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Table of contents

1. Local governments as strategic partners for service delivery in Nigeria-Peter Elias, Olamide Afolayan, Olatunji Babatola, Department of Geography, University of Lagos, Nigeria	1
2. Indigenous images and liturgy: the splendour of Nigerian Catholicism -Ndubuisi Chinyere and Emodi Anthony, Department of Fine Art, Yaba College of Technology, Yaba, Lagos	12
3. Higher education, research development and 21 st century challenges- Nateinyin Joy Akporehwe, Moses John Billy and Apuega R. Arikawei, Faculty of Education, Niger Delta University, Wilberforce Island	21
4. Mainstreaming socio-economic realities into national forest policy-I.I. Balogun and A. O. Daramola, Department of Geography, University of Lagos, Akoka, Yaba, Lagos	28
5. Assessing the quality of primary education in southeastern Liberia-Arthur G. Tarr and Abubakar S. Yaradua, William V. S. Tubman University, Harper City, Liberia	39
6. Social sciences as panacea for rural development in Nigeria-Otaha Imo Jacob and Dickson Vonke Juliana, Department of Economics, University of Jos, Jos	47
7. An appraisal of the nigerian democratic journey between 1999 and 2014-Phillip Adeyinka Oyadiran and Obinna Innocent Nweke, Department of Public Administration, Faculty of Management Sciences, University of Abuja	54
8. Entrepreneurship development: a synthesis-Odun Ogidi, Department of Business Administration, Joseph Ayo Babalola University, Ikeji-Arakeji,	67
9. Perceived dysfunctional university education in nigeria: need for a paradigm shift-Olufemi A. Ajayi and Olugbenga A. Oguntamu, Department of Educational Foundations & Instructional Technology Tai Solarin University of Education, Ijagan, Ijebu-Ode	74
10. Socio – cultural influences on promotional strategies across cultures-Deborah Chinwendu Okonkwo, Department of Marketing, University of Nigeria, Enugu Campus	81
11. External capital flows and economic growth in Nigeria-Abidemi C. Adegboye, Department of Economics and Statistics, University of Benin, Benin City, Augustine O. Ogbebor, Department of GNS, Ogun State Institute of Technology, Ogun State and Monday I. Egharvba, Department of Economics, Adeyemi College of Education, Ondo, Nigeria	91
✓ 12. Effect of strategic alliance on the performance of manufacturing companies in Nigeria-Isaac Iortimbir Aun, Department of Business Administration, University of Ilorin, Ilorin	9
13. Strengthening technological capacity building of indigenous oil firms: the local content policy dimension-James Unam Monday and Claudius Jamike Agorzie, Department of Management & Accounting, Obafemi Awolowo University, Ile-Ife, Nigeria	11

14. Management of universal basic education towards national transformation in junior secondary schools in Enugu state-S. C. Ugwoke and Chinwendu I. Agwara, Department of Educational Foundations, University of Nigeria, Nsukka 122
15. An econometric analysis of central bank independence and inflation control in Nigeria-David Umoru, Department of Economics, Banking & Finance, Benson Idahosa University, Benin City and N. Anna Tizhe, Department of Economics & Statistics, University of Benin, Benin City 131
16. Impact of customer satisfaction on mobile telecommunication service provider-Falilat Ajoke Abdul, Abdulrasaq Salman and Oluwayom Omotayo Olota, Department of Business Administration, University of Ilorin, Ilorin 139
17. Perceptions of business education students on the relevance of entrepreneurship education at the colleges of education level-Robinson Osarumwense Owenvbiugieand Kennedy Edigbonya, Department of Vocational and Technical Education, University of Benin, Benin City, Nigeria 153
18. Economic effect of time robbers on workers' productivity in the public sector in Nigeria-Zakaree S. Saheedand B.K.U. Faruk, Department of Economics, Nigerian Defence Academy, Kaduna 162
19. Spatio-temporal variation in water quality of orle river basin, south west Nigeria-C.I. Ikhile, Department of Geography/Regional Planning, University of Benin, Benin City and K. A. Aderogba, Department of Geography, Tai Solarin University of Education, Ijebu-Ode 169
20. Democratic capitalism and national educational challenges in Nigeria-Remi Chukwudi Okeke, Department of Public Administrationand Local Government, University of Nigeria, Nsukka and Chinwe B. Chukwudebelu, School of Education, Alvan Ikoku Federal College of Education, Owerri 181
21. Relationship marketing: an approach to customer services, satisfaction and retention in Nigeria-Stephen Pembi, Department of Business Administration, Adamawa State University, Mubi, Nigeria 186
22. Domestic food supply in Nigeria: effectiveness of government spending-Zakaree S. Saheed, Department of Economics, Nigerian Defence Academy, Kaduna 191
23. Impact assessment of bus rapid trnasit on commuters satisfaction in Lagos State, Nigeria-Desmond Amiegbebbhor and O.F. Dickson, Lagos Metropolitan Area Transport Authority 198
24. Assessing the impact of classical theories on the current management practice in Nigeria-Agbo Melletus Uchechukwu, Department of Business Administration, Michael Okpara University of Agriculture Umudike and Israel Eigbiremhon, Department of Entrepreneurial Studies, Michael Okpara University of Agriculture, Umudike 209
25. Need for developing curriculum on moral education for national development in Nigeria-Nwani Akuma, Department of Educational Foundations, Ebonyi State University, Abakaliki and Meshach Muruwei, Department of Teacher Education, Niger Delta University, Wilberforce Island 220

