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(JBSM) Influence of Strategic Alliances on Performance of Firms in the Tourism Sector in Nairobi County, Kenya





Influence of Strategic Alliances on Performance of Firms in the Tourism Sector in Nairobi County, Kenya

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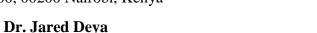


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Abstract

Purpose: The study sought to establish how strategic alliances influence performance of firms in the tourism sector in Kenya. The study specifically centred on establishing the influence of technology alliances, marketing alliances, financial alliances and distribution alliances on performance of firms in the tourism sector. The theories anchoring the study comprised of Organizational Learning Theory, Positioning Theory, Resource Dependency Theory and Strategic Behaviour Theory.

Methodology: The study targeted tourism partners comprising of 44 tourist rated hotels, 210 travel agents and 660 tour operators operating in Nairobi County and licensed by Tourism Regulatory Authority. One manager from each of the firm formed the unit of observation. Yamane (1967) sampling formula was employed to develop a sample of 273 respondents. Primary data was collected through questionnaires containing close ended questions. The data collected was analyzed by employing both inferential analysis and descriptive statistics using MS Excel and SPSS software V22. The results and findings of the analysis were presented in form of tables and figures.

Findings: The results established that strategic alliances account for 55.7% of variations on performance of firms in the tourism sector. Additionally, technology alliances, marketing alliances, financial alliances and distribution alliances bears a positive and significant influence on performance of firms in tourism sector operating in Nairobi County, Kenya. This is shown by beta values of 0.486, 0.376, 0.284 and 0.401 and significance values of 0.000, 0.004, 0.011 and 0.000.

Unique contribution to theory, practice and policy: The results bears the implications that increasing either of the independent variable with one unit results to increase in performance



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levels of the firms with respective beta values. The study recommends the management of firms to enhance practices in technology alliances, marketing alliances, financial alliances and distribution alliances since the practices bear a positive significant influence on performance of the firms.

Key Words: Technology Alliances, Marketing Alliances, Financial Alliances, Distribution Alliances, Performance of Tourism Firms

Background of the Study

The capacity of most businesses to implement strategies successfully, which results in the achievement of their goals, determines their likelihood of success (Rani, 2019). Globalization and dynamism are features of today's economic environment, which creates a highly competitive economy (Hameed & Arshed, 2021). Strategic alliances are becoming more prevalent in the modern business world as firms combine their resources in an effort to obtain a competitive advantage. The foundation for this accomplishment and increased organizational performance is meaningful alliances as stated by Cheboi and Mulili (2022). Strategic alliances are no longer an incidental activity on the periphery of marketing, corporate planning, and sales; rather, they have evolved into a critical requirement for generating high business growth and providing top-notch goods and services to an increasingly demanding market. A strategic alliance according to Das (2021) is an agreement between at least two organizations wherein the two of them each contribute talents, resources, or expertise to a joint project, typically with its own unique character, with each organization giving up overall control as a result of the opportunity to participate in and profit from the joint project relationship. Kinderis and Jucevičius (2013) adds that a strategic alliance is an arrangement between several firms to contribute assets, talents, or abilities to a shared goal, with each organization giving up control in order to gain an advantage over its rivals. Alliances are now crucial to the majority of organizations' growth strategies because they help them strengthen their specialized positions, enter new markets, and gain access to essential resources and capabilities. Alliances form an important strategy to adopt for collecting resources as well as a strategy to survive is to form alliances and even collaborate with competitors. The improvement of organizational performance is a key justification for joining strategic alliances. Some of the factors that prompt businesses to pay closer attention to organizational performance in the Kenyan tourism industry include the need for product market performance (sales and market share), financial performance (return on assets, profits, and return on investments), and shareholder return (economic value added).

