Strategic Alliances: Performance Measurement in the Financial Service Industry

Case study: The Beneficial Life Insurance S.A. and Microfinance Institutions in Cameroon

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Abstract

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**Background:** Due to the globalization, companies choose different strategies in order to survive. Some run towards the vertical integration in order to control the whole production process, others outsource in order to reduce the productions costs, others go for strategic alliances aiming to strengthen their market positions by bringing the lacked resources and competencies.

**Aims:** To find a defined combination and set of factors that lead to the success of this kind of partnerships, and to cover the lack of inexistence of one vision of measuring the success of strategic alliances, especially in the service industry.

**Definition:** We find in Varadarajan and Cunningham (1995) that strategic alliances are defined as "the pooling of specific resources and skills by the cooperating organizations in order to achieve common goals, as well as goals specific to the individual partners".

**Completion and Results:** The success factors of strategic alliances in general are difficult to be concretely measured. Still, we managed to find a model that can be used by these companies as a guideline for the evaluation.

**Search terms:** Strategic alliances, collaboration, success measurement, success factors, service industry
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1. Chapter: Introduction

1.1. Background

“Self-sufficiency is becoming increasingly difficult in a complex, uncertain, and discontinuous external environment that calls for focus and flexibility in equal measure” (Olivier Serrat, 2009).

In the last two decades, they have been an increase number of collaborative agreements between companies, due to the fact that many organizations, in order to survive in the market, they have to start by collaborating with other firms. According to (Olivier Serrat, 2009), companies are facing a lot of challenges in the 21st century that goes beyond global competition, meeting customer expectations or demand integration solutions to their needs, adjusting to shortened product life cycle, coping with increased specialization of skills and capabilities or adapting to the internet and communication technologies. Parkhe (1998) confirmed that these factors have rendered companies unable to do things by themselves and therefore calls for collaboration as a solution. Powel (1987) goes further, by explaining how collaborative ventures are a way in which firms can respond to the changes and challenges in the environment. The increasing number of alliances between different companies has also attracted many scholars and researchers to analyze this topic.

It has become extremely difficult for companies to have an edge or competitive advantage in all levels of the value chain. The increased global competition and continuous changing market conditions have caused the traditional methods and strategies for doing business to become almost obsolete, thereby forcing managers to look for more modern ways of surviving in the world of today’s business. Strategic alliances have been one of the ways in which firms can overcome some or all of the difficulties and remain in business while maintaining a competitive advantage positioning the market (Ohmae, 1989). Doz and Hamel,(1998); Dussauge and Garrete, (1999) confirmed this view by stating that strategic alliances have become a necessity rather than a choice in today's turbulent business environment. Delios, et al. (2009) also argues that there are many advantages of new business opportunities ranging from, licensing, internal growth, joint ventures, mergers, acquisition, controlling interest in...
other firms, but strategic alliances remain the simplest form of corporation between firms. Also in Delios, et al., (Seth and Chi, 2005) stated that strategic alliances are real options offered to the alliance partners because they have the right and not the obligation to continue and furthered their cooperation. Moreover, they confirm their support to strategic alliances by arguing that firms can discontinue or terminate the alliances without incurring any high costs, if they find the alliance to be less beneficial.

1.2. Problem Discussion

Despite the increasing number of strategic alliances and their popularity, the rate of failure has also been remarkable. History has shown that alliances tend to be unstable and prone to failure (Bergquist, et al., 1995). The percentage rate of failure of all alliances has been estimated to range between 30% and 70% (Bleeke and Ernst, 1991; Harrigan, 1988). Das and Rahman (2001) and Seligman (2001), whom are management scholars and practitioners, agreed that most strategic alliances have failed to meet their objectives. Inkpen and Ross, (2001) describe strategic alliances as an unstable organizational form. Rothkegel Senad (2006, p1) also mentioned in (Hutt, et al., 2000), stated that strategic alliances also failed to meet their expectations because of the little attention that is paid on building the close working relationship and interpersonal connection that unite the two partner organizations. This is mostly seen in cases where firms enter into partnership with different motives and hidden agendas. Such examples can be seen in partnership between competing firms. A firm may acquire what it wanted in the alliance and become less interested in the relationship. For example Parkhe (April 1991), stated that learning through global strategic alliances may enable a firm to acquire the skills and technologies it lacks at the formation stage and will want to rewrite the alliance or even discard the other partner. By doing so, the global strategic alliance becomes a race to learn with the company that acquires the skills and capabilities faster than the other dominates the partnership and becomes through corporation to a formidable competitor. Furthermore, another example is seen in the works of (Adler and Graham, 1989) who determined that, the high rates of strategic alliance failure is found more in cross-cultural negotiations than intra-cultural negotiations. Despite the high rate of failure in strategic alliances, it is found that many
companies preferred going into alliances than other forms of relationship like joint venture and integrations. Varadarajan and Cunningham (1995, p294) noted that some firms are quite successful in establishing and maintaining a web of long lasting alliances while on the other hand, some few firms seem to have a long list of alliances failure. Most successful strategic alliances have led to joint ventures and mergers especially for firms that want to expand their corporations say (Delios, et al., 2009). Porrini (2004) still in (Delios, et al. 2009) concluded that the increase in this cooperation is as a result of a decrease in information asymmetry between firms. Much research work has been concentrated on the formation of strategic alliances and also the failure of strategic alliances but little has been written on the success factors and how this success is measured. Even in the research works, that have been carried out in strategic alliances, the service business alliances have remained understudied, especially the financial service industry. We can assume that the reason might be that the strategic alliances in the financial services industry were not noticed by researchers. As (Gup and Marino, 2003) in (Delios, et al.) stated that strategic alliances were uncommon in the financial service industry before the 1990s and that it is only after this period of time that this industry noticed a dramatic increase in alliances. Our research work will be concentrated on answering the following questions:

- What are the factors that lead to successful alliances with a focus on the financial service industry?
- How is success measured in strategic alliances in the financial service industry?

1.3. Purpose

The purpose or aim of this study is to determine the success factors of strategic alliances in the financial service industry, and how this success can be measured. Most alliances are considered not to be successful because member firms cannot actually measure its success. They often abandon the alliances only to discover later that these alliances were beneficial to them. Our interest on this study is motivated by the fact that most research works have been concentrated on strategic alliances in manufacturing industry where each partner has something tangible to offer to the public and not in the service industry, especially the financial service industry where, as (Delios, et al. 2009) stated, alliances
started being identified only in the 90s. The increase in the formation of strategic alliances in the financial service sector in recent years might be as a result of a more suitable cooperation amongst them. The number of strategic alliances increased from one in 1986 to 795 in 2003, involving 861 financial services firms (Delios, et al., 2009).

1.4. Target Audience

Our targeted audience are students, researchers, business organizations especially those who operate in businesses that depends on others for their survival and the company in which the research was carried out and other organizations especially in the financial industry. This study will also go a long way to help those who have concern to have a clue on how they can go about effectively measuring the performance of their involvement in a partnership especially in alliances where a separate body is not created to coordinate the activities of the alliance. It will also help those involved in many alliances to measure the performance of the different alliances and if need be to drop some of the alliances.

This can only be done by measuring the performances of the different alliances to know exactly which alliances to drop and which to maintain.

1.5. Delimitations

Strategic alliances take different forms but as used in this thesis, it is a type of alliance where one party called Beneficial Life is involved in alliances with different microfinance institutions but the contracts are similar to each other. So the purpose of conducting this study was to measure the success of these alliances especially on the part of beneficial Life insurance. This implies that it was not actually important to contact the other microfinance institutions.
1.6. **Summary**

In this chapter, the topic to be research on is introduced. This led to the presentation of the research questions. The purpose of this study which were to identify the success factors of strategic alliances and to measure performance in strategic alliances are also part of this chapter. The targeted audience whom we think this study can be good for them is also indicated here and at the end, delimitations are presented.
2. Chapter: Literature Review

2.1. Definition Of Strategic Alliances

It is important to define what an alliance is and what strategic alliance is before reviewing literature. To define alliances we take the definitions of (Bucklin and Sengupta, 1993; Day, 1995; Heide and John, 1990; Sividas and Dwyer, 2000; Varadarajan and Cunningham, 1995; Varadarajan and Rajaratnam, 1986) who, defined alliances as collaborative efforts between two or more firms in which the firms pool their resources in an effort to achieve mutually compatible goals that could not be easily attained alone. Parkhe (1993. pp.794) defined strategic alliance as the "relatively enduring inter-firm cooperative arrangements, involving flows and linkages that use resources and/or governance structures from autonomous organizations, for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring firms".

Another definition is that given by (Varadarajan and Cunningham, 1995. p.282). They see strategic alliances as "the pooling of specific resources and skills by the cooperating organizations in order to achieve common goals, as well as goals specific to the individual partners".

Olivier Serrat, (2009) on his part, defined strategic alliance as “a voluntary, formal arrangement between two or more parties to pool resources to achieve a common set of objectives that meets critical needs while remaining independent entities” These definitions are all geared towards defining the strategic alliances under study.

2.2. Successful Factors Of Strategic Alliance

As mentioned in the introduction, the popularity of alliances is on an increase. 20000 alliances were formed between 1995 and 1996 as indicated by (Harbison and Pakar, 1997). Kalmbach and Roussel (1999, p.5) indicated that alliances have contributed about 6 percent to 15 percent to a typical company market value and this growth is expected to continue from 16 percent to 25 percent in the medium company value
within five years and an astonishingly, 40 percent or more of market value for almost one quarter of companies. Despite the interest in alliances, the rate of failure remains high, as (Lambe et al., 2002. p.141) stated the “alliance success remain elusive” while (Day, 1995) gave it a 70 percent failure and (Harrigan,1985; Kogut, 1988; Inkpen and Beamish, 1997, Dyer, Kale, and Singh, 2004) levied a 50 percent alliance failure rate while management consultancies, market research institutions, and popular business press gave an estimate of 50 percent to 70 percent failure rate as mentioned in (Shenkar and Reuer,2006. p.415). With these statistics, one is pushed to conclude that the disadvantages of strategic alliances are greater than the advantages which also made us wonder, as we raised the question why this continuous increase in the number of strategic alliances when the risk of failure is too high? Shenkar and Reuer, (2006) attempted to answer this question by saying that it is as a result of the difficulties in defining failure in the context of alliances. They gave this example: "When BP ‘farms out’ the drilling of a prospective well to a partner, and this well subsequently turns out to be dry, has the joint exploration project failed or succeeded? On the one hand, by outsourcing the drilling, BP is able to minimize its financial exposure, which, under the circumstances, proves to be a prudent decision. Had the well turned out to have been full of untapped oil, BP would have been better off had it pursued its exploration without a second party. Obviously the reverse scenario is true for the partner firm".

It is in this view (Shelby, Robert and Lambe, 2006) post this question to researchers and practicing managers "What makes alliances to succeed". It is the answer of this question that will contribute to the first part of our research, which has as aim to identify the factors that lead to successful alliances in the financial service industry. We believed that before measuring any success, you must be able to identify those factors that lead to success to be better equipped on your measurement.

Day, 1995; Ganesan, 1994; Hunt, 1997; Jap, 1999; Morgan and Hunt 1994; Varadarajan and Cunningham 1995) have identified relational factors and non-relational resources as responsible for alliance success. John, Jean and Tomoaki (2000) described the relational factors as the soft side of alliance management and refer to them as the development and management of relational capital in the alliance. They further stated that relational capitals are those socio-physiological aspects that are positive and beneficial in the alliance. Relational factors are the quality of relationship that exists between social actors (Coleman, 1990). John, Jean and Tomoaki (2000) pointed out that
for the relational factors to be beneficial in the alliance, the alliance partners must be willing to invest time and effort in building positive feelings and interactive patents and the level of interaction between the firms must be in such a way that allows and facilitates the effective functioning of the day-to-day activities of the alliance. There are so many relational factors that contribute to the successes of strategic alliances but (Burt, 1997; Hosmer, 1995; Rousseau, Sitkin, Burt, and Camerer, 1998) in (John, et al., 2000) single out trust and commitment as the most important. This is because they claimed that partners in both failed strategic alliances and successful strategic alliances recognized mutual trust and commitment to be important aspects of strategic alliances. They further argued that the strategic alliance might fail completely or fail to reach its strategic potential even if the venture is mutually beneficial and logical if the building of mutual trust and commitment is not there. More so they strengthened this by bringing in (Madhok, 1995) who states that if the “economic structure of the relationship seem paramount, without the social glue of trust and commitment, all alliances will not deliver their potential strategic or economic payoff”

However in this study, we have examine relational factors beyond trust and commitment and included communication, collaboration and conflict resolution which we think are also of paramount importance for the success of strategic alliances. According to (Cobianchi, 1994; Speckman, 1993; Cravens, 1998) the literature has focused on these factors because they are of importance to the strategic management relationship.

2.2.1. Trust

Trust is the “cornerstone of the strategic partnership success” (Spekman, 1996). John, Jean and Tomoaki (2000) defined trust as the beliefs about how an alliance partner will behave in a relationship. They states that trust can be understood by responding to questions such as:

- Can our alliance partners be trusted?
- Are they reliable? Would they do something to harm us? Would they take care of the relationship and us?

However, to fully understand the essence of trust in alliances, according to (John et al., 2000); Kramer, 1999; Deshpande and Zaltman, 1993) trust means that rational and
emotional elements are the bases of trust. We will examine this below;

a) Credibility trust:
It is the rational component of trust. According to (John et al., 2000; Johnson, Cullen, Sakano and Takenouchi, 1996) credibility trust is the confidence that the partners have in the ability to meet their obligations and contribute actually what they promised in the alliance. John, et al., (2000) states that the practical part of trust is about the beliefs whether partners can really deliver what they promised. Can the alliance partner be relied on in the functioning of the activities and operation of the alliance? Or does the partner actually possess the expertise and resources they claim to have? And if they possess these expertise and resources as they claim, are they willing to apply them for the effective functioning of the alliances?

b) Benevolent trust:
It is the emotional element of the trust. John, et al. (2000) described it as subjective trust, and considered it to be the belief that one has about the other in caring about the relationship while (Johnson, Cullen, Sakano, and Takenouchi, 1996) considered it as the belief that the alliance partner will show goodwill toward the alliance and the partners. Can the partner be trusted not to harm the alliance? Can the partner be trusted to protect and preserve the alliance even when conditions changed?

2.2.2. Commitment
It is the willingness of the partners to further the alliance relationship. Porter et al., (1974) defined commitment as the willingness of trading partners to exert effort on behalf of the relationship. Angle and Perry (1981) suggested that when partners are committed to exert more efforts, short-term problems would be balanced by long-term goals achievements. John, et al., (2000) asked the question whether the firm is willing not only to stay in the relationship but also to contribute to the success of the relationship as a guide to successful alliances. John, et al., confirmed with (Becker, 1960; Mowday, Porter, and Steers, 1982) that commitment can be rational and attitudinal.
2.2.3. **Rational Commitment**

It is called instrumental commitment and (John et al., (2000) stated that all strategic alliances relationships must have instrumental bases. That is, the reason for which forming an alliance should not be based on friendship but to make some gains. The gains can either be financial or nonfinancial. The drivers for a possible reward and potential gains in alliances should be based on evaluation and expectations from the alliance. For the relationship to continue, the cost and benefit analysis must be positive, that is the partners must have evaluate the alliance and the result should show that the benefits will be more than the cost while the cost should be lesser in the partnership than if they do it alone. John, et al., (2000) called this the economic side of commitment or the calculative commitment.

2.2.4. **Emotional Commitment Or Affective Component**

The alliance(s) are given importance in both companies. Both partners are willing to give the greatest consent to the alliances like other goals in the organization. John, et al., (2000) described this as attitudinal commitment. They stated that company involvement must be able to internalize the alliance, meaning that the alliance is given a status, importance, and the willingness to nurture and care for it. The feeling of both partners should be a kind of pride for having a relationship with that partner and as well in the alliance. The relationship should not be restricted on the contractual relationship, but it should show the desire and willingness of partners to move beyond such boundaries and being able and ready to put in more effort and resources to make the relationship viable in the face of risk.

2.2.5. **Reasons why trust and commitment are so important.**

John, et al., (2000), presents the following reasons why trust and commitment are the two most important factors in a strategic alliance. The reasons are presented below;

1) In formal contracts, it is difficult to anticipate and identify all the events and changes that will occur in the future. Any change in the future will normally trigger a change in the agreement, maybe by rewriting it or changing the contract. For example if a partner achieved its goals in the alliance, without trust and commitment, he may become less interested in the alliance and may impose conditions that will not be favorable to the
other partner, only as a way to end the relationship. This was identified as a common phenomenon in learning alliances. No matter how detailed and complete a formal contract may look like, no matter the amount of forecast and research work carried out to form the contract, it will always appear to have some changes in the lifetime of the contract that were not anticipated at the time when the alliance was formed. Actually, what happens between partners in alliances develops informally, so trust and commitment fill the gaps in formal relationships and keep the alliance to move smoothly.

2) Alliances may be between two or more companies. It is believed that the objectives and goals of an alliance may differ from partners’ personal objectives and goals and in this light the alliance may create dysfunctions of other objectives and this creates conflicts between the partners. Companies differ in organizational culture, experience in alliances, their routines policies and procedures, and without a continuous interest in building trust and commitment between the partners, it will lead to short lived and failure in the alliance.

2.2.6. Communication

As indicated in the introduction, the rate of failure in strategic alliances has remained very high. Effective and efficient communication is often considered to be one of the factors that lead to successful strategic alliance. According to (Hutt et al., 2000), alliances failed because little attention is given to building the working relationships and the interpersonal connections that unify the firms in alliance. Weitz and Jap (1995) pointed out that economic theories of exchange have ignored the human role and their importance in inter-organizational relationship management. The key to most organizational processes is communication (Cummings, 1984; Mohr and Nevins, 1990; Snyder and Morris, 1984). The alliance partners will probably succeed if an effective communication behavior is maintained (Mohr, et al., 1994; Monczka, et al., 1998). Communication is a tool that is vital for the alliance partners in collecting information about the trustworthiness of each other (Creed and Miles, 1996) and in case of conflicts and problems within the alliance, effective communication can help in the management of these conflicts, by discussing openly about the differences and this will contribute in building a stronger alliance. What contributes to a successful collaboration is the efficiency of the information sharing. When partners of the alliance are involve in the
joint formation and goal setting of the alliance, when the exchange of information is timely, feedbacks are accurate and credible, and when there is open communication between partners, the alliance is bound to succeed. Mohr, et al., (1994) noted that information sharing, quality of information, information participation and open communication are specific aspects of communication that have been proven to be important for the success of the alliance because they are major attributes to the durability of the alliance. This argument is supported by (Hutt, Stafford, Walker and Reingen, 2000; Kanter, 1994; Parkhe, 1993, 1998; Das and Teng 1998; Ring and Van de Vin, 1994) who stated that several ways have been identified, on how communication can strengthen the alliances. The first is the need for an effective collaboration between partners from top management through middle managers to operational personnel, because while top management develops goals and monitors progress, middle managers develops plans for joint activities and the operation personnel are responsible for the day-to-day work of the alliance. The relationship between different levels of hierarchy can be done through effective communication. Secondly, since trust has been identified as the major factor for the success of an alliance, communication and information processing are tools used in building trust between the alliance partners. Thirdly there is shared interpretation of goals and common agreement on norms, work roles and the nature of social relationship when communication span through personnel, because the personnel relationships supplement formal role relationships and legal contracts are gradually replaced by informal psychological contracts.

2.2.7. Conflict Resolution

Often it takes two or more persons to make a quarrel. When two or more persons joint together to carry out an activity, differences are bound to occur even when they are led down rules and regulations. As it is often said, the human resources are a complex and in the same time very important assets for a successful business. According to (Mohr and Spekman, 1994) conflicts exist in inter-organizational relationships because of the inherent interdependencies that are involved between the partners. Since conflicts are bound to exist between partners, what matters is the way in which these conflicts are resolved. A productive or destructive approach can be used. The method usually adopted by partners when a problem arises will determine the success of the alliance. If
partners always adopt a productive approach, they will engage in joint problem solving and persuasion. On the other hand, if the destructive approach is adopted in conflict resolution, domination and confrontation is likely to occur and all these are factors that kill the relationship and make the partnership to be short lived. In an uncertain and a turbulent business environment which cannot be managed and controlled by a single partner, there is the need for joint problem solving, because only an integrative outcome can fully meet the needs and concerns of both partners (Mohr and Spekman, 1994; Cummings, 1984; Thomas, 1976). When the conflict resolution is dominated by one partner, and when one partner waits for problems to appear in order to confront the other, the life span of the partnership cannot be durable. These are conflict resolution techniques that should not be accepted in a partnership as have been described as (Mohr and Spekman, 1994) being counter-productive and very likely to strain the fabric of the alliance (Deutch, 1969). Moreover, Mohr and Spekman are proposing the usage of persuasion rather than coercion and domination in conflict resolutions. Partners can also go for internal resolution that leads to successful alliances, not relying on outside support and external party arbitration. Anderson and Narus (1990) stated that internal resolution will lead to the alliance long-term success, while (Assael, 1969. P580) proposed third party arbitration to be used in some particular conflict resolution. Another way of resolving conflicts in a relationship is by avoiding or ignoring the problem, but these two techniques are smartly identified by (Reukert and Walker, 1987) as not good for successful strategic alliances because alliances are proactive, which implies that the problem of one partner affects the other.

2.2.8. Collaboration

Mohr and Spekman (1994) defined coordination as a set of tasks each partner expects the other to perform. When mutual objectives are set and are consistent across both organizations, coordinated actions should be directed towards those goals for an alliance to work successfully. Pfeffer and Salancik, (1978) suggest that stability can only be achieved through high level of coordination in an environment that is characterized by uncertainty and instability. High collaboration in international joint ventures (IJV), thus strategic alliance, makes both allies to feel more involved which will automatically influence the overall performance of the alliance positively as it is presented in (Jing L, Changhui Z., and Edward Z., 2009. pp.896). Also, in the same article, the authors state
that there is an increase feeling of safety since both partners in the alliance feel secured and need less of exploitation. To sum up, strategic alliances is a collaborative relationship that leads to a “reduction of partner disengagement”, a “greater commitment”, and the creation of greater value for both companies as it is presented in (Jing L. Changhui Z. and Edward Z., 2009).

