at the heart of the firm's performance and competitive advantage.

Empirical Review

This section reviews previous studies that are relevant to the objectives of this study. The empirical literature is reviewed per objective.

Shared Financial Risk and Growth of Market Share

Wandia and Ismail (2019) conducted a study on the effects of strategic alliances on performance of commercial banks in Kenya. The objective of the study was to determine the effects of partner match on performance of commercial banks in Kenya; to assess how commitment of firms affects performance of commercial banks in Kenya; to establish the effects of strategic orientation of partnering firms on performance of commercial banks in Kenya; to determine the effects of synergy on performance of commercial banks in Kenya. A case study research design will be adopted. The study found out that partner match of partner firms affect performance of commercial banks in Kenya to a very great extent; commitment of partner firms in strategic alliances affects in a very great extent performance of commercial banks in Kenya as indicated by the majority of the respondents; strategic orientation of partner firms affects to a great extent performance of commercial banks in Kenya and synergy of partner firms influence to a very great extent the performance of banks in Kenya. The study presented a conceptual gap as the study will use sharing financial risk, knowledge sharing, markets access and gaining capabilities as the study variables.

According to Lamech (2010), risk sharing is a common rationale for undertaking a cooperative arrangement when a market has just opened up, or when there is much uncertainty and instability in a particular market, sharing risks becomes particularly important. The competitive nature of business makes it difficult for business entering a new market or launching a new product, and forming a strategic alliance is one way to reduce or control a firm's risks. Alliance relationships permit partners to impart the financial hazards related to growing new products

and going into new markets (Rambo, 2014). At last the advantage to creating strategies alliances organizations together with others is for arrangements through commonly advantageous endeavours. Together firms can tackle their issues, those of their client's providers and workers. Companies should know what they want to get out of the alliance relationships they establish.

Elmuti and Kathawala (2012) posit that Strategic alliances can be effective ways of diffusing new technologies rapidly, entering new markets, bypassing government restrictions expeditiously, and learning quickly from the leading firms in a given field. Nevertheless, they are not easy to create, develop and support. Strategic alliances usually fail because of tactical errors made by the management (Mwangi & William, 2017). By using a well-managed strategic alliances agreement, organizations can gain significantly in markets that would otherwise have been uneconomical. Therefore, considerable amount of time and energy must be put in order to create a successful alliance. It is essential for corporations to enter in strategic arrangements with a comprehensive plan that outlines the expectations, requirements and expected benefit of the alliance (Elmuti & Kathawala, 2012)

Knowledge Sharing and Growth of Market Share

Mugo (2012) studied the effect of financial knowledge sharing on the growth of micro-finance institutions in Kenya. This study was based on identify the strategic alliances at Kenya Commercial Bank Group Limited and to establish the effects of strategic alliances on the growth of Kenya Commercial Bank Group Limited. This study used a case study research design. Data was both primary and secondary sources. Primary data was obtained using an interview guide and secondary data was obtained from banks strategic plans and annual reports. The study found that alliances provide opportunity for participating banks to tap into the resources, knowledge, capabilities and skills of their partners. They offer potential for a

commercial bank to leverage its resources capabilities. Finally, the study established that knowledge sharing is positive and significantly correlated with banks competitiveness in terms of improving the bank‘s ability for profit maximization, expanding market position as a result of growth in customer base, and increasing sales volume. The study presented a conceptual gap as the study will use sharing financial risk, knowledge sharing, markets access and gaining capabilities as the study variables.

Arend *et al.* (2005) articulates that most firms are competent in some areas and lack expertise in other areas; as such, forming a knowledge sharing can allow ready access to knowledge and expertise in an area that a company lacks. The information, knowledge and expertise that a firm gains can be used, not just in the joint venture project, but for other projects and purposes. The expertise and knowledge can range from learning to deal with government regulations, production knowledge, or learning how to acquire resources. A learning organization is a growing organization.

According to Mangar and Munyoki (2018), oorganizations have learned to analyse their competitive environment, define their position, develop competitive and corporate advantages, and understand threats to sustaining advantage in the face of challenging competitive threats (Cesarani, 2014). According to Rambo (2014), different approaches including industrial organization, the resource-based view, dynamic capabilities, and game theory have helped academicians and practitioners understand the dynamics of competition and develop recommendations on how firms should define their competitive and corporate strategies.

Markets Access and Growth of Market Share

According to Mwangi and William (2017), choosing a strategic partnership as the entry mode may overcome the remaining obstacles, which could include entrenched competition and hostile government regulations on market access might be especially useful when entering a

foreign market interestingly due to the broad cultural contrasts that may flourish. They may likewise be compelling locally when entering regional or ethnic markets. This has resulted in a large number of commercial banks entering into strategic alliances to gain competitive advantage and therefore growth as a result of new markets

According to Uddin and Akhter (2011), advances in telecommunications, computer technology and transportation have made entry into foreign markets by international firms easier. Entering foreign markets further confers benefits such as economies of scale and scope in marketing and distribution (Stuart, 2007). The cost of entering an international market may be beyond the capabilities of a single firm but, by entering into a markets access strategy with an international firm, it will achieve the benefit of rapid entry while keeping the cost down.

Linwei *et al* (2017) argue that the determinants of markets access strategy are in the motives of the alliance, giving the following broad areas; market entry and market position related motives. They talk of gaining access to new international markets, circumvent barriers to entering international markets posed by legal, regulatory and/or political factors, defend market position in present markets and enhance market position in present markets. They also talk of product - related motives and argue that through markets access strategy the organization can fill gaps in present product line, broaden present product line and differentiate or add value to the product. Strategic alliances are widely considered as collaborative strategies formulated and implemented to meet shared objectives and develop superior resources cooperatively.

Gaining Dynamic Capabilities and Growth of Market Share

Achieving synergy and a competitive advantage may be another reason why firms enter into a strategic alliance. As compared to entering a market alone, gaining dynamic capabilities becomes a way to decrease the risk of market entry, international expansion, research and development. Rogers (2011) depicts dissemination of innovation as the procedure which

advancement is conveyed through specific channels after some time among the individuals from social framework. In today's quickly evolving world, an organization that can't position itself rapidly misses important opportunities. As a consequence, more ventures, particularly in quick evolving industries, are making dynamic capabilities a centre some portion of their general technique. Competition becomes more effective when partners leverage off each other's strengths, bringing synergy into the process that would be hard to achieve if attempting to enter a new market or industry alone.

According to Linwei *et al* (2017) dynamic capabilities are formulated for both business level strategies and corporate level strategies for expansion and other objectives. They define dynamic capabilities as a cooperative strategy in which firms combine some of their resources and capabilities to create a competitive advantage. Arrigo (2012) also refers to dynamic capabilities as a strategic coalition which needs a good partner to conduct a developing partnership, where organizational resources and capabilities are shared and new ones are acquired and developed. He further explains that in dynamic capabilities participating firms pursue shared objectives and create value adding processes to gain competitive advantage. Eisenhardt and Schoonhoven (2013) state that in difficult market situations, gaining dynamic capabilities can provide critical resources that may improve a firm's strategic position. From this perspective the strategy of a firm should thus be based on its resources and capabilities (Seppälä, 2010).

Collaboration among firms have become a key source of competitive advantage for firms and have allowed them to cope with increasing organizational and technological complexities and help firms strengthen their competitive position by enhancing market power, increasing efficiencies, accessing new or critical resources or capabilities and entering new markets (Chen, 2003).

Conceptual Framework

The framework in table 2.1 below shows how strategic alliance variables affect market share and how they contribute to the growth of market share as brought out in the literature review.

