

Strategic Role of Alliance Orientation on Performance of Nigerian Public Universities

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Abstract

The present research is aimed at determining if there is significant relationship between alliance orientation strategy and performance of Nigerian public universities. In testing the relationships, data were collected from five hundred and eleven academic leaders of thirteen (13) public universities in northwestern part of Nigeria, through drop and pick questionnaires. Data were analyzed using partial least square structural equation modeling. The results reveal significant and positive relationship between alliance orientation and performance of Nigerian public universities. These findings emphasize the importance of adopting the partnering and alliance oriented strategies among the public universities in Nigeria, for their success and these would help in gaining competitive advantage over others and reap higher performance. They could also anticipate future threats and seek out opportunities for further expansions in their activities. Conclusion and future research direction is provided toward increase in university performance.

Keywords: Alliance orientation, performance, public universities, Nigeria.

INTRODUCTION

University education worldwide is expected to serve as a means for producing individuals that possess both academic and mental capability which will in turn help in the production of high level manpower to man the various sectors of the nation's economy (Wolfensohn, 2000). Subiar (2014) asserted that the intellectual and professional life of a country depends on the sound higher education, especially university education that provides quality products of international standards. Research has shown that quality education could be determined by the following factors, among which are entrepreneurship training, alliance and partnering capability, academic qualification, financial strength and many more.

Despite the contribution of Nigerian public universities in ensuring employment generation as well as quality education, the sector had recorded a dropped in employment generation. The quality of

Nigerian university graduates in 1979 toward employment is reported to stand at 72 percent as against, 68 percent in 1999 (Uche, 2014). The statistics above clearly showed the reduction and or poor performance of the sector, hence the need to conduct empirical studies on the academic performance of Nigerian public universities. Dabalen and Adekola (2010) reported that employers complain about graduates' poor preparation to job. In their findings, there is a persistent fall in the academic standards for a number of years that a university degree is no longer a guarantee of technical competence. As a result, half-baked university graduates are continuously been produced. Similarly, graduates performance in the year 2011/2012 and 2012/2013 stood at 48 percent and 47.3 percent which clearly shows a fall in the performance of students and this constitute a problem which needs an empirical investigation (Dabalen & Adekola, 2010).

It has been reported that faculty staff among Nigerian University (2010) was inadequate, which has a direct impact on student performance i.e. the number required is 50,000 while the available staff strength stood at 30,452, there is a short fall of 19,548 representing 39.1 percent (Shu'ara, 2014). Thus, this study aims to investigate the effects of alliance orientation on the performance of Nigerian public universities. Specifically, this study seeks to answer the following research question; Does alliance orientation influence university performance?

LITERATURE REVIEW

Alliance orientation (AO)

Alliances orientation can be seen as a strategic option that organizations can use to pool and deploy resources of partner firms more effectively compete in the market- place (Day, 1995). According to Gravier (2008) alliances is seen as a means of achieving competitive advantage. Alliance competitive advantage roots itself in firm-level knowledge resources (Barney, 1991). Alliance orientation has been described as the exchange of resources, skills, and, most importantly, knowledge (Varadarajan & Cunningham, 1995). An alliance oriented organization is one that places a high concern on the present and future relationships and has advanced its ability to; 1) skillfully scan for and identify partnering opportunities in its immediate environment; 2) coordinate its alliance activities carefully and capably, and 3) learn from its alliance experiences more skillful than its competitors. Thus, alliance orientation is seen as a higher order ability and or competence from the firm's continuous improvement of its lower order capabilities (Lambe *et al.*, 2002).