2.2.9. Alliance Competence

It is indicated by (Day, 1995; Ganesan, 1994; Hunt, 1997; Jap, 1999; Morgan and Hunt, 1994; Varadarajan and Cunningham, 1995) that relational factors such as trust and commitment, and non-relational resources such as complementary and idiosyncratic are the key factors that contribute to the success of any alliance. In the following researches carried out by (Lambe, Spekman and Hunt, 2002) it has been added that the alliance competences has a direct positive effect on the success of an alliance, and an indirect positive effect on its success by promoting the acquisition and creation of the complementary and idiosyncratic resources. Lambe, Spekman, and Hunt (2002) defined alliance competence as an organizational ability for finding, developing and managing alliances. Norton and Co., Annual 2003, indicated that for an alliance to be successful, the company and its staff should have the right mindset, focusing on business, personal relationship, and alliance management that are the elements of alliance competences. Borker, Man, and Weeda (2004) state that most "companies give sufficient attention to business-related activities but fail to apply themselves to alliance relations and management". Commitment and trust, which are the main success factors of an alliance, may be missed because of the absence of personal relations.

2.2.10. Summary Of Success Factors

It has been identified that an alliance(s) cannot succeed if trust, commitment, communication and collaboration don’t exist among them. They must also adopt a strategy of resolving conflicts that is geared towards success rather than destruction. Partners should have enough competence on alliances so that, these competences will help them in not only choosing the right partner(s) but also in building a strong relationship. However, this does not means that the above mentioned factors are the
only factors that lead to successful alliances, they still exist other factors that also contribute to the success of alliances. Control has been identified to be another factor that led to successful alliances especially in alliances where a separate alliance function is created to manage the activities of the alliance.

2.3. Measurement Of Performance In Strategic Alliances

Success has to be measurable and then measured in order to be felt. Thus, they must be a set of measurement tools in order to evaluate the success of any strategic alliance. Through the different readings, we did come to realize that there is a shortage of knowledge in this area. Different literatures define success of an alliance differently. This therefore shows that there is no one unified vision of defining success in strategic alliances, which implies, that the way success is measured differs. Day (1995) stated in his works that a successful alliance is a sustained one. But still, this perception of success is vague and cannot be considered as the ultimate trial for any alliance. In addition, the importance of measuring success comes from the fact that in the case of strategic based organizations, and allied companies, “the performance measurement systems” are the keys for the management to anticipate any future problems even though they are hard to be set according to (Slater and Olson 1997. p.43).

According to Karen C., Nigel P., and David C., (2000, p.530), there is a high number of failures of strategic alliances because of the simple fact that the performance assessment and measurement of the alliance are not set by a greater proportion of the top managements. Furthermore, they proposed the establishment of an evaluation plan that will eventually help to judge the fruitiness of the alliance. In addition, these authors added that the evaluation is done at the corporate level of the company, therefore, the evaluation should be top management’s duty in order to establish a successful alliance that will lead to maintaining sustainability of this relationship, (Day, 1995). Bleeke J. and Ernst D. (1992, p.114), started first by defining what is success, so that measuring it will be a clear task. They claim that “To be considered successful, an alliance had to pass two tests: both partners achieved their ingoing strategic objectives, and both recovered their financial costs of capital.”
The assessment made was purely financial, because they mainly focus on return on equity and assets which are financial. The numbers will speak the truth and measure the success of the alliance. However, being number focused does not mean a wide view, especially about the long-term situation of the allied companies. This is the trap where the majority of allied US companies find themselves falling into, unlike the Japanese and European companies that are more long term oriented. That shows that financial outcomes are not the only measurement tool to determine success in alliances. Getting deeper towards reaching the essential of the topic to be studied, different articles and literature that were written around strategic alliances and the financial service industry were reviewed. Few articles were found on how to measure performance in strategic alliances. This limitation was a greater motivation, because of this lack of interest as an under-covered theme! Thus, it is tricky to measure performance success in strategic alliances especially in the financial service industry as can be seem on the following quote: “As is true of any good relationship, you can’t measure an alliance's success by one incident or moment. The measure of any successful alliance is what you gain from the relationship over time.” (Entrepreneur. April 1999).

Chiou I. and White J. L. (2003) in their study on Japanese financial sector concluded that strategic alliances in the banking/financial sector are with a huge profit to the companies. In their research work, they stated that the success of these strategic alliances in the Japanese financial sector was measured not through any numbers or figures, but instead on the presence of the consistency with some hypothesizes. According to the result of the study, the value of both partners in the alliance increases, according to them, this was done firstly, by matching with the “synergy hypothesis”. Secondly, all the allies make gains that validate the “wine-wine hypothesis”. Next, the “relative size hypothesis” can be seen in the fact that the smaller participants of the alliance make bigger percentage of the gains. Finally, in their investigation, they discovered that the foreign-domestic alliances and the domestic-domestic alliances do not differ from each other, and no one shows greater superiority since they do both of them have strategic “alliances financial services”.

The result of their research study, confirmed that strategic alliances in the financial services sector in Japan are value enhancing, and are successful. However, we had to move forward, since they did not develop any model or set of requirements to evaluate and measure the success in strategic alliances in this critical sector. One of the most straightforward studies targeting a concrete way to measure success in strategic
alliances was the article written by (Adams P. R. and Downey C., 2008). They carried out their research on different industries, among them the banking industry and the choice of companies was based on press releases and countries. In their study, they used purely financial ratios, in order to set a set of ratios as guideline for measuring the success of alliances. SPSS software was used in order to visualize the success and try to find logic. Their findings indicated that all the ratios were positive in all the cases, but the operating margins were the ones that influence the most of success. The operating margin is “A ratio used to measure a company's pricing strategy and operating efficiency. Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production”, “This supports the primary theories behind why companies enter into alliances, namely by creating synergies by matching core competencies that leads to greater internal efficiencies” (Adams and Downey, 2008). As previously stated, this piece of work aimed to come up with a model or a set of characteristics that allow the measurement of the success of any strategic alliance, especially in the financial service sector.

Another way of measuring success in strategic alliances is the balance scorecards (BSC) as proposed by (Kaplan, Norton, and Bjarne, 2010). They stated that BSC is the most famous tool to perform a multiple measurement in strategic alliance. In their research work, (Kaplan, Norton, and Bjarne) described how the BSC can be used to evaluate the performance of alliances. To do this, they developed a balanced scorecard matrix based on “alliance strategic objectives”.

The main components of this BSC matrix were:

- Living the alliance; sharing the same culture among the companies in partnership.
- Collaboration; the best usage of both companies’ resources and harmony on decision-making.
- Growth; developing new set of products
- Value for both partners; value creation for both companies based on empowering each other.

In the absence of clear models that one can rely on, (Shenkar and Reuer, 2006) proposed a model that is adopted and improved in this study as a model to measure success in strategic alliances. In their book, the authors developed two different ways of measuring performance success. The first is the single measurement that is based on
defined criteria, but they argued that this type of measurement is not that efficient. As a prove, they showed that the companies can manipulate easily this criteria, for instance return on assets (ROA) may appeared improved just by selling part of its total assets. The second measurement is the multiple measures, which according to them is reliable (Shenkar and Reuer, 2006, pp.402-403). The multiple measures were developed in a model and the different parts are summarized in a table as shown on the figure below. There was a categorization of the elements that constitute the measurement model into three chronological categories.

The first categories of measurement were known as the initial indicators of performance and are future -oriented, which implies that their main aim is to indicate the potential of the alliance at formation (Shenkar and Reuer, 2006). The performance measure in this first category of measurement is expectations at formation and to measure the expectations at formation, the author recommended the use of stock market reaction when the alliance is formed and the expectations of the managers of both companies involve in the alliance.

The second category of measurement was known as the ongoing indicators of performance. These indicators are used in measuring alliances that are already in existence. That is alliances that have been operating for some time. In this second category of performance measurement, (Shenkar and Reuer, 2006) recommend different measurement tools, such as process and relational measures, strategic goal fulfillment, strategic and operational satisfaction, financial outcomes, and emergency goals.

The last category of performance measurement known as outcome indicators as proposed by (Shenkar and Reuer, 2006). These indicators measure post alliance performance. The measurement indicators in this category include stability, duration and termination.

INITIAL INDICATORS

2.3.1. Expectations At Formation

As already mentioned above, this indicator starts with expectation at the time of formation. The anxiety of the partners when forming the alliance was formed. This anxiety from the beginning of alliance formation is translated to indicate the effectiveness of the alliance. The stock market reaction when the alliance is announced,
provide a reliable indicator of the expected performance. The rumors and echoes of the alliance’s goals do have, generally, straightforward impacts on the company’s stock market price.

The tendency here is that investors speculate the success of the alliance, thus more dividend and earnings to the shareholders, so the demand and the share price will increase, or the opposite in the case of an expected disastrous marriage. This is because when an alliance formation is announced, the stock market reaction is that the formation might results into a merger or acquisition and change of management. The capital market pricing model (CAPM) which have been used to evaluate a variety of many company actions is an effective measure of stock market reaction (Shenkar and Reuer, 2006).

Also during this phase, the managers develop and have more or less clear vision about the future of the alliance and the potential results that might be obtained. So managers who are involved in the alliance know the ease with which the initial goals can be achieved. If managers’ expectation at the time of formation is high, this indicates that they all believed that their goals are feasible but if their expectation is low at the time of formation, it is an indicator that the alliance will not meet its initial objectives.

**ONGOING INDICATORS**

The next phase is known as the ongoing indicators. During this second phase, there are many indexes to be followed and watched out closely! (Shenkar and Reuer). In this phase, the following are used to measure performance. They include; Process and relational measures, strategic goal fulfillment, strategic and operational satisfaction financial outcomes and emergent goals. These measures are good to measure an alliance that is already in existence as opposed to the initial indicators that measures expect performance of the alliance at the time of formation and are future oriented (Shenkar and Reuer).

### 2.3.2. Process And Relational Measures

Process and relational measures are the first set of ongoing performance indicators. It indicates how the partners interact with each other and how the alliance is operating especially where an alliance function exists. Shenkar and Reuer (2006) put it in this form “process and relational measures capture the nature of interactions between the
partners and its effectiveness is to show how well the alliance is operating”. They continue by stating that to assess the process and relationship, the measurements which can be used, are; the degree of attaining milestones goals, level of conflicts, the degree of trust and the presence of opportunistic behaviors.

(1) The degree of attaining operational milestones.
Operational milestones are some activities or goals that must be achieved in the course of the operation and in a given period of time before other goals can be achieved. If this operational milestones are achieved in the stated time, it is an indication that the alliance is on track and likely to reach the main objectives. Any strategic alliance is like a project or set of sub projects, therefore there is the need to continuously measure how much it has achieved in order to reach the already set goals and how far or close it is from the next milestone. Bamford and Ernst, (2002) stated that the degree at which operational milestones are met, indicates the progress of the alliance, especially when the alliance is at the development stage. To determine if the operational milestones are met, Bamford and Ernst proposed that the company must start by recognizing the obstacles that usually occurs as a result of differences in the reporting processes and systems of each company. They continue by indicating that the obstacles to overcome are to agree on a common performance measurement because each company has different aims. Secondly activities such as cost and benefit which are difficult to track because of the mixture of alliance activities with those of the parent companies, and the peripheral of alliance position because they fall between business units and are neither fully owned nor fully outside of the corporation can cause alliance to receive less management attention than internal initiatives. If these obstacles are overcome, it is an indicator that the alliance is progressing. However, Bamford and Ernst didn't only state the challenges but also provide ways of meeting these challenges. There are three ways in which these challenges can be overcome or to assess the performance of their alliance. To do this they stated that each partner involved in the alliance has to focus on different aspect of the problem which can prompt different managerial responses. The authors continue by stating that at the first level, the alliance should be assessed to know if it is performing and whether the intervention of parent companies are needed. This assessment creates the foundation for the next stage, which is to periodically search for performance patterns across the portfolio. This process can lead to the adjustment on the type of deals a company pursues or additional investments in building alliance related
skills. With the understanding of portfolio performance by the company, it can then conduct a top-down review of overall strategy in order to ensure not only that its alliance portfolio is configured in the best way and contributes sufficiently to its performance and also help to rank new opportunities in a clear order of priority. At the individual level of the alliance, Bamford and Ernst (2002) stated that a detailed view of the economics of the alliance should be developed upfront to measure its performance and the process should not end on cash flow metrics but include transfer-pricing benefits, benefits outside the deal such as sales of related products, the value of the options created by the alliance, and start-up and ongoing management costs. This information is to help managers to evaluate deals upfront and to monitor their performance continuously. They continue by indicating that when a clear view of the economics of the alliance is developed, the next stage is to develop a scorecard to track the alliance performance. Members can decide to develop individual scorecards, share a single scorecard or use a combination of both. A single scorecard is good for a joint venture while a combination approach is best for the other alliances, then partners can supplement a metrics tracking the progress of an alliance against goals such as learning or strategic positioning which are not shared by other partners. This helps each partner in the alliance to devise internal metrics that allow it to compare performance of an alliance with that of the entirely controlled activities and of the other similar alliance. A balance view of performance is important to be taken both at the level of the alliance and the company. To do this, Bamford and Ernst founded four dimensions of performance fitness. They are financial, strategic, operational and relationship metrics. Financial and strategic metrics shows the performance of the alliance in terms of meeting its goals and the operational and relationship metrics is to reveal the causes of the problems and to uncover the signs of trouble. Financial and strategic metrics will be treated when treating financial and strategic measurements while we focus on Operational and relational metrics. Operational fitness as indicated by Bamford and Ernst includes the number of customers visited, staff members recruited, the quality of products, and manufacturing throughput. This requires for explicit goals linked to the performance reviews and compensation of individuals. As concerns relationship fitness, Bamford and Ernst indicated that the following are included such as the cultural fit, trust between partners, the speed and clarity of their decision-making, the effectiveness of their interventions when problems arises and the adequacy with which they define and deliver their contributions. The aims and size of the alliance should determine the
weight placed on each type of metrics and amount of details included. For example financial and operational metrics are good for alliances such as consolidation joint venture with main goals to reduce cost.

(2) The presence of opportunistic behavior and partner conflict.
Also, this step is about measuring the level of conflict, because the alliance or merger is between two different entities that are different from each other. Thus, monitoring the level of conflict is a necessity in order to avoid accumulation, which may lead to a complete failure of the alliance. Galanter (1981) in (Parkhe 1993) draws our attention to the understanding of “Private Ordering”, also known as self-enforcing agreement where firms goes into agreement in such a way that if one party violates an agreement, the other party's only recourse is to terminate it (Parkhe 1993) because resorting to court actions although they have efficacious rules of law regarding contract disputes, but they are applied in an informed and sophisticated ways that are so costly to the firms (Williamson, 1983) making the firms to be reluctant to resort to court actions and third party mechanisms but relied on private ordering (Parkhe, 1993). Private ordering which are common in voluntary cooperative relationships implies high mutual interdependence and creates exposure to partner’s potential opportunism, since promises are not always kept and contracts are not always sacred as described by (Freeman, 1987; Reich and Mankin, 1986). This opportunistic behavior as observed by (Knight, 1965. P.270) and looks at it as “human nature as we know it”, while (Gauss, 1952: P14) described it as he puts it as Machiavelli's efforts to deal with men as they are and Williamson coin it as “contractual man” who is “bounded rational” and acts opportunistically with guile (Williamson, 1985: 43-63). This description assumed that managers have an underlying propensity to behave opportunistically but many scholars’ challenged this assumption and describe it good for short-term exploitation. Parkhe, (1993) breaks the deadlock when he stated that the question of the actual prevalence of opportunism in inter-firm alliances cannot be solve through theorizing or through sweeping axiomatic statements about human nature but by doing it empirically. He went further by asserting that it is normal that opportunism is neither ubiquitous as a Machiavellian worldview projects, nor as wanting as an altruistic worldview connotes bringing to mind the question what is the difference between opportunists and non-opportunists, a task which is rendered difficult by the opacity of the opportunistic inclinations as found in (Williamson, 1985). In finding a solution to this problem, (Parkhe, 1993) proposed two solutions. One is for
the alliance partner to rely on the records of its partner's cumulative past behavior as a
guide for the future and secondly to use reputation of partner as a proxy for knowledge
of opportunistic intentions. Hill, (1990) supported Parkhe when he stated that actors
should avoid entering into an exchange or alliance with another partner who has
questionable reputation and in a situation where the relationship cannot be avoided, the
potentially opportunistic party should absorb bonding costs when they enter into an
exchange and the other parties will have to bear monitoring costs in order to detect
opportunism. Hills continue by stating that in an alliance that involves actors of
questionable reputations, the value derived from the exchange is drastically absorbed by
bonding and monitoring cost because there is the need to create safeguards to limits
opportunism. Parkhe again pointed out that information on the partners past behavior
does not exist publicly and proposes the design of appropriate governance structures as
a perceived probability of opportunism especially in an environment where reputation is
questionable or doesn't exist at all. That is where the perception of opportunistic
behavior is heightened, the mobilization of governance structure should involve greater
coordination efforts and compliance costs such as high outlays for drafting, negotiating,
monitoring and enforcing contingent claims contracts. In a strategic alliance where
parties perceive each other as behaving opportunistically, the performance of the
alliance will be negative. Merrifield (2004) argues that when there is high expectation at
formation of the alliance, it will enhance the relationship between the partners. He
continued by stating that high expectation at the onset, will attract the commitment and
support of top management to the alliance, which according to him is very necessary for
the alliance success. Merrifield continues by indicating “high expectation will likely
lead to more attention by the partners and may reduce initial level of opportunistic
behavior or partner conflicts.” Saxton (1997) further this by indicating that if at the
early stage of the alliance, satisfactory performance are registered, opportunistic
behaviors and partners conflicts are reduced and this set the tone for the next level of the
alliance development.

(3) The degree of trust,
Trust develops all along the alliance duration starting from sharing basic information to
having one research and development department, thus measuring the trust is mandatory
in order to know in what direction the alliance is heading, whether to a complete
homogeneous company or a two competing parts of the same body. Therefore, there is a
need for continuous monitoring to allow finding and discovering potential opportunities that can be developed to improve the strategic alliance. However, many practitioners and researchers such as social psychologists (Deutsch, 1973; Rempel, Holmes and Zanna, 1985) stated that corporations are dynamic implying that opportunistic behavior within a given relationship is not constant and may diminish over time as the cooperative growth history is centered on its psychological converse such as trust. They pointed out three key points as a result of the dynamism of cooperation. Firstly trust evolves out of past experience and prior interaction, so it develops as a relationship matures. Secondly partners attribute dispositions to their partners by regarding them as reliable, dependable, and concerned with providing expected rewards and thirdly when trust grows, there an increasing willingness to put oneself at risk either through intimate disclosure, reliance on another's promises or sacrificing present rewards for future gains. Applying this notion in the context of industrial marketing, (Dwyer et al., 1987; Anderson and Weitz, 1989; and Campbell, 1992) supported that older dyad continue because experience breeds trust. This implies that as a relationship grows older, there is the probability that it has gone through shakeouts periods of conflicts attempted by both sides and by surviving this period, the foundation is laid for personal trust, mutual liking, and a good working relationship. However it does not matter or means that partners must pass through crises to create trust, as time passes, partners can learn each other's idiosyncrasies to have deeper mutual understanding which can improve the effective quality of the relationship. Parkhe (1993) summed this up by stating that as the alliance or relationship grows over time, each partner gains the opportunity to assess the willingness and ability of the other partner to abide by the letter and spirit of the relationship agreement. When expectations match past outcomes, the more confident a firm's decision makers will be in believing that a partner will follow through on its current promises.

2.3.3. Strategic Goals Fulfillment

Strategic goals fulfillment measurements are measurements that provide reliable information on whether the alliance is helping the company to achieve its overall strategy. On the ongoing indicators it was found in that (Shenkar and Reuer, 2006) the strategic goals fulfillment should be measured in order to keep the alliance on the track through
the following points:

- **Degree of attaining strategic goals**: the strategic alliances goals, set at the pre-alliance period, have to be evaluated frequently in order to judge whether this alliance will be a successful story, or has to be terminated the sooner in order to minimize the loss.

- **Overall effectiveness of alliance**: a promising alliance has to show good signs. Upon these signs we find that the effectiveness has to increase and become better than the effectiveness of both companies before coming together in an alliance.

- **Company level of learning from the alliance and company survival**: the survival of the company, until the moment, can give a lot of information leanings to the merged companies. This information may give some key success factors that lead to the success of the overall alliance. It helps to measure the extent to which the alliance has achieve specific goals that were set by the company or alliance management. Das and Teng (1998) indicated that parent companies' goals are very important as they act like the prerequisite in setting the objectives of the alliance. That is parent company goals specify what is expected from the alliance. Berkman and Vernon, (1979); Pate (1969); Lin et al (1997) added that parents company goals in establishing the alliance or joint venture may not necessarily be the same but must be compatible in order to have a positive impact on the performance of the alliance. Young and Bradford (1977); Janger, (1980); Sawyer, (1980) on their parts, pointed out that extreme dissimilarities in parents company goals especially contradictory goals of a hidden agenda or nature can create serious management problem in the alliance which might lead to the termination of the alliance. On the other hand, goals of hidden agenda and of extreme dissimilarities cannot only hampered the development of the joint venture or the alliance, but also impede the day to day activities of the alliance as stated by (Simiar, 1982; Sullivan et al., 1981). Kogut, (1988) emphasizes “ongoing compatibility of parents objectives has a major positive impact on Equity International Joint venture's performance” arguing that high level of parents goals dissimilarities may not only negatively have an impact on the alliance but may also have a short range relationship among the parent companies. This implies that achieving contradictory goals through a joint venture or an alliance will deprive the alliance of the joint infrastructure needed
for their proper functioning, and will reduced the effectiveness of the alliance as mentioned by (Doz, 1988). In situations where goals are similar between the parent companies, such as market share, profit objectives, and growth objectives, (Tallman et al., 1997) indicated that they will be a high performance satisfaction and effectiveness with the alliance. Shenkar and Reuer (2006) indicated that to collect data for this measurement, survey questionnaire can be used or asking informant to what extend the alliance has achieved strategic goals that the alliance management or the company's management set for the alliance.

2.3.4. Strategic And Operational Satisfaction

This is to measure the performance of the alliance. This measurement is to measure the degree to which the companies (ices) are satisfied with the general performance of the alliance. That is the evaluation of the overall satisfaction with the alliance operations and strategic objectives achievement (Shenkar and Reuer, 2006). The managers involved in the operations of the alliances are those targeted for this evaluation because they are the ones responsible for the results of the alliances. To measure this, managers are asked to give their opinion on the performance of the alliances.