Strategic Alliance (Independent Variable) Market Share Growth (Dependent Variable)

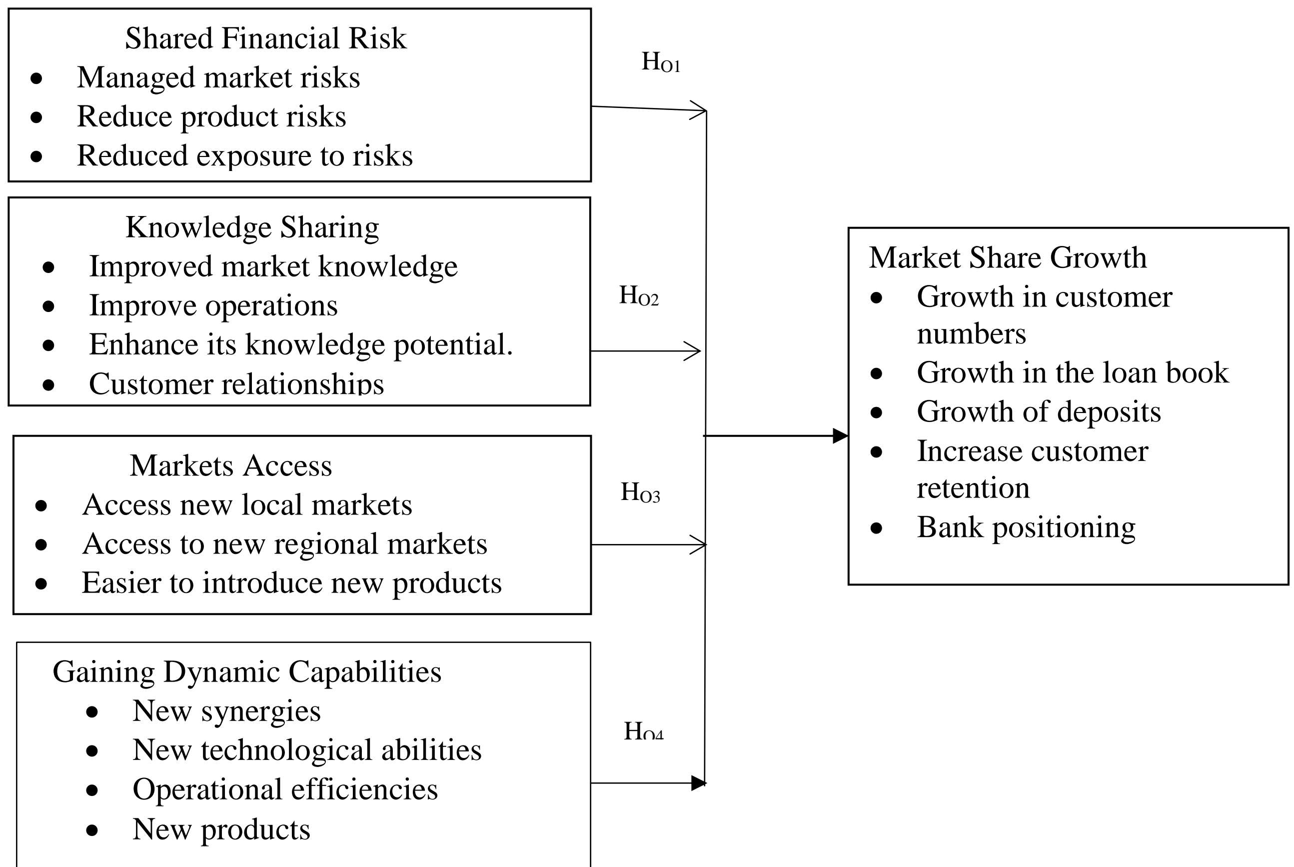

Figure 2.1 Conceptual Framework

Research Gaps

Wandia and Ismail (2019) conducted a study on the effects of strategic alliances on performance of commercial banks in Kenya. The objective of the study was to determine the effects of partner match on performance of commercial banks in Kenya; to assess how commitment of firms affects performance of commercial banks in Kenya; to establish the

effects of strategic orientation of partnering firms on performance of commercial banks in Kenya; to determine the effects of synergy on performance of commercial banks in Kenya using descriptive research design. The study presented both conceptual and methodological gap as the study will use sharing financial risk, knowledge sharing, markets access and gaining capabilities as the study variables and will adopt the case study research design.

Mugo, (2012) studied the effect of financial knowledge sharing on the growth of micro-finance institutions in Kenya. This study was based on identify the strategic alliances at Kenya Commercial Bank Group Limited and to establish the effects of strategic alliances on the growth of Kenya Commercial Bank Group Limited. The study presented a conceptual gap as the study will use sharing financial risk, knowledge sharing, markets access and gaining capabilities as the study variables.

Yasuda (2012) examined the effect of strategic alliances on financial performance and highlighted how strategic alliance was impacting the financial performance of banks. The study presented a contextual gap as the current study focused on market share (growth of the loan book, deposits and customer numbers. Gichuhi (2012) examined the Joint Venture in the Construction of Houses in Kenya and looked into the Effect on growth of housing in Kenya. The study presented a contextual gap as the current study focused on impact of strategic alliance the banking sector. Ricardo Flores and Rafael Moner- (2007) conducted a study on the strategic formation of airline alliances. The study assed the effect of company culture, management and firm objectives on alliance formation and established that alliances partner characteristics determine success of alliances. The study focused on alliance formation while the current study focused on alliance impact to growth

Aggrey (2011) conducted a study on the impact of strategic alliances between Banks and Insurance firms in Kenya with the impact on product development. The study established that

strategic alliance between banks and insurance firms` advanced the harmonization of processes. The study presented a contextual gap as current study sought to identify relationship between strategic alliances between banks.

The effect of strategic alliances on financial performance of commercial banks has been investigated with some authors such as Gleason et al. (2006) comparing the result of deals joining banking or non-banking partners, while others such as Marciukaityte *et al*. (2009) contrast the case of financial and non-financial partners. Gichuhi (2011) conducted a study on Joint Venture for Construction of Houses in Kenya, This study seeks to close the gap on the effect of strategic alliances on the growth of market share.

Table 2.1. Summary of Gaps

Researcher(s)	Title of Study	Objectives	Key Findings	Key Gaps	Current study
Wandia and Ismail (2019)	Effects of strategic alliances on performance of commercial banks in Kenya	To determine the effects of partner match, To assess how commitment of firms To establish the effects of strategic orientation of partnering firms, Effects of synergy on performance of commercial banks in Kenya.	The study found out that partner match of partner firms affect performance of commercial banks in Kenya to a very great extent; commitment of partner firms in strategic alliances affects in a very great extent performance of commercial banks in Kenya	Conceptual and methodological gaps	The study presented a conceptual gap as the study will use sharing financial risk, knowledge sharing, markets access and gaining capabilities as the study variables.
Mugo (2012)	Effect of financial knowledge sharing on the growth of micro-finance institutions in Kenya	To identify the strategic alliances at Kenya Commercial Bank Group Limited and to establish the effects of strategic alliances on the growth of Kenya Commercial Bank Group Limited	The study found that alliances provide opportunity for participating banks to tap into the resources, knowledge, capabilities and skills of their partners	Conceptual gap	Conceptual gap as the study will use sharing financial risk, knowledge sharing, markets access and gaining capabilities as the study variables