EFFECT OF STRATEGIC ALLIANCE ON THE PERFORMANCE OF MANUFACTURING COMPANIES IN NIGERIA

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Abstract

The poor performance of indigenous multinational organisations has been a concern to stakeholders in Nigeria because it has led to loss of jobs and revenue to the nation. Therefore, policy makers are searching for means of improving their performance. One of the ways is to encourage organisations to form strategic alliance. Thus, the objective of this study was to investigate factors that determine success or failure of strategic alliance among indigenous multinational manufacturing companies, ascertain the commitment of top management to strategic alliance among indigenous multinational manufacturing companies, and determine the influence of cohesiveness of ties with partners on the acquisition of resources. All seven indigenous multinational manufacturing companies listed on the Nigerian Stock Exchange constitute the population of study. Primary data were generated through the administration of questionnaire on all 124 top managers involved in strategic alliance decisions and practices in their various companies using a structured questionnaire. Secondary data were obtained from the annual fact book published by the Nigerian Stock Exchange. The techniques employed for data analysis include: Analysis of variance (ANOVA), Multiple Regression Analysis. The result of the study shows a positive correlation between top management commitment and strategic alliance, $r = 0.869$; the result of multiple regression shows that top management philosophy (0.032), employees (0.081), dynamism (0.15), commitment (0.092) and vision (0.027) significantly affect strategic alliance, the result of F-statistic (14.227) indicated joint significance of all explanatory variables on profit. The value of Durbin Watson (1.93) indicated the likely absence of serial correlation in the error terms of the model used. The study concluded that since strategic alliance has proved to be a key success factor and the driving force behind organizational performance in multinational setting, its adoption and continued use should be encouraged. Based on the findings, it was recommended that, indigenous multinational manufacturing companies should intensify the practice of strategic alliance since it enhances performance.

Keywords: Alliance, manufacturing company, performance, strategic

Introduction

Much of the discussion regarding strategic alliance has typically focused on alliances between two companies; however there is an increasing trend towards multi-company alliances. As an example, a six-company strategic alliance was formed among Apple, Sony, Motorola, Philips, AT&T and Matsushita to form General Magic Corporation to develop Telescript Communications software (Jacobini and McCreary, 1994). According to Drucker, (1996) "The greatest change in corporate culture, and the way business is being conducted, may be the accelerating growth of relationship based not on ownership, but on partnership". Indeed, searches on the internet for strategic alliance produce numerous press releases about companies forming alliances, and also produce several addresses for strategic alliance consulting companies. The number of

strategic alliances has almost doubled in the past ten years and is expected to increase even more in the future (Booz Allen and Hamiton, 1997), "More than 20, 000 corporate alliances have been formed worldwide over the past two years, and the number of alliances in the USA has grown by 25 percent each year since 1987" (Farris 1999).

A survey published in electronic Business showed that 80 percent of electronics companies have strategic alliances and most are planning or negotiating additional agreements (Vyas et al; 1995). According to a recently released study conducted by Abdrson consulting, 82 percent of executives agree that alliance will be a prime vehicle for future growth (Kalmbach and Roussel, 1999). The study also predicts that within five years, strategic alliances will account for 16 -25 percent of medium company value and

40 percent of the companies. This means that in five years, alliances will represent \$25-\$40 trillion in value (Kalmback and Rouseel, 1999).

Strategic alliances are partnerships of two or more corporations or business units that work together to achieve strategically significant objectives that are mutually beneficial. The potential of strategic alliances strategy is enormous. If implemented correctly, some authors claim that it can dramatically improve an organization's operations and competitiveness (Brucellariaa, 1997). According to a survey conducted by Coopers & Lybrand, 54 percent of firms that formed alliances did so for joint marketing and promotional purposes (Coopers and Lybrand, 1997). Companies are forming alliances to obtain, technology, to gain access to specific markets, to reduce financial risk, and gain competitive advantage (Wheelen and Hungar, 2000).