2.3.5. Financial Outcomes

The financial outcomes should not be ignored during the alliance ongoing phase. This indicator gives concrete numeric data that can show the health and shape of the company. The traditional financial accounting measurements such as return on investment, return on assets, profit and sales level use in measuring performance in standalone companies are also employed in measuring performance in alliances. As they are believe to be reliable indicator of measuring performance in organizations, so too they are reliable in measuring performance in alliances (Shenkar and Reuer, 2006). In a study carried out by (Combs and Ketchen, 1999) to determine whether brand name, reputation and performance are positively related with financial measure, that is return on assets and market book value. Return on assets measures financial performance, and also measures the efficiency of business operations (Hill et al., 1992). In another study carried out by (Rowley T, Behrens D, Krackhardt D; 2000) on “Redundant government structures: An analysis of structural and relational embeddedness in the Steel and
semiconductor industries” return on assets was used in measuring performance. To assess current strategy of a firm and how well it is working, financial performances are used as indicators (Grant 2010). In a situation where the goal of the firm is to maximized profit over the lifetime of the organization, stream of profit or cash flows over its lifetime is used to measure or evaluate the performance. To evaluate the performance of CEOs (Grant; 2010) uses changes in the stock market valuation of the firm relative to that of competitors. However, some of the financial measurements are return on capital invested also referred to as return on capital employed. It measured the return on the capital invested in the business. Return on equity measures the firm's success in using shareholder's capital to generate profits that are available for remunerating investors. Net margin and operational margin measures a firm's ability to extract profit from its sales. Although it is assumed that these measurements are also reliable indicators in measuring performance in alliances, information about them is not essay to obtain because it is not generally reported in public filings or in annual reports (Shenkar and Reuer, 2006), Although financial indicators and ratios are easily manipulated by managers especially in cases where the company wants to send wrong signals to the markets, competitors, customers, and investors, they are commonly used by majority of the companies because they are easy to be communicated, and they are easily understood.

2.3.6. Emergent Goals

These are goals that arise during the life cycle of the alliance. According to (Shenkar and Reuer, 2006) the objectives of the alliance may change during the life cycle of the alliance as the alliance achieve initial goals and managers take the initiative to draw up and embark on new goals. They continued by stating that emergent goals may also occur as a result of obsolesces of initial goals. Doz (1996) pointed out that both common goals and private goals may change over time resulting to emergent goals. Arino (1995) differentiated between common and private goals. Commons goals are shared interest in the strategic alliance while the private goals are the goals that each firm has for the strategic alliance and which it does not share with its partners. Initial goals are the combination of common and private goals. In measuring emergent goals, spillover is also measured. Arino (2003) stated that spillover indicates benefits received that were not initially expected. Spillover measures the degree of fulfillment of a
partner's subset of private goals for the strategic alliance. Spillover measures of performance are also very important as indicated by (Shenkar and Reuer, 2006) because alliances are dynamic entities. By using only initial goals to measure performance many benefits, which are important to the company, may be exempted. Arino defined net spillover effects of strategic alliance as the difference between the positive spillover effects and the negative spillover effects. Positive spillover effect can be the application of knowhow gained from strategic alliance to its non-alliance operations while negative spillover effects can be competition between the strategic alliance partners and other operations of the firm as indicated by (Parkhe 1993).

Outcome Event Indicators
Outcome events indicate post alliance performance. Post-performance indicators consist of stability, duration, and termination

2.3.7. Stability
Stability is an outcome variable that indicates any changes in the membership or in the contract between the partners (Shenkar and Reuer, 2006). Shenkar and Reuer stated that stability is an indication of a change in the membership or in the contract between the partners. According to them, the absent of change represent some degree of success in creating the arrangement and achieving symmetry in objectives, while any change in the relationship is an indication of ineffectiveness in the establishment of the relationship. On the other hand, (Arino and de la Torres, 1998) viewed stability as an on-going process because it provides the managers the opportunity to make adjustments in the alliance. A study carried out by (Killing, 1983) on joint venture structure indicated that in a joint venture structure where one parent has dominance over the other is more stable and likely to survive than in a structure where a balance between the parents is equal. Beamish and Bank (1987) argued that in an alliance where there is shared decision making, the alliance may be more stable than where decision-making is dominated by one partner. In a study in which they carried out, they indicated that unequal division of ownership would give the dominant partner the power to dictate terms to the other. This dominance can be seen in frequent renegotiation of the contract, but in joint ventures where power division is equal between partners, renegotiation will be lower because equal bargaining power of the partners puts pressure on each other to
make accommodation of the partnership. Beamish (1985) on his part found out that joint ventures in developed countries are more stable than those in developing countries. He argued that the reasons why investments in the developing countries are viewed to be unstable than investments in developed countries is as a result of political uncertainties that coexist with economies in the early stage of development also make investment in developing nations to be less stable. However, (Blodgett; 1992) also argued that instability may occur as a result of a change in the ownership of the structure because a wrong decision was taken at the time of formation or it may result to a strategic adaptation to changes in the environment not necessary because of a dominance of a partner or equal division of decision making. Shenkar and Reuer (2006) indicated that financial outcome can be used to measure stability when they stated that a company will not change its membership or renegotiate the contract with its partners if the alliance is financial successful and changes and renegotiation will be notice if the financial performance is poor. Glaister, K. W., and Buckley, P. J. (1999 indicated that traditional financial measures such as Return on Investment and market growth are appropriate and true yard stick of performance to the extent that other performance indicators such as customer satisfaction, and minimizing shareholders' returns are relevant. According to them an alliance will be stable once its financial objectives are met. Geringer and Hebert (1991) argued that an alliance could be successful despite poor financial performance and instability failure to meet financial objective this is usually true with alliances whose objective is not to earn profit but to learn. Crooper (1996) on his part noted that stability is an indication of the absence of opportunistic behavior or the partners must have ex post safeguarded their investment in the alliance or they have made a commitment to future persistence, continuity and continuing viability of the relationship. Geringer and Hebert (1991) in (Olk and Arino, 2003. p3) use data from two samples and found out that there is a general correlation between longitivity and managerial satisfaction. In their study, they confirmed that there is a strong relationship between stability and company satisfaction. From their results, many researchers such as (Lee and Beamish, 1995) confirmed that measurement of stability might reflect alliance satisfaction. Hatfield et al., (1998) concluded by confirming that survival, duration and company satisfaction are related indicators of performance but according to them they reflect different phenomena and are not equivalent.
2.3.8. Duration

Duration indicates the time a company has participated in the alliance or how long the alliance has been in existence. Shenkar and Reuer (2006), stated that duration indicates the length of operations of the alliance and where the alliance involve more than two partners, duration indicates the tenure of an individual company. Duration is argued to be an indicator of effectiveness. Those who argued for duration as an indicator of the effectiveness of the alliance state that the longer the duration, the more effective the performance. However, there are only few exceptions and this may occur where the alliance takes a learning and optional approach (Hamel, 1991; Olk and Young, 1997). In a situation where the alliance takes a learning approach, Olk and Young explained that the alliance is bound to cease existing when the company must have learned all what it needed to know about a product or a market and this will indicate a sign of success because the company ends the alliance in order to implement what it has gained from the partnership. They continued by adding that the alliance duration can be short lived because a company is involved in many alliances and all are succeeding but decide to reduce the number of the alliance in order to manage the rest well. The shortened membership in the other alliance does not indicate poor performance, but because they are not promising relative to others. Many researchers have raised conceptual concerns about duration as a measure for representing company's strategic interest (Olk and Arino, 2003). Some of them such as Gulati, (1998) argued that an alliance may have a shorter duration because of natural or untimely deaths or alliance designed for a limited duration cannot be distinguished from instances where the termination is not planned. To conclude, duration in this will indicates the alliance's effectiveness especially as the alliances are not for learning and their goals need a longer time for them to be achieved.

2.3.9. Termination

Termination is one of the last but not the least measure of performance. Most researchers refer to termination as the time the alliance was ended (Dussauge, Garrette, and Mitchell, 2000; Reddy, Osborn, and Hennart, 2002) and according to them, termination represent failure. Shenkar and Reuer (2006) argues that to consider termination as an indicator of failure may not be the right way to capture the underlying reason for termination. They continued by stating that if both partners are dissatisfied with the alliance at the time of termination, it may be considered as a failure but if only
one partner is dissatisfied with the alliance it cannot be considered to be a complete failure. Currently there are a lot of questions about termination and failure of alliances, with some researchers questioning whether termination is an appropriate measure of performance in strategic alliance, as stated by (Gulati, 1998) termination is an obstacle in research on strategic alliances. Researchers have used a variety of measurements to characterize termination. This ranges from relative contribution of partners to more intangible performance measures. Reuer and Zollo (2005) suggested that termination is something that is desirable and is inherent to strategic alliance. To understand termination as a measure of performance of strategic alliance, there are two reasons to be taken into consideration. Firstly termination can be considered to be planned or intended, meaning that the partners or partners must have achieved their objectives and find no reasons for the existence of the alliance especially in learning alliance. Secondly termination can be unintended or unplanned. Unintended termination is associated with failure meaning that the alliance was terminated pre-maturely with the exception of natural causes and death. Finally termination as a measurement of performance in this study will indicate failure and unintended or unplanned termination will also be considered as a failure.
## Types Of Performance Measures

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Sources: Adapted from (Shenkar and Reuer, 2006. Pp402)
2.4 An Effective Measurement Of Success In Strategic Alliance

The list in the previous page indicates the various types of measurement of performance in strategic alliances. As indicated in the introduction, there is no unique measurement of performance in strategic alliances. Different literatures, have defined success in different ways, which shows that there is no unique version of measuring performance success in strategic alliances.

Using the multiple measurements proposed by (Shenkar and Reuer, 2006), a model is going to be developed to measure success in alliances. By so doing, it will be determined that the measurement of the overall performance success of a strategic alliance is effective if an only if all the different types of measurements are tested to show a high performance rate. The different types of performance measures are connected to each other. This implies that when one of the measurements shows a weak performance, it is difficult for the others to show a high rate of performance. For example, if the relationship between the partners is not cordial, the alliance cannot be stable and goals will be difficult to achieve because of lack of trust and the presence of conflict among partners. Using the multiple measurement, (Shenkar and Reuer, 2006) indicated that if the expectation at formation of the alliance was high, it will lead to a better relationship between partners because the members will be all active in the alliance. They argued that high expectation at formation implies that top management is committed to support the alliances and will call for the partners to give all their attention to the success of the alliance. When top management is committed to the success of the alliance, and much attention of the partners is given to the alliances, there is the possibility that the level of opportunistic behavior and conflicts between partners will be reduced. This is to indicate that when there is a high expectation at formation, there is the possibility of a good relationship between partners and the reverse might be true if the expectation at formation is low.

The strategic goal fulfillment measurement is used to indicate if the alliance is contributing to the achievement of the overall strategy of the companies (Shenkar and Reuer, 2006). They stated that for a company to fulfill it strategic goals, the level of opportunistic behavior and partner conflicts should be low and the commitment of top management, trust and the attention of the partners to the alliance must be high. This is to indicate that if the results of expectation at formation are high, and the process and
relational measure are high, there is the possibility that the alliance is contributing to the achievement of the overall strategy of the companies and if the opposite occurs, the companies cannot also achieve their overall strategy. High expectation at formation will lead to high relationship between partners, and trust will be developed between them and this will therefore contribute to the achievement of goals.

The strategic and operational satisfaction measurement shows how members are satisfied with the operation of the alliance. For members to be satisfied with the operations of the alliance, this means that the alliance is meeting the purpose for which it was created. Shenkar and Reuer, (2006) stated that a good relationship between partners, will lead to the achievement of the overall strategy of the members. They are supported in their assertion, by other researchers such as (Hatfield et al., 1998; Johnson, Cullen, and Sakano, 1995; Mjoen and Tallman, 1997) who indicated in their studies carried out, that there is a strong correlation between strategic goals achievement and satisfaction. This implies that if top management is committed to the alliance, opportunistic attitudes are bound to be minimal, conflicts are avoided, there is trust between partners and strategic goals are achieved. As strategic goals are reached, this is an indication that the alliance is also meeting its objectives and managers of the alliance will be satisfied with the performance of the alliance. If there is nothing to show home as the success of the alliance, partners cannot be satisfied with the performance of the alliance because the alliance has failed to achieve its goals and this might be caused by low expectation at formation, poor relationship between partners and lack of trust which has led to high rate of opportunistic behavior and high level of conflict between partners.

If the previous measurement of performance gives positive results, the management and partners of the alliance will automatically be satisfied with the performance and operation of the alliance.

Financial outcome measurements are good indicators of performance this is why they are commonly used by many companies to measure their overall performance (Shenkar and Reuer). Financial outcome indicators are related to strategic goals fulfillment as stated by Shenkar and Reuer. This implies that if the alliance is contributing to the overall strategies of the companies in the alliance, the financial goals too will be met especially in alliances where the reason for formation is to make profit or reduce cost as stated by Shenkar and Reuer. The alliances under study are not learning alliances or competitive alliance but profit making alliances. This there indicates that if the alliance is meeting its strategic objectives, it means partners are making profit and this can only
be achieved if there was a high expectation at formation, and good a relationship between partners. This implies the absence of conflicts, opportunistic behavior, existence of trust, and top management commitment.

Emergent goals measurement indicates that initial goals have been achieved and new ones need to be developed or the initial goals have been obsolete and new ones need to be developed. Browning, Beyer, and Shelter, (1995) as indicated in Shenkar and Reuer, studied SEMATECH a US research consortium which was formed to develop a new production processes for the semi-conductor companies that were members of the company. After forming the consortium, they realized that to meet their objective, they needed to obtain better equipment and they also realized that in order to improve their performance, they needed to enhance the capabilities of their machine tool suppliers, so this made them to include the viability of their suppliers as part of their objective. If the expectations of members at the time of formation of the alliance were very low, there is a likely possibility that initial goals cannot be achieved because top management will not be committed to the alliance and the level of conflict and opportunistic behavior will be high. They will be no trust among partners and even initial goals will not be achieved and if there are any signs of emergent goals, partners will be reluctant to pursue such goals because the relationship was not smooth and the partners had failed to achieve the overall strategies of their companies. This however indicates that if top management is committed to the alliance, conflicts will disappear and opportunistic behavior will also be absent and partners will be able to undertake any emergent goals. Shenkar and Reuer, (2006), stated that there is a positive relationship between strategic and operational satisfaction and emergent goals, and this is affected by the impact of the strategic Goal fulfillment on strategic and operational satisfaction. This is a fact because as the partners in the alliance achieve strategic goals, there is satisfaction between them and they can develop new goals. But if their strategic goals are not fulfilled, they cannot be any satisfaction with the operation of the alliance and any emergent goal can lead to the termination of the alliance instead of pursuing the emergent goals.

Stability as a measurement can either indicates that there are no changes at level of the management of the alliance or it can give the partners the opportunity to make adjustment on the partnership (Shenkar and Reuer). In an alliance where the main aim is profit, a high expectation at formation will indicate a creation of a good relationship. If the relationship between partners is good, there is the possibility that the objectives of the alliance will be achieved. Since the alliance is so strategic, by achieving its
objectives, contributes to the overall achievement of the partners’ strategies. As partners achieve their overall goals, there is likely the development of emergent goals or new goals and the cycle continue as long as management is committed, conflicts are avoided and the absence of opportunistic behavior. If the alliance is meeting its strategic goals, it implies that the alliance is also meeting its financial obligations by bringing profits to the partners. All these past indicators are signs to show that the alliance is stable because it is only through stability that they can achieve their goals. Shenkar and Reuer indicated that financial outcomes and emergent goals would predict stability. They argue that a company will not change its membership or renegotiate the contract with a partner, if the alliance is achieving financial success and changes will always occur when the financial performance is poor. They are supported in their argument by (Yan and Zeng, 1999) who stated that although instability does not indicate poor performance, but good performance will represent stability.

Greater duration reflects better performance (Shenkar and Reuer). According to them, it indicates whether the company considers the alliance as effective. That is the time a partner or partners have been in the alliance. This implies that greater duration reflects better performance. High expectation at formation will give room to good relationship and this will lead to the achievement of strategic goals and profit. The partners will be satisfied and this will lead to developing new goals. The development of new goals will indicates that the alliance will continue to function. As the alliance remains stable, the duration will be longer. Shenkar and Reuer indicated that the new goals would prolong the reasons for continuing with the alliance.

Termination as a measurement indicates when an alliance was ended. Shenkar and Reuer (2006) indicated that termination represent failure and information about is available only at the end of the alliance. The other measurements are negatively associated with termination but are positively related to each other when the alliance is succeeding. When the expectation at formation is high, it implies that top management is committed in seeing the alliance succeed and both partners attention is geared towards the alliance. This signed that the alliance cannot easily be terminated. On the other hand, if the process and relational measures indicates that the relationship between the partners is cordial, and there is the absence of opportunistic behavior, and conflict, it is an indication that the alliance will live up to expectation. Doz, (1996) stated that an alliance will be performing effectively if it is attaining milestones, developing trust, avoiding opportunistic behavior and conflict and this is an expectation that the partners
will not terminate the alliance. Companies will have a strong likelihood to remain in the alliance if the alliances are attaining their goals either financially or strategic (Geringer and Hebert, 1991; Glaister and Buckley, 1998; Hatfield et al., 1998). Shenkar and Reuer in their book stated that financial outcomes and strategic goal fulfillment are related but are negatively related to termination in a successful alliance. This implies that poor financial and strategic goals achievement will lead to termination and good financial and strategic achievement will be negatively related to termination. This goes with stability and duration. When the alliance is stable, the duration will be longer and it will not easily be terminated but when there is instability in the alliance, this will lead to early exit and as such a shorter duration. The other measurements are positively related to each other but negatively related to termination.

To summarize, measuring successful performance in a strategic alliance, implies that all the different types of measurements should be taken into consideration. When measured, the different types of measures should show a positive performance except termination because it indicates poor performance. All the different measures should be positively related to each other but negatively related to termination. Where any of the measurement indicates a poor performance, it becomes impossible for the next measurement to be positive.
3. Chapter: Methodology

3.1. Introduction

The purpose of this study is to add to the body of knowledge on strategic alliance performance measurement which is still fragmented due to different stakeholders that uses different measurements to measure performance and the continues argument on whether performance measurement should be done at the level of the alliance itself or at the level of each partner or all the partners. Researchers recommend the use of quantitative or qualitative research approaches to gather data or create knowledge depending on what is measured. In this research, both positivism and non-positivism approaches will be used, to gain a broader understanding of the purpose of this study and the collection of data. According to Parkhe (2003) most research works that have been done in strategic alliances have made use of quantitative research method. He reviewed 103 empirical articles and discovered that 91 articles were quantitative while 8 were qualitative and a mere 4 used both approaches. Many studies that have adopted a triangular approach have taken a variety of forms. Gupta and Govindarajan (1984) used both questionnaires and interviews in their exploratory study on the effect of linking managerial characteristics to strategic business units (SBU) strategy on SBU effectiveness at strategy implementation. Bourgeois III and Eisenhardt (1988) used interviews, questionnaires and observations. Geringer and Herbert (1991) used pretested questionnaires, and semi-structured interviews in assessing international joint venture' performance. (Garcia-Canal, et al., 2000; Yan and Duan, 2003) make use of interviews and archival data for data collection. Although our research is based more on qualitative research because of the case study used, our model warrants us to make use of both approaches. So we have adopted a triangulation method that makes use of both quantitative and qualitative approaches.

3.2. Research Methodology

To collect data or information, required for a research, many types of research
methodologies can be utilized, but Veal (2005) recommend quantitative or qualitative approaches. There is no right or wrong, better or superior methodology. According to (Sarantakos, 1998), quantitative or qualitative methods are right, better or superior depending on the circumstances; they are used for different purposes and to answer different questions. Qualitative research method focus on what people have said, thought and written, and also aimed to answer the question 'how' whereas quantitative research method is aiming to answer the question 'what' and is used when the study demands the use of numbers, statistical procedures or other forms of quantifications (Miles and Huberman, 1994; Bryman and Bell, 2007, p404). Another method of data collection always neglected by researchers especially in the financial service industry is the triangulation method which is the combination of both quantitative and qualitative methods. According to Currell and Towler (2003, p. 524) the reasons for using a combination of research methods is that the relative strength of quantitative and qualitative methods enables management and organizational researchers to address important questions at different levels of a research inquiry, thereby enhancing and enriching current knowledge by filling in the gaps that studies adopting a singular methods are unable to do. Selecting an appropriate method for data collection, the research question and the purpose of the study has to be taken into consideration. Lunddahl and Skarvad (1999) stated that it is important to choose the investigative method based on the purpose of the study because at the end, the result will be reliable and valid when the right method is chosen. Therefore, based on our research proposal to find out how success in strategic alliances is measured, we employ the triangulation method because the model used required a combination of quantitative and qualitative methods. In this study, we have used questionnaires, interviews and archival data.

3.3. Scientific Approach

"The search for knowledge (or "truth") is the purpose of research" and research is most effective when it is built on the scientific methods (Newman and Benz, 1998). They stated that modern-day scientific method is deductive and inductive, subjective and objective, and to build validity into the study, researcher should be open to both paradigms rather than concentrating only on one.
Positivist and interpretive approaches to research:

Positivist and interpretative approaches are the two major scientific approaches that have dominated the social science, due to their superiority in management research and also due to a number of different paradigms which largely depend on them, and have been identified by different researchers (Burell and Morgan, 1979; Laughlin, 1995; Lincoln and Guba, 2000). According to Burell and Morgan (1979, p.24) 'to be located in a particular paradigm is to view the world in a particular way'. Hermeneutic approach uses pre-understanding to interpret the observed phenomenon, while the positivist tries to ignore the pre-understanding and use objectivity to approach the phenomenon (Patel and Davidson, 2003).

To understand how to measure success in strategic alliances, we need to understand different measurements and their relationship. We do believe that the two approaches are very important. The positivistic approach which focuses on objectivity is as important, as the hermeneutic approach, where people's experiences and culture influence the way they interpret their world and certain phenomenon. When measuring performance from the point of view of financial outcomes, objectivity is the focal point, and when measuring performance using strategic goals fulfillment or strategic and operational satisfaction, hermeneutics is employed. Based on this, there is a need to explain the two approaches.

3.3.1.  Positivistic Approach

In this approach, it is assumed that science should be verified, exact and free from subjectivity, this is the reason for which Lundahl and Skarvad, (1993) considered this as the objective reality, which implies that they exist in a reality which appears the same no matter when, where, and who is viewing it. According to Patel and Davidson (1994), positivism is a traditional approach in sciences that study nature, such as Physics, Chemistry, and Biology and the ideal behind positivist approach is to strive for a formulation of an independent description of what causes and affects a phenomenon appearing in reality. The use of positivistic approach by researchers is always attached to quantitative methods.