Researcher(s)	Title of Study	Objectives	Key Findings	Key Gaps	Current study
Ricardo Flores and Rafael Moner (2007)	Strategic Formation of Airline Alliances	Effect of company culture, management and firm objectives on alliance formation	Alliances partner characteristics determine success of alliances	Focused on alliance formation	This research focused on alliance impact to growth
Ana Clara Cândido and Cristina Sousa (2017	Open Innovation Practices in Strategic Partnerships of Cloud Computing Providers	Influences of practises (internal competition, product plat forming and customer immersion) on cloud computing	Companies can mitigate deficiency on competencies through the interaction with other organizations.	Conceptual	This study sought to look at the impact of strategic alliance on commercial banks
Gichuhi (2012)	Joint Venture for Construction of Houses in Kenya	Effect on growth of housing in Kenya	Impact of joint venture on the performance of construction companies in Kenya	Contextual gap	Focused on impact of strategic alliance the banking sector
Yasuda (2012)	The effect of strategic alliances on financial performance	Determine effect of strategic alliance on profitability	It highlighted how strategic alliance was impacting the financial performance of banks	Contextual gap	Focused on market share (growth of the loan book, deposits and customer numbers
Aggrey (2011)	Impact of Strategic Alliances between Banks and Insurance firms in Kenya	Impact on product development Impact on product uptake	Established that strategic alliance between banks and insurance firms` advanced the harmonization of processes	Contextual gap	Sought to identify relationship between strategic alliances in banks

Source: *Developed from the reviewed literature by author (2018)*

Chapter Summary

The section presented the theoretical framework where Resource Based View, Open System Theory, Game Theory and Dynamic Capabilities Theory were expounded. Further the section presented the conceptual framework on the independent and dependent variables with their indicators. Empirical review for each of the variables namely sharing financial risk, knowledge sharing, markets access and gaining capabilities on market share were reviewed to identify research gaps.

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

This chapter details the research design, target population, data collection procedures and analysis of the data collected. It also describes how the data collection instrument was tested before distribution.

Research Design

The study used case study as it involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations (Kombo & Tromp, 2006). The design is deemed fit to portray clear pictures of impact of strategic alliances in KCB bank Plc. This was a case study since the unit of analysis is one organization, KCB bank Plc. This is a case study aimed at getting detailed information regarding the effect of strategic alliances in KCB bank Plc. According to Mugenda (2003), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Once a deeper understanding of the concepts in this study is obtained, the findings can be applied to other organizations that seek to venture into strategic alliances.

Population of the Study

The population is the entire group of people and or objects from which a researcher identifies and selects participants from to take part in the study (Kombo & Tromp, 2006). The study population here included the managers at KCB bank Plc. Target population refers to the group of individuals or objects to which researchers are interested in generalizing the conclusions (Ritter, 2010). The target population of this study comprised of the 182 directors and senior

managers who are involved in the daily management of the alliances top management employees from the KCB Bank Plc. The study targeted the management of the KCB plc Bank. This includes the Chief executive officer (CEO), Group chief operating officer (GCOO), Seven (7) directors (Director Retail, Director Strategy, Director IT, Director Finance, Director corporate, Director Banc assurance and Director Treasury), Heads of departments and sales managers. The target population is as shown in Table 3.1.

Table 3.1 Target Population

Target Group	Target Population
Directors	6
Head of Departments	38
Branch Managers	100
Sales Managers	20
Relationship Managers	18
Total Population	182

Sample and Sampling Technique

The study employed census approach since the targeted population was small and therefore all 182 directors and senior managers who are involved in the daily management of the alliances were used in the study. Census approach was appropriate since Orodho (2009) observed that a data gathered using census contributes towards gathering of unbiased data representing all individuals' opinions on a study problem. Similarly, census was more representative, accurate and reliable than results obtained from a population sample and thus census assisted in generalization of research findings. Thus, 182 respondents as shown in Table 3.1.

Instruments

Both primary and secondary data was used. Primary data was collected through structured questionnaire in which a Likert scale was used. The questionnaire approach has been selected because it is cost effective and can reach respondents who are widely dispersed. It also allows the respondent sufficient time to answer the questions, and the data collected is easy to analyse (Kombo & Tromp, 2006). The researcher used computer aided research tools to disseminate the research instrument to staff members who are critical decision makers on partnerships. The questionnaire consisted of three parts.

Pre-Testing

Pre testing was embraced to guarantee that the information gathered would empower the investigative inquiries to be replied (Saunders & Lewis, 2012). Whitehead, Julious, Cooper and Campbell (2016) reinforces pre testing established the accuracy and appropriateness of the research design and instrumentation. The pretest included validity and reliability.

Validity of the Instrument

Although the researcher may not control the responses in terms of objectivity of the respondents, the way a research instrument is formulated can result in inaccurate responses. To mitigate this, the questionnaire was tested by measuring its validity and reliability. Validity is a test of how well the research instrument measures what it is intended to measure (Kombo & Tromp, 2006).

For construct validity, the questionnaire was segregated into several sections to ensure that each section addresses a specific objective, and ensures the same closely ties with the sub constructs given in the conceptual framework for the study. Content validity was sought by administering the instrument to conveniently selected focus group of five experts in the field

of strategic alliances and market share in banking industry. Validity of the questionnaire was initially tested by reviewing it with the supervisor. Their views was evaluated and incorporated to enhance content validity of the questionnaire. This is in accordance to the proposition by Meyers, Gamst and Guarino (2016) to ensure face, content, construct and concurrent validities when carrying out research.

Reliability of the Instrument

Reliability is a measure of how consistent the results from a test are (Kombo & Tromp, 2006). To test reliability, Cornbrash's alpha was used to test internal consistency of the data. Reliability was tested using questionnaire duly completed by sixteen (18) randomly selected respondents. These respondents were not included in the final study sample in order to control for response bias. The study used the most common internal consistency measure known as Cronbachs Alpha (α) which is generated by SPSS. It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). This study used a used a Cronbachs Alpha of 0.8 as used in the studies of Mugo (2012) and Ana Clara Cândido and Cristina Sousa (2017). A reliability analysis test was carried out on questions that represented the measures for the different independent and dependent variables in the data. The findings are as shown in Table 3.2.

Table 3.2: Reliability Statistics

Variable	Items	Cronbach alpha	Comments
Shared Financial Risk	5	0.818	Reliable
Knowledge Sharing	5	0.892	Reliable
Markets Access	3	0.854	Reliable
Gaining Dynamic Capabilities	5	0.836	Reliable
Growth of Market Share	5	0.813	Reliable

The findings of the reliability test as seen in Table 3.2 indicate that the Cronbach's alpha values for shared financial risk, knowledge sharing, markets access, gaining dynamic capabilities and growth of market share were above the cut point of 0.8. This indicates that the scale showed a high level of internal consistency and hence relevant for use in this study.

Data Analysis

Data analysis is a practice in which raw data is ordered and organized so that useful analysis as the process of computation of certain indices or measures along with searching for patterns of relationship that exist among the data group. Silverman (2016) added that the data must be cleaned, coded and analyzed so that the researcher is able to give meaning to the data.

For the quantitative responses, the researcher made use of analysis for data collected over time, hypothesis tests for existence of significant differences and ANOVA for goodness fit and to determine whether the overall model is statistically significant. After quantitative data was obtained through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing and keyed into statistical package for social sciences (SPSS Version 22) computer software for analysis. The choice of SPSS to other statistical software is that it is user friendly.