Organizational Performance (OP)

A number of definitions were put forward by different scholars as to what performance is all about. Performance is considered to be the outcome of an organization's activity measured along with its input. The understanding of performance measurement will allow an organizations to focus on units that need enhancement by evaluating the level of work progress in terms of cost, quality and time with other useful variables and maintenance in areas with higher productivity (Shehu 2014; Tomlinson 2011). Assessing the performance of an organization to achieve a short and long term goals require a critical look at globalization and competition. The determining factors in measuring organizational performance may include; productivity, productivity, liquidity, market share,

innovation level, productivity, goods and service quality, human resource management (Shehu and Mahmood, 2014; Gleason, Mathur & Mathur, 2000; Jabeen *et al.*, 2014).

Kanyabi and Devi (2012) defined performance as the level of financial worthiness of the firm which may include the level of investment, profit, with both growth in sales and profit. According to Mandy (2009) performance is considered to be the effect of using effective and sound management process. He argued that organizational performance can be assessed using some criteria; which includes effectiveness, efficiency, growth and productivity. Organizational effectiveness can be used to measure operation, finance as well as behavioral levels. Olosula (2011) viewed performance to mean the ability of one organization to evaluate the level of success of a business organization be it small or big.

Alliance orientation and Organizational Performance

Empirical studies on the association between alliance orientation and performance appeared to be mixed. There are a number of researches carried in relation to AO and performance. Among the studies which reported a positive association includes: Sarker, Echambadi and Harrison (2001) which investigated the effects of alliance proactiveness on market based performance with a contingency approach as the underpinning theory. A sample of one hundred and eighty two firms was used with a PLS method for data analysis. The findings show that alliance proactiveness leads to superior market based performance. Similarly, the study of Teegan and Doh (2002) investigated fifty five Mexican business firms. Authority balance was found to have a positive impact on alliance performance, while authority advantage has a perfect negative impact on performance.

Moreover, Leisen, Lilly and Winsor (2002) inspected the link between organizational culture, market orientation and marketing effectiveness in the context of strategic marketing alliance. A self – administered questionnaire to one hundred and twenty eight organizations is used. The overall finding shows that organizational culture affects strategic marketing alliances. The finding above only considers contingency theory, conducted in most business and other profit orientated organizations, and emphasized on marketing alliance, hence, the present study considers resource based view as theoretical underpinning, and is conducted in non - profit making venture that is Nigerian public universities where the emphasis is on provision of essential service for the sole aim of achieving academic excellence. Similarly, the study is focused on partnering opportunities in research and development.

Kandemir, Yasrak and Cavusgil (2006) conducted an empirical study with one hundred and eighty two small firms in the U.S and a structural equation modeling. The study outcome indicated a significant association between alliance orientation to performance. The finding of Ju, Chen, Li and Lee (2006) indicated that firms with higher absorption orientation, high risk reduction, higher research and development, scale of economies orientation, performs better in acquiring competitive advantage in alliance relationship. Also, strategic match among strategic factors, organizational capability factors and technology alliance choice could lead to a better competitive gain. Luo, Rinfleisch and Tse (2007) established that the intensity of the firms' alliances with its competitors has a curvilinear (inverted U-shaped) influence on equity. However, Pangarkar and Wu (2012) in a survey with seventy six responses from internet related startups in Singapore lend support to significant relationship between the constructs. In the same vein, Zeng, Shi, Li and Zhu

(2013) reported that market orientation has a positive effect on the social capital, which in turn, has a positive effect on the stability of company alliance. Moreover, the study of Wilson *et al.*, (2014) which examined the market and alliance orientation and business performance of biotechnology industry in Canada. The instrument of the study is mail and Web based questionnaire survey. The outcome from the research shows a significant and positive association between alliance orientation and performance.

Additionally, the study of Lee (2015) examined companies that have signed in international business. The findings indicated that national culture is significantly and positively related to alliance performance. However, the study of Emmanuel, Onyinye and Chimezia (2016) adopted pre-test- post-test control group students. The results showed that there was no significance difference in the treatment effects in collaborative learning technique group. Although the studies above provided a clear understanding on the relationship between alliance orientation and performance, but they used other variables such as trust, commitment, strategic independence and collaborative learning as against the background of this study using partnering/alliance orientation, total quality management, and corporate entrepreneurship. Similarly, none of the above studies is conducted at a public organization. Based on these arguments, this study seeks to propose the following hypothesis:

H1: There is a significant and positive relationship between alliance orientation strategy and performance of Nigerian public universities.