3.3.2.  Interpretivism and hermeneutics approach.

Interpretative or Hermeneutic approach has been widely used in social science, especially in areas such as Psychology, Sociology, Law and Business studies.
Interpretive approach is an alternative to positivistic approach (Bryan, 2001, p.504) and it is defined as an "epistemological position that requires the social scientist to grasp the subjective meaning of social action". The word hermeneutic is derived from a Greek god 'Hermes' who was known as the messenger among the gods and his work was to interpret the messages of the gods to the human. This approach was defined by Neumann (1997) as the science of interpretation. Bryan, (2002) stated that hermeneutic approach is related to interpretive approach and it is used to understand and interpret social events especially when you are dealing with social or human sciences. Hermeneutic approach is based on the assumption that reality can only be understood when a human interpret the action and language of another human (Patel and Davidson, 1994). Arbnor and Bjerke (1997, p.130) throw more light on it by showing that people; "look for meaning in their own subjective interpretations on what happens around them" and stressed that the hermeneutics scientists believed that they can make this subjective picture of reality 'objectively accessible' and an individual's perception is linked to his/her previous experience, assumptions, identities and affiliations. Because of these composed cognitive structure, an individual creates meaning out of reality which is subjective and dependent on when, where, and who is generating it (Lundahl and Skarvad, 1993). Most researchers favored qualitative methods when using interpretative or hermeneutic approach because it depends on subjective interpretation (Neumann, 1997). The use of quantitative or qualitative methods by researchers in social sciences is to collect data. To understand each of these methods, it will be good to know the reason for which researchers use them. In order to do that, first we have to acknowledge which are their characteristics. The main characteristic of quantitative research method is its objectivity. What has to be studied is defined by the researcher, which means that it is a controlled process due to the fact that the collected data is defined, gathered and evaluated according to the rules stated and it can be reviewed and measured with reliability and validity. Quantitative research uses the number and statistical procedures. On the other hand, qualitative research cannot be controlled. It is a subjective process and its findings cannot be measured with validity or reliability. This process gives a deeper understanding of the problem in question, due to the fact that it is subjective, and mainly because of the researcher interaction with individuals, who provide different ways of looking at the same problem, and this transforms into a process that cannot be controlled. Therefore, triangulation method, i.e. both qualitative and quantitative approaches will be used to collect and analyze data.
3.4. The Used Methodology

3.4.1. Quantitative Methods

The quantitative approach tries to fragment a situation in order to have a trend proved by the numbers collected (Golafshani, 2003). The two researchers (Bogdan and Biklen, 1998), explained the quantitative approach in an easier way, “Charts and graphs illustrate the results of the research, and commentators employ words such as ‘variables’, ‘populations’ and ‘result’ as part of their daily vocabulary…even if we do not always know just what all of the terms mean…[but] we know that this is part of the process of doing research. Research, then as it comes to be known publicly, is a synonym for quantitative research.” Winter (2000) said the advantage of qualitative approach is that the researcher stays a bit far away from the research process, unlike the case of qualitative researchers. The method is falling under the quantitative approach that we will be using is the questionnaire. This method will allow us to gather numerical data that can be interpreted.

3.4.2. Qualitative Methods

As a starting point, (Beverley H., 1998) stated in his article that qualitative research approaches are “concerned with finding the answers to questions which begin with: Why? How? In what way?”. This approach is what we are looking for in order to discover and shed light on the performance evaluation between allied financial companies. Werner (2002) suggested that since the field of international management is relatively young, more qualitative methodologies are necessary, because qualitative methodologies facilitate grounded theory-building. Parkhe (2003) stated that few theorists make use of qualitative research, as case studies or participant observations, which can permit deeper understanding and sharper delineation of concepts domains, and fewer combine qualitative and quantitative approaches. For example, the international management articles published between 1984 – 1990, where only 14% make use of qualitative approaches and 4% used joint methodologies (Mendenhall and his colleagues, in press). Eisenhardt, (1989, p.548-549) has indicated that case studies are “particularly well suited to new research areas for which existing theory seems in adequate”.

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3.4.3. Triangulation

Denzin (1978, p.291) has defined triangulation to be “The combination of methodologies in the study of the same phenomenon”. Triangulation started in social science in 1959 by Champ and Fiske when they developed the idea of "multiple operationism" and they advocated that more than one method should be used in the validation process to ensure that the variances reflected that of the trait and not of the methods. Bouchard (1976, p.268) supported that by using two methods, "...enhances our belief that the results are valid and not a methodological artifacts". Campbell and Fiske (1959) described it to be a convergent methodology, multi-method and multitriat, while (Webb et al., 1966) called it triangulation. They all share the ideal that quantitative and qualitative methods should be viewed as complementary paradigms rather than rival camps. The advocates of mixed methods are (Webb et al., 1975) and (Denzin, 1978). The use of both methods does not however imply that they should be weighted equally. One method always dominates, but both must show a significant representation. Although we introduce triangulation as our approach to this study, this will be used only at the level of data collection. At the level of analysis, we will be using qualitative approach; therefore the use of statistical calculation will not be carried out. The quantitative data that will be required will be provided from the companies' documents and questionnaire.

3.5. Classification Of This Study

The purpose of our study is to identify how success is measured in strategic alliances. We can then classify our study as explorative. In this study, we hope to make our contribution to the existing knowledge on the performance of successful alliances. The study of existing theories, exploration and explanation of new knowledge through empirical study with the use of case study will help us to contribute new knowledge on performance measurement in strategic alliances. According to (Lundahl and Skarvad, 1999) this is the characteristic of an explorative study. This study will be carried out with the usage of case study and triangulation methods as explained below. Stake, (1995) stated that the use of case study offers the opportunity to maximize what can be learned, given that time is limited.
3.5.1. Interview

Interview is a method of data collection for the purpose of evaluation. It involves addressing questions either quantitatively or qualitatively to the key participants. Kvale (1996) argued that interviews for research or evaluation purposes may promote understanding and change and the emphasis is on intellectual understanding rather than on producing personal change. Quantitative questions are close-ended while qualitative questions are open-ended. In quantitative method, the questions are structured in a way that the respondent has specific answers to choose from, and the data can be categorized and numerically analyzed. In qualitative method, the respondent answers the questions in his/her own words. In this study, qualitative interview was used, and Kvale (1996) defined them as "attempts to understand the world from the subjects' point of view, to unfold the meaning of peoples' experiences, to uncover their lived world prior to scientific explanation".

The approach used is semi-structured and standardized open-ended interviews. The reason for using semi-structured and standardized open-ended interviews was to avoid making respondents to have difficulties in answering the questions especially due to company's confidentiality policy and also because of the sensitivity of the topic under study. The second reason was to wipe out the fear that information about their successes in alliances can be filtered to their competitors; so open-ended questions were used to allow respondents to speak freely and respond spontaneously. Thirdly, asking more detailed and precise questions based on our knowledge about success measurement in strategic alliances would have scared or limited the answers of the respondent. This is in line with (Strauss and Corbin, 1998) advice, which stated that when specific questions are asked, the respondent risk to withhold important information that is useful for the study. Before conducting the interview, the respondents were sent information, explanations and reasons about the topic of the interview. This was to make them to be acquainted to the topic under study and prepare vital information that they think is useful for the topic. They were also made to understand how helpful the research work might be to them and their company.

The interviews are very useful especially in gathering information on subjective perspectives from respondent and to supplement the questionnaire. In conducting the interview, the responses were based on the respondents’ position in the companies, and their knowledge about the alliances. In the beginning, the directors and their immediate
subordinates, that is the chiefs of services were targeted but at the end, only the directors were interviewed. The reason can be attributed to the unwillingness of this group of persons and financial constraint. In total, three persons were interviewed in Beneficial Life Insurance. The respondents were selected from a single level of the hierarchy; top level managers who are also operational managers. No help was needed to select these managers, given the fact that one of us carrying out this study had worked in the insurance company for more than eight years.

An interview was conducted with the director of Finance in Beneficial Life Insurance. He was chosen because he has received a lot of appreciation from the company as the backbone of the success of the company and he is currently one of the oldest managers in the company and has actually taken part in the formation of the alliances and most of the management of the activities of the alliances are under his control.

Another person who was interviewed is the director of customers/claim services. The choice of choosing her is because her department is directly involve in the activities of the alliances and is also affected by the alliances.

The third person that we called our informant is not a director but was interviewed because of his extensive knowledge of the alliances and his involvement in the activities of the alliances. He provided us with enough insight about the alliances.

Our focus in analyzing the interviews is based on different parameters; put together has given us a perspective regarding the measurement of the success of alliances. The interviews were concentrated on the following types of measurements such as the companies' expectations at formation, process and relationship, strategic goals attainment, financial outcomes, how new goals emerge from the alliance and how they are deal with, alliance stability, duration and termination. The respondents had difficulties in answering our questions, due to company’s confidentiality policy, and also because of the sensitivity of the topic that we are investigating, they were afraid that the information about the success of the alliances, will filter to their competitors.

To receive deeper and in-depth responses, open-ended questions were used in order to allow respondent speak freely and spontaneously. As mentioned above, asking more detailed and precise questions based on our knowledge about success measurement in strategic alliances might scare or limit the answers of the respondent, so respondents were allow to reason and give answers according to their thinking. Strauss and Corbin (1998) advised that when specific questions are asked, the respondent risk to withhold important information which is useful for the study. Before conducting the interview,
the respondents were sent information about the topic of the interview. As mentioned above, this was to help them to be acquainted with the topic and may be prepare information that they think is useful or vital to the topic. In addition, a standardize letter was sent to those who were selected for the interview. The content of the letter was to let them know the purpose of the interview and how it may be beneficial to them. The time allocated for each interview was an hour but the interviews actually lasted between 35 minutes to 55 minutes. The interview questions were equal to the respondents but each interviewee was advised to response according to his/her department involvement in the alliance. Follow-up questions were previewed at the beginning of the interview for clarification for the purpose of analysis but the responses were so clear and understandable to the extent that no follow-up were needed. Cameroon is a bilingual country with French and English as the official languages. All the interviews were conducted in English because English is the working language of the insurance company and most of the people interviewed use English as their first language. It was an added advantage to us because English is our first language.

The interviews were conducted on the phone and recorded but not all those who were interviewed were aware of the recording. This was to avoid misinterpretation of the purpose of the interview because many were scared. The interviews were recorded on tape to insure that no information was missing. At the end of the interviews, the information was transcribed word for word so that it can be verified at any time when the need arises.

3.5.2. Questionnaires

Questionnaires were used together with interviews because not everyone could be reached for the interview. Those who responded to the questionnaires are those at the operating level of the organization who have contact with the customers, and are executing the work. The population for the questionnaire was made up of chiefs of service and their peers in all the departments of Beneficial Life Insurance. However no success was registered on the side of the microfinance institutions, so our responses came only from the insurance company. The purpose for using questionnaires was to added more knowledge on how the different types of measurements in strategic alliances are measured, especially where parameters for measurement require the use of this type of method of collecting data. For example strategic and operational satisfaction measurement needs the use of a questionnaire as a source of data collection.
The questionnaire contain standardize questions and were distributed to all the respondents. Although the respondents were from different departments, their responses have all lead towards the same conclusion. The questionnaires were mailed to each participant by email. Before mailing the questionnaire to the participants, a letter was sent to them explaining the purpose of the study and the topic under study and how important their contributions was needed and also how important the research work will be to them. They were given a chance to ask questions especially for those who had difficulties in understanding some questions. To break this deadlock, most of the respondents were contacted on the phone and yahoo messenger for clarification.

All the questions in the questionnaire were standard questions as shown in the appendix below; so all the respondents answered the same questions. The questions were divided into sections. The total numbers of sections were ten and each section contained questions pertaining to each type of measurement. In each section, questions ranges between three to five and the time estimated to respond to the questionnaire was between fifteen to twenty minutes. Before mailing the questionnaires, a sample test was made to determine the time it can take for one to complete the questionnaire. The questionnaires were further divided into three parts representing the initial, ongoing and outgoing measurements. We designed the questionnaire in such a way that all the parts must be attempted before submitting. Respondents were given a week to complete the questionnaire but some of them took more than one week. For those who did not complete the questionnaire in one week, they were contacted either by email or by phone. A total of 25 persons were targeted from the Microfinance institutions and the insurance company. 25 questionnaires were mailed to the participants but only 17 responded. It was realized that some of the questionnaires appeared as spams mails and only discovered later after evaluation. From the 17 respondents, two failed to complete their questionnaires. When analyzing the questionnaires, it was discovered that four persons did not actually understand the goal of the study, so their questionnaires were not taken for analysis. Finally eleven questionnaires were used for the analysis.

3.5.3. Archival Sources

This is representing one source of collecting secondary data. Secondary data is data that has already been collected and analyzed by someone other than the researcher. Secondary data can be collected from government agencies, large surveys already
conducted and from existing archives. Archival data consist of historical records from individuals such as letters, papers, computer files, diaries and financial records and organizations such as business records, administrative files, memos, emails, official correspondence. Information concerning archival data was supplied to use by our informants inside the organization. Using archival data enhances the credibility of this research work because it stops us from influencing the design of the research questions and the usage of secondary data is appreciated to save managers from "reinventing the wheel" (Zikmund, 2000, p.58). Using archival data was very important especially as it is recommended by (Shenkar and Reuer, 2006) that information about duration, stability and termination measurements of an alliance can also be obtained from archival sources.

3.6. Validity

As earlier mentioned in the methodology introduction that triangulation is the source for data collection. This was done through interviews, questionnaires and archival sources. This has helped to increase the validity of our study. According to Yin (2003), using triangulation helps to shed light on the phenomenon from different perspectives, thereby capturing the information from diverse angles.

The use of interviews, questionnaires and archival data are the main sources of data collection, which we believe are enough for the basis of our study. Although, information concerning archival data was gotten from our informant, it can be relied on considering that one of us has put in about eight years of service in the insurance was enough to know exactly who to contact for information. So it can be said that the sources of data collection was not limited on interviews, questionnaires and archival sources but was strengthened by the fact that we had a good knowledge of how things are being done in that company. No empirical information was collected from the microfinance institutions, which can be considered as a weakness on our study but considering that we are talking about success of alliances, information from one partner can be enough to be generalized. So it does not constitute a negative influence in this study.

To strengthen the validity of our study, the persons who were interviewed were the right people with enough knowledge about the functioning of the alliances. Considering that
the alliances does not have a separate body managing its activities, it was necessary to target the right people who understood the functioning of the alliances and are directly involved in the alliances. Although the number of persons interviewed was very low, but considering their positions and the activities, we believed that they were enough to provide the information needed for this study.

3.7. **Reliability**

For the results to be considered reliable, it means that, the same answer should be obtained when the study is re-carried out by another researcher assuming that the situation has not changed (Ghauri, et al., 1995). However, we trust that our study is reliable, due to the usage of primary and secondary data. The interviews were conducted in an environment conducive to the participants and the same questions were asked to all the participants to avoid misinterpretation of the results. Concerning the questionnaire, all respondents were given the chance to give their opinion about the alliances and the questions were not our imagination but adapted from other reliable research works already carried out. Considering that the alliances are still inexistence, if this study is repeated, the same results can be obtained or a slide change may occur occurred considering that time usually have effect on everything especially if the MFIs are involve in the study.

3.8. **Summary**

This chapter gives readers the reason why the method used in this study was chosen and how the study was conducted. The chapter is organized in the following format. The chapter starts by explaining the reason of choosing triangulation as a method of collecting data. The chapter proceeds with the explanation of the scientific approach. Here, the positivist and the interpretive approaches are exploited due to their superiority in management research and the dependency of many paradigms on them. The interpretive approach is the hermeneutic approach which uses pre-understanding to interpret events while the positivist approach uses objectivity to approach phenomenon. They are important in this study because they the different types of measurements required their use. In the third part of this chapter, more light was thrown on the
methodology to be used. And the fourth section of the chapter is the classification of the study. The practical procedure, which is the collection of empirical data also is a part of this chapter. The chapter ends with topics like validity and reliability that are important in all research works.
4. Chapter: Case Study

The Alliances between Beneficial Life Insurance SA. And Microfinance Institutions in Cameroon

“ We have alliances with about 30 Micro financial institutions (MFIs) all over the country. We wanted these MFIs because of their portfolio which was a means of reaching another group of customers, we wanted to add value to the services that we offered to our customers, so as to retain the existing ones and attract new customers and as a competitive strategy against our competitors and the MFIs were out for growth and reputation because of their number” (Ngameni Sebastien, Financial Director BLI)

The above quotation already highlights the main goals that lead Beneficial Life Insurance (BLI) and some MFIs to go into alliances and it should be understood that he alliances were very strategic to both organizations because the motive of the alliance falls into the strategic objectives of the companies.

4.1. Introductions And Background Of Beneficial Life Insurance Sa (BLI)

Beneficial Life Insurance S.A formally was part of ALICO (American Life Insurance company). ALICO is a subsidiary of American International Group, Inc (AIG). AIG is the world's leader in insurance and financial services. It has operations in 130 countries and it is one of the leading international insurance organizations in the country. It renders services to individual, commercial and institutional customers through an extensive worldwide property-casualty and life insurance networks of any insurer. This is done through its companies and these companies are leading provider of retirement services and assets management in the world. AIG is listed on the New York stock exchange and ArcaEx in the United States of America and the stock exchange in Paris (France), London (UK), Tokyo (Japan) and Switzerland.

The presence of ALICO in Africa, Middle East and South Asia region, is dated as far back as 1952 and it provides services ranging from Life, accident and health insurance
such as traditional life, supplemental medical and personal accident insurance, group life, annuities, pension and medical business, using a network of agents and brokers. ALICO market life insurance in more than 73 countries in the world and was established in Cameroon in 1974 and should be known that it was the first Life insurance to exist in Cameroon. Beneficial Life Insurance home page

In 1995, ALICO Cameroon transferred all its insurance portfolio in accordance with decree No. 85/003 of 1st August 1985 that spell out the provision of insurance in Cameroon to Beneficial Life Insurance SA and ALICO-Cameroon became known as Beneficial Life Insurance SA with headquarters in Douala. Beneficial Insurance has grown in size and portfolio and has also diversified into general or automobile insurance and has expanded in some countries in the CEMAC (Economic Community of Central African States) zones such as Togo under the canopy of Beneficial group. In its bid for continuous expansion, they acquired the portfolio of the national insurance and reinsurance (SOCAR) in 2001 when the Cameroonian government decided to privatized some of the state owned companies. According to information on the Home page of the company, “Beneficial group today consist of three distinct companies with each administered with strict conformity with Cameroon internal laws, CIMA (conference Interafricaine des Marches d'Assurance, that can be translated in English as the inter-African conference on insurance markets) code and OHADA treaty. Beneficial Group has as mission, “The marketing of life insurance, property and casualty insurance in the CIMA zone, and the contribution to the economic development of the countries in which they operate and guarantee all risk to their clients.” (BLI. homepage). To ensure quality in its products, and services, they are always innovative to meet the needs of modern society and its customers. Beneficial Group has the best-computerized system in the management of insurance in the CEMAC zone. With its online computer system, called OLAS (Ordinary Life Administration system) or IBM AS400/720 which was developed by ALICO and used in all its subsidiaries in the 73 country is very efficient and can produce different types of reports depending on the need.

4.2. Beneficial Life Insurance Products

Beneficial Group products consist of automobile, multi risk, all risk, theft, transport, and health while the product of Beneficial Life insurance, which is our case study, include:
1. **Children's Education Plan**

It is an insurance plan taken to guarantee the education of the child of the policy owner, so that upon the death or the total and permanent disability of the policy owner who is equally the parent of the child, the company shall pay a yearly annuity for the education of the child who is the insured until the contract comes to an end or matures (Insurance language) and the face amount of full value of the contract is paid to the child. In the situation where the child who is the insured dies, the contract can be transferred to another child who must be older than the one who died at the request of the parent. In the absence of another child, the total premium paid in the policy is calculated and partly refunded to the policy owner as specified on the contract. The policy owner has the right to request for a policy loan after two years of regular payment of premiums and when the policy must have accumulated a cash value.

2. **Anticipated Endowment Plan**

It is an insurance plan, that matured partially by four installment is every five years over a period of 20 years and in case of death of the policy owner, the face amount is paid to the beneficiary who was designated by the insured without taking into consideration the partial maturities already paid. But when policy matured while the owner is leaving, the balance of the face value is paid plus interest to the owner.

3. **Triple Payment Plan (3pp)**

This is an endowment contract where face amount is paid partially in three installments as long as premiums are paid regularly, and in case of death of the policyholder, the face amount is paid to the designated beneficiary without taking into cognizance the part maturities already paid out. This type of product can only be subscribed for a period of 15yrs, 18yrs and 21yrs.

4. **Endowment Plan**

This is an insurance plan where the face amount is paid to the policy owner only at the end of the contract or paid to the designated beneficiary upon the death of the insured. It is retirement plan that terminates when the insured is age 60 or 65. Bonuses are earned in this and the amount is proportionate to the face amount.
5. Mortgage Plan
This is a plan taken against a loan contracted from a banking institution. It covers small loans taken from the banks. The face amount is a corresponding loan amount that has been borrowed from the bank and the premium amount decreases as the loan is being repaid. This policy at maturity expires implying that the loan has been completely repaid. Premiums are usually paid annually and the insurance company does not grant loans on the policy.

6. Term Plan
This type of policy is taken against a huge bank loan and the insurance company guarantees to pay the balance of the loan that is still pending upon the death of the insured who is a debtor to the bank.

7. Whole Life Plan
This type of policy covers the insured for a period of 100 years. At the 100th birthday of the insured, the cover amount is paid to the insured but if the insured dies before his/her 100th birthday, the face amount is paid to the designated beneficiary.

8. Family Protection Plan
This type of contract covers the entire family. Family here means the father, mother and children against accident. Premiums are paid annually and an amount is designated as the maximum to cover the father, mother and children in a period of one year renewable.