The statistics generated was descriptive statistics and inferential statistics. The specific descriptive statistics included percentages and frequencies while the inferential statistics included simple linear regression model. The simple regression model was used to measure the relationship between the independent variables and the dependent variable that are explained in the model. The regression model was as follows

$Y=\beta_0+\beta_1X_1+ \beta_2X_2+ \beta_3X_3 + \beta_4X_4\ e$

Where:

Y = Growth of Market Share

{β i; i=1,2,3 & 4} = The coefficients for the various independent variables

X_1 = Shared Financial Risk

X_2 = Knowledge Sharing

X_3 = Markets Access

X_4 = Gaining Dynamic Capabilities

e = Margin of Error

Data analysis leads to production of tables, descriptive statistics and inferential statistics.

Table 3.4: Operationalization of Variables

Strategic Alliances	Scale
Shared Financial Risk • Managed market risks • Reduce product risks • Reduced exposure to risks	Likert
Knowledge Sharing • Improved market knowledge • Improve operations • Enhance its knowledge potential. • Customer relationships	Likert
Markets Access • Access new local markets • Access to new regional markets • Easier to introduce new products	Likert
Gaining Dynamic Capabilities • New synergies • New technological abilities • Operational efficiencies • New products	Likert
Market Share Growth • Growth in customer numbers • Growth in the loan book • Growth of deposits • Increase customer retention • Bank positioning	Likert

Ethical Considerations

For a research to be considered as having been conducted in an ethical manner, it should ensure quality, transparency and integrity. Respondents must be fully aware of the purpose of the research, and its intended use (Bryman, 2012). The researcher is expected to uphold confidentiality of the information collected and maintain anonymity of respondents. Moreover, respondents must participate voluntarily and without any coercion.

There ethical considerations in the study. The research instrument clearly stated that the data was being sought solely for academic purposes and would be treated with strict confidence. Respondents participated willingly and they were not required to disclose their identities, hence guaranteeing them of confidentiality throughout the research process. Only the researcher had access to the completed questionnaires.

Summary of the chapter

The chapter highlighted the methods used by the researcher to conduct the study. It highlighted the target population, the sample size and the method that was be used to analyse the data. Pretesting procedures were outline that included validity and reliability of the data collection instrument. An operationalization table was presented to show how the variables were measured in the study. Lastly, a discussion on the ethical consideration was presented. The next chapter presents the study findings.

CHAPTER FOUR

RESULTS AND ANALYSIS

Introduction

This section presented the findings of the data analysis process so as to understand the outcomes of the research process. This chapter was divided into two major sections: the descriptive statistics section and the hypothesis testing section. In the descriptive statistics section, the study presented a description of the data including the demographic profile of the participants and a description of the independent and dependent variables by way of analysing the measures of central tendency. The second section conducted an analysis of the hypothesis and focused on the use of linear regression analysis tests. The p value was assumed at 0.05. The data was then presented in the form of tables and figures for ease of presentation.

Response rates

The initial respondents for the study was 164 participants after 18 fused for pretesting. However, of all the questionnaires that were issued to the respondents, only 142 were returned. Therefore, the total response rate for the study was 86.5 percent. This was perceived as sufficient for completing the research. Nulty (2008) indicates that there is no single percentage response rate that is adequate in a given study. Assertions regarding the adequacy or otherwise of a percentage response rate tend to be made without reference to any theoretical justification. However, Nulty (2008) suggests response rates of 60% or more as both desirable and achievable when conducting research. Response rates below 50% are regarded an unacceptable in social research surveys. Given this study has a response rate of 79 percent, it is perceived as both acceptable and desirable.

Descriptive analysis

This section conducts a descriptive analysis of the data by first describing the demographic details of the participants and secondly, conducting a descriptive analysis of the research variables including the dependent and independent variables.

Demographic analysis

In this section, a frequency analysis of the demographic factors was conducted. The findings of the analysis are as indicated in the Table 4.1.

Table 4.1: Demographics

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	78	54.9	54.9	54.9
	Female	64	45.1	45.1	100.0
	Total	142	100.0	100.0	
Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 30	6	4.2	4.2	4.2
	31-40	42	29.6	29.6	33.8
	41-50	54	38.0	38.0	71.8
	51-60	34	23.9	23.9	95.8
	Above 60	6	4.2	4.2	100.0
	Total	142	100.0	100.0	
Years Worked					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-3	9	6.3	6.3	6.3
	4-5	41	28.9	28.9	35.2
	6-7	47	33.1	33.1	68.3
	8-10	28	19.7	19.7	88.0
	Above 10	17	12.0	12.0	100.0
	Total	142	100.0	100.0	

In Table 4.1, the first section that examined the gender of the participants found that 55 percent of the participants (78) were male while 45 percent of the participants were female (64). The second section examined age of the participants; Findings indicated that 4 percent of the participants were below 30 years (6), 30 percent (42) were between 31 and 40 years, 38 percent (54) were between 41 and 50 years, 24 percent (34) were between 51 and 60 years and lastly those above 60 years were 4 percent (6). In the last section of the table the analysis examined the number of years worked of the participants. The findings indicated that 6 percent (9) had worked between 1 and 3 years, 29 percent (41) had worked between 4 and 5 years, 33 percent (47) had worked between 6 and 7 years, 20 percent (20) between 8 and 10 years and 12 percent (17) above 10 years. The findings therefore show a normal distribution of participants who took part in the research study.

Dependent Variable

The dependent variable in the study was market share growth. To measure market share growth, a total of 5 measures were used on a five-point Likert scale. The findings of the analysis are indicated in the table 4.2 below.

Table 4.2: Descriptive Statistics for Market Share growth

	N	Minimum	Maximum	Mean	Std. Deviation
Customer numbers	142	1	5	3.53	1.033
Loan book	142	2	5	3.62	.805
Deposits	142	1	5	3.10	1.136
Valid N (listwise)	142				

The findings indicate that the overall cumulative mean of the five variables was 3.33. The cumulative standard deviation was 1.1. This meant that overall, all the participants indicated perceived growth in market share and hence agreed that there was a growth in market share in the organization. At the same time, given the large standard deviation of 1.1, it meant that there was a high deviation from the mean. This is an indication of existing outliers which represent people who may not have understood the questions or have not been at the firm for a long time to understand its market share and growth.

Independent Variables

This section examined the independent variables of the study. There were a total of five independent variables and these include: strategic alliances, financial risks, knowledge sharing, access to markets and capabilities. A total of 3 to 5 measures were used to measure each of these variables on a five point Likert scale. The findings are as shown in the Table 4.3.