However, while many organizations often rush to jump on the bandwagons of strategic alliance, only few succeeded (Sourrsac, 1996); Malott, 1992; Michelet and Remacle, 1992). The failure rate of strategic alliance strategy is projected to be as high as 70 percent (Kalmabahi and Rouseel, 1999), and this failure rate is beginning to be discussed in leading business periodicals. The available studies in the field are so few and were conducted by foreign authors with their setting based on multinational companies in the advanced economies. There is, therefore a complete or near complete absence of empirical studies in this field which focus on developing economies like Nigeria. Also studies on the viability of strategic alliance among firms and their supplies for the upstream value added activities have been mainly anecdotal in nature.

This study is therefore intended to bridge this gap by conducting empirical research on the impact of alliance (measured by sales, profit, growth, sand productivity), on the performance of Nigerian indigenous Multinational Companies.

Statement of problem

Evidence suggests that executing linkage models generally and harnessing value from alliance is a vexing task. Much effort has been put into research, surveys and mantras on the subjects, yet few companies get it right consistently.

Haywood (2001) decried that more than a third of outsourcing contracts are never renewed despite the cost of taking the contract back or transferring it to another provider. New product introduction failure rate is high as 80 percent despite the enormous resources employed in their development every year (Russell and Lane, 2004). According to Deloitte Business Day Academy (2009), alliances fail 60 to 70 percent of the time, to achieve their objectives.

Why are organizations not reaping maximum benefits from their investments in alliance linkages?

The broad objective of the study is to examine the impact of strategic alliance practice on the performance of Nigerian indigenous multinational companies, with emphasis on the manufacturing industry. The specific objectives are to:

1. investigate factors that determine success or failure of strategic alliance among the selected manufacturing companies;
2. ascertain the commitment of top management to strategic alliance in the selected manufacturing companies.
3. determine the influence of cohesiveness of ties with partners on the acquisition of resources and timely information needed for performance in the selected companies;

Literature review

Strategic alliances essentially involve coordinating two or more partners to pursue shared objectives and satisfactory cooperation is vital to their success (Das & Teng, 1998; Doz, 1996; Kanter, 1994; Thompson & Strickland III, 1998). Therefore, strategic alliances serve as window of opportunities to be exploited and provide the means to neutralize threats (De Man, Duysters & Vasudevan, 2001), 'forecasted to represent between \$25 trillion and \$40 trillion in value by 2004' (cited in Australian Financial Review, 1999).

Hergert and Morris (1988) defined alliance formation as a cooperative agreement/linkage between companies to pursue common goals (Beamish & Killing, 1997; Snyder, 1997). The purpose of many alliances, supported by Todeva and Knoke (2005), is to: fuse their combined resources; complement each company's

expertise; market seeking; acquiring means of distribution; gaining access to new technology; converging technology, learning and internalization of tacit, collective and embedded skills; obtaining economies of scale; developing products, technologies and resources; achieving competitive advantages, cooperation of potential rivals, or preempting competitors; overcoming legal/regulatory barriers, legitimization, and bandwagon effect following industry trends.

Today, organizations at all levels of the supply chain (vertical and horizontal) are embarking on partnership alliances and forming a vital part of today's business environment (Pyka & Windrum, 2003). Lendrum (1995) tends to differentiate strategic partnering from strategic alliances. According to Lendrum strategic partnering 'is about fundamentally altering the way we manage our relationships with customers and suppliers' (1995). A partnership alliance 'is about picking long-term winners' (Lendrum, 1995) whereas 'strategic alliances are relationships between two or more suppliers servicing the same customer/customer base or different customer'. Strategic alliances are sometimes referred to as inter-firm cooperative relationships and take a variety of differing forms: advertising 'tie-ins', data links between customer and supplier, sole source suppliers and true joint ventures (Birnbirg, 1998).

Definition and purpose of multinational company

Indigenous Multinational Companies are few in Nigeria's manufacturing sector. The criteria that must be fulfilled to qualify as a Multinational Company according to the United State Federal Trade Commission (1998) are:

1. A total turnover of at least 100 million dollars
2. Own subsidiaries in six countries and
3. Have investments of at least 20 percent of its capital abroad.

Multinational can also be defined as a firm which conducts its activities, marketing excluded, in more than one country, Murray, (2001). This definition allows more companies to qualify as multinationals than the previous one. In line with this later definition, all indigenous Nigerian multinational companies in the manufacturing sector listed on the Nigeria stock exchange that conducts its activities in more than one country.

Success factors for strategic alliances

The scholars who study strategic alliance and the consultants who help forms them have both addressed the question "What does it take for strategic alliances to succeed?" the best answers to this questions are provided by those who engage in alliance. Several factors were identified as critical success factors for strategic alliances; Senior Management Commitment, Similarity Of Management Philosophies, Effective And Strong Management Team, Frequent Performance Feedback, Clearly Defined, Shared Goals And Objectives, Thorough Planning, Clearly Understood Roles, International Vision, Partner Selection, Communication Between Partners: Maintaining Relationships.