THEORETICAL UNDERPINNING

The study is underpinned by the Resource Based – view theory (RBV). The resource- based view has a fundamental concern about the unique development of resources for an organization to have a competitive advantage (Barney, 1991). There seems to have no consensus definition about what resources based view is, thus, resources and capabilities are used interchangeably (Christene & Overdorf, 2000; Gold, Malhotra & Segars, 2001; Shehu & Mahmood, 2014). RBV described resources as assets, processes and/ or capability. Barney (1991) lamented that organization can achieve increased performance by getting rare resources of economic value and the ones that competitor and other corporate rivals cannot easily copy, imitate or alternate. Therefore, organizations should focus on the development and utilization of peculiar resources for their own benefit. Amit and Schoemaker (1993) viewed resources to be the organizational assets that are processed through ownership and control, while capabilities are referring to an organization's ability to combine resources and adequately use them. Thus, Universities using such resources will gain internal competence with a view of acquiring the necessary strength and capability in implementing the formulated strategy for them to achieve their fundamental objectives which are always tailored towards academic excellence. The impacts of such strategies are seen through organizational ability in acquiring competitive advantage and at the same time remaining relevant in the environment they operate.

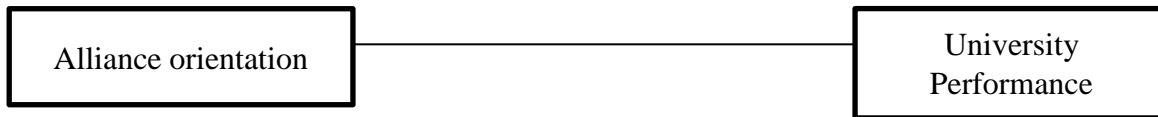


Figure 1: Proposed Research Framework

Figure 1 above shows the framework that posited the relationship between alliance orientation and performance of public universities in Nigeria. The framework is underpinned by the Resource Based View Theory which has a fundamental concern about the unique development of resources for an organization to have a competitive advantage (Barney, 1991). RBV described resources as assets, processes and/ or capability. Barney (1991) lamented that organization can achieve increased performance by getting rare resources of economic value and the ones that competitor and other corporate rivals cannot easily copy, imitate or alternate. Hence, alliance orientation is seen as a form of intangible resources within the organization that is of value driver in achieving competitive advantage.

RESEARCH METHODOLOGY

A quantitative survey questionnaire is used to collect data from the thirteen (13) public universities which are considered as the target population. The academic leadership of these universities were selected as the key informants. A total of two hundred and three (203) useable responses were received from the five hundred and eleven (511) questionnaires randomly distributed to the academic leaders of the thirteen (13) north western public universities in Nigeria, which is considered adequate (Aliyu, 2016). The study constructs were operationalized based on items developed from the previous studies. The alliance orientation measures were measured using nine (9) items adapted from the previous work of Kandemir, Yaprak, Cavusgil (2006), whereas for performance, a subjective self – report assessment was used, adapted from the previous work of Sukri Bakr (2014) and has twenty three items. The technique is employed for a simple fact that most of the academic leaders will be unwilling to disclose their financial information. Partial least square (PLS) path modeling was used to assess and test the theoretical model. PLS is used because of its power of estimating the relationship between constructs and the association between indicators and their latent constructs simultaneously than any other conventional regression (Hair et al., 2014).