Statement of the Problem

Kenya's economy is heavily dependent on the expansion and development of important economic areas like tourism. Tourism industry plays a crucial role in economic growth, foreign exchange earnings, infrastructure development, cultural preservation, and environmental protection. In terms of economic growth, the sector contributes significantly to the country's GDP with a contribution



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of \$7.9 billion in 2019(KNBS, 2019). The sector has however witnessed operational challenges ranging from security concerns, poor infrastructure, and seasonality of the hotel business to high competition which has seen the sector continue to decline in performance levels. For instance the sectors contribution to GDP has been on a declining trend with 2021 recording a contribution of \$ 5.4billion and 2019 recording a contribution of \$4billion. Additionally, the sector has witnessed high employee turnover and layoffs averaging up to 200 or 300 percent per annum. As a result of growing competition and deregulation in the global markets, corporations are reportedly engaging in mergers and acquisitions or strategic alliances to raise their steadily declining return on investments. Many corporations have been forced to look for strategic alliances by the pressures of competition. Porter (2003) goes on to claim that by employing a competitive strategy, businesses can improve their competitiveness and profitability in the face of market rivalry in the tourism sector. The study focuses on the Kenyan tourist sector in an effort to determine how strategic partnerships affect performance. Omwoyo (2013) concentrated on how strategic alliances affected Barclays Bank of Kenya Limited's ability to compete. According to the study, strategic alliances help businesses maintain and improve their competitiveness. The synergistic effects of collaboration, a larger client base, risk-sharing, and the use of improved technology, which therefore lowers operational costs, all contribute to the firms' ability to compete. The previous study, however, was a case study, whereas the present study is a survey. The impact of strategic alliances on Airtel Kenya Limited's competitive advantage was examined by Mutuva (2014). Since the study was a case study, it could not be applied to the entire tourism industry.

Makau (2011) concentrated on the organizational competitiveness and strategic alliances among Kenya's commercial banks. It is clear from the study that strategic alliances increase banks' competitiveness and give partners access to their partners' resources, knowledge, capabilities, and skills in order to become more competitive. However, because the study was a case study of Equity Bank, it was not indicative of the Kenyan ICT industry. Past research on alliances has primarily been conducted in Western nations and in the manufacturing or high technology sectors. Few efforts have been made to clarify and comprehend alliances created in the Kenyan tourism sector.

Lameck (2010) conducted study on the strategic partnership between Equity Bank and Safaricom in the money transfer business. Jesse (2010) conducted research on strategic partnerships between Kenya's medium level colleges and Jomo Kenyatta University of Agriculture and Technology (JKUAT). The most current one is a study on the effects of strategic alliances between banks and insurance companies in Kenya done by Aggrey in 2011. These studies were carried out in varied contexts and concentrated on distinct ideas, resulting in both contextual and conceptual knowledge gaps that the study would attempt to fill by determining how strategic alliances affect the performance of businesses in the Kenyan tourism sector.

Objectives of the Study

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- i To assess the influence of technology alliances on performance of firms in the tourism sector in Nairobi County, Kenya
- ii To determine the influence of marketing alliances on performance of firms in the tourism sector in Nairobi County, Kenya
- iii To examine the influence of financial alliances on performance of firms in the tourism sector in Nairobi County, Kenya
- iv To evaluate the influence of distribution alliances on performance of firms in the tourism sector in Nairobi County, Kenya

Literature Review

Theoretical Review

Organizational Learning Theory

The theory was brought forward by Chris Argyris and Donald Schön in 1978 and proposes that organizational learning is the process of generating, holding onto, and disseminating knowledge. It is possible to think of the processes of knowledge formation, knowledge retention, and knowledge transmission as adaptive functions of experience. Experience is knowledge that develops procedural understanding of a subject via interaction or exposure. The characteristics and behavior of this information, as well as how it might alter an organization's and its members' routines, behaviors, and thought processes, are all particularly addressed in research on organizational learning. The idea holds that the company must deliberately decide to alter its course of action in reaction to a change in the external environment, must consciously link action to result, and must remember result. Because initial learning occurs at the individual level, organizational learning shares many similarities with psychology and cognitive research. However, organizational learning does not occur until information is shared, stored in organizational memory in a way that allows for transmission and access, and applied to organizational objectives (Bratianu, 2018).

The theory holds that knowledge transfer is concerned with the ways in which experience spreads and becomes embedded inside the organization. Knowledge transfer can be assessed using a variety of metrics, such as learning curves, which show process improvements over time by contrasting the cumulative units produced over time with the decrease in labor hours required to complete a unit of output. Prior to more intricate outcome considerations that today guide measures of knowledge transfer, Wright identified organizational learning curves. Surprisingly, organizational learning theory frames learning as organizational transformation and mirrors models of individual learning based in cognitive and social psychology. Researchers concur that an organization learns by way of its individuals' individual learning (Al-Harrasi, 2014). Individual learning, from a cognitive standpoint, entails storing, retrieving, altering, and applying information; this information processing depends on memory as a storage mechanism where



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everything we perceive and experience is stored away. Memory isn't just a static storage space; it adapts to incoming information as it comes in. The theory adds to the present research by providing a workable framework for understanding alliance formation, alliance administration, and alliance evolution. Learning can be viewed as an effective assimilation of knowledge, a process in which a company copies the practices and routines of its partner and its technological infrastructure.