Table 4.3: Descriptive Statistics for Independent Variables

	N	Min	Max	Mean	Std. Dev.	Cumulative Variance
Gaining Capabilities						
KCB has gained new capabilities as a result of the strategic alliances	142	1.0	5.0	3.300	0.955	29%
KCB has gained new synergies as a result of the strategic alliances	142	1.0	5.0	3.430	0.893	26%
KCB has gained new technological abilities as a result of the strategic alliances	142	1.0	5.0	3.550	0.940	26%
KCB has gained operational efficiencies as a result of the strategic alliances.	142	3.0	5.0	3.960	0.517	13%
KCB has obtained new product capabilities as a result of the strategic alliances.	142	3.0	5.0	4.000	0.501	13%
Shared Financial Risks						
The strategic alliances have helped KCB to share financial risks.	142	1.0	3.0	1.870	0.605	32%
The strategic alliances have exposed KCB to more risks	142	1.0	4.0	2.120	0.716	34%
The strategic alliances have reduced KCB’s exposure to more risks	142	1.0	5.0	2.380	0.895	38%
The strategic alliances have helped KCB managed market risks.	142	1.0	5.0	2.730	0.959	35%
The strategic alliances have helped KCB reduce product risks.	142	2.0	4.0	2.850	0.471	17%
Knowledge Sharing						
The strategic alliances have helped KCB gain new knowledge	142	1.0	5.0	2.940	0.943	32%
The strategic alliances have helped KCB enhance its knowledge potential.	142	1.0	4.0	2.820	0.846	30%
KCB has improved market knowledge as a result of the strategic alliances.	142	1.0	5.0	2.910	1.122	39%
Knowledge shared among the strategic partners has helped KCB improve operations.	142	1.0	5.0	2.970	1.127	38%
Knowledge shared among the strategic partners has enhanced customer relationships.	142	1.0	5.0	3.090	0.987	32%
Access to Markets						
It is easier for KCB to access new local markets based on the strategic alliances formed.	142	1.0	5.0	2.720	1.255	46%
KCB has ease of access to new regional markets based on the strategic alliances	142	1.0	5.0	2.850	1.165	41%
KCB has finds it easier to introduce new products to new markets based on the strategic alliances.	142	1.0	5.0	3.420	1.192	35%
Valid N (listwise)	142	2.278	4.722	2.995	0.894	31%

Table 4.3 shows that the highest mean was 4.00 under gaining capabilities and lowest mean was 1.87 under gaining dynamic capabilities with a cumulative mean of all the variables was approximately 2.995. This means that most of the participants were in agreement with statements measuring the independent variables. However, from the analysis, gaining capabilities, knowledge sharing, and shared financial risks and markets access had small standard deviation of 0.894 which means that responses were closer to the mean. This means that there were outliers with participants having responded to the extreme ends. This could mean a lack of understanding of the statements or lack of knowledge of the existence of these aspects measured in the organization. The average cumulative variance was at 31% with the highest at 46 under market access and lowest at 13% under gaining dynamic capabilities.

Hypothesis Testing

The purpose of this section was to conduct an analysis of the hypotheses so as to respond to the research objectives. In order to analyse and test the hypotheses, the key tests that were used include: Linear Regression tests and ANOVA. The findings of the analysis are indicated in the following tables.

Hypothesis One: Sharing of Financial Risk and Growth of Market Share

The first hypothesis sought to understand the relationship between shared financial risks and market share at KCB Bank Plc. The hypothesis was;

Ho_1; Sharing of financial risk has no significant effect on market share for KCB bank Plc.

To test the hypothesis a simple linear regression analysis was conducted. The findings of the analysis are shown in the Table 4.4.

Table 4.4: Hypothesis for Sharing of Financial Risk

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.173[a]	0.030	0.023	2.77749		
ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.299	1	33.299	4.316	.040[b]
	Residual	1080.023	140	7.714		
	Total	1113.321	141			
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.644	1.462		13.441	0.000
	Financial Risks	-0.251	0.121	-0.173	-2.078	0.040

a. Dependent Variable: Market Share
b. Predictors: (Constant), Financial Risks

A simple linear regression analysis was conducted to understand the relationship between shared financial risks and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was strong (R= 0.713). Secondly, the findings also indicated that the shared financial risks explained a 3.0 percent variance in market share (R^2= 0.030), which was found to be statistically significant at $p< 0.04$. Third, the regression model was therefore significant at $F (1, 140) = 4.316$, with $p< 0.04$. From the findings, $H0_1$, was rejected. This means that there was a negative significant relationship between shared financial risks and market share at KCB Bank Plc. The relationship was explained by the following equation.

Market Share (MS) = 4.316 - 0.251 shared financial risks.

The findings suggest that shared financial risks had a negative significant relationship with market share and therefore, a unit change in shared financial risks would result in a 0.245 negative change in market share. This suggests that more shared financial risks would result in a fall in market share performance at the organization. This is in line with Wandia and Ismail (2019) who established that shared financial risk significantly influenced the growth of market share in banks.

Hypothesis Two: Knowledge sharing and Growth of Market Share

The second hypothesis sought to understand the relationship between knowledge sharing s and market share at KCB Bank Plc. The hypothesis was;

Ho_2; Knowledge sharing has no significant effect on market share for KCB Bank Plc

This hypothesis sought to understand the relationship between knowledge sharing and market share at KCB Bank. To conduct the analysis, a simple linear regression analysis was implemented. The findings of the analysis are as indicated in the Table 4.5.

Table 4.5: Hypothesis for Sharing of Knowledge Sharing

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.302[a]	0.091	0.085	2.68839		
ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	101.483	1	101.483	14.041	.000[b]
	Residual	1011.839	140	7.227		
	Total	1113.321	141			
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.035	0.990		13.170	0.000
	Knowledge sharing	0.245	0.065	0.302	3.747	0.000

a. Dependent Variable: Market Share
b. Predictors: (Constant), Knowledge sharing

A simple linear regression analysis was conducted to understand the relationship between knowledge sharing and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was weak (R= 0.302). Secondly, the findings also indicated that knowledge sharing explained a 9.1 percent variance in market share (R^2= 0.091), which was found to be statistically significant at p< 0.000. Third, the regression model was therefore significant at F (1, 140) = 14.041, with p< 0.000. From the findings, $H0_2$, was rejected. This means that there was a positive significant relationship between knowledge sharing and market share at KCB Bank Plc. The relationship was explained by the following equation.

Market Share (MS) = 13.035 + 0.245 knowledge sharing.

The above findings suggest that knowledge sharing had a positive significant relationship with market share and therefore, a unit change in knowledge sharing would result in a 0.245 positive

change in market share. This suggests that higher knowledge sharing would result in a growth in market share performance at the organization.

This agrees with Mugo (2012) who studied the effect of financial knowledge sharing on the growth of micro-finance institutions in Kenya. The study found that alliances provide opportunity for participating banks to tap into the resources, knowledge, capabilities and skills of their partners. They offer potential for a commercial bank to leverage its resources capabilities.The study established that strategic alliances are positive and significantly correlated with banks competitiveness in terms of improving the bank's ability for profit maximization, expanding market position as a result of growth in customer base, and increasing sales volume.

Hypothesis Three: Markets access and Growth of Market Share

The third hypothesis sought to understand the relationship between knowledge sharing and market share at KCB Bank Plc. The hypothesis was;

Ho_3; Markets access has no significant effect on market share for KCB Bank Plc.

This hypothesis sought to understand the relationship between easy access to markets and market share at KCB Bank. To conduct the analysis, a simple linear regression analysis was implemented. The findings of the analysis are as indicated in the Table 4.6.

Table 4.6: Hypothesis for Market Access

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.253[a]	0.064	0.057	2.72801		
ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.438	1	71.438	9.599	.002[b]
	Residual	1041.884	140	7.442		
	Total	1113.321	141			
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.077	0.860		16.363	0.000
	Markets Access	0.286	0.092	0.253	3.098	0.002

a. Dependent Variable: Market Share
b. Predictors: (Constant), Access to Markets

A simple linear regression analysis was conducted to understand the relationship between ease of access to markets and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was very weak (R= 0.253). Secondly, the findings also indicated that ease of access to markets explained a 6.4 percent of the variance in market share (R^2= 0.064), which was found to be statistically significant at p< 0.002. Third, the regression model was therefore significant at F (1, 140) = 9.599, with p< 0.002. From the findings, $H0_3$, was rejected. This means that there was a positive significant relationship between ease of access to markets and market share growth at KCB Bank Plc. The relationship was explained by the following equation.

Market Share (MS) = 14.077 + 0.286 markets access.