The risks and problem facing strategic alliances

The trend toward strategic alliances in business has not brought about the results envisioned by the participants in many cases, most studies tend to focus more on the determinants of their success rather than for the reasons they fail. It is more fully to determine the true reasons why over 60 percent of strategic alliances fail (Kalmbach and Roussel, 1999).

Clash of cultures and "Incompatible Personal Chemistry"

Cultural clash is probably one of the biggest problems that corporations' alliances face today. "These cultural problems consist of language, egos, Cliauvinism, and different attitudes to business can all make the going rough, problems can be particularly acute between a publicity quoted Western holding company, keenly focused on share holders value, and Japanese partners who have different priorities "(Kilburn, 1999). The first thing that can cause problems is the language barrier that they might face. It is important for the companies that are working together to be able to communicate and understand each other well or they are doomed before they even start. After the communication is worked out, the firms now face the problems they have with operations. Different cultures operate in different ways "for example, U. S companies tend to evaluate performance on the basis of profit, market share, and specific financial benefits. Japanese companies tend to evaluate primarily on how an operation helps build its strategic position, particularly by

improving its skills", (Daniels and Radebaugh, 2001). From a different perspective, Steensma et al; (2000) indicated that national cultural traits directly influence strategic alliance formation and moderate the relationship between perceived technological uncertainty and alliance formation.

Lack of trust

Risk sharing is the primary bonding tool in a partnership. What will happen if one company is successful and the other experiences a failure? A sense of commitment must be generated throughout the partnership. In many alliance cases one company will point the failure finger at the partnering company. Shifting the blame does not solve the problem, but increases the tension between the partnering companies and often leads to alliance ruin (Lewis, 1999). Building trust is the most important and yet most difficult aspect of a successful alliance. Only people can trust each other, not the company. Therefore, alliances need to be formed to enhance trust between individuals. The companies must have the three forms of trust, which include responsibility, equality, and reliability. Many alliances have failed due to the lack of trust causing unsolved problems, lack of understanding, and despondent relationship (Lewis, 1992).

Lack of clear goals and objectives

In today's business world, many strategic alliances are formed for the wrong this will surely lead to disaster in the future. Many companies enter into alliances to combat industry competitor. Corporate management feels this type of action will deter competitors from causing on their company. On the contrary, this action will raise flags that problems exist within the joining companies. The alliance may put the companies in the spotlight causing more competition. Alliances are also formed to correct internal company problem. Once again, management feels that an increase in numbers signifies a quick fix. In this case, the company is probably already doomed and is just taking another along for the ride (Kilburn, 1999). Many strategic alliances, although entered into for all the right reasons, do not work. Dissimilar objectives, inability to share risks, and lack of trust lead to an early alliance demise. Why do the alliances fail? Cooperation on all issues is the key to a successful alliance. Many managers enter into an alliance without properly

researching the steps necessary to ensure the basic principles of cooperation (Lewis, 1992).

Lack of coordination between management teams

Action taken by subordinates that are not congruent with top-level management can prove particularly disruptive, especially in instances where companies remain competitors in spite of their strategic alliance. If it were to happen that one company would go off on its own and do its own marketing and sell its own product while in alliance with another company it would for sure be grounds for the two to break up, and they would most likely end up in a legal battle which could take years to solve if it will settled at all. An example of this was *Volvos attempt to merge with Renault in 1993 temporally destroying shareholders wealth in Volvo* (Bruner, 1999).

Differences in operating procedures and attitudes among partners

Other problems that can occur between companies in trade, alliances are different attitudes among the companies, one company may deliver its good or service behind schedule, or do a bad job producing their goods or service which may lead to distrust among the two companies. When problems like this occur, it usually makes the other company angry, and this could lead to a take over. An example of this is described: The deal between public communication and Foote, Cone and Belding (FCB) was designed to fill strategic needs of each: An alliance in Europe would finally give FCB the international reach it needed, while public is could use FCBS experience in North and South America to serve its multinational clients. The venture officially ended earlier, after bitter and expensive divorce proceedings. True North communications Inc, the holding company for foote cone, and the worlds No 8 agency group, is fighting off a \$28-a- share hostile takeover attempt by its ex- partner publics, which still owns 18.5 percent (Melcher and Edmundson, 1997).

The potential benefit of strategic alliance

Nowadays, strategic alliance has become a common strategy to businesses. Two or more enterprise chooses to form a partnership and work cooperatively to achieve their mutually

beneficial objectives. In a plain view, strategic alliance just reflects the desire of enterprises to achieve their independent business objectives cooperatively. But, in the true fact of today's globalizes and complex market place, there is the need to make such a business arrangement in order to gain competitive advantages among the fierce competitors in the market place. Enterprises that enter in to strategic alliance usually expect to benefit in one or more ways. Some of the potential benefits that enterprises could achieve are such as:

1. Gaining Capabilities

An enterprise may, want to produce something or to acquire certain resources that it lacks in the knowledge, technology and expertise. It may need to share those capabilities that the other firms have. Thus, strategic alliance is the opportunity for the enterprise to achieve its objective in this aspect further to that, in later time the enterprise also could then use the newly acquired capabilities by itself and for its own purposes.