Positioning Theory

The theory, which Porter proposed in 1981, aims to provide a platform for bettering product marketing effectiveness by a recognized approach of occupying a special position in consumers' minds and differentiating from those of competitors. According to the notion, businesses may choose to highlight the unique qualities of their goods and services or they may aim to project the right image through marketing mix methods. It can be challenging to reposition a brand once it has established a solid position. One of the most effective marketing principles is positioning. It focuses on the position a brand holds in the minds of its target market and is frequently utilized, or significantly changed, as a technique to accommodate entering foreign markets. The positioning theory aims at conceptualizing consumers' information consumption (McVee & Silvestri, 2018). Positioning is a mental tool used by customers to streamline information inputs and organize fresh information, according to Jack Trout's notion from 1969. He claimed that this is crucial since the average customer is inundated with unwanted advertising and has a natural propensity to ignore any information that does not fit into an empty space in their head right away. The definition was developed by the authors of Positioning, the Battle for Your Mind to include a methodical approach for locating a mental window. It is predicated on the idea that marketing can only occur at the proper moment and under the correct circumstances. The positioning theory is used in the study to explain why tourism businesses need strong marketing relationships. The argument holds that marketing alliances assist corporations enhance their marketing positions and lessen competition. Additionally, it provides a platform to reach larger and international markets that a single firm could not otherwise access. Positioning and the idea of perceived value go hand in hand. Value in marketing is defined as the discrepancy between a potential customer's assessment of the advantages and disadvantages of one product in comparison to another. Value can be communicated in a variety of ways, such as through product features, benefits, style, and value for money. It is necessary for marketing alliances to exist amongst the enterprises in a tourism business setup. As a result, they are able to increase value, attract more tourists, and lessen competition (Langenhove, 1998). The theory thus anchors the marketing alliance variable in the study.

Resource Dependency Theory

Pfeffer and Salancik proposed the theory in 1978, and it serves as the cornerstone for creating a firm's competitive environment. The theory offers a deeper comprehension of the inter-organizational relationships that ensure organizational survival, promote companies' independence, and provide permanence in businesses' exchange transactions, which were the



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variables influencing the organization's movements in the global market. RDT hypothesizes that authority is based on the control of intentional resources within the company, in accordance with Pfeffer and Salancik (1978). In the open scheme theory, where organizations have varying degrees of dependence on the outside world, RDT has its roots. When faced with situations of this expensive kind, management moves their businesses to make the most of their external dependence. According to the RDT approach, an organization's resources are the primary factor in performance and competitive advantage. RDT is predicated on two main tenets. One is that it makes the assumption that businesses in a strategic alliance are diverse in terms of the resources they manage. In addition, the heterogenic resources might not be entirely movable among the organizations in the strategic alliance; for instance, some resources might not be able to trade on factor markets. This means that the heterogenic resources might last for a while. Resource heterogeneity is a benefit for businesses because it indicates that the resource is exclusive to the business, which is a key factor in competitive advantage. The justification for this claim is that if all businesses in a market are equally stocked, then each business have access to resources that are practically identical (Hillman & Withers, 2009). In this strategy, resources have little value outside of the strategic alliance, but when pooled, they might aid both groups in gaining an edge over rivals. Resource Dependency Theory helps to explain why financial alliances are important for tourism firms and how they can help to mitigate risks and achieve competitive advantages. By forming strategic partnerships with financial partners, tourism firms can gain access to the resources they need to succeed in a rapidly changing and competitive industry.