The above findings suggest that ease of access to markets had a positive significant relationship with market share and therefore, a unit change in ease of access to markets would result in a 0.286 positive change in market share. This suggests that higher levels of ease of access to

markets would result in a positive growth in market share performance at the organization. This is also in line with Mwangi and William (2017), choosing a strategic partnership as the entry mode may overcome the remaining obstacles, which could include entrenched competition and hostile government regulations.

Hypothesis Four: Gaining capabilities and Growth of Market Share

The fourth hypothesis sought to understand the relationship between knowledge sharing and market share at KCB Bank Plc. The hypothesis was;

H_{o4}; Gaining capabilities has no significant effect on market share for KCB Bank Plc.

The last hypothesis was to examine the relationship between gaining capabilities and market share for KCB PLC. The study adopted a simple linear regression analysis to conduct the analysis. The findings are indicated in table 4.8 below.

Table 4.7: Hypothesis for Gaining Capabilities

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.390[a]	0.152	0.146	2.59634		
ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	169.580	1	169.580	25.157	.000[b]
	Residual	943.741	140	6.741		
	Total	1113.321	141			
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.290	1.539		15.779	0.000
	Capabilities	0.419	0.084	0.390	5.016	0.000

A simple linear regression analysis was conducted to understand the relationship between gaining capabilities and market share at KCB Bank PLC. The findings of the regression

analysis showed that the relationship was moderate (R= 0.390). Secondly, the findings also indicated that gaining capabilities explained a 14.6 percent of the variance in market share (R^2= 0.146), which was found to be statistically significant at $p< 0.000$. Third, the regression model was therefore significant at $F (1, 140) = 25.157$, with $p< 0.000$. From the findings, H_{04}, was rejected. This means that there was a positive significant relationship between gaining capabilities and market share growth at KCB Bank Plc. The relationship was explained by the following equation.

Market Share (MS) = 24.290 + 0.419 gaining capabilities.

The above findings suggest that gaining capabilities had a positive significant relationship with market share and therefore, a unit change in gaining capabilities would result in a 0.419 positive change in market share. This suggests that higher levels of gaining capabilities would result in a positive growth in market share performance at the organization. This is consistent with Arrigo (2012) who established that strategic alliance as a strategic coalition which needs a good partner to conduct a developing partnership, where organizational resources and capabilities are shared and new ones are acquired and developed. He further explains that in strategic alliance participating firms pursue shared objectives and create value adding processes to gain competitive advantage.

Table 4.8: Summary of hypothesis

Objective	Hypothesis	Results
To establish the effect of Sharing financial risk on market share for KCB Bank Plc	Sharing of financial risk has no significant effect on market share for KCB Bank Plc.	Rejected
To establish the effect of knowledge sharing on market share for KCB Bank Plc.	Knowledge sharing has no significant effect on market share for KCB Bank Plc	Rejected
To determine the effect of markets access on market share for KCB Bank Plc	Markets access has no significant effect on market share for KCB Bank Plc.	Rejected
To determine the effect of gaining capabilities on market share for KCB Bank Plc.	Gaining capabilities has no significant effect on market share for KCB Bank Plc.	Rejected

Summary of the findings

In the first hypothesis, a simple linear regression analysis was conducted to understand the relationship between shared financial risks and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was strong (R= 0.713) and that shared financial risks explained a 3.0 percent variance in market share (R^2= 0.030), which was found to be statistically significant at F (1, 140) = 4.316, with p< 0.04. From the findings, was rejected. The findings thus suggested that more shared financial risks would result in a fall in market share performance at the organization.

In the second hypothesis a simple linear regression analysis was conducted to understand the relationship between knowledge sharing and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was very weak (R= 0.302). Secondly, the findings also indicated that knowledge sharing explained a 9.1 percent variance in market share (R2= 0.091), which was found to be statistically significant at F (1, 140) = 14.041, with p< 0.000. From the findings, H_2, was not supported. Findings suggested that higher knowledge sharing would result in a growth in market share performance at the organization.

In the third hypothesis, a simple linear regression analysis was conducted to understand the relationship between markets access and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was very weak (R= 0.253). Secondly, the findings also indicated that ease of access to markets explained a 6.4 percent of the variance in market share (R^2= 0.064), which was found to be statistically significant at $F (1, 140) = 9.599$, with $p < 0.002$. The findings suggested that higher levels of ease of access to markets would result in a positive growth in market share performance at the organization.

In the fourth hypothesis a simple linear regression analysis was conducted to understand the relationship between gaining capabilities and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was moderate (R= 0.390), and that gaining capabilities explained a 14.6 percent of the variance in market share (R^2= 0.146), which was found to be statistically significant at $F (1, 140) = 25.157$, with $p < 0.000$. From the findings, H_{04}, was rejected. The findings suggested that higher levels of gaining capabilities would result in a positive growth in market share performance at the organization.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The purpose of this chapter was to discuss the findings of the study. The discussion from this perspective meant that the study would compare and contrast the findings of this study with those from previous studies so as to understand the relationship between the studies. This was important so as to understand the contribution of this study to literature.

Discussion of Findings

Sharing of Financial Risk and Market Share at KCB Bank Plc.

In the firts objective, a simple linear regression analysis was conducted to understand the relationship between shared financial risks and market share at KCB Bank PLC. The second hypothesis, was not supported. The findings thus suggested that more shared financial risks would result in a fall in market share performance at the organization. The concept of shared financial risks has been examined in many studies with different outcomes. Li, Qian, & Qian (2013) examining motives for international strategic alliances to share resources, costs and risks found that sharing risks tends to be tenable and leads to growth of the firm in low tech industries by untenable in high tech industries.

Goerzen (2007) examining alliance networks and firm performance with a focus on risk sharing indicated that alliance networks tend to help the firm to reduce risks associated with the alliance through risk sharing which impacts positively on the performance of the firm. However, Luo (2007) discounts this indicating that firms are more opportunistic in alliance formation and this increases the risks associated with the alliance. This has a potential negative effect on the alliance. Based on these findings, there are multiple view points on this issue. This study found

a negative relationship which means higher perceived risks results in low market share performance. The difference in findings may be as a result of different methodological considerations. However, this study makes important contributions to knowledge based on the focus on financial firms in developing nations.

Knowledge Sharing and Market Share for KCB Bank Plc

In the second hypothesis a simple linear regression analysis was conducted to understand the relationship between knowledge sharing and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was very weak (R= 0.302). Secondly, the findings also indicated that knowledge sharing explained a 9.1 percent variance in market share (R2= 0.091), which was found to be statistically significant at F (1, 140) = 14.041, with p< 0.000. Findings suggested that higher knowledge sharing would result in a growth in market share performance at the organization. There are several studies that have been done to understand the effects of knowledge sharing on firms and whether this has any significant effect on the growth of the firm.

Jiang, Bao, Xie and Gao (2016) in their study examining partner trust, knowledge flow and firm competitiveness in strategic alliances established that firm competitiveness tends to increase with knowledge acquisition in strategic alliances. Knowledge leakage on the other hand undermined competitiveness of the firm. Mazloomi Khamseh, Jolly, & Morel, (2017) also conducted an analysis of the effect of learning approaches on the utilization of external knowledge within the context of strategic alliances. The findings of the analysis showed that exploration of knowledge gathered in knowledge sharing was positively associated with knowledge usage and firm market share performance. Li, Roberts, Yan and Tan (2014) also examining knowledge sharing in higher education alliances between firms in China and the UK found that tacit knowledge is the most difficult to share and that partner motives impact on

the degree of sharing in the firm an aspect that impacts significantly on performance. Overall, findings support a positive association between knowledge sharing and market share. The finds of this study are unique because of their focus on banking institutions in Kenya, helping to improve knowledge gaps.