9. Supplementary Pension Plan
This type of plan is a plan where the insured choose an amount he/she will like to contribute towards his retirement. This type of plan can also be contracted by a company to its employees. What is paid at the end of the contract or upon the death of the insured is the total amount that has been contributed minus charges plus interest. It should be noted that policy loans can be granted on the educational plan, endowment plan, anticipated endowment, whole life, and triple plan. This can occur when premiums in these policies are paid regularly and policies must have accumulated cash value after two years. The amount of the loan depend on the policy covered amount (face amount) and the duration left for the policy to mature and the amount of loan can range from $20
to any amount depending on the capital subscribe in the contract.
The above policies in which loan can be granted, also permit the policy owners to request for additional supplementary contracts such as accident rider (AI) and hospitalization rider. The accident rider is a complementary contract in which the policy owner is entitled to compensation or indemnity in case the owner suffers from an accident and the amount that is payable depends on the gravity of the accident as specified in the particular conditions provision. In a situation where the policy owner dies as a result of an accident, the face amount is paid twice. The hospitalization rider is part of the main contract that covers the policy owner in case he/she is sick and hospitalized. The amount to be paid is calculated daily and paid to the policy owner after discharge from the hospital. However, it should be noted that the above mentioned product are not the only products in which BLI deal with, but for the purpose of this study we have selected these products because they are the core products of the company. More so most of the policies mentioned above can act as collaterals for policy owners to have access to loan facilities from the MFIs.

4.3. Reasons For The Alliance

4.3.1. Introduction Of Micro Financial Institutions (MFIs)
In this study, Micro finance institutions will include credit unions, cooperative financial institutions, agricultural banks, non-banks rural institutions, agricultural banks, rural financial institutions and postal financial networks with well-established presence in rural markets.
In the world, formal financial systems often exclude the poor people. In developed country, it is often partial, while in the developing countries; it is a full or complete exclusion of the poor people. The lack of access to formal financial services by the poor has enabled them to develop a wide range of informal; community based financial arrangements to meet their financial needs (James C Brau and Gray M.Woller, 2004. p2). They further stated that formal organizations such as government, non-government and private organizations have been created to meet the same needs of this poor people. As such they considered microfinance as a term generally referred to informal and
formal arrangements to offer financial services to the poor. A microfinance institution is an institution that grants small loans or micro finances to applicants who typically belongs to the lowest strata of the society. These loans are granted to this group of people to start a new business, repair their homes and to improve the general living conditions of their family and the community.

It can also be defined as the funding of small businesses and individuals that have difficulties in accessing capital. The International Monetary Fund (IMF) referred to microfinance institutions as “those financial institutions that are characterized by their commitment to assisting typically the poor households and small enterprises in gaining access to financial services.” (IMF working paper 2002, p4)

4.3.2. History Of Microfinance Institutions

Microfinance has existed for a long period of time unnoticed, since the rise of formal financial service systems. It is only in the past 40 years that efforts have been made to formalized financial service provision to the poor (James C Brau and Gray M Woller, 2004). This process started in the early 1980s and today they are thousands of microfinance institutions providing financial services to an estimated 100-200 million of the world's poor (Christen et al., 1995). Microfinance has overturned the idea that the poor are consumers of financial services and are not bankable. Mutua, et al., (1996) through lending methodologies demonstrated that millions of dollars of "social investment" can be mobilized by providing cost effective financial services to the poor. Microfinance originated in Bangladesh where Muhammad Yunus, a professor of economics founded a bank known as Grameen, that offered services such as small loans to poor farmers who had simple and realistic goals. Microfinance has been an effective way of growing small businesses. Muhammad Yunus was awarded a noble prize in 2006 because of his works in Grameen bank. Today, this bank now has more than eight million borrowers and it is established in more than 37 countries.

Microfinance movement was motivated by the idea of poverty alleviation. It offers the potentials to alleviate poverty while paying for itself and even making profits, i.e. 'doing well by doing well' (James C Bau and Gray M. Woller, 2004). This is one of the reasons that must have accounted for the presence of microfinance on the global stage.

Despite the growth of microfinance in the world, scholarly interest on this topic has
lagged behind. By 1997 academic journals hardly publish articles on microfinance but after this year, the interest on microfinance has increased with academic journals publishing peer-reviewed articles on this topic, its presence is still yet to be felt in financial journals. Although the term microfinance include the word finance, and the products offered by microfinance institutions such as investing(savings), lending(credit services), and insurance(risk management) which are well established topics of mainstream finance research, microfinance is still struggling to have its presence in financial journals(James C. Bau and Gray M. Woller, 2004).

4.3.3. Products And Services Of MFI

James C. Bau and Gray M. Woller, (2004), stated that the products and services offered by microfinance institutions to their customers are similar to that of formal financial institutions but difference lies on the scale and method of delivery but “the fundamental services of savings, loans and insurance are the same.” Nourse, (2001) and Woller, (2002a) added that enterprise lending (loans for enterprise formation and development) remain the dominant products of microfinance institutions and are formalized. Products such as savings, credits (consumption and emergency loans), mortgages, retirement plan, insurance and business education are today products offered by MFIs.

Microcredit or micro lending is the granting of small, unsecured loans to individuals or groups for the purpose of starting or expanding businesses (Susanna Khavul, 2010). The microcredit which MFIs offered does not often include traditional collaterals. James C. Bau and Gray M. Woller, (2004) argued that if physical collaterals were to be the requirement for borrowing, many clients will be unable to borrow because they are very poor and do not possess such materials. However, most MFIs use social collaterals via group lending. Group lending are based on the principal of joint liability, that is the group takes over the underwriting of the loan, monitoring, and enforcement of loan contracts from the lending institution (Wenner, 1995). This joint liability implies that each group member is responsible for the loan of the other group member and in case of default, the other group members are required to repay the loan from their own resources and if they fail to do so, they too will block their chances of requesting for further loans. So each member ensures that the other member pays his/her loan.

James C. Bau and Gray M. Woller, (2004) divided the lending function of microfinance into enterprise loans and consumption/emergency loans. Enterprise loan are loans
granted to entrepreneurs who are about to form an enterprise or to entrepreneurs who already has enterprises but want to develop it. Bau and Woller stated that consumption and emergency loans exist mostly in the developing world, especially with those individuals doing money lending.

The saving services provided by MFIs are divided into forced and voluntary savings. Forced savings required that participants have to save a compulsory minimum amount, each day or week or other set periods as agreed upon. Bau and Woller (2004) indicated that forced savings act as a form of cash collateral, implying that a client must have taken loan and is required to save a certain amount so as to cover up for the loan repayment. In forced savings, there are some restrictions on how to withdraw cash. The other savings which is called voluntary or flexible savings as (Nourse, 2001) put it. This type of savings is for the poor population who do not operate an enterprise but saving to safeguard against external shocks, emergencies and life-cycle events to which they are so vulnerable and they allow the poor to take advantage of productive investment opportunities (Grosh and Somolekae, 1996). This form of savings is doing in small amounts and at irregular bases as argued by (Beverly and Sherraden, 1999). In the market, the demand for savings far exceed the demand of enterprise loan and as (Christen, et al., 2001) indicated in a study carried out, in a period of 2 to 3 years, about retail banks in Latin America, found that millions of small deposits accounts were opened while MFIs recorded about two hundred thousand loan customers in the same period.

Poor households are often vulnerable to risk and external shocks and to manage these risks and to cope with external shocks; poor households use a combination of informal social support networks, savings, and borrowing from informal moneylenders. Microfinance insurance is another form to guide against risk and external shocks. Churchill (2002) stated that as there is a high demand for savings and loans among the poor, so too for micro insurance. Insurance and risk management products are usually regulated and are licensed by the countries' insurance authorities. These products are very attractive commercially to the MFIs because they collect premiums for the insurance company and in return, they are paid commissions. They do not only benefit commission revenues from this product, but the product also act like a shield to the MFIs against adverse effects on their loan portfolios from loan default.

Remittance, transfers and payment facilities; MFIs carry out the services of remittance to recipients in rural areas for a fee. These give them the opportunity to attract the
recipient to become a regular client. Customers who cash their checks in this MFIs may ask the institution to transfer the money to their area of residence especially if the amount is much and they are afraid of bandits. By so doing the MFIs charge a fee for the transfer and make some profit. According to the Finance director of BLI (Ngameni Sebastien), this services is very important to their company because it add value and quality to the services that they offer to their customers “ Customers do not have to move to our head office or agencies to collect checks before cashing them but only give an authorization for the money to be transferred through one of the MFIs in which we have some relationship”

4.3.4. MFIs SECTOR IN CAMEROON

They have been an increase in the creation of micro financial institutions in Cameroon. By 2008, the number of microfinance institutions has increased to about 400, indicating a percentage increase of 10% up from 2007 as indicated by the ministry of Finance. Microfinance institutions in the CEMAC zone and particularly in Cameroon face a lot of problems such as regulation. The institutions are regulated by three different laws, which are: the national laws, the CEMAC, COBAC laws, and the OHADA laws. Microfinance institutions cover 42% of the national territory. They provide services such as savings, loans, money transfer, insurance and payment of salaries. Microfinance institutes have been existing in Cameroon for about 60 years in the form of Njangis and Tontines but first micro finance institute or cooperative was created in 1963 by a Dutch catholic father Alfred Jansen in the North west region of Cameroon. This cooperative do exist today and is now known as CAMCCUL (Cameroon Credit Union League) and today it is the biggest micro finance institute in Cameroon with 177 affiliates and a membership of about 300,000 members.(COBAC,2000and 2006).

Cameroon experienced the financial and economic crisis of the 1980s and early 1990s and this affected the financial sector in Cameroon seriously. Many banks own by the state were privatized and many commercial banks closed down and many workers were also redundant and this created a vacuum in the banking sector especially in the rural areas. The financial and economic crisis of the 80s and 90s had some social, regulatory, financial, economic and institutional consequences especially on the micro finance sector in Cameroon. Qualified workers in the banking sector were lay off and this gave them the opportunity (the redundant senior staffs and some workers of the collapsed
banks) to take up the challenge to help themselves and the rural communities at large by setting up credits and loans cooperatives. An example is an ex-worker of the defunct BIAO-Meridien bank who was the director of marketing and field operations. When the bank closed down, he started operating a micro finance institute called Credit Du Sahel with a running capital of $40,000 but today, Credit du Sahel has a working capital of $1m and covers half of the country's territory with 18 branches. The laws regulating the creation and management of micro finance institutes are flexible and they are no distinction between micro finance or rural cooperatives involve in poverty alleviation and micro finance institutions involved in profit making activities. This gave a rapid grow in the number and size of micro finance institutes in different forms. This increase was as a result of flexible laws that allows for free entering into the micro lending and micro savings business in Cameroon. The layoff of qualified bankers from the banking institutions, the loss of confidence by customers on the conventional banks or commercial banks in Cameroon, continued to contribute to the increase of micro finance institutes in Cameroon. The volume of micro finance institutes transactions in 2000 stood at $76m representing a 6% banking transaction in the country but in 2006, the volume of transaction has increased to $324m and representing 20% of the national banking transaction. The increase and flexible laws in the creation of microfinance institutions also invited conmen and quacks into the sector and this resulted to the disappearance of many microfinance institutions with savings of many customers. Some of the micro finance institutes were own and managed by members of a family with little or no experiences, lack of training and unable to satisfy 2% of their customers and these reasons caused them to have serious liquidity problems. The laws that were put in place between 1998 and 2001 to differentiate between commercial and non-profit micro finance institutions did not stop the proliferation of microfinance institutions in the country. In 2002, regulations were put in place by CEMAC (Communaute Economique des Etats de l’Afrique Centrale), UMAC (Union monetaire de l' Afrique Centrale), and COBAC (Commission Bancaire de l’Afrique Centrale) and implemented in 2006 to restructured this sector and wind down illegal, unqualified and unprofessional micro finance institutions in the country. In 2002, about 652 micro finance institutions existed in Cameroon and at the end of 2006, about 250 of them were closed down and in 2008 about 421 microfinance institutions existed. (COBAC, 2002 and 2007), (Ministere de Finances, 2008).
4.3.5. The Alliance Between BLI And MFIs

The reasons that most firms in the financial service industry get into strategic alliances with other firms are; to overcome a resource constraint, manage transactional cost, acquire new technical and management skills, build customers loyalty by enhancing product value, gaining competitive advantage and market position. The alliance between Beneficial Life Insurance and some 30 microfinance institutions is very strategic because both can obtain a financial or economic advantage and other intangible benefits which are not explicitly written in the contract. The partnership arrangement is not a single agreement signed by Beneficial Life Insurance and 30 microfinance institutions but Beneficial Life Insurance has individual contract with each microfinance institution. It should be noted that the contracts are similar and the MFIs are established in different geographical regions in the country. According to the Ngameni Sebastian (Financial director of Beneficial Life), these 30 microfinance institutions do not have a lot of differences, so the contract with each of them is similar.

The alliance is strategic to the microfinance institutions because it will help them to achieve objectives such as; ease to resource constraints, manage transactional cost, improve product value to customers, access new technology and skills, and position their institution for competitive advantage. To Beneficial life insurance, the alliance is strategic because it will help them to introduce new financial services to an existing customer base, reduce drop-out rates (cancellation or surrender in insurance terms) and increase client retention, increase customer satisfaction with overall quality and quantity of services available and attract potential or new customers.

The alliance between Beneficial Life Insurance and some microfinance institutions date as far back as the history of the existence of both institutions. Both parties realized that for them to progress, make profit, and remain in business, they needed each other as stated above.

Beneficial life Insurance offers products such as Anticipated Endowment, Children Educational policy, Triple Endowment policy, Whole life and Endowment policies and Group life. According to the Financial director of this company, policy holder of any of these contracts mentioned above, can request for a policy loan once the policy have accumulated a cash value and interest is calculated on this loans per month and the interest rate is very small as compared to that offered by banks or financial institutions. The minimum amount of loan that can be granted on a policy is from $10 to any amount.
depending on the age, duration and capital subscribed. Customers always request for policy loans in their policies when a need arises and the processing of such loans can take from 2 to 4 working days. Do to the financial and economic crisis in the 80s and 90s, and the layoff of many workers, and the reduction of civil service employees’ salaries by half, and the collapse of most banks, most of their customers closes their accounts in these banks and opened savings and current accounts in microfinance institutions while many of them could not operate accounts again and were paid through the government treasury. Considering that most of them were clients in this insurance company, the company now find it extremely difficult in collecting premiums from the clients while checks that were issued by this insurance company, such as policy loan checks, claims checks, maturities checks and surrender checks were difficult to cashed because according to the financial director of beneficial life insurance, “The bank oblige that a check can only be paid by depositing into an account and customers who did not have an account in such banks could not cash their checks. They were bound to return to the insurance company for other alternatives and if the insurance company had to authorize payments, they have to endure some charges which were very expensive to the insurance company and the client”. Collecting premiums from clients became very difficult because most of the clients were now obliged to pay their premiums in cash or collected through SS(collection from the company where the client works)and as he stated, “Many of the clients were not conscious and many forget to pay their premiums at the month end and some of them who were willing to pay their premiums could not do so because it was either costly to reach to the nearest Beneficial Life agency or some did not want to carry huge sums of money and some of the companies delay in transmitting the payments to credit client's policies”. Due to the above reasons, the customer's policies were lapsed and many claims were denied because claims cannot be paid on lapsed policies, as insinuated by one of the worker who chooses to remain anonymous. Most clients had no other option but to cancel or surrender their policies. Due to these reasons, the insurance company had to figure out a way of collecting their premiums and rendering the best services to their customers. According to their analysis, the financial director of beneficial life said “they realized that micro finance institutions were the best partners to deal with, firstly because once the company has an account with them, they could pay instance checks to the customer even if the customers does not have an account in that cooperative and the customer does not have to wait for days before receiving the cash”. The clients of these
microfinance institutions were potential clients to the insurance company and to achieve this objective, they need to create relationships with some of these microfinance institutions. If Beneficial life could operate cash payments in all its regional offices, it will be unable to satisfy all its customers because the company is represented only at regional levels but must microfinance institutions are found not only at divisional levels but at sub-divisional levels, a network which best suited the need of the company and on the other hand, if the company was to operate its own microfinance institution, it will be unable to satisfy all its clients and as the financial director puts it, “it will be too expensive to the company and we will still need the customers in the other microfinance institutions for growth.”

On the other hand, one of the directors in charge of customer services/claims stated that “these microfinance institutions also needed beneficial life insurance because the portfolio of Beneficial as she put it could meet their goal of expansion”. The microfinance institutions could not lend or grant credit to their customers because of lack of collateral securities and those who could present these securities, in case of default, it become difficult to recover their money because the judiciary system in the country is very slow and corrupt. Beneficial life insurance was well placed to act as guarantor for loans to their customers because it has experience in that domain and clients with insurance contracts, they could assign these contracts as collateral and in case of a default, no legal action is needed to recover the money. According to them, this mechanism of protecting loan portfolio against loan default by borrowers on account of solvency, death or disability has been working very well. In addition, special contracts or policies have been developed to cover loans taken by clients in the microfinance institutions and formal financial institutions.
5. Chapter: Findings

5.1. Empirical Findings

The quantitative and qualitative data collected from which the results were obtained is presented in this chapter. The results of the quantitative data were obtained from the analysis on the responses of the questionnaire and archival data and those of the qualitative data were collected from the interview carried out with the directors of the insurance company. The data collected from the questionnaires and interviews are linked together because all respondent and the interviewees are from the same company and the questionnaire and interview were designed to gear towards one goal. That is, how to measure successful performances in strategic alliances. It should be understood that the quantitative and qualitative data were all obtained from our case study.

5.1.1. Response rate

The targeted population was an insurance company and some microfinance institutions. We succeeded to send questionnaires and conducted interviews with some workers of the insurance company and no success was registered in collecting data from the microfinance institutions. Since our concern is to identify success measurement in strategic alliances, data collected from one company was enough to generalize it to the other partners of the alliance. Considering that our research was based on strategic alliances, not all the workers of the company are concerned, so we targeted only directors and their immediate peers.

There are about 10 directors in Beneficial Life Insurance SA, but only 7 are concerned with the operation of the alliance. Of the 7 directors targeted, three were interviewed giving a 42.86% respondent rate. For the questionnaire, a population of 25 persons was the targeted. This population consisted of chief of service and their immediate collaborators. 25 questionnaires were sent to the 25 members. 17 responded but two did not complete their questionnaires while four questionnaires were received as spam and were discovered only after analysis, bringing the total responded rate to 11 which represent a percentage of 64.7%.
5.1.2. The duration of the alliances

The alliances between the insurance company and the microfinance institutions date as far back as the creation of the insurance company in Cameroon. This implies that the oldest alliance is more than 20 years and the youngest is more than 10 years. Since our concern is on successful strategic alliances, any alliance that was terminated or failed before the time this research work was being carried out was not taken into consideration. According to information obtained from the interview, there are about 30 microfinance institutions in which the insurance company has strategic alliances, and the alliances still exist. These strategic alliances between the insurance company and the 30 microfinance institutions represent an 80% success rate and a 20% failure rate. It should also be noted that each microfinance institution has a separate contract with the insurance company but all the contracts are similar because all the microfinance institutions functions are similar and are in the same line of business. The length of time of the strategic alliances and the 80% success rate represent sustainability of the alliance.

5.1.3. The nature of the relationship

From the questionnaire responses, 11 respondents representing a 73.33% confirmed that they exist formal contracts between each microfinance institution and the insurance company, 4 respondents representing a 26.67% doubted the existence of a formal contract but the directors interviewed confirmed that even though a special alliance function do not exist, they exist formal contracts between the insurance company and each microfinance institution.

As to whether the alliances have been a success, all the respondent of the questionnaire confirmed that it was a success because there is a lot of feedback from customers and sales agents. Of the 11 respondent of the questionnaire, 70% rated it as very successful, 27% rated as moderate and 3% rated as less successful.

5.2. Responses On The Different Measurements.

This study investigated the various measurement of performance success in strategic alliance. The measurements as presented on the table above include; expectation at formation, process and relational measures, strategic goals fulfillment, strategic and operational satisfaction, financial measures, emergent goals, stability, duration and termination. Each performance measure was measured using three items. The items
were measured on a five-point likert scale and which for the purpose of analyses, have been presented in a form of a pie and bar charts as shown below. According to the scale, one represent “to a lesser extent or lowest” and Five represent “to a larger extend or the highest”.

**The Expectations At Formation**

The pie chart below represents the data obtained from the questionnaire. It represents the first measurement that is the expectation at formation. In the absence of a strong stock exchange market, to access the reaction to the announcement of an alliance or alliances, a survey was carried out to get the impression of participants at the time some of the alliances were formed. The information gathered indicates that 60% representing the blue color on the pie chart, of the respondent acknowledged that they were high expectation at the time of formation of the alliances. 30% representing the brown color were also of the opinion that the alliance will succeed and 10% representing the green color were of the opinion that the alliance had 50/50 chances of success and failure. On overall, it can be seen that 90% were sure that the alliances were a success.

![Figure 1: The company's involvement in the success of the alliance at the beginning of the alliance](image)

Ngameni Sebastian (Director of finance) in an interview indicated that they were assurance that the alliances were going to be successful because they were so strategic to each company. This is because the objectives of the alliance were directly linked to the strategic goals of the companies. If the alliances could fail, this would have meant an indication that the companies were not going to meet their strategic goals. With all this in mind management of both companies were aware that if the alliance fails, then the companies will not meet its objectives, so all management were committed in making the alliance a success. He confirmed that the objectives of the alliances were very simple, which is an indication that they were several ways of which they could be
met. The director customer/claims service (Roselyn Brown) stated that the alliance was a win-win alliance with each partner aiming for profit which is different from other alliances where partners can come together because they want to learn something or other options.

Considering that the alliances have existed for more than 5 years, participants were scrolled on whether the companies are meeting their strategic goals as a result of the anxiety and high expectation at formation. A 50% of the respondent agreed that to a large extent, the company was meeting its objectives. This is represented by a brown color on the pie chart. 20% of the respondent gave a success rate of 4/5 and another 20% gave a score of 3/5. This implies that 90% of the respondents were of the opinion that the alliance have been succeeding. 10% of the respondent doubted if much has actually been achieved while none indicated that nothing has been achieved. One of the directors who choose not to be named (He will be called Informant in this study) confirmed that partners in the alliances have achieved a lot and this is owing to the fact that the alliances are getting stronger and stronger as time passes. The Director of finance also stated that much have been achieved more than the expectation at formation. This is represented on fig 2 below.