RESULTS AND DISCUSSION

Measurement Model

Measurement model validity was assessed by testing both the convergent validity and the discriminant validity. The convergent validity arises when the indicators of one (1) variable converge and share a higher proportion of variance. Any violation in convergent validity may affect the study findings. Hair et al., (2010) asserted that a loading of 0.7 and above is considered to be excellent, while a loading of 0.5 is regarded acceptable, therefore, any loading of less than 0.5 should be removed (Chin, 2010). As provided in figure 2, only loadings of 0.7 and above were

considered. The values of composite reliability (CR) were found to be 0.884 for alliance orientation and 0.875 for performance, which were above 0.7, whereas, the average variance extracted (AVE) values stands at 0.605 for alliance orientation and 0.638 for performance, considered to meet the minimum criteria of 0.50 (Shehu & Mahmood, 2014; Mahmood & Abu Bakar, 2016). The measurement model is considered to have an adequate level of convergent validity. Discriminant validity is seen as the extent to which a set of measuring items of a constructs is distinct from another set of items measuring other constructs (Hair et al., 2010).

Table 1: Result of Construct and Discriminant Validity Analysis

Construct	AO	PERF	AVE	CR	CA
Alliance orientation	0.757		0.605	0.884	0.837
Performance	0.412	0.917	0.638	0.875	0.801

The Fornell and Lacker (1981) criteria is used in examining the discriminant validity, it is use to compare the square root of the AVE values with the constructs correlations and that each constructs AVE is expected to be higher than the constructs highest squared correlation. Table 1 above, shows that there is adequate discriminant validity since the diagonal elements are significantly higher than that off – diagonal ones in the respective rows and columns.

Similarly, a Cronbach's Alpha is used to assessed the reliability of the study constructs with a minimum of 0.7 as the cutoff point (Mahmood & Abu Bakr, 2016; Sekaran & Bougie, 2010). Thus, the internal reliabilities of scales were 0.837 for alliance orientation and 0.801 for performance, which were considered adequate (Table 1). Therefore, the measurement model is regarded satisfactory and provide a clear evidence of composite reliability, cronbach's alpha, convergent validity and discriminant validity respectively

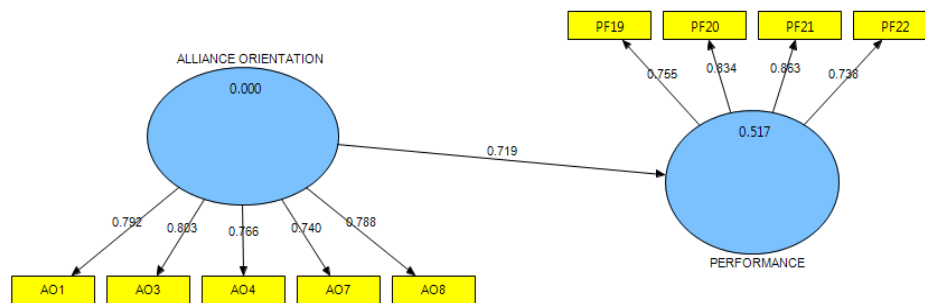


Figure 2: Measurement Model

Structural /Hypothesized Model

In testing the hypothesis, path analysis is used which is generated from the research model. Path coefficients show the strength of the relationship between the predicting variable and the criterion variable. The highest value is evidencing the strongest effect of predictor (exogenous latent variable) toward the dependent (endogenous) latent variable, using a bootstrapping method with a re – sample of 5000, the path estimates and t-statistics were calculated for the hypothesized

relationships.

Figure 3 and Table 2 presents the results of hypothesis testing on the relationship between alliance orientation and the performance of Nigerian public universities. Path coefficient and t-value results shows that H1 is significant (t-value = 94.656). This shows that the alliance orientation has a significant relationship with the university performance in Nigeria.