2. Easier Access to Target Markets

Introducing the product in to a new market can be complicated and costly. It may expose the enterprise to several obstacles such as the entrench competition; hostile government regulations and additional operating complexity, there are also the risks of opportunity costs and direct financial losses due to improper assessment of the market situations. Choosing a strategic alliance as the entry mode will overcome some of those problems and help reduce the entry cost. For example, an enterprise can license a product to its alliance to widen the market of that particular product.

3. Sharing the financial risk

Enterprises can make use of the strategic arrangement to reduce their individual enterprises financial risk. For example, when two firms jointly invested with equal share on a project, the greatest potential that each of them stands to lose is only half of the total project cost in case the venture failed.

4. Winning the political obstacle

Bringing a product in to another country might confront the enterprises with political factors and strict regulations imposed by the national government. Some countries are politically

restrictive while some are highly concerned about the influence of foreign firms on their economics that they require foreign enterprises to engage in the joint venture with local firms. In these circumstances, strategic alliance will enable enterprises to penetrate the local markets of the targeted country.

5. Achieving synergy and competitive advantage

Synergy and competitive advantage are elements that lead businesses to greater success. An enterprise may not be strong enough to attain these elements by itself, but it might be possible by joint efforts with another enterprise. The combination of individual strengths will enable it to compete more effectively and achieve better than if it attempts on its own. For example, to create a favorable brand image in the consumer's mind is costly and time-consuming. For this reason, an enterprise deciding to introduce its new product may need a strategic arrangement with another enterprise that has a ready image in the market.

Firm size in an alliance: does it matter?

Firm size tends to be a robust empirical variable in many research studies (Shalit and Sankar, 1977) and empirically measured in terms of total dollar annual sales, total assets net of depreciation and depletion, total number of employees stockholders equity, and market value of the firms at year end (Shalit and Sankar, 1977).

During the early 19th century, many large enterprises in Australia were found in the public sector such as Telecom Australia, Australia Post Housing and Construction and the Australian Taxation Office (Hook and Harding, 1982). As the size of a firm increases there tends to be less goal clarity, greater formalisation, more supervisory levels and increased opportunity for information distortion (Bartol, Tein, Matthew and Martin, 2003). Research found that the average size of firms in industries tends to be dependent on external finance and is larger in countries with better financial markets, consequently suggesting that financial constraints limit average firm size (Krishna, Raghuram and Luigi, 2003).

Size does not necessarily reflect market power: Often a firm's market share reflects the general level of its resources that may even include R&D

capabilities and perceived quality of its products. For example in 1999, Intel implemented a tactical reduction of 41 percent in the price of its Pentium chips to take sales from its competitors. These actions caused National Semiconductor to exit the PC microprocessor business and the company fell behind in the technology and did not have the resources to increase its technology development (Hanson et al., 2005).

Is size of the firm a critical matter for alliances? In alliances it is not about size but about business and relationships (Spekman et al., 2000) and fear is a very real matter among managers of small firms that seek alliances with larger firms, for example companies involved in the biotechnology industry. Information technology and telecommunications industries (Spekman et al., 2000) that are so fragmented have smaller firms seeking alliances with larger firms to develop an industry standard or complete a similar project (Spekman et al., 2000). In recent times similar relationships between innovative small companies and large companies with ample marketing channels seemed to be effective (Deering and Murphy, 2003; Child and Faulkner 1998; Segil 1998; Todeva and Knoke 2005).

In regards to telecommunications most firms tend to partner with small companies to gain access to niche markets through specialised knowledge and applications (Spekman et al., 2000). 'Similar relationships are common in the modern Pharmaceutical industry as well' (Deering and Murphy, 2003) It is possible for small firms to enjoy certain economies of scale through schemes of cooperation (Stanlake, 1982).

On the other hand, studies on size of the firm shows that size can be a positive risk for small firms when they consider the potential gains that

could motivate takeover by a large firm, therefore size can be a positive contributing factor to risk as studied by Trimbath, Frydman and Frydman (2000).

Methodology

The main focus of this study is to examine the effect of strategic alliance practice on the performance of Nigerian indigenous multinational companies (The manufacturing sector). The study only cover a period of strategic alliance from 2002 to 2009, this period was chosen in order to access the performance of alliance in the phase of global economic meltdown. The study was carried out in seven indigenous manufacturing companies, which are involved in strategic alliance. The companies are; Nigeria Ropes Plc, Poly Product Nigeria Plc, Nigeria Wire and Cable Plc, Nampak Nigeria Plc, National Salt Company Nigeria Plc, Nigeria Wire Industry Plc and First Aluminum Nigeria Plc.