![Figure 2: The alliance success compared to expectations at the formation](image)

According to the responses of the respondents, they acknowledged that they were a high degree of expectation at the time of formation and a lot of successes have been registered since the alliances have existed. When asked whether it is important to measure the successes and what parameter do they used to measure success? The figure below (fig 3) shows the result obtained from the questionnaire. 40% gave a score of 5/5 indicating that it is important to measure the performance of the alliance even if an alliance function does not exist and they confirmed that there are parameters that are in place to measure the performance of the alliance. 30% and 20% gave a score of 4/5 and
3/5 respectively as an indication of the importance of measuring performance and the existence of a measuring rode. Those who gave a score of 2/5 represented 10% of the respondent did not see the need of performance measurement and doubted whether there is any parameter for measuring performance. This is shown on the figure below. The director of finance argued that it is very import to measure the performance of the alliance because it is only by measuring the performance of the alliance that the company can understand what actually lead to the success of the objectives. He continues by indicating some of the parameters that they use to measure the performance of the alliance. However parameters he indicated were mostly of financial nature but the director of the customer/claims services on her part also indicated financial measurements but went further to add that there are also none financial measures such as customer satisfaction, which is obtained by the continuous feedback from customers and sales agents.

Figure 3: The importance of measuring the alliance's success

Figure 4 below is a bar chart, which is an illustration of some of the objectives of strategic alliance in a financial service industry. Respondents were asked to rate the importance of these objectives according to their alliance. The response rate shows that a majority of the respondent gave a score of 6/7 on objectives such as service development, profit, improved operations, return on investments, increase in market share, and a response rate of 7/7 was registered on financial objectives. This is directly indicating that these are the objectives of the alliance and these objectives are very important for the success of the company. Objectives such as knowledge acquisition, new business opportunities, reputation enhancement, and competitive strength were also
rated as high which goes further to add that this are the most important objectives of the alliance and if the alliance is succeeding, it is an indication that these objectives are being met. From the chart, objectives such as marketing know-how, revenue, and decrease in investments, risk reduction and learning were not as priority objectives in the alliance although they still indicate some benefits. The questionnaire indicates that knowledge acquisition by the partners in the alliance is very important because it helps the partners to better work together and it only by understanding what is required by a partner that their goals can be achieved. Four respondents out of seven gave a mark of four on a scale of 5. 2 participants gave a score of 5 on 5 indicating to a larger extent while only one person ignored this objective as less important.

What is important and eye-catching on the figure are the financial objectives, such as profit, return on investment, market share, and non-financial objectives which respondent gave a score of 5/5 indicating the highest on the scale. This indicates that all recognized that these measurements are predominant in measuring performance n the alliance. As mentioned by Roselyn Brown, (director of Customers/claims services) they have been an improved or increased value in the services rendered to clients, this is
noticed in the reduction in cancellation and termination of policies (contracts) by the customers.

**The Process And Relational Measures.**

This measurement is to measure the interaction between the partners in the alliance. It is to monitor the operation of the alliance. To evaluate the operations of the alliance, respondents were scrolled on sub measurement types such as the degree of attaining milestones, conflict level, trust and the presence of opportunistic goals.

Milestones here means the critical activities that must be met at a given period of time in order to ensure that the alliance is in line of meeting its objectives or if there are some deviations, should the alliance be terminated or restructured. Participants were asked whether they were some activities that needed to be done at a given time frame or whether at the beginning of each alliance it was treated as a project with milestones.

This means that setting milestones implies that the company stops at in order to evaluate at what extent the objectives are met.

![Figure 5: Defragmentation of the alliance to phases and milestones](image)

From the pie chart above, that is fig 5, 43% of the respondents were of the opinion that milestones do exist especially at the development stage when a new alliance is formed. Another 43% of the sample population gave a score of 4/5 accepting that the alliance starts up like a project, and like the objectives of the company that are to be realized in a given period of time, the alliance is strategic for achieving or reaching these objectives so it is necessary to have milestones as check to see if the alliance is bringing its quarter to the attainment of the overall objectives. 14% of the responses of the questionnaire
doubted the existence of milestones. However an interview carried out with the financial director, he confirmed that there exist milestones in the alliance. As he put, “the alliance is very strategic for the attainment of the company's objectives, and as there are checks to see if the operations of the company are line with the goals of the company, so too is the alliance”. He continued by stating that the first milestone is usually to be able to have at least 100 subscribers (customers) in partner microfinance and after a year if that sub-goal is not achieved, the company has to take a decision, either to continue with the microfinance or terminate the contract. A microfinance that can give more than one hundred subscribers in a year, and the number continue to increase as years passes, their company next step is to create short term deposits in the microfinance. The director of customer service on her part, indicated that since their objective is customer satisfaction, which cannot be determined financially, they rely on feedback from customers on the value added to their services and if the feedback is negative, that is our customers are not well treated, the alliance risk to have an end. The operational milestones are there to indicate the progress of the alliance. However considering that the alliance under study are matured alliances because each alliance is more than 10 years old, the issue of milestones are very import at the development stage but was necessary to test how successful the alliances have been operating. Considering that the alliance is matured, and to determine how effective it has been operating, respondent were questioned to determine how frequent conflicts exist between partners. All this is to determine the effectiveness of the alliance. The empirical results shows that since the alliance are for profit making, and not competitive alliances, the level of conflicts is bound to be minimal especially if each partner is achieving what was expected from the alliance. Considering that the alliances are strategic for the attainment of partner's strategic goals, top management is involved in the alliance and considers the management of the alliance to be very important, so respondents confirmed that before going into a strategic alliance, both companies insure that to select a partner(s), the management styles and philosophy of both partners must be compatible, company cultures must be compatible, goals of each partner in the alliance must be aligned and partner's operations must be compatible. These criteria act as a shield for reducing subsequent conflicts and as a step towards the success of the alliance. From the bar chart below, the response gotten from the respondent, indicates that importance was give on all the criteria especially partner goals alignment and company culture are always given priority. Most of the respondents gave a score of 5/5 and 4/5 on
all the criteria. However, this criterion of partner selection does not mean that conflicts do not exist but it is an indication that conflicts exist at a minimal level and stated by the financial director. He indicated that conflicts do exist but are easily resolved because there exist a lot of similarities between partners and he cited one problem such as reporting. The computer system of both companies are different and the reports produced by one partner may not be accepted by the system of the other partner, so each partner has to orientate the other on how they expect their report to be presented. According to him, their computer system accepts reports that indicate the policy number of the client, name and amount paid and if any of this information is absent, the report cannot be processed and this might cause customer's contracts to be poorly managed and makes the customer uncomfortable.

![Diagram showing measured aspects](image)

Despite the existence of a criterion for selection of partners as a way to reduce the level of conflict between partners, there is also the need for partners to develop mutual trust, mutual respect and mutual commitment between each other as the alliance matures. This is to avoid the presence of opportunistic behavior among partners. The bar chart below indicates that to a large extent, respondent considered mutual trust, mutual respect and mutual commitment to be very critical in measuring the quality of partner relationship. They acknowledged that the smooth sharing of information and communication flow between partners, develops trust and respect and opportunistic behavior reduces. The majority of the respondent rated the level of trust, respect and commitment between partners to be 5/5. The financial director indicated that even though there exist a selection criteria for partners, some microfinance still manifest
some opportunistic behavior and this occurs usually at the early stage of the alliance or at the development level and he however blamed this on the government because it is the Ministry of Agriculture that give cooperatives operation rights and the Ministry of finance only comes in, in the later stage. He indicated that must opportunistic behaviors occurs where microfinance institutions shut down and disappear with premiums collected from client and this put them in a difficult situation but when a microfinance is under the control the state, this behavior is controlled.

Respondent were questioned on whether they find the following factors to be important for the effective operation of the alliance. They confirmed that the monitoring of both partner's behavior, coordination of the alliance and ensuring that both partners fulfill their contractual obligations were very necessary for the smooth functioning of the alliance and it definitely help to keep focus on the agreed objectives and goals of the alliance and by so doing, it will avoid conflicts and opportunistic behavior. The bar chart below indicates that respondent gave a score of 4/5 represent a 80% of response for this factors. The financial director also supported the respondent to the questionnaire by indicating that cooperatives that have just obtained their authorization from the ministry of agriculture, their behavior need to be monitored and as they mature, the contract need to be renegotiated especially where conflicts have been existing.
The Strategic Goal Fulfillment

In this section, strategic goal fulfillment is covered here as part of the measurement model. Here we asked respondents to evaluate the performance of the alliance by determining to what extent the alliance have achieved strategic goals. To do this, participants were questioned on the degree of attaining strategic goals, overall effectiveness of the alliance, company level of learning form the alliance, and the survival of the company. The strategic goal fulfillment provides reliable information on whether the company is achieving its overall strategy.

To determine the degree of attaining strategic goals, respondents were questioned to identify partners’ strategic goals from a number of strategic goals and rank them according to their importance. From the result obtained, participants indicated that gaining access to new markets and existing markets were very important, and gaining competitive advantage was rated very high. The other objectives such as developing new skills and reducing risk were also very important but not very important as compared to accessing new markets and old markets, and gaining competitive advantage. However, goals such as reducing cost, developing new technologies and meeting government requirement were rated very low, implying that they were not part of the alliance goals or the companies. This is because cost reduction, and new technology developments are common in alliance that are involved in production of goods, that is manufacturing firms but this study is dealing with a service industry. The green and brown bars on the bar chart below indicate the most important goals of the alliance.

The financial director confirmed this and support the results from the questionnaire by
indicating that the main objectives of the alliance was market share, competitive advantage, and profit while those of most microfinance institutions is profit, competitive advantage, reputation and access to new customers.

Fig 9 responses to the question on the extent the alliance did reach or met its goals or the overall effectiveness of the alliance. The results from the questionnaire indicated that a greater proportion of the sample gave a score of 4 on a scale of 5 to the goal of getting access to a new market in the same industry and 3 on a scale of 5 believes that they met this goal to a large extent. This result is the same with objectives such as gaining competitive advantage and making profits. However objectives such as reducing cost developing new skills and risk reduction were rated on the behalf of the microfinance institutions and a score of 4 on a scale of 5 was obtained indicating that these MFIs have gained new skills such as the techniques of reporting to other insurance firms and insurance policies can now act like collateral for loans granted to clients, thereby reducing the losses suffered in case of default and risk. The director of finance supported that in terms of market expansion, they have gained much although he did not give a figure, and he however gave a 10% increase in the company's overall profit as a result of this alliance.

Although the alliance in this study is not a learning alliance, we however ask participant to evaluate the company's level of learning from the alliance, because learning capability is one of the most critical strategic goals of most alliances. Participants were
scrolled on aspects such as; the development of routines to enable learning, improve communication with partners, recurrent contacts with partners either to solve problems or evaluate the success of the relationship, implementation of procedures to enable mutual learning, frequent information exchange and implementation of policies that facilitate mutual learning.

As illustrated on the figure 10 below, respondent to the questionnaire thus saw that it is important to establish routines that enable both companies to mutually learn from each other. Majority of the respondents indicates that routines are very important to enable mutual learning because those working at the operational level may learn from each other when they collaborate together. Majority of the participants graded this aspect with a score of 4/5 and three persons said that it is important to a large extent. The other aspects were also given an average score of 4/5 rating if the partners are willing to learn from each other. From the interview conducted, the interviewee accepted that the above aspects were very important in learning and meeting the overall strategy. The financial director indicated that they have learned a lot from the alliance. He said the insurance company has learned how to deal with clients who do not have access to formal financial organizations and the MFIs have benefited on how to present reports to other partner’s especially formal financial institutions.
As concerns the survival of partner companies, majority of the questioned employees acknowledged that they were largely satisfied with the goals fulfillment of the alliance. 45% of the participants gave a grade of 4/5 and 33% gave an average score of 3/5 while 22% gave a weak score of 2/5. On overall, 75% were of the opinion that the alliance meeting its objective and this means that the alliance is in good shape. According to the above response, we can conclude that the companies are surviving because it is meeting the goals for which it was created. This is indicated on the figure below.

![Figure 10: Measured Aspects](image)

**Figure 11: The level of satisfaction upon the strategic goals fulfillment**

![Pie Chart](image)

The Strategic And Operational Satisfactions

Strategic and operational satisfactions measure the overall satisfaction with the alliance performance in general or in achieving specific strategic goals. To measure strategic and
operational satisfactions, participants to the questionnaire were asked to give their overall satisfaction with the alliance performance in general and their overall satisfactions with the alliance strategic objectives achievement.

To evaluate the overall satisfaction with the alliance performance in general, respondents were asked to indicate their level of satisfaction with each of the following activity in the relationship; contract renegotiation, information exchange, conflict resolution, performance and strategic review. They were also asked to use the same factor above and evaluate how satisfied their partners are with the overall performance.

The response we got for contract renegotiation, were not clear, so we decided to compute it as shown below and look for the mean.

- None of the respondent gave a score of 1 to this process, so we have \((1*0)\);
- One person gave a score of 2, so \((2*1)\);
- Four persons gave a score of 3, so \((3*4)\);
- Three persons gave a score of 4, so \((4*3)\);
- And only one person gave a large extent score, so \((5*1)\);

Then we did sum up everything and divide it by the number of participants to the questionnaire: \(((1*0) + (2*1) + (3*4) + (4*3) + (5*1))/9 = 3.4\) after rounding up.

The mean obtained from this computation is 3.4 that means that the respondent gave a score of 3.4 on a scale of 5. This implies that according to the respondent, they contracts need to be renegotiated or they should be frequent renegotiation of the contracts as shown on the histogram below. However the financial director and the director of customer/claims service contradicts the idea of renegotiating the contracts. According to them the contracts are in such a way that any transaction that is carried out in the alliance is a win-win transaction and each partner is aware of what he/she has to benefits from the relationship. They however said that the absence of conflicts is an indication that partners understand each other and respects the contracts.

Concerning information exchange between the partners, respondents gave an overall score of 3.7 on a scale of 5 which is an indication that they are highly satisfied with the flow of information between the partners as shown on the histogram below. The director of customer/claims service supported this accession when she made use to understand that there are situations that late services are rendered to clients. When they realized that the financial institutions will stop services before they completely render services to their client, they will always call the bank to serve their last customer before closing.
down and this has always been done without any hitches.

As concerns conflict resolution, half of the respondent gave an overall score of 3 on a scale of 5 while the rest gave an overall score of 2 on a scale of 5. Since this results are from a questionnaire, it was difficult to know what actually they made them to be dissatisfied but the financial director through the interview indicated that the way conflicts were handle on the overall has always been satisfactory because the conflicts that occurs are minor cases that has nothing to do with the strategic objectives of the alliance or the partner companies. This can be seen on the chart below.

The score obtained from the respondent on performance was 3.7 on a scale of 5 indicating that they were satisfied with the performance of the alliance, which goes to confirm that the conflicts that occur between partners are minor issues which have nothing to do with the overall performance of the alliance or the objectives of the alliance. See the chart below.

From the results shown above it can be concluded that the overall performance satisfaction on the performance of the alliance is very satisfactory to all the partners involve in the alliance.

To determine the overall satisfaction with the alliance strategic objectives, respondent were asked to evaluate the following factors; firms satisfaction with the overall effectiveness of the alliance, the fulfillment of strategic objectives the level of satisfaction of partners' firm with the fulfillment of the alliance goals, and the level of satisfaction of partners' firm with the overall alliance performance satisfaction. As shown on the chart below, the overall score on these factors was a score of 4 on a scale
of 5 as indicated by the green bars on the chart. This shows that all partners in the alliance are satisfied with the alliance performance in meeting strategic goals. The financial director indicated that their portfolio is on a rise since these alliances were put in place, even though the success cannot be attributed to the alliance's but their contribution is very significant and meets the purpose for which they were formed. In continue by indicating that sales have been on an increase and this automatically means an increase in profit and the customer/claims service director on her part indicated that the value of services to clients have increased and this can be translated to the reduction in the number of insurance contracts canceled by clients and the feedback from clients indicating satisfaction. The chart below indicates the different level of satisfaction on the alliance strategic objective overall satisfaction.

The Financial Outcomes

Financial outcome measurements are commonly used by most companies in measuring their performance, since they can easily be understood and interpreted. To measure the performance of alliances, financial outcomes are also commonly used. Some of the commonly used financial ratios are return on investments, return on assets, net income and sales level. Considering that this information is very strategic and companies do not always disclose them to the public, we only asked respondents to give an estimate on the level of sales and profits that their company has benefited as a result of the alliance. Majority of the respondent, that is 78% of them gave a score of an average of 3 on a
scale of 5 to indicate that company portfolio of customers has increased and the level of profit have increased consistently. However a 22% of the respondent either did not actually know the level of sales and profit or had little information on these parameters as compared to the overall performance of the industry. As shown on the pie chart below, the company is doing well in terms of profit in the industry. When contacted on the phone, our informant didn't give the position of their company in the industry nor the profit level but the financial director however gave an estimate of between 10% to 20% profitability level and indicated that their company is the leading company in life insurance business in the country.

![Figure 13: The company's profitability compared to the profitability of the industry](image)

**The Emergent Goals**

To measure emergent goals, we find out from the respondent if they have been a change of objectives along the life cycle of the alliance and whether their company has received benefits that were not initially expected. Respondents indicated that they objectives of the alliance have hardly changed since the contracts were signed. The 8 participants, who responded to the question on change of objective, gave an overall score of 2 on a scale of 5. This result is to show that the contracts have hardly be modified or changed. This is supported the results obtained on contract renegotiation under strategic and operational satisfaction where it was indicated that respondents were of the opinion of contract renegotiation but the financial director argued that the alliance is strategic because it contribute to the strategic goals of the company. This is to indicate that the goals of the alliance cannot change except those of the company changes.

Respondent also indicated that there are some spillover goals that were not part of the
contract. 90% of the respondents acknowledged that they have noticed a lot of spillovers while 10% reacted negatively by indicating that spillover goals are not noticeable. The financial director confirmed that they have been a lot of spillover goals from the alliances as he indicated that when the contracts were negotiated goals like long term loans and advance salary to their employees were not part of the contract but today, the employees benefit from long term loans from this MFIs without collateral and those employees who are paid through some of this cooperatives, can ask for advance pay when they have serious issues to settle before the end of month. However, the spillovers that we noticed from this alliance are private spillovers goals and are positive spillovers. No negative spillover goals were indicated.

**The Stability**

To measure the stability of the alliance, participants were asked to state whether they have been changes in the membership in the alliance and in the contract between the partners. They were also asked whether the alliances were meeting with its financial objectives. A change of membership and change in the contract is an indication of instability and if financial objectives are not met, it is an indication of instability. 95% of the respondent answered “none of the above” indicating neither a change in the membership of the alliance nor they have not been a change in the membership. The reason is because there is not alliance function assigned to manage the alliance but 96% of the respondent answered “No” indicating that even the contracts have not been renegotiated. As to whether the company was making profits from the alliance, all respondent accepted giving a 100% of the respondent accepting that their company has realized some financial benefits from this alliances. The financial director on his part confirmed that the alliances have been stable. He further indicated that at the development stage of the alliance where the MFIs is still under the Ministry of Agriculture, a lot of monitoring and possibly contract renegotiation is need because there is a high probability that the MFI cannot survive but as the Ministry of Finance takes over the control of the MFI, it is an indication that the cooperative has become stable and there is no reason again to modify the contract.

**The Duration**

Longer duration of the alliance indicates good performance while a shorter duration indicates poor performance. Although in some cases shorter duration does not indicate
failure, or longer durations do not indicate good performance, in this alliance, longer duration is an indication of successful performance and a shorter duration is a sign of failure. This is because the alliance is a profit making alliance in a service business. Considering that the insurance company has contracts with more than thirty MFIs, respondents were asked to give the longest time that an alliance has been existing and the shortest duration. All respondent gave the shortest duration to more than 5 years while the longest duration was about 15 years or more. However this information is usually collected from archival data but since we could not lay hands on any of the contracts, we had to depend on this information and the one obtained from the interview. Ngameni Sebastien (Financial director) in an interview confirmed that longest duration is as old as the time when the MFIs started existed and the shortest duration is more than 5 years.

The Termination

Termination as indicated from the frame of reference, it indicates when the alliance was ended. Many researchers refer to termination as a sign of failure in the alliance while others considered that termination may occurs because partners have achieved the objectives of the alliance and find it needless continuing with the relationship. In this study, we considered termination as a sign of failure in the alliance because the purpose of the alliances under study does not have a defined time to end the relationship and alliances which are contributing to the overall strategy of the partner firms, cannot be easily terminated as long as they contribute to the overall goals of both partners. The alliances between BLI and MFIs have no planned time to end. From the question and interview carried out, it was indicated by the entire respondent that as long as the alliances are meeting their objectives, there is no need to terminate it.
6. Chapter: Analysis

In this chapter, we have compared the empirical findings of the alliances between Beneficial Life Insurance SA and Microfinance Institutions (MFIs) and the frame of references of measuring performance in strategic alliance. It should be understood that the partnership or alliances between BLI and MFIs are not competitive alliances or learning alliances and no financial resources are invested into the alliances because the alliance do not have a management bodies separate from the management of the different companies. The alliances are for profit making alliances and to fight against competition, gain reputation and add value to the services rendered to their customers.

The structure of this chapter will look the same as the frame of references or literature review. We will start by analyzing the different types of measurement of performance success in the strategic alliances between BLI and MFIs. This will be done at the level of initial indicators, ongoing indicators and outcome indicators. All this will include the different measurements as follows; expectations at formation, process and relational measures, strategic goals fulfillment, strategic and operational satisfaction, financial outcomes, emergent goals, stability, duration and termination. The chapter ends with a model on how successful performance is measured in strategic alliances.

6.1. Initial Indicators

In this first section of performance indicator, we measure the potential of the alliance. According to (Shenkar and Reuer, 2006), initial indicators of performance consist of expectations at formation, which are future oriented. In this section, we have analyzed the performance expectation of BLI and MFIs at the time of formation. A high expectation at formation by both partners is an indication of alliance effectiveness. This means that the goals set for the alliance are feasible and if their expectations are low, it is an indicator that the alliance future is not certain because its goals cannot be reached easily.
6.1.1. Expectations At Formation

According to (Shenkar and Reuer, 2006), stock market reaction to the announcement of an alliance formation and managers' expectation at the ease with which initial goals can be achieved are the two different ways of measuring expectation at formation. When the formation of an alliance is announced, the stock market expectation is that they will be a change of CEO, and the alliances will result to a merger or an acquisition which will be more profitable and competitive. This expectation pushes the stock prices of the partners in the alliance. Using the capital asset pricing model (CAPM), the expected performance will be determined. However, since the stock exchange market in Cameroon is not so strong or inactive, this measurement could not be used.