Strategic Behaviour Theory

Augustin Cournot first introduced the theory in 1838, and it has since undergone extensive revision and expansion by other researchers. According to the idea, strategic behavior refers to the steps a corporation takes to strengthen its competitive position in relation to current and potential rivals in order to achieve a long-term economic advantage and hence increase its profits. The idea goes on to state that decision-making takes other industry players' actions and reactions into account. The understanding of the clear interconnectedness between one's behavior and that of others is its key characteristic. The firm, according to the theory, is aware of its interconnectedness and the need to consider other firms' responses while making its own decisions, but it also understands that it has the freedom to take actions that would change its economic environment. These tactics are eventually exposed through investment, tactical maneuvers, and countermoves. According to Evgenia and Neycheva (2014), this refers to activities to change the market environment and hence boost profits; Ansoff (2011) refers to resource investments with the aim of limiting competitors' options. Thus, strategic behavior is defined as activity that is not driven by economic necessity but rather the result of an intentional effort to alter the market environment for the firm's long-term benefit and the detriment of competitors. Successful non-cooperative strategic activity requires a corporation to have some level of market dominance or advantage, be able to move before its competitors, and convincingly show that it sticks to its strategy regardless of what its competitors



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do. If all firms have constant opportunities to start fresh rounds of strategic behavior and if they all have an equal chance to start them, such behavior might not have a long-term negative impact on the competitive process. There is nothing wrong with a company attempting to gain an advantage over its competitors by the creation of a sustainable commercial superiority over them, such as through the introduction of new and improved products or the improvement of production methods (Greve & Zhang, 2022). The theory investigates the necessity of distribution alliances amongst tourism businesses to facilitate easier product manufacturing, access to resources, and a wider client base. The degree to which distribution relationships are strategically used by tourism businesses to enhance revenues determines the level of success.

Conceptual Framework

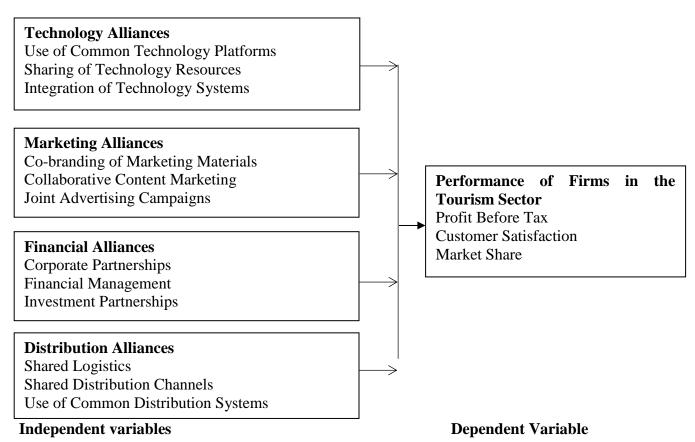


Figure 1: Conceptual Framework

Technology Alliances

Technology alliance is defined by Jabar, Khalid, and Othman (2015) as cooperative arrangements where two or more independent organizations share some of their research and development operations. As the competitive business environment is reshaped by globalization, which sparks new technologies, markets, and industries and, as a result, rapidly changes criteria for competitive advantage and firm survival, participation in technology alliances is seen as an increasingly



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important strategic means to address the new challenges firms face. Technology alliances, according to Adekunle and Saidi (2018), entail systematic actions made to build up the body of scientific or technical information as well as the use of that expertise to develop fresh, enhanced goods and procedures. Organizations that are competitive and appealing constantly work to increase the value and functionality of their services and products through better technology. According to Das & Sengupta (2013), technology alliances might be discrete, short-term contractual agreements or arm's-length agreements. They can also be informal or formal. Accordingly, depending on the various forms of agreements, technology alliances may range significantly in terms of the level of organizational dependence on one another and internalization. Technology partnerships accelerate the rate at which businesses must develop new technologies, products, and processes in order to be competitive and to exist. Product life cycles are shortened by increasing rates of technical obsolescence (Jabar & Othman, 2011). Added to this are the rising expenses of research and development, the sophistication of customers, and the ever growing technological complexity brought on by the cross-sectoral nature of new technologies. Innovation is a dangerous business in this highly competitive climate, and acceptable returns on investments are challenging to achieve. As a result, forming technical partnerships with other businesses is a crucial strategy for maintaining businesses' long-term competitiveness and ensuring their survival (Jabar, Khalid & Othman (2015).