Performance is a very broad concept; however, this study focuses only on financial measures with the following indicator: profitability and sales. Primary data were used; the data were obtained through a structured questionnaire, in addition to the Secondary data which were obtained from the annual fact book published by the Nigerian Stock Exchange. The techniques employed for data analysis include: Analysis of variance (ANOVA), and Multiple Regression Analysis. However, 124 copies of questionnaire were administered to all the top level managers who are directly involved in strategic alliance in their various companies.

Data presentation and discussions

Component plot in Rotated Space was use to determine the success and failure factors of strategic alliance in the selected companies.

Component Plot in Rotated Space

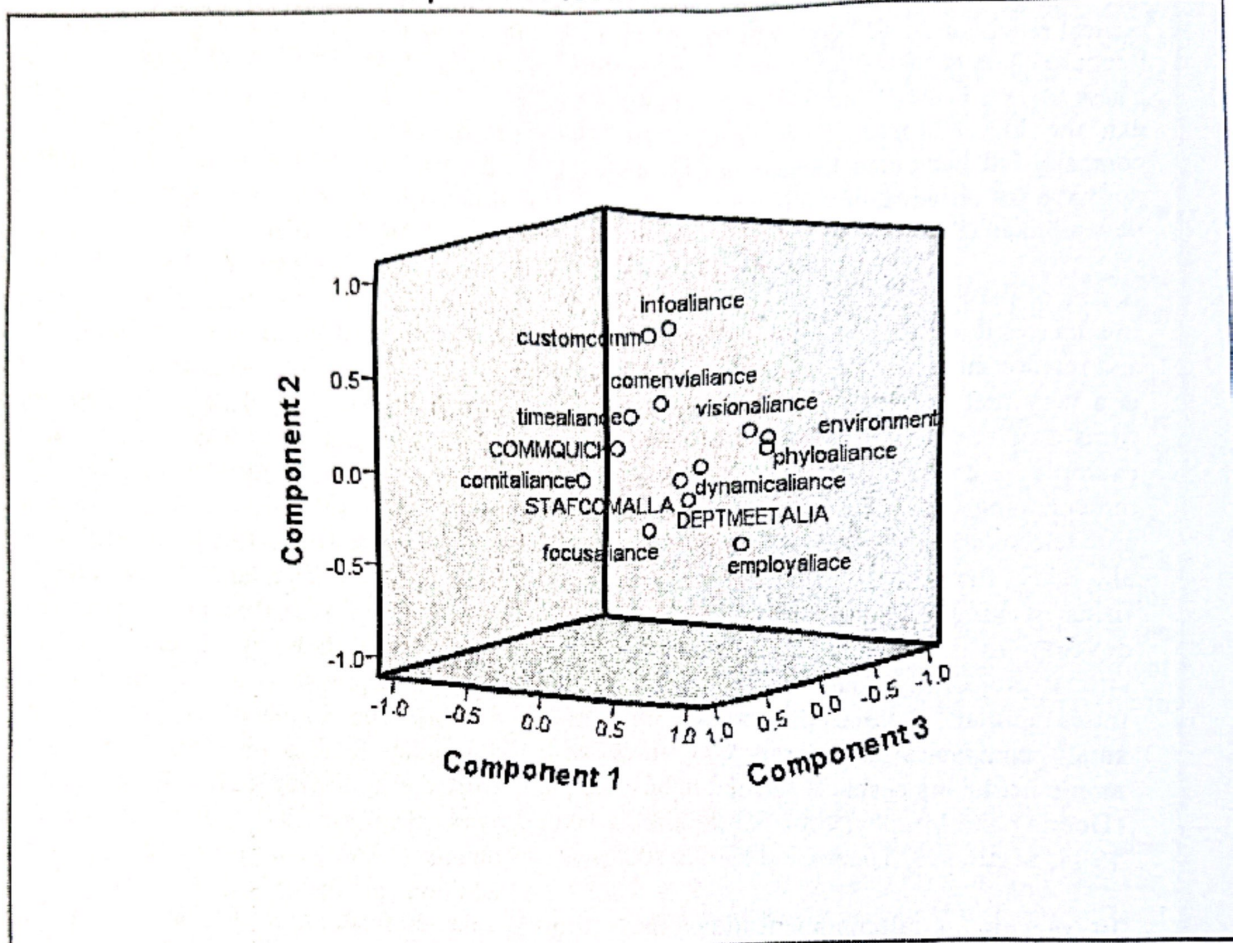


Figure 1: Component plot of strategic alliance in rotated space

The study then decided to drop two variables as posited by factor loading and initial Eigen values. This drop was also supported by sacree plot where two of the factor coefficients are less than 0.5

Examination of factors that determine success or failure of strategic alliance among the organisation