Shenkar and Reuer, (2006) also uses managers’ expectation or the ease at which initial goals can be achieved. They further indicated that when the ease of achieving initial goals is high, it indicates an effectiveness of the alliance and when the expectation is low, it is an indication that the alliance will not be successful. The objectives of BLI in the alliance, was to make profit by expanding their market share, competitive advantage and to add value to the services offered to its customers and the MFIs objectives in the alliance was market share, competitive advantage and profit. These objectives tied to the overall objectives of both partner companies. According to the (Ngameni Sebastien, Financial Director BLI), the portfolio of these microfinance institutions was already available and that of BLI was also available to the MFIs, so just by striking a deal was an indication that their company's overall objectives will be achieved. Each partners' expectation at the time of formation was very high indicating the effectiveness of the alliance. The results obtained also from the questionnaire indicated that 90% of the respondents were highly optimistic that the initial goals of the alliance will be achieved.

6.2. Ongoing Indicators

Ongoing indicators of performance, shows the operations of an existing alliance. According to (Shenkar and Reuer, 2006) to measure performance at this level, the following measures are used to indicate performance effectiveness. They are; process and relational measures, strategic goal fulfillment, strategic and operational satisfaction, financial outcomes and emergent goals.
6.2.1. Process And Relational Measures.

The process and relational measures indicate the level of interaction and operations between partners. According to (Shenkar and Reuer, 2006), process and relational measures, captures the nature of interaction between the partners and its effectiveness is to show how the alliance is operating. Although this measurement is effective in alliances that have an alliance function, we also tested it in an alliance that does not have a body that manages its activity. To test the process and relational measurement, the following measurements were applied. They are; the degree of attaining operational milestones, level of conflicts, degree of trust and the presence of opportunistic behavior.

a) The degree of attaining operational milestones

According to (Bamford and Ernst, 2002), the degree of attaining operational milestones is an indication of the alliance progress. To do this, the partners must recognize the obstacles and differences between them. One of the obstacles between BLI and MFIs is to agree on a common performance measurement because each partner had different objectives from the other. However, to agree on a common performance measurement, is applicable in an alliance where they exist an alliance function. This implies that a body is set up to manage the alliance and each partner has invested resources in this body and expect, a return from it. If the aim of each partner is different from the other, it become difficult to assess whether the alliance is meeting its objectives, so partners has to agree on a common performance measurement but the alliance between BLI and MFIs, doesn't have an alliance function and there is no need of any common performance measurement. Partners in the alliances have to set their individual performance measurement and milestones to evaluate the performance of their alliances. As (Ngameni Sebastien, Financial Director BLI, stated, when an alliance is created with a MFI, the first goal is to ensure that their company subscribe about one hundred customers from the microfinance institution in the first year of existence and as years passes, the number of subscribers must continue to increase that will lead to the second stage of creating short term deposits in that MFI.

The second obstacle as presented by (Bamford and Ernst, 2002) is the cost and benefits from the alliance. According to them, it is difficult to tract because of the mixture of the activity of the alliance with that of the parent companies and the peripheral of the alliance position because they fall between business units and are neither fully owned nor fully outside of the corporation. Again the alliance between BLI and MFIs does not
have an alliance function, which implies that the activity of the alliance is integrated into the activities of the parent companies. In the absent of an alliance function, means that no investment was made by partners in the alliance. Since there is no alliance function, none of the partners encores any expenses in the formation of the alliance. Considering that the alliance is so strategic to the partners involved, each partner determines how and what it is going to benefit from the alliance. The MFIs will only earn more commission when the number of subscribers of insurance policies increases in their portfolio and BLI makes gains as the number of subscribers’ increases. On the other hand, if the number of subscribers decreases, the MFIs' commissions decreases and the profit of BLI also falls. This implies that no investment is made by each partner to determine if they have breakeven or make a profit. There are other obstacles that exist in an alliance of this nature other than those mentioned in the literature but in alliances of this nature, it is easily to track where a problem originated and who is responsible. In the alliance between BLI and MFIs, when a problem of reporting arises, each partner expects the other to follow the pattern in which they will prefer on how their reports should be presented. According to BLI, the MFIs should present their report in this order; the total amount of premium collected, the name and policy number of the payor and the amount patterning to each customer.

Bamford and Ernst (2002) indicated that at the individual level of the alliance, a detailed review of the economics of the alliance should be developed upfront to measure the performance of the alliance, next a scorecard should be developed to track the performance of the alliance. The financial director of BLI indicated that there are actually no parameters put in place to monitor the performance of the alliances but they however, always determine the economic gains from the alliances and other benefits gained as a result of the alliances which were not evaluated are also identified, long term loans and salary advances to BLI employees. Customer satisfaction or value added to the services offered to customers is only measured by the feedbacks form customers and no measuring rode is put in place to actually determine the value. In this light, it is difficult to actually track the operations of the alliance and its performance but if BLI could develop scorecards, to track the performance of the alliance, it will be helpful to them because, they will have a clear view of the economic development of the alliance against goals. It will also help each partner to compare the performance of the alliance to the company's strategic positioning and with other alliances in which the companies may be involved.
However in the absence of scorecards, the alliance is performing well as indicated by the operational milestones put in place.

b) The presence of opportunistic behavior and partners conflicts.

According to (Galanter, 1981), alliances that experience high levels of opportunistic behavior, and conflict, should resort to “Private ordering”. Private ordering is where firms in an alliance can decide to terminate the alliance when one party violates the agreement instead of resorting to court actions. According to the BLI Financial director, many of the alliances between BLI and MFIs have failed and some are succeeding. They too have resulted to private ordering than court actions because the judiciary system in Cameroon is very slow and entails a lot of money. It will take a very long time before a decision is handed down and this might come when the owner of the MFI may not be living again. Parkbe, (1993), stated that to avoid opportunistic behavior and conflicts, the alliance partner should rely on the cumulative past records of its partner behavior and use reputation of partner as a proxy for knowledge of opportunistic intention. But opportunistic behaviors are very difficult to track in alliances like that of BLI with MFIs because most of the MFIs at times are still young and are still growing and the track records of those managing the MFIs are very difficult to collect, it is only when an agreement has been signed or transactions are being carried out that one can determine who exactly his partner was. Considering that the alliances that BLI enter into are very strategic to the company, and therefore very difficult to avoid, (Hill, 1990) proposes that the potentially opportunistic party should absorb bonding costs when they enter into an exchange and the other parties will have to bear monitoring costs in order to detect opportunistic behavior. BLI was not explicit on how they dictates opportunistic behavior but explained that it is difficult to know how reputable a partner is because authorizations for creation of a MFI are given by the ministry of Agriculture and the criteria used to evaluate the MFI by the ministry of agriculture is different from that of the Ministry of Finance. It is only after some time that the ministry of finance recognizes the microfinance institution as a financial institution and it is from there that they can have confidence on the MFI because the ministry monitors the operations of the MFIs. The control of MFIs under the ministry of finance is not enough to dictate opportunistic behavior, so in order to avoid opportunistic behavior, the contract is negotiated in such a way that, BLI ensures that the premiums collected by MFIs is deposited in the company's account before commissions are paid to the MFIs and the amount of money that is left in the account of BLI in that MFI is money meant for
payment of customers' checks and money is subsequently deposited in that account depending on the value of checks that are issued on the behalf of the bank.

Another way of overcoming opportunistic behavior is the expectation of partners at formation. According to (Merrifield. 2004) if the expectation of the partners at formation is high, it is an indication of management involvement in the alliance and the existence of opportunistic behavior is minimal or absent. This is noticed in the alliance between BLI and MFIs because the alliance is so strategic to both companies and both company's management are involved in the alliances and the presence of opportunistic behavior and conflict is absent as shown by the result obtained in the questionnaire on expectation at formation. BLI is involve in alliances with more than 30 MFIs and the relationship has been existing for more than 10 years because each partner finds that the survival of their company partly depends on the survival of the alliances. On the other hand, the track record of BLI insurance is known by almost all the MFIs in Cameroon because BLI is one of the oldest life insurance companies in the country and have received prizes as the first best life insurance company in Cameroon. Its high reputation is a guarantee to the MFIs that success is foreseeable.

c) The degree of trust.
In the absent of partner's track records and reputation, BLI is bound to rely on trust. According to (Deutsch, 1973; Holmes and Zanna, 1985) corporations are dynamic which implies that opportunistic behavior within a given relationship is not constant and may diminish over time as the cooperation grows older. This is a fact with the alliances between BLI and MFIs because BLI goes into the alliance with little knowledge of the partner's track records and reputation but as they work together, and each partner provides what is need of him, trust develops. This trust grows as the alliances also gets older and confidence is established when the MFI is finally under the control of the ministry of finance. As the alliance grows older, it becomes reliable and each partner turns to depend on it for the attainment of its strategic goals and even a partner has opportunistic tendencies, it disappears because the direct benefits from the alliance are more than the opportunistic goals. As the alliance grows older, it is an indication that it has gone through shakeouts periods of conflicts attempted by both parties, and by surviving this periods, shows that a foundation is laid for personal trust, mutual liking, and a good working relationship (Dwyer et al., 1987; Anderson and Weitz, 1989; Campbell, 1992). As the partners understand the format of reporting of each other, and as the MFIs honors the payment of checks without default, personal confidence and
trust develops and this is indicated in this alliances where BLI can go further by opening short term deposits in this MFIs because the trust and mutual liking has been developed. The meeting of milestones, the absent of conflicts and opportunistic attitude, gives each partner the opportunity to assess the willingness and ability of the other partner to abide to the later and the spirit of the relationship in the agreement as put forward by (Parkbe 1993).

6.2.2. **Strategic Goals Fulfillment**

According to (Shenkar and Reuer, 2006), the degree of attaining strategic goals sets at pre-alliance period have to be evaluated frequently to determine whether the alliance is helping the company to achieve its overall strategy. We have seen that the milestones were created although not many but all this was to indicate the performance of the alliance. The alliance was a profit making alliances and the overall objectives of partners was to make profit and to translate this; their strategy was to increase sales by subscribing more customers and to retain existing customers. To increase the number of customers, the portfolios of these MFI institutions were need and to determine if they are achieving their goal, each MFI contracted, they must subscribe at least one hundred customers in a period of year and this number should continue as time passes. Also checks issued to clients should be cashed without any difficulty and they should be customer friendly to their clients and this was evaluated from the feedback from clients. As the number of customers increases, it indicates that they are in line with their objectives of the alliances and that of the overall company. If these milestones were not met, they would have decided either to continue with the alliances or find better ways of dealing or terminate the relationship. As indicated by (Ngameni Sebastien), if a MFI does not meet the targeted one hundred subscribers per year, but there are indications that they will be some improvements, the relationship could still be maintained for a given number of times, maybe another year. This is in accordance with (Shenkar and Reuer, 2006) who indicated that if the alliance is showing some signs of effectiveness it can be maintained because it can lead to a merger or takeover. However these alliances were not the kind of alliance that could lead to takeover or merger, more especially as the alliances were not learning alliances. Although some signs of learning existed, but the goals of the alliance did not included learning and the knowledge acquired from the alliance was not enough knowledge that can led to a merger. The learning involved in the alliances could not in itself leads to the survival of partners but the learning that
occurred in the alliance was for the better understanding of what is expected of the partners. Berkman and Vernon, (1979); Pate (1969); Lin et al., (1997), stated that, in establishing the alliance, the parent company's goals must not necessarily be the same but must be compatible to each other in order to have a positive impact on the performance of the alliance. Young and Bradford (1977); Janger, (1980); Sawyer, (1980) on their part added that extreme dissimilarities in parent company goals especially contradictory goals of a hidden nature can create serious management problems in the alliance, which can lead to the termination of the alliance. Fortunately for the alliance between BLI and MFIs their goals are compatible and almost the same with no hidden objectives. As stated by the financial director of BLI, they needed the portfolios of these MFIs and they too need the portfolio of BLI in order to make profit to survive. The objectives of BLI in the alliance is to subscribe as many customers as possible from the portfolios of these MFIs and add value to the services offered to its customers to continue to retain them while that of the MFIs is to increase their portfolios of customers with that of BLI, gain reputation by dealing with a well-known insurance company that has established itself in the market for a long time and to reduce the demand for collateral security especially from customers who have insurance contracts with BLI. This various goals indicate that each parent company had its own overall objectives but they are compatible because they all gears towards generating returns to the companies.

6.2.3. Strategic And Operational Satisfaction

Shenkar and Reuer, 2006, state that strategic and operational satisfaction indicates the Shenkar and Reuer, (2006), states that strategic and operational satisfaction indicates the overall satisfaction with the operation of the alliance and the overall satisfaction with the achievement of the strategic objectives of the alliance. From the results obtained from the different measurements and that of the questionnaire concerning strategic and operational satisfactions, indicates that both parties were satisfied with the operations of the alliance and the strategic achievement of the alliances. The financial director of BLI indicated that among the 30 MFIs there are few that have shown an outstanding performance, more than what was expected from them. He however stated that the alliances are actually doing well and he continue by stating that MFIs contribute
between 10 to 20% of the total sales of contracts made by the company and the income from this sales can be estimated to about 10% of the total income of the company.

6.2.4. Financial Outcomes

Shenkar and Reuer 2006 stated that the traditional accounting measurements such as return on investments, return on assets, profits and sales levels which are used in measuring performances in companies, are also used in measuring performance in alliances. They argued that although information on these measurements can be faulty just to give a wrong signal about an organization, the information about these measurements is very difficult to be collected because companies hardly make them public. In the insurance company where our study was carried out, the managers that were interviewed, confirmed that the most reliable way of measuring the performance of the alliance was through return on investments, return on assets, profit and sales but they were very reluctant to give or even make an estimate of any of the measurements for fear of information being leaked to its competitors. The questionnaire survey that was carried out also confirmed that the above-mentioned financial measurements were used in measuring the performance of the alliance. The financial director however went a step further by stating that these microfinance institutions contributes about 10% to 20% of the total sales of the company and in terms of profit, the collection from this microfinance institutions is estimated from 10% or more of the total profit of the company. He also confirmed that most of the microfinance institutions sales and profit comes from BLI because the portfolio of BLI is made up of tens of thousands. Although he never gave an estimated amount, he assured us that most of the MFIs were doing fine as a result of an alliance with BLI and this information is obtained from the feedback they get from the representatives of the microfinance institutions.

6.2.5. Emergent Goals

According to (Shenkar and Reuer, 2006), the objectives of an organization are not static, they changes over time, so too are those of an alliance. They indicated that when the alliance achieves initial goals, they may embark on new ones or when initial goals become obsolete, new goals may be set for the continuation of the alliance. The alliances between BLI and MFIs have had emergent goals but not because the initial
goals were obsolete, or achieved. The emergent goals that the company had did not warrant the rewriting of the contract, which implies that the contracts have hardly been modified because of obsolescence or achievement of initial goals but for other reasons. For example if a MFI is newly created, trust between them have not been established and there is the fear that it might not survive and not to risk a lot, the contract is always modified to meet up with the prevailing situation. Dos (1995), also mentioned that emergent goals may occur as a result of a change in common and private goals. The common goals of the alliances between the insurance company and MFIs are to make profit, increase sales, and acquire competitive advantage while the private goals of BLI is to add value to the services offered to its customers and to bring in new customers and retain old ones and the private goals for the MFIs is to build trust for its clients, create collateral security for long term loans and gain some reputation. It should be understood that the alliances between these companies is so strategic, meaning that all the above mentioned goals all lead to the achievement of the corporate objectives of the companies and since corporate objectives are long term, this strategic objectives cannot change in the short run. Although the result obtained from the survey indicates that majority of the respondents were of the opinion that if given a chance, the contracts should be modified but (Ngameni Sebastien Financial director BLI/ Brown R. Director customers/claims BLI) indicated that the more than 30 microfinance institutions they are dealing with are recognized by the ministry of finance as firmly established financial institutions and since their recognition, the contract or objectives have not been modified or change.

Spillover goals are also subset of private goals and must be measured to actually determine the performance of the alliance says (Arino, 2003). The spillover effect in the alliance under study has been positive to all the partners involved in the alliance. The MFIs initial goals did not take the workers of BLI as customers, but when the contract was put into effect, they realized that most of the insurance company's workers started collecting their salaries from these MFIs and by so doing, some of them stated saving and borrowing from this financial institutions and from there, this MFIs collect interest from the loans and makes profit. Also some workers of this insurance company could request for salary advance once as a customer with the MFIs, something that was not prevue in the initial contract. By rendering these services to the insurance company workers, relieves the company from the high demand for salary advance and loans by its workers.
6.3. Outcomes Indicators

These are indicators for post alliance activities. This does not however mean that these indicators can only be valid at the end of an alliance, but they are also important in alliances that are still in existence.

6.3.1. Stability

According to Shenkar and Reuer, 2006, stability can be indicated by a change in the membership or in the contract between the partners. The relationship between BLI and MFIs is not a joint venture nor having an alliance function. Alliance function is a separate structure created to manage the activities of the alliance. Since the alliances under study were not a joint venture or having a management function, stability was treated at the level of the contract. Shenkar and Reuer continue by stating that the absent of change in the relationship, indicates success in achieving the stated goals and any change is an indication of ineffectiveness in the relationship. The alliance that we studied, had some changes as indicated by the financial director and the results from the questionnaire indicates that changes should be made on the contracts but the changes as indicated by the financial director and the results from the questionnaire, are not changes because the alliances are not meeting their objectives, but to make the alliance improve on its activities for the better accomplishment of objectives. The financial director indicated that MFIs that are just created and still under the supervision of the ministry of agriculture are still developing, they are vulnerable to failure and needs a lot of monitoring until control is handed to the ministry of finance. He however added that contracts are hardly modified or changed because the alliance is strategic to the companies and contribute to the overall objectives of their organizations and at any time that the alliance is not meeting its objectives, the only option is termination than making changes.

Killing, (1983) stated that alliances where one partner has dominance over the other is more stable than in an alliance where partners share equal powers, but (Beamish and Bank, 1987), argued that in alliance where there is shared decision making, it is more stable than where decision making is dominated by one partners. The alliance between BLI and MFIs, no partner shows any dominance in decision making or investing more
in the alliance than the other because the alliance did not need any investment due to the absent of an alliance management function and the study was done only on BLI, it was difficult to determine if one party exercise some dominance. Although the persons interviewed in BLI indicated that if the MFIs do not follow their instructions, they are bound to terminate the contract but after inquiries, it was realized that it was not an act of dominance but a way for them to function effectively. It was realized that the alliance has been functioning effectively and stable because of shared decision making. No party imposes what is not right to the other. So in the alliance under study, joint decision making and the absent of one partner dominating in the alliance is an indication of stability which tie with what (beamish and Bank, 1987) indicated. Another indication of stability as stated by (Beamish and Bank), is contract renegotiation. If a contract is constantly renegotiated, this indicates that the alliance is not successful and effective but where renegotiation does not occurs, its indicate stability. As mentioned above, contract renegotiation was common at the early stage of the alliance especially with MFIs which are still under the control of the ministry of agriculture but as the MFI goes under the ministry of finance, it is better managed and any signs of solvency is indicated by the finance ministry and any MFI which is not functioning well, the public is made known. The alliance under study indicated that they have been in existence for a very long period, with some more than 15 years old. Instability that occurs as a result of a wrong decision taken at the time of formation of the alliance and dominance of one partner, were not features of this alliance between BLI and MFIs.

In the literature, they have been a lot of argument on financial outcomes as an indication of stability. While Shenkar and Reuer; Glaister et al., (1999), argued that poor financial performance will lead to changes in the structure of the alliance, and renegotiation of the contract, (Geringer and Hebert , 1991) on their part argues that poor financial performance is not necessarily the cause of changes in alliance structure or renegotiation of the contract. Considering that the alliances between BLI and MFIs, are profit making alliances, and the alliances are strategic to the overall objectives of the partners, it is but clear that if the alliance is not meeting the profit objectives of the partners, there is the need to renegotiate the contract, or terminate the alliance. So the financial outcomes is an indication of stability and as mentioned by Ngameni Sebastien, the alliance is contributing more than 10% of the overall profit of the company and a 10% or more in sales. This performances of the alliances is an indication of effectiveness and the absent of opportunistic behavior which (Crooper, 1996) stated that opportunistic behavior of a
partner can lead to instability in the alliance. The measurement of stability is an indication of alliance satisfaction, so stability needs to be measured to determine the effectiveness and performance of an alliance. This is a confirmation made by (Lee and Beamish, 1995).

6.3.2. **Duration**

Duration is an indication of the length of time the alliance has been operating. The alliances between BLI and MFIs have been in existence for more than ten years. The importance of measuring duration of alliance is because Shenkar and Reuer argue that it indicates the effectiveness of the alliance. They stated that the longer the duration of an alliance the more effective is its performance. From the study carried out, it indicates that the alliances have been in existence for 10 years or more and there are no signs of termination. This longer time of existence is an indication that the alliances are doing fine. The alliances between BLI and MFIs are for profit making alliances and from the interviews carried out, it was indicated that termination date is not determined provided that the alliances are doing well but they however mentioned that the duration of the alliance can be shorter only when the owner of a MFI dies and there is a fight between the family members on who is going to claim the management of the cooperative since most of the MFIs are individually owned. Since the alliances under study are not learning alliances where a company can get into an alliance to learn some technology or product, it does not have a specified time of termination. This is in line with (Gulati, 1998) who stated that an alliance may have a shorter duration because of natural factors or the untimely death of a member. So those contracts that were terminated with other MFIs are considered to be unsuccessful except the members died or a disaster occurred. But it should be noted that our study did not involve failed alliances but we mention them here for clarifications.

Hamel (1991); Olk and Young; (1997) on their part argued that alliances that takes a learning approach, are bound to terminate when the learning process is over, and when the knowledge to be acquired is achieved in a shorter period than previewed, the alliance is successful despite the shorter duration. This accession is not applicable in the alliance between BLI and MFIs because no amount of learning by partners will lead to the termination of the alliance.
6.3.3. Termination

In the literature, it is indicated that termination is the time the alliance ended. Many researchers such as (Dussauge, Garrette, and Mitchell, 2000; Reddy, Osborn, and Hennart, 2002) have indicated that termination is an end to the relationship. Why do we use termination to measure the performance of an alliance? According to the above researchers, termination is an indication of failure of the alliance. However, Shenkar and Reuer on their part argued that termination cannot be attributed to failure except both parties are dissatisfied with the alliance but if one party is satisfied; it may indicate success to one and failure to another. The alliance under study are all successful alliances because they are still in existence at the time this study was carried out, considering that the alliance are for profit making and has no planned time for termination, it is considered that any termination is a failure of the alliance despite the fact that one partner is satisfied and the other dissatisfied or both partners are dissatisfied, The interview and questionnaire carried out, revealed that the time to terminate the alliance is not planned and they was no intention as to when the alliance(s) will come to an end. This is an indication that if the alliance resulted to a termination it is because it is not meeting its objectives.
6.4. The Model Of Measuring Success In Strategic Alliance


The model above indicates the results of the alliances that have been studied. The
percentages indicate the level of each measurement. From the study, the following results were obtained;

The expectations at formation measurement indicate that partners in the alliance had very high expectations when the alliances were formed. This implies that the goals that were set for the alliances were seen by partners as feasible and the probability of achieving them was very high. As indicated by (Shenkar and Reuer, 2006), high expectations at formation is a sign of success of the alliance and low expectation is a sign of failure of the alliance. The result of the study indicated that the expectation of the partners when the alliances were formed was high. As shown on the model above, the positive sign (+) indicate a high performance rate of 90%. This shows that partners were optimistic that the alliances will be successful whatever the difficulties. On the other hand if the expectations at formation, indicated a low level of performance the alliances may lead to termination as indicated by the negative (-) sign and the dotted arrows.