Businesses can form technology alliances through a variety of strategies, including technology alliances with suppliers and customers. Beyond the Distribution, businesses can also enter into cooperative agreements for innovation with a variety of other partner groups. Alliances between technology and customers can help to strike the correct balance between product features, quality, and affordability. They can also offer a deeper insight of customer behavior, which can be useful for identifying requirements and significant improvements. Technology partnerships with suppliers are frequently linked to companies' increased effectiveness in R&D activities and process enhancements intended to further reduce costs and improve product quality (Adekunle and Saidi (2018). Technology enables the design, marketing, and distribution of tourism-related goods. Tourism businesses, the most of which are SMEs, lack the initial inputs and specialized training necessary to successfully purchase and manage technologies. Thus, forming strategic alliances with partners who can provide new technologies for online reservation systems by major travel and tour operators and integrated chains like travel agencies or with other SMEs with a view to pooling scarce resources is a key component of achieving technologies by companies which on their own would be unable to.

Marketing Alliances

Marketing alliances are agreements between two businesses that combine marketing efforts in an effort to enhance market share and income, according to AL Khattab (2012). A marketing alliance, according to Nshimiyimana (2021), is a cooperation between at least two companies at the marketing value chain level with the goal of maximizing market potential through the pooling of



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particular competencies or resources. The ways in which businesses conduct marketing to both the domestic and international market have a significant impact on the future of the tourism industry. The company's experience in managing alliances, which includes its overall experience in developing and managing strategic alliances, is a key resource in marketing alliances. When interfirm trust is insufficient, Muvinya and Kiptoo (2020) claim that firms need marketing alliances to align the interests of partner firms. Because it directly affects the challenging challenges of partnerships, violated commitments, and opportunism, trust is essential to marketing relationships. The company's experience in managing alliances, which includes its overall experience in developing and managing strategic alliances, is a key resource in marketing alliances. Marketing alliances are created in organizational structures to regulate a company's marketing expenses. It is founded on a strategic viewpoint that takes into account the firm's marketing activity, including both internal and external resources. To guarantee that business strategies are successfully implemented and assist firms in achieving their objectives of expanding, increasing volume, turnover, and size as anticipated (Muthoka & Oduor, 2014). The most popular strategies for marketing alliances are licensing, promotion, product development, and advertising. Product development and advertising have shown to be more effective at assisting in the accomplishment of the company's objectives. All parties involved in a marketing alliance must actively participate in all decision-making processes relating to the firm.

Financial Alliance

According to Mwamuye and Ragui (2021), achieving cost savings—also known as economies of size and scope—is a key factor in the establishment of financial alliances. According to Cheboi and Mulili (2022), economies of scale are cost savings attributable to large-scale production or cost benefits that could not be attained if the individual enterprises operated individually. Economies of scale result from a company's ability to spread fixed costs over a large production volume, such as manufacturing facilities, distribution channels, and advertising campaigns, and secondly from a firm's capacity to produce in large volumes to achieve a greater division of labor and specialization (Chemuchuk & Nassiuma, 2015). Furthermore, according to Hill and Jones (2004), there are two main sources of cost savings when resources are shared between organizations. The first presumption is that organizations that can share resources across businesses must invest proportionately less in the shared resource than businesses that cannot share, and the second is that resource sharing across businesses may allow such businesses to use shared resources more intensively, achieving economies of scale. Additionally, by sharing costs through a financial alliance, a company can lower its fixed costs. In order to achieve the critical mass that is convenient for customers to use the hotels large network and to achieve the economies of scale required to cover costs over a wider base, hotels therefore form financial strategic alliances. Mwamuye and Ragui (2021) discovered that small tourism businesses form strategic alliances to compete more effectively against corporate chains by gaining advantages through



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economies of scale and creating a shared brand identity, supports this. This is done in an effort to mimic the power of corporate chains.

Distribution Alliances

A distribution alliance is frequently described as two or more chain members cooperating to forge a competitive edge through information sharing, group decision-making, and sharing; gains that come from more profitable ways of meeting end-user needs than acting independently (Loke & Sambasivan, 2019). In the event that a product is successful on the tourist market, alliances between various companies in the tourism distribution also assist to the optimization of the operations that are carried out in the course of business. Tourism distribution, according to Ma (2017) is a network of tourism organizations engaged in a variety of activities, starting with the provision of a full range of components of tourism products and services, like flights and lodging at the tourism reception desk, and ending with the sale of tourism products in the tourism region.