Ease of Access to markets and market share for KCB Bank Plc.

In the third hypothesis, a simple linear regression analysis was conducted to understand the relationship between ease of access to markets and market share at KCB Bank PLC. The findings suggested that higher levels of ease of access to markets would result in a positive growth in market share performance at the organization. Previous studies have shown that strategic alliances can help firms expand through ease of access to markets that the firm may not have access to. Esters (1996) in their study found that strategic alliances with firms that are already successful in a particular market can help a firm deal with growth in that segment of the market. Chen, Zou and Wan (2009) examining new venture growth and the role played by strategic alliances and joint ventures established that strategic partnerships lead to greater product diversity, acquisitions on the other hand lead to more effective internationalization and hence a chance for survival for such firms.

Overall, based on these findings, it is clear that ease of access to markets is both a motive and an outcome in strategic alliance formation. These findings mirror what has been found in previous studies. However, the findings are unique because they have been done in the Kenyan context allowing an understanding of the role of strategic alliances in the banking industry.

Gaining capabilities market share for KCB Bank Plc.

In the fourth hypothesis a simple linear regression analysis was conducted to understand the relationship between gaining capabilities and market share at KCB Bank PLC. The findings of the regression analysis showed that the relationship was moderate (R= 0.390), and that gaining

capabilities explained a 14.6 percent of the variance in market share (R^2= 0.146), which was found to be statistically significant at F (1, 140) = 25.157, with p< 0.000. From the findings, The findings suggested that higher levels of gaining capabilities would result in a positive growth in market share performance at the organization. There are several studies that have been conducted to understand the relationship between capabilities and market share growth. Rothaermel & Boeker, 2008) in their study found that firms are more likely to enter into strategic alliances based on complementarities especially when one firm is younger.

Broad capabilities are more effective in predicting alliance formation and performance in the long term. Rice, Liao, Martin and Galvin (2012) in their study found that reveals that alliances employed by firms can be viewed as initiatives to either fill a gap in the firm's resource stock or to exploit a perceived opportunity in its operational and strategic environment. Stephens, (2009) examining the role of capabilities in new alliance formation found that experience, firm specific resources and capabilities were the main reasons for entering into strategic alliance formations. Overall, from the findings, it can be concluded that strategic alliances tend to lead to gaining new capabilities that help to improve competitiveness and performance of the firm.

Summary of the Findings

The general objective of the study was to determine the effect of strategic alliances on the growth of market share for commercial banks in Kenya with a focus on KCB Bank Plc. SPSS was used to test 4 hypotheses. First, the findings suggested that $H_{01,}$ was rejected. The findings thus suggested that more shared financial risks would result in a fall in market share performance at the organization. Further, H_{02}, was rejected. The findings suggested that higher knowledge sharing would result in a growth in market share performance at the organization. The findings suggested that higher levels of markets access would result in a positive growth in market share performance at the organization. The findings suggested that higher levels of

gaining capabilities would result in a positive growth in market share performance at the organization.

Conclusions

Research on strategic alliances or inter-organizational alliances has long recognized the value that these alliances play in enhancing the growth and performance of the firm. While these studies have been essential, they have not been clear on this relationship as many studies have considered different variables. Additionally, the Kenyan context has also not been explored. This study found that strategic alliances can impact on market share growth of KCB Bank Plc. The findings of the regression analysis showed that there was a negative significant relationship between shared financial risks and market share at KCB Bank Plc. This means that there was a positive significant relationship between knowledge sharing and market share at KCB Bank Plc. This shows that higher knowledge sharing would result in a growth in market share performance at the organization.

There was a positive significant relationship between markets access and market share growth at KCB Bank Plc. This suggests that higher levels of markets access would result in a positive growth in market share performance at the organization. There was a positive significant relationship between gaining capabilities and market share growth at KCB Bank Plc. This suggests that higher levels of gaining capabilities would result in a positive growth in market share performance at the organization. It is critical that the above-mentioned aspects of strategic alliances are considered before venturing into these alliances. The following limitations are suggested.

Recommendations for Policy

The findings of this study showed that strategic alliance formation has a significant effect on the growth of market share at KCB Bank Plc. It is recommended that the management of banks seek appropriate kinds of partnerships and alliances that will help enhance their own market share and growth. Secondly, it is also recommended that firms may need to reconsider reasons for engaging in strategic alliances and understand whether they will gain capabilities, knowledge, and find it easier to access new markets. This means that decisions can be built on these factors before deciding on the value of the venture. The third recommendation is that firms may need to evaluate the effect of financial risks on strategic alliances. This study found an inverse relationship between shared financial risks and market share growth. Therefore, there is need to evaluate the kind and nature of the risks before a firm engages in strategic alliances.

Implications and Suggestions for Further Studies

The study contributed to the body of knowledge in the following ways; the findings of the study would assist the banking sector to embrace sharing financial risk, knowledge sharing, markets access and gaining capabilities as the study discovered that the stated factors contributes to market share growth in banks. By undertaking the study, the strategic alliances and market share for banks, this went a long way in adding past findings value and enabled users have information and a deeper understanding of the need for enhancing sharing financial risk, knowledge sharing, markets access and gaining capabilities. It contributed to the body of knowledge and to other researchers, as they was able to appreciate the effects of the stated factors, inspire similar and further research in other areas, and contribute to the existing literature on market share growth.

The study recommends a comparative analysis of strategic alliances among private and public companies in Kenya should be carried out and determines the similarities and differences in both. Also other strategies alliances adopted could be put into the considerations as well. Studies should be carried to find out whether strategic alliances have a unique contribution to the overall market share of companies. Lastly, this study considered only one bank in examining the influence of strategic alliances on market share growth. Future studies should focus on a range of firms for cross-validation purposes. At the same time focus can shift to evaluating joint ventures and acquisitions and whether these have an effect on market share growth.

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

I am carrying out an important research on "*The Effect of Strategic Alliances on the Growth of Market Share of Commercial Banks in Kenya: A Case of KCB Bank Plc"*. This is in a requirement in the School of Business in partial fulfilment of the requirement for the award of master degree in Business Administration and Strategic Management of Pan African University.

Attached is a questionnaire, please answer all the questions with your own true agreement to each. There are no wrong responses for any of these statements. All information given in the questionnaire will be treated with strict confidentiality and used for the purpose of this research only.

Thank you for taking your time to fill in the questionnaire.

Yours sincerely,

George Maselo

Reg. No: MBAD/7640/16

Appendix II: Questionnaire

This questionnaire is aimed at collecting information on the impact of strategic alliance on the growth of market share for KCB Bank Plc. The information is being sought solely for academic purposes and will be treated with strict confidence. Kindly answer the questions by ticking the boxes provided as applicable.