Process and relational measurement indicates the level of conflicts, trust and top management commitment to the alliance. Figure (1) on the section of analysis indicated that they were total top management involvement in the alliances. Since top management was committed to the alliances, the level of conflict was at a minimum while trust was developed. Figure 6 in the analysis indicates that the level of conflicts between partners was very low because the management style and philosophies of the partners were similar, organizational cultures were compatible, the goals of partners in the alliance were aligned and they was a high understanding in the operations of the alliances. Although the level of trust was very low, that does not means that they were conflict between partners but because some of the alliance were still at the introduction stage, so trust was still developing. The bar chart in the analysis indicates that they were low mutual trust, respect and commitment between partners. The arrows numbered 2 and 3 indicate that the process and relational measurement was high and that lead to other results.

Strategic goal fulfillment measurement indicates the contribution of the alliances to the achievement of the overall strategy of the companies. Figure 11 in the analysis indicates that 78% of the respondent indicates that the alliance has contributed much to the overall strategy of the companies. This implies that the success of strategic goals fulfillment is as a result of a high expectation at formation, top management involvement and low level of conflicts between partners. The high level of strategic
goal fulfillment is indicated by an arrow numbered (4) but if the strategic goals fulfillment were not met, it would have led to termination of the alliance as indicated on the model by (-) 10.

Strategic and operational satisfactions indicate the level of satisfaction by partners in the alliance. As stated by (Hatfield et al., 1998; Johansson, Cullen, and Sakano, 1995; Mjoen and Tallman, 1997) that there is a strong correlation between strategic goals fulfillment and strategic and operational satisfactions. Our study indicated that since the objectives of the alliances were achieved, the overall strategy of the partners was also met and they were high managers’ satisfaction with the performance of the alliance. Figure 12 in the analysis indicated that the level of satisfaction with the alliances by members was 3.6 on a score of 5. This is indicated by a (+) sign number 5 on the model. But if the overall satisfaction of the performance of the alliance was negative, that is a score below 3 on 5, the next step of the alliance will be termination as indicated by (-) sign number 11.

Financial outcomes measurement indicates whether the alliances are meeting its financial obligations, i.e. if the alliances are making profit, especially if the objective is to earn profits. The alliances that were studied are for profit making alliances and if the results for strategic goal fulfillment indicate that the alliances were meeting these objectives, it is also an indication that the financial outcome measures were also met. The analysis, fig13 indicated that 88% of the respondents indicated that the companies' profit was the highest as compared with other firms in the industry while it was also indicated that the alliances contribute about 10% to 20% of the overall profit of the insurance company. As indicated on the model, the (+) sign number 7 is a sign of high financial outcomes and an indication that the alliance is moving ahead. On the other hand, if the alliances failed to make profit, the alliance will be terminated as indicated by the dotted arrow number 12.

Emergent goals measurements are goals that did not make up the initial goals of the alliance or goals that arises because the initial goals are achieved or are obsolete. If the initial goals of an alliance i.e. in a profit making alliance are not met, emergent goals cannot be pursued even if they are feasible because partners will be reluctant. The analysis indicated that 90% of the respondent to the questionnaire were of the opinion that spillover goals have resulted from the alliance and the interview results indicated that the managers confirmed that they have had positive spillover from the alliances. Emergent goals are signs of continuity of the alliance As indicated on the
model, the (+) sign number 6 indicates positive emergent goals while the (-) sign number 15 indicates that if the emergent goals were negative, the alliance will lead to termination.

Stability measurement indicates changes in the membership and the alliance contract. The analysis indicated that 96% of the respondent said none of such changes have taken place in the alliances. They were of the opinion that as concerns profit making, 100% indicated that the alliance has been making profit. It was also indicated that the alliances have been stable. Instability is only noticed at the development level and when a MFI is still newly created but as the MFI matures, the relationship is stable. This stability is manifested by the absent of conflict, top management involvement, profit and the achievement of strategic goals. As indicated in the model, the alliance stability is indicated by the arrow number 8. If the alliance was experiencing instability, it will lead to termination as indicated by the dotted arrow number 13.

Duration measurement indicates the length of time members has been in the alliance and if there is any possibility of continuity. As indicated by the financial director, the alliances duration is more than 10 years and there is no defined time on when the alliances will terminate because they are out to make profit. Most alliances that are not meeting their objectives and are plaque by instability will not live up to this period and if they do, it will be for the simple reason to complete what they are pursuing and terminate it. From the model, the arrow number 8 indicates that the alliances will still have to exist for a longer period of time because what constitute failure that can lead to termination of the alliances is not visible in the alliances under study.

Termination measurement indicates the end of the alliance. It indicates that at any time where members cannot agree or the alliance does not meets it objectives because of conflicts between partners, the presence of opportunistic behavior, and the absent of trust among partners, the alliance can be terminated. As indicated in the literature, some alliance might achieve their goals and members will decide to terminate the relationship, but it was also indicated that this is common in learning alliances than in profit making alliances, once the profit objective is achieved, and there is a good relationship between partners, the alliance cannot terminate except it is caused by natural disaster or death of partners. The alliances that we studied, are void of conflicts, instability, and opportunistic behaviors and have never experience
the effect of natural factors.
To conclude, it was noted that all the other types of performance measurements are positively related to each other and negatively related to termination. This implies that when one measurement indicates a high performance, there is the possibility of the next measurement to indicate a high performance also but where a negative performance is noticed in one measurement, there is that impossibility of the next measurement to show a positive performance. It can also be concluded that the different type of measurements constitute a cycle that starts with expectation at formation to duration and as the alliances grow older, this cycle goes round and round but this time excluding expectation at formation. This shows that the different types of measurements manifest at any given time. It should also be concluded that termination acts as a pivotal point but actually playing the role of ending the alliances once any of the different type of measurements shows a dysfunction in the cycle.
7. Chapter: Conclusion

The conclusion of this study is presented in this chapter and this will be done by referring first on the research questions presented in the introduction chapter. Answers to these questions will be provided and the chapter will end by outlining some implications to managers and researchers/limitations.

- What are the factors that lead to successful alliances with a focus on the financial service industry?

The success of the alliances between Beneficial Life Insurance and some microfinance institutions can be attributed to the presence of the factors that lead to success. Although these factors are only identified, they can be found manifesting in the different types of measurements, such as trust and commitment manifesting in the process and relational measurement.

Trust is an important factor for any successful alliance. It was found that in the alliances between BLI and MFIs, most of the MFIs lacks track records and reputation. For them to function well, they have to rely on trust. The trust in the alliances has been developed overtime and what has made partners to trust each other is the simple fact that each partner is ready to fulfill their own part of the contract. It was also discovered that trust is easily develop in the alliances because partners have a common organizational culture and similar objectives. It is because of the trust that existed between partners that the alliances have lived up for a longer time and partners are continuously willing to pursue emergent goals.

The absence of commitment by partners to the alliance can lead to failure, even if the goals of the alliance are feasible. The alliances between BLI and MFIs are succeeding because top management of the companies is committed to the alliances. It was discovered that partners’ conflict and opportunistic behaviors is absent or at a minimal because of the commitment of top management. Where there is a sign of conflict between partners, management of the both companies intervenes to resolve it. Due to the fact that the alliances are very strategic to the partners because the goals of the alliances are linked to the overall strategy of the companies, management of both companies are very committed to ensure that the failure of the overall strategy of their companies should not result from the alliances. When a problem arises like the issue of reporting, it was realized that the MFIs ensured that their report to BLI is presented in the form in which BLI would like it to be. However, because the partners are committed
to the alliances, they are able to meet their companies' objectives.

In the absence of an alliance function in the alliances between BLI and MFIs, where the activities of the alliances can be effectively coordinated, there is still an effective communication between partners. It was realized that the alliances have been existing for a long period of time because of the presence of information sharing. It is because the partners can effectively communicate with each other that the alliances have been succeeding. Where BLI, needs any of the microfinance institution to render a service to their customer after working hours a call to the one in charge of the service in the MFI is enough for the service to be rendered. When BLI finds faults in the way reports are being presented by the MFIs, they simply communicate to the MFI how they will want their reports to be presented and it is executed. The alliances have been succeeding because effective communication behavior is maintained.

When two persons come together to work together, conflicts are bound to exist but the approach to resolve the conflict is what matters. In the alliance between BLI and MFIs, conflict does exist although at a minimal level but the approach that is adopted to resolve the problems is a productive approach. It was found that when a problem arises, partners do not take it as an advantage to sanction the one responsible, but they instead look for solutions and means of avoiding such a problem of repeating itself. This productive approach in resolving conflicts has contributed much to the success of the alliances. The presence of a destructive approach of resolving conflicts was not the theory of the alliances under study. It was not found anywhere in the alliances under study, where a partner is trying to dominate or confront the other when a problem arises. This justified the fact that the alliances have been able to live up to more than ten years and the study shows that there are no signs of termination of the relationships. It was also found out that in case of a conflict, partners do not resort to third parties for a solution or to the court of law to establish who is wrong, so that they should be penalize but resort in solving their problems internally between partners. Another technique of solving conflicts, which is by ignoring or avoiding, was not found in the alliances that were studied. This may be translated to the success of the alliances because by avoiding or ignoring a problem might lead to serious problems in the future because of accumulated unresolved problems.

The partners have been collaborating with each other by ensuring that each partner performs what is expected from them. BLI needed the portfolio of the MFIs in order to increase its pool of customer, overcome competition and add value to the services
rendered to its clients, so as to retain the existing customers and add new ones, while the MFIs needed the portfolios of BLI in order to also increase their customer pool, overcome competition, gain reputation and find a way of providing collaterals for loans granted to their customers. It was discovered that the alliances have been stable because of the collaboration between the partners. Each partner is aware of what is required of her and is willing to do only that.

It was found out that the alliances that were studied were in the same industrial sector. This implies that it was easy to understand each other because they are aware of all or part of what each partner does. So alliance competences were not really a prerequisite for selecting partners or determining the feasibility of the alliance. It was noticed that the partners in the alliances especially BLI does not only focus on the business related activities, also apply themselves to the alliances and management. They create relationships, which are not only for the purpose of their companies but creates personal relationship so that they can better manage their activities.

How is success measured in strategic alliances in the service industry?
In this study, the different performance measurement of success in strategic alliances were identified and the result indicates that they are effective measures but measuring success in strategic alliances especially in the service industry by using a single type of measurement can be misleading. This is because it has been identified that for successful measurement to be qualified as effective, all the different types of measurements must be tested or measured. It was found out that the different types of measurements are interrelated or link. This implies that if one type of measurement already shows weak results, it is difficult for the next type of measurement to show a positive or strong result.

The model that was used to relate the different measurements, identified that any failure of one of the measurement, to show a positive result, can lead the alliance to the end.

The first measurement, that is expectations at formation, it was discovered that the partners in the alliances had a high expectations at the time the alliances were being formed. This is translated into the fact that the partners all knew what is expected of the alliances and how to go about it and what the parent companies expected from the alliances. This resulted in a high expectation at formation. Due to the high expectation at formation, partners were very sure that their various goals in the alliances and their companies will be achieved but they also knew that for these objectives to be reached, a good relationship between partners should be the order of the day. For a good
relationship to be maintained, members had to keep the level of conflict low, develop trust for each other, and avoid opportunistic behaviors. It was found out that partners insured that their own part of the contract is fulfilled and in case of a problem, one partner does not exercise dominance on the other or use the conflict as an advantage to reap from the other but they all come together to resolve the problem than finding faults. This indicates that for any strategic alliance to be successful, conflicts should not exist or should be resolved easily, opportunistic behaviors should be avoided and trust should be fast developed especially in a relationship like that of BLI and MFIs where most of the MFIs lacks a track record and reputation.

The study also indicated that high expectations at formation and a good relationship between partners is not enough, to achieve the alliance objectives if the support of top management is absent. Top management should take the alliance as a priority like other goals of the company by supplying the required resources needed for the smooth running of the alliance and intervening in time in case a conflict arises.

As the alliance progress, milestones are used to monitor the performance of the alliance to ensure that it is in line with the objectives set at the initial stage of the alliance to avoid any deviation because that will automatically affects the overall strategies of the companies. As the alliance meets milestones, it is an indication that the alliance is effective and that the overall strategies of the companies will be met. It is shown that as the partners achieve the initial goals in the alliance it gives managers of both companies satisfaction with the operation of the alliances and this give room for emergent goals. This indicates that if managers are willing to pursue new goals, then the financial aim of the alliances was also fulfilled because if that was not fulfilled, the anxiety and willingness will not be there to carry out new goals. The achievement of initial goals and the setting of new goals, make the alliance to continue existing. The continuation of the alliances implies that the duration becomes longer and as indicated by the duration measurement, longer duration is an indication of success of the alliance. An alliance can only have a longer duration if partners maintain a good relationship, achieve goals and set new ones.

Conflicts and opportunistic behaviors leads to distrust and instability but we found that the alliances that were studied are very stable because of top management involvement, and the avoidance of opportunistic behaviors and conflicts.

Termination is shown in this study as the end of the alliance, whenever any one of the above measurements proved to be negative. As shown on the model, termination is in
the middle of the other types of measurements, indicating that if some wrongs are happening with one of the alliances measurements, then termination is ready to receive the alliance and signed it end.
Chapter: Implication For Further Research/Limitations

In this study, the different factors that lead to successful strategic alliances were identified and the different types of measurements that can be used to measure success in strategic alliances. The most important contributions of this study are, (1) It add more knowledge on how to measuring performance in strategic alliance. (2) It identifies that the different types of measurements are inter-related and it is shown that as one measurement shows a positive outcome, there is the possibility of the next measurement to also show positive outcome. (3) This study also shows that using a single type of measurement is not enough to qualify an alliance to be successful. (4) The model developed shows that all the other eight measurements are positively related but negatively related to termination. This implies that as long as one measurement shows a positive outcome, it will lead to another stage of the alliance but when it results to a negative outcome, there is the possibility that the alliance is leading to termination. Therefore the model will help managers to spots poor performance at the early stage of the alliance and where one measurement indicates good performance, there is the possibility that the next measurement will also give a good performance.

However, using BLI and MFIs as a case study, the study is limited to alliances in the service industry. More so, the alliances that were studied are a kind of network alliances where a single company like BLI is involved in alliances of the same nature with different companies of which the companies are spread over different geographical regions. This is therefore to caution those using this work to generalize the results. So the generalization of the results should be based on the context. This therefore brings us to make suggestions for further studies.

This study as mentioned above involve one insurance company and many MFIs and the empirical work carried out was based only on the insurance company. This therefore implies that this same work can be carried out again to involve the MFIs and the results compared.

This study also concentrated on one insurance company and different MFIs. We recommend that another study can be carried out involving different insurance
companies, banks and MFIs because they constitute the same firms in the service industry.

The methodology required the use of both qualitative and quantitative methods of data collection but the analysis were more of qualitative due to the lack of finances and time, especially as mentioned by (Shenkar and Reuer, 2006) that to effectively measure the performance of an alliance, a period of one year or more is needed to monitor the activities of the alliances. We therefore recommend that if this study is to be repeated, at the level of analysis, the different methods should be given equal considerations.

To generalize the results, we recommend that a study of the same nature can be carried out in different industries in order to confirm that all the different types of measurements are inter-related in different context. The results of this study can be affected or different when it involves different industries such as manufacturing firms, technological organizations and fast changing industries. It should also be mentioned that this study was carried out in a developing nation and we recommend that this same work can be done in a developed country for compatibility reasons. The case study is based on intra-cultural organizations and not on inter-cultural organizations. It is therefore recommended that the model developed can also be tested in an inter-cultural organization.

A model was developed to show how the different types of measurements are linked. Considering that our sample population was too small, we recommend that the sample population can be increased and the model tested to see if the same results might come out.

The results of this study indicates that where one type of measurement shows a poor performance, it is very difficult for the next measurements to be positive and this leads the alliance to termination but nothing is said on how corrective measures should be taken to adjust the alliance for continuation. We therefore recommend that more study can be carried out, taking inconsideration of corrective measures. This might give some credibility to the model developed.
9. Appendix:

9.1. The questionnaire

I. Section

1. In what year the alliance was established?

2. What is the type of the alliance?
   a. Production alliance
   b. Banking and insurance alliance
   c. Marketing and sales alliance
   d. Other

II. Section

3. The expectations at the formation
   a. To what extent your company was involved for the success of the alliance?
   b. In your assessment, how the alliance worked comparing to your expectations

4. To what extent measuring the success of the alliance is critical?

5. Alliance objectives
   a. To what extent the following objectives are critical for the success of the alliance
      i. Knowledge of service processes
      ii. Marketing know how
      iii. Managerial techniques
      iv. Technological know-how
      v. Service development know-how
      vi. Revenues
      vii. Decrease in investments
      viii. Profits
ix. Improving operating efficiency
x. Return on investment
xi. New business opportunities
xii. Increase in market share
xiii. Enhancing reputation
xiv. Enhancing competitive position
xv. Risk reduction
xvi. Financial objectives in general
xvii. Learning objectives in general
xviii. Strategic benefits in general

III. Section

6. Process and relational measures
   a. To what extent are you defragmenting the alliance to phases and milestones
   b. The conflict and partner fit
      i. The management styles and philosophies of the partners were compatible
      ii. The organizational cultures were compatible with each other
      iii. The goals of the partners within the alliance were aligned
      iv. The partner firm’s operations were compatible
   c. Trust and other issues to measure the quality of the relationship
      i. Mutual trust between the partners
      ii. Mutual respect between the partners
      iii. Mutual commitment between the partners
   d. Presence of alternatives or opportunities
      i. Monitoring both partner firm’s behavior
      ii. Coordinating the alliance
      iii. Assuring that both partners have fulfilled their contractual obligations
      iv. Renegotiation the division of contributions and benefits

IV. Section

7. Strategic goal fulfillment
a. To what extent the following strategic goals are important for the alliance
   i. Reducing costs/obtaining scale economies
   ii. Gaining access to a market in the same industry
   iii. Gaining access to a market in another industry
   iv. Developing new technologies
   v. Blocking the competition
   vi. Meeting government requirements
   vii. Developing new skills
   viii. Reducing risks

b. To what extent the alliance ALREADY met these goals
   i. Reducing costs/obtaining scale economies
   ii. Gaining access to a market in the same industry
   iii. Gaining access to a market in another industry
   iv. Developing new technologies
   v. Blocking the competition
   vi. Meeting government requirements
   vii. Developing new skills
   viii. Reducing risks


c. To what extent your firm is satisfied with the overall effectiveness of the alliance Q2
   i. Very unsatisfied
   ii. Unsatisfied
   iii. Somewhat satisfied
   iv. Satisfied
   v. Very satisfied

d. To what extent the following points contribute in the development of learning capabilities
   i. The development of routines that have enabled mutual learning
   ii. Intensive communication between the partners
   iii. Recurrent contacts between the partners
   iv. The implementation of procedures that have enabled mutual learning
   v. Frequent information exchange between the partners
vi. Policies that facilitate mutual learning

V. Section

8. Strategic and operational satisfaction
   a. How much do you feel each of the strategic objectives of YOUR COMPANY are fulfilled with this alliance? (1=very little, 5=very much, 6=n.a.)
   b. Indicate the level of satisfaction of YOUR COMPANY with each of the following PROCESSES in the relationship
      i. Contract negotiation;
      ii. Information exchange;
      iii. Conflict resolution;
      iv. Performance
      v. Strategy review
   c. Overall, what do you think the level of satisfaction of YOUR PARTNER with the fulfillment of expectations for this alliance is? (1=very unsatisfied, 5=very satisfied).
   d. Overall, what do you think the level of satisfaction of YOUR PARTNER with the OVERALL PERFORMANCE of this alliance is? (1=very unsatisfied, 5=very satisfied).

VI. Section

9. Financial outcomes
   a. Using the financial measurement tools, for instance the sales or the return on investment, how do you see the company’s profitability compared the profitability of the industry (1 far below 5 far greater)

VII. Section

10. Emergent goals
   a. The strategic alliances, in the majority of times, turn to spillovers sometimes positive and other times negative. In your alliance the spillover is:
      1 very negative 5 very positive (the academy of management journal)
VIII. Section

11. Stability
   a. Did it happen to renegotiate the alliance contract? (YES or NO)
   b. Did it happen to change the alliance’s member? (YES or NO)

IX. Section

12. Duration
   a. Does the alliance still operating? (YES or NO)

X. Section

13. Termination
   a. If the spillover effect is negative, would the alliance be terminated?
   b. Do you have special clauses in the alliance’s contract in case the alliance has to be terminated?
9.2. The questionnaire justification

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<td>Section 10</td>
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9.3. **Explanations for the population questioned**

This information is to through some light on some of the questions.

Note that if you do not answer all the questions you cannot move to the next part.

I wish you the best as you give us your support.

Part one

Question one
In this question, we wish to know the nature of interactions between Beneficial Life and the micro financial institutions. How well the alliance operates. On your opinion do you think each is achieving the objectives in which the alliance was created? You can assess the relationship by giving a mark from “not at all” to “a large extent” on each of the following point below the question.

Question two
Here we have randomly selected some goals or objectives that might have led to the creation of the alliance, so on each goal you evaluate it by choosing between “not at all” to “a large extend”.

Question three, four and five

According to your opinion, do you think the alliance between your company and the micro financial institutes is succeeding? For example if you are in the customers service, can you in a nutshell say customers are better served than when the alliance was not there. Have you learned something new as a result of the alliance?

Part three question one

Spillover here refers to things that were not foreseen when the alliance was formed. That is some other objectives that come up after the formation of the alliance. The spillover effect can be negative or positive. Spillover may indicate benefits/losses that were received that were not initially expected.
Talking about stability, do u see the alliance continuation always renegotiated because of problems or the alliance has actually be stable for a long period of time.
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