The study used the analysis in component plot rotated space to identify the following factors of success and failure to strategic alliance:

- ✓ Conducive environment
- ✓ Commitment of the top management to the philosophy of strategic alliance
- ✓ Tendency to view employees as values resources in implementing strategic alliance
- ✓ Degree of dynamism among senior executive
- ✓ A clear strategic alliance vision based on employee focus

- ✓ Consideration for competitive environment
- ✓ Inclination to allocate adequate resources and time
- ✓ Extent of information that is critical to the practice of strategic alliance
- ✓ Extent to which the customer contact persona; frequently communicate with the management
- ✓ Periodic communication for the effectiveness of strategic alliance processes to all staff.
- ✓ Degree to which departmental meetings are conducted at regular interval.
- ✓ Effective use of data related to alliance for improving the quality level in the organization.

Examination of top management commitment and success of strategic alliance

Table 1: Regression estimates of top management commitment and success of strategic alliance (Profit)

Dependent variable: Profitability				
Variable	Coefficient	Std. Error	t- Value	Sig.
Constant	2.88*	0.462	0.238	0.000
Philosophy	0.032*	0.067	4.779	0.000
Employees	0.081**	0.039	2.077	0.043
Dynamism	0.15**	0.006	2.500	0.014
Commitment	0.092**	0.040	2.312	0.012
Vision	0.027**	0.011	2.454	0.003
Environment	0.135***	0.069	1.952	0.053

*, ** and *** indicates significant at 1%, 5% and 10% levels respectively

Source: Authors Computation using SPSS, 2013.

$$R^2 = 0.869$$

$$F = 14.227$$

$$\bar{R}^2 = 0.829$$

$$DW = 1.93$$

According to the table above, the success of strategic alliance measure by level of profitability indicates a positive relationship with all the factors of top management to commitment to strategic alliance. For instance, a variable (Philosophy) representing the level of top management commitment to the philosophy of

strategic alliance came out positive with magnitude of coefficient equals 0.32 and statistically significant at 1% confidence level. The implication of this outcome is that strategic alliance will increase profit by 3.2%, if the commitment of top management to its success increase by 1%.

Table 2: Model Summary^b

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.111 ^a	.869	.829	.005	1.926

a. Predictors: (Constant), timealliance, dynamicaliance, focusalliance, comitaliance, phyloalliance, comenvialiance, employaliace

b. Dependent Variable: aliancprofit

Source: Authors Computation using SPSS, 2013.

However, according to the estimates, the last factor considered (Inclination of the top management to allocate adequate resources and time for alliance success) came out with a positive sign as expected but within this

framework the variable proved not statistically significant. The coefficient of determination R^2 of 0.87 and adjusted R^2 of 0.83 shows that the model is good and fit for the study.

Table 3: Analysis of Variance (ANOVA^a)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	27.570	7	3.939	14.227	.000 ^b
	Residual	136.040	146	.932		
	Total	163.610	153			

a. Dependent Variable: aliancprofit

b. Predictors: (Constant), timealliance, dynamicaliance, focusalliance, comitaliance, phyloalliance, comenvialiance, employaliace

Source: Authors Computation using SPSS, 2013.

Analysis of variance (ANOVA) in table 4 shows that F-value (14.227) indicates the joint

significance of all explanatory variables on the dependent variable (profit). The value of Durbin

Watson (DW) of 1.93 indicates the likely absence of serial correlation in the error terms of the model. This is still confirming the reliability and power of our model in forecasting and policy prescriptions.

In all, the study can deduce from the regression analysis above that within our framework, the

factors of top management, such as commitment has important relationships with the success of strategic alliance in manufacturing companies.

Examination of strategic alliance and acquisition of resources

Table 4: Relationship between strategic alliance success and Acquisition of resources
Correlations

		Financial Resources	Human Resources
Alliance perf	Pearson correlation	0.890**	-.081
	Sig. (2-tailed)	.001	.319
	N	154	154
Alliance profit	Pearson correlation	.075**	.012
	Sig. (2-tailed)	.000	.879
	N	154	154
Alliance mkt	Pearson correlation	0.810*	.116
	Sig. (2-tailed)	.015	.153
	N	154	154
Alliance continue	Pearson correlation	0.772**	.072
	Sig. (2-tailed)	.000	.375
	N	154	154
Financial resources	Pearson correlation	1	-.190
	Sig. (2-tailed)		.018
	N	154	154
Human resources	Pearson correlation	-.190*	1
	Sig. (2-tailed)	.018	
	N	154	154

**Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

Source: Authors Computation using SPSS, 2013.

In this study, the two resources considered are financial resources and human resources. The four criteria used to measure the level of success in these companies are the general performance in terms of growth of output, profit, market share, survival and continuity.

Test of Hypotheses

H₀₁: There is no significant relationship between multinational companies entering into strategic alliance and performance.