PART I

Demographic Information

1. Gender

   Male [ ]

   Female [ ]

2. Age

   Below 30 [ ]

   31-40 [ ]

   41-50 [ ]

   51-60 [ ]

   Above 60 [ ]

3. Years worked in KCB Plc

   1-3 [ ]

   4-5 [ ]

   6-7 [ ]

   8-10 [ ]

   Above 10 [ ]

Part II: Strategic Alliance

Indicate the extent to which you agree/disagree with the following statements in relation to growth in market share on a scale of 1 -5 where:

5. Strongly Agree 4. Agree 3. Not Sure 2. Disagree 1. Strongly Disagree.

	1	2	3	4	5
Capabilities					
KCB has gained new capabilities as a result of the strategic alliances					
KCB has gained new synergies as a result of the strategic alliances					
KCB has gained new technological abilities as a result of the strategic alliances					
KCB has gained operational efficiencies as a result of the strategic alliances.					
KCB has obtained new product capabilities as a result of the strategic alliances.					
Shared financial risks					
The strategic alliances have helped KCB to share financial risks.					
The strategic alliances have exposed KCB to more risks					
The strategic alliances have reduced KCB's exposure to more risks					
The strategic alliances have helped KCB managed market risks.					
The strategic alliances have helped KCB reduce product risks.					
Knowledge sharing					
The strategic alliances have helped KCB gain new knowledge					

The strategic alliances have helped KCB enhance its knowledge potential.					
KCB has improved market knowledge as a result of the strategic alliances.					
Knowledge shared among the strategic partners has helped KCB improve operations.					
Knowledge shared among the strategic partners has enhanced customer relationships.					
Access to market					
It is easier for KCB to access new local markets based on the strategic alliances formed.					
KCB has ease of access to new regional markets based on the strategic alliances					
KCB has finds it easier to introduce new products to new markets based on the strategic alliances.					

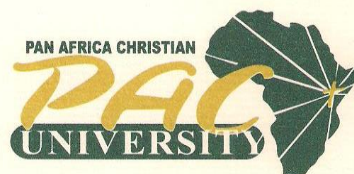
PART III: Market Share

Indicate the extent to which you agree/disagree with the following statements in relation to growth in market share on a scale of 1 -5 where:

5. Strongly Agree 4. Agree 3. Not Sure 2. Disagree 1. Strongly Disagree.

Growth in market share	1	2	3	4	5
KCB has experienced a growth in customer numbers in the last 3 years.					
KCB has experienced a growth in the loan book in the last 3 years					
KCB has experienced a growth of deposits in the last 3 years					
KCB has been able to increase customer retention ability in the last 3 years					
KCB commands a leading position in the banking industry in Kenya over the last 3 years.					

Appendices III: Introductory Letter



23rd May, 2018

P.O. Box 56875 - 00200
Nairobi, Kenya
Lumumba Drive, Roysambu
off Kamiti Rd, off Thika Rd
Tel: 0734 400694/0721 932050
Email: enquiries@pacuniversity.ac.ke
website: www.pacuniversity.ac.ke

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: GEORGE MASELO REG. NO (MBAD/7640/16)

Greetings! This is an introduction letter for the above named person a final year student in Pan Africa Christian University (PAC University), pursuing a Master of Arts in Business Administration.

He is at the final stage of the programme and he is preparing to collect data to enable him finalise on his thesis. The thesis title is **'The Effect of Strategic Alliance on the Growth of Market Share of Commercial Banks in Kenya'**

We therefore kindly request that you allow him conduct research at your organization.

Warm Regards,

PAN AFRICA CHRISTIAN UNIVERSITY
P. O. Box 56875, NAIROBI - 00200.
TEL: 8561820 / 8561945 / 2013146

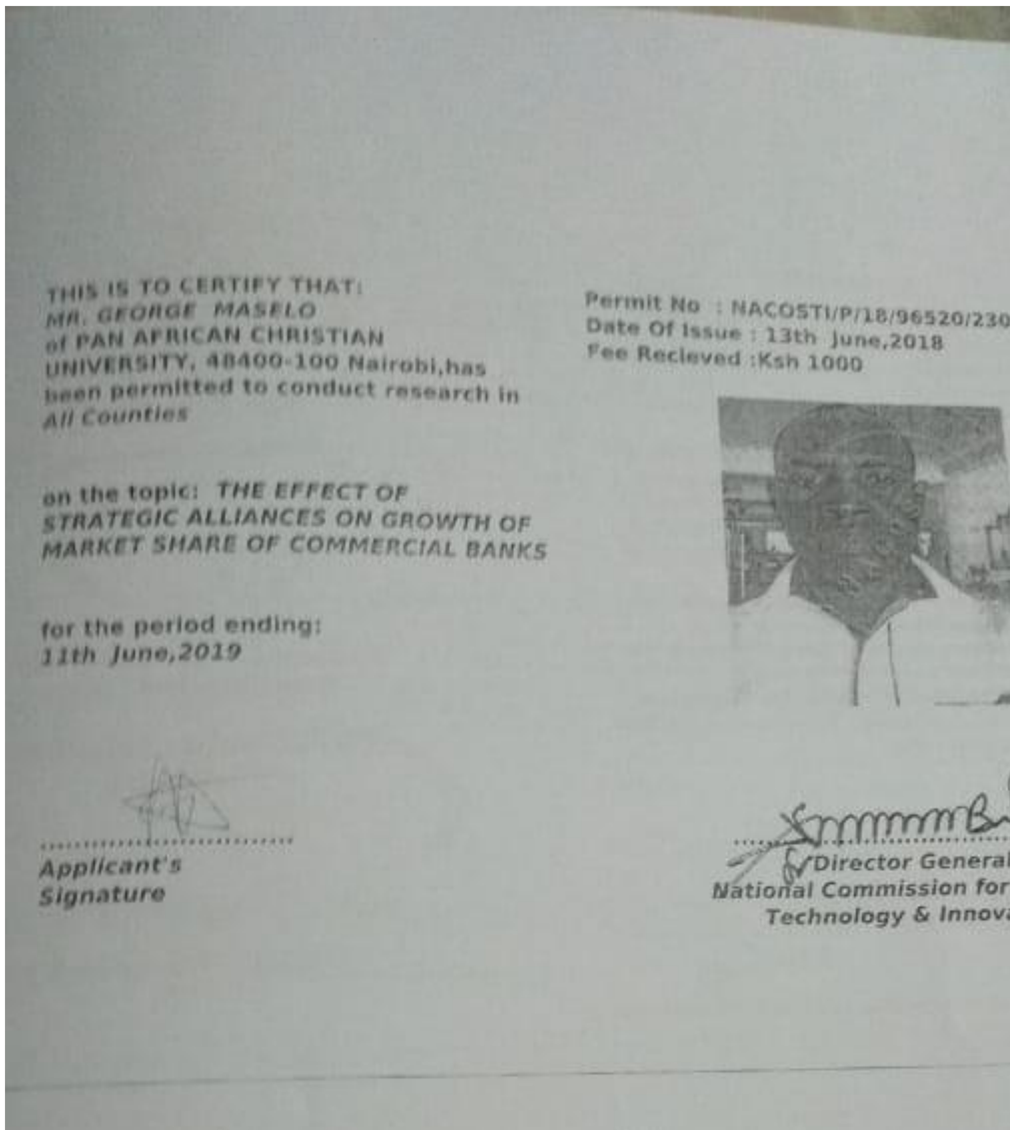
Dr. Lilian Vikiru

Registrar Academics

23rd May, 2018

Where Leaders are Made

Appendices IV: NACOSTI Letter



THIS IS TO CERTIFY THAT:
MR. GEORGE MASELO
of PAN AFRICAN CHRISTIAN
UNIVERSITY, 48400-100 Nairobi,has
been permitted to conduct research in
All Counties

on the topic: *THE EFFECT OF STRATEGIC ALLIANCES ON GROWTH OF MARKET SHARE OF COMMERCIAL BANKS*

for the period ending:
11th June,2019

Permit No : NACOSTI/P/18/96520/2301
Date Of Issue : 13th June,2018
Fee Recieved :Ksh 1000

....
Applicant's Signature

....
Director General
National Commission for
Technology & Innova