

FACTORS THAT INFLUENCE THE SUCCESS OF STRATEGIC ALLIANCES AMONG BULK DISTRIBUTION COMPANIES AND OIL MARKETING COMPANIES IN GHANA'S OIL INDUSTRY.

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Abstract

By June 2015 the unfunded price subsidy brought untold hardship and financial loss of over GHS3.4 billion to the Bulk Distribution Companies (BDCs) in Ghana. In response, the government implemented a price liberalization policy, removed the price subsidy and introduced aggressive competition into the oil industry. To survive, BDCs/Oil Marketing Companies (OMCs) managers entered collaborative relationships and strategic alliances with members of the supply chain, which raises question as to what factors influence strategic alliance success between OMCs and BDCs in Ghana's oil industry.

This study provides key success factors to business leaders seeking to survive and remain relevant in the face of fierce competition and uncertain market conditions. A mixed method approach was used, with initial interview findings leading to the modification of the survey questionnaires to align with the perspectives and understandings of the oil industry operators. The data gathered was analyzed using partial least squares structural equation modelling (PLS-SEM).

The study found a positive and significant relationship between a) complementary resources, b) alliance competence, c) partner compatibility, d) mutual goals, and alliance success. The findings furthermore revealed that all the three relational factors including cooperation, commitment and trust were significant and positive promoters of alliance success.

The results of this study support the view that to succeed, alliance partners must have complementarity of resources and competences, they must be compatible, and they must have mutual goals. Finally, alliance managers must systematically grow interpersonal relationships among alliance team members based on mutual trust, partner commitment and partner cooperation to achieve alliance goals.

Keywords: strategic alliances, strategic alliance success factors, alliance formation motivation, and selection of alliance partners, alliance design, governance structure, and strategic alliance theories.