The study uses Pearson Bivariate correlation analysis to test the hypothesis and the result is shown in the table below:

Table 5: The Impact of Strategic Alliance on the Performance of Nigerian Multinational Industries

Variable	N	Mean	Std dev	Df	t-value	Sig.
The degree in which strategic alliance process in your organization has led to the organizational performance	124	3.6855	1.00702	123	40.754	.000

Source: Author's Computation (2013)

Table 5 shows the impact of strategic alliance on organizational performance in Nigerian Multinational companies. The items in the

designed questionnaire were involved in the analysis. The hypothesis tested the null hypothesis of no significant relationship between

multinational companies entering into strategic alliance and performance. This is rejected at 1% significant level as the t-value of 40.754 is more than the critical t-value of 1.96. Also, the P-value of 0.000 is less than 0.01. Thus, the null hypothesis of no significant impact of strategic alliance on the performance of the Nigerian multinationals is rejected. Strategic alliances have significant impact on the performance of multinationals industries in Nigeria.

Hypothesis Two

H₀₂: There is no significant relationship between top management commitment and success of strategic alliance.

In order to test the commitment of top management to strategic alliance, a multi-item

five point likert – type scale was developed base on the works of Ryan and Morries (2005). The items were constructed to test the level of commitment of top management to strategic alliance, the test include item concerning the level of commitment of the top management to the philosophy of strategic alliance, degree of dynamism in implementing strategic alliance, the extent to which management takes into consideration the competitive environment in its strategic alliance and inclination of the top management location of adequate resources and time for alliance success.

The study uses Pearson Bivariate correlation analysis to test the hypothesis and the result is shown in the below:

Table 6: The relationship between Top management commitment and Strategic Alliance Success of Nigerian Multinational Industries

Variable	N	Mean	Df	R-value	Sig.
Top management commitment	124	21.4839	122	0.075	0.000
Success of Strategic Alliance		14.4032			

Source: Author's Computation (2013)

Table 6 shows the relationship between top management of Nigerian multinational companies and success of strategic alliance in Nigeria. The Pearson correlation coefficient analysis was used. The correlation coefficient of 0.075 was obtained, with a P-value of 0.000. This means that the null hypothesis of no relationship between top management of Nigerian multinational companies and success of strategic alliance in Nigeria is rejected.

Hypothesis Three

H₀₃: There is no significant relationship between multinational companies entering into strategic alliance and acquisition of resources.

The major finding from the results of a two – tailed Pearson Bivariate correlation analysis was based upon the correlation between financial resources and strategic alliance. The four criteria used to measure the level of success in these companies are the general performance in terms of growth of output, profit, market share, survival and continuity. All these four criteria have significant relationship with financial resources. In this case, the null hypothesis is rejected as there is significant relationship between multinational companies entering into strategic alliance and acquisition of resources.

Tables 7: The influence of cohesiveness of ties with partners on the acquisition of resources and timely information needed for performance in companies.

Variable	N	Mean	Df	R-value	Sig.
Cohesiveness of ties with partners	124	32.7177	122	.116	.000
acquisition of resources and timely information needed for performance in companies		16.8468			

Source: Author's Computation (2013)

Table 7 shows the relationship between Cohesiveness of ties with partners and acquisition of resources and timely information needed for performance in companies. The Pearson correlation coefficient analysis was used. The correlation coefficient of .116 was

obtained, with a P-value of .000. This means that the null hypothesis of no relationship between top management of Nigerian multinational companies and success of strategic alliance is rejected.

Conclusion

The result obtained from this study indicate that strategic alliance is practice by the selected indigenous multinational companies in the Nigerian manufacturing sector and that performance symbolized by growth rate of revenue, financial strength, profitability, market share and survival of the organization, is reasonably enhanced by selected companies. It also means that strategic alliance has been a good factor that enhances profit and survival of these organizations as posited by the responses of workers in these companies.

The result of the regression analysis show that, within our framework, the factors of top management, such as commitment has important relationships with the success of strategic alliance in manufacturing companies, the study also fines no evidence that there is a significant difference between environmental factor and the level of profit and variable of strategic alliance in the selected companies.

Recommendation

1. The success factors in strategic alliance, that is, senior management commitment, similarity of management philosophy, effective and strong management team, frequent performance feedback, clear defined goals and objective, thorough planning, clear understood roles, international vision, partner selection, and good communication between partners should be adopted in the manufacturing industry in order to enhance performance.

2. The selected indigenous multinational organization studied should improve on the variable rest on. Such as fixed asset, net profit margin, net asset margin and return on investment etc because this is the only way they can be judge.

3. Manufacturing companies must choose an alliance manager in order to manage the resources for both partners. Because this is one of the major reason that distinct alliance from

other forms of co – operation like network, joint venture and merger and acquisition.

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