Table 2: Result of Hypothesis Testing

Hypothesis	Relationship	Coefficient	t-value	Decision
H1	ALLIANCE -> PER	0.719	92.125	Supported

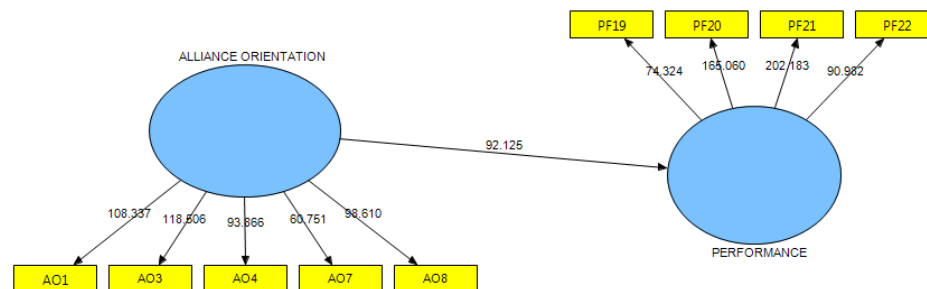


Figure 3: Structural Model

The finding of this study on the relationship between alliance orientation and performance of Nigerian public Universities was in line with previous studies. Leisen, Lilly and Winsor (2002) inspected the link between organizational culture, market orientation and marketing effectiveness in the context of strategic marketing alliance. A self – administered questionnaire to one hundred and twenty eight organizations is used. The overall finding shows that organizational culture affects strategic marketing alliances. Similarly, Kandemir, Yasrak and Cavusgil (2006) conducted an empirical study with one hundred and eighty two small firms in the U.S and a structural equation modeling. The study outcome indicated a significant association between alliance orientation to performance. The finding of Ju, Chen, Li and Lee (2006) indicated that firms with higher absorption orientation, high risk reduction, higher research and development, scale of economies orientation, performs better in acquiring competitive advantage in alliance relationship. Also, strategic match among strategic factors, organizational capability factors and technology alliance choice could lead to a better competitive gain. Mishara (2011) conducted a study which surveyed a sample drawn from banking and recruitment industry in India, using a social network theory.

The finding indicated that e- business alliance network is has a significant positive impact with e – business firm performance. Zoogah and Peng (2011) in their empirical survey found a positive association between alliance competencies and performance judgement, the hierarchical linear regression suggests that structural, functional, and social competencies were considered more important in determining alliance managers' performance. In the same vein, Zeng, Shi, Li and Zhu (2013) reported that market orientation has a positive effect on the social capital, which in turn, has a positive effect on the stability of company alliance. Moreover, the study of Wilson *et al.*, (2014) which examined the market and alliance orientation on business performance of

biotechnology industry in Canada. The instrument of the study is mail and Web based questionnaire survey. The outcome from the research shows a significant and positive association between alliance orientation and performance.

CONCLUSION AND RECOMMENDATIONS

The study investigated the relationship between the alliance orientation and performance of Nigerian public universities. A quantitative approach was employed, using a cross – sectional survey. The data were collected through the self – administration method from 511 respondents. The total useable questionnaires were 203 with a response rate of 40 percent. Partial least square structural equation model is used for the data analysis. The result revealed that alliance orientation has a significant positive effect on the performance of Nigerian public universities. Therefore, the finding of the present study show case the need for university education regulator to pay attention to all issues regarding partnering and other form of collaboration as that has strong effect on university performance. Similarly, university vice chancellors and other academic leaders should pay attention to alliance orientation strategies in their respective universities.

This study has contributed to a better understanding of AO and performance of public universities in Nigeria, however, it has some limitations that must be considered and possibly addressed in future research. First, the cross-sectional nature of this study could only capture and analyse a snapshot of a phenomenon and therefore failed to examine the change of respondents' perception over time. This can be overcome by conducting a longitudinal study to track the perceptions of academic leaders over a considerable period of time. The study was also limited by the use of a self-reported questions, similarly, the study employed only a single research methodology approach and future research through other methods could be undertaken to triangulate. Finally, future studies may consider other variable, and the study can be replicated in other context and across different sectors using other suitable variables such as technology orientation, entrepreneurial self – efficacy, and strategic improvisation.

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