The planning context incorporates long-term planning choices and evaluates aspects including choosing target markets, product lineups, level of customer service, promotion, and forecasting. The degree to which chain members share costs, risks, and advantages to help the participating businesses to increase the quick flow of goods to visitors is referred to as incentive alignment. The requirement for cooperation across subsequent actors, from the main producer to the ultimate consumers, is emphasized by Santos and Garcia (2022) in order to better meet consumer demand at a cheaper cost. The cooperation of participating companies along the distribution is facilitated by distribution alliances improving performance. Companies in the tourist distribution may represent a sizable source of value for the company in the process of building a lasting competitive advantage by cooperating and concurrently delivering specialized resources, products, and services. The selection of the right partners for a distribution that is geared toward the creation of a competitive travel product is a crucial component of the distribution alliance. Santos and Garcia (2022) emphasizes the necessity of cooperation between subsequent actors, from the primary producer to the final consumers, in order to more effectively and affordably meet consumer demand. In addition to enhancing quality and service, the proper use of logistics and distribution strategies also helps to reduce costs. Building consistent relationships with suppliers and using a good ordering system are essential for employees in this sector if they want to raise the quality of customer service. As a result, the performance of the tourism sector is increased by the use of Distribution partnerships. Collaboration within the distribution is essential to the operation of the tourism sector. Process effectiveness measures how cost-competitive a company's Distribution partner alliance process is compared to its main rivals (Pfanelo, 2017). The procedure could involve information exchange, shared logistics, joint product creation, or joint decision-making. The advantages of distribution alliances include cost savings, reduced uncertainty, and increased income.



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Performance of Firms in the Tourism Sector

Performance is defined as how effectively a company achieves its stated aims and goals. Al-Najjar (2014) claims that organizational performance consists of actual results or outputs that are measured in relation to desired outputs. Financial performance (ROI, ROA, and profits), performance on the product market (market share and sales), and returns to shareholders make up the major indicators of organizational performance. Cost effectiveness, level of productivity, and degree of employee motivation are also mentioned by Al-Najjar (2014) as additional performance indicators. This implies that a company's performance level can also be determined by the caliber of its services and goods, staff training, output, loyalty to the company, and level of job satisfaction. Tourism stakeholders are gradually realizing that forming important strategic partnerships in the areas of finance, marketing, production, technology, and distribution is a critical strategy for gaining competitive advantages and improving performance. Strategic alliances, according to Samad (2022) are a key source of synergy for growing tourist networks to boost their competitiveness versus major competitors. As a result, increasing partner competitive position and producing larger profits for each partner are thought to be the main goals of strategic alliances in the tourism industry (Bodhanwala & Ruzbeh, 2021). Kinderis and Jucevičius (2013) highlighted the factors that motivate organization to form strategic alliance as the need to share risks, reduce costs and access markets. The extent to which the strategic alliances translates to desired performance levels depends on various aspects such as the financial dedication of the partners, marketing practices, technology and Distribution stakeholder involvement among other aspects.

Research Methodology

The study adopted a descriptive research design and targeted tourism partners comprising of tourists rated hotels, travel agents, and tour operators operating in Nairobi County. According to Tourism Regulatory Authority (2021), there are 44 tourist rated hotels, 210 travel agents and 660 tour operators operating in Nairobi County and licensed by Tourism Regulatory Authority. This forms the unit of analysis. The unit of observation comprised of one manager from each of the tourism partner. The study adopted Yamane (1967) sampling formula to develop a sample size of 273 firms. Primary data was used in the investigation. The study used a questionnaire with closed-ended questions to obtain primary data. The data was analyzed using both descriptive and inferential statistics. Standard deviation, means, and percentages make up descriptive statistics, while regression and correlation analysis make up inferential statistics. The descriptive and inferential statistics were generated using SPSS version 24 and Microsoft Excel. The following multivariate model was used in the study.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where; $\mathbf{Y} = \text{Performance of Firms in the Tourism Sector}$, $\mathbf{X1} = \text{Technology Alliances}$, $\mathbf{X_{2}} = \text{Marketing Alliances}$, $\mathbf{X_{3}} = \text{Financial Alliances}$, $\mathbf{X_{4}} = \text{Distribution Alliances}$, $\boldsymbol{\varepsilon} = \text{Error term}$, $\boldsymbol{\beta_{0}} = \text{Error term}$



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Regression constant or intercept, and β_1 , β_2 , β_3 , and β_4 are the unknown coefficients of independent variables.

Results

A total of 273 questionnaires were distributed to the target respondents, who included managers from Tourist Rated Hotels, Travel Agents, and Tour Operators in Nairobi County. 195 questionnaires were returned having been completely filled. This amounted to a response rate of 71.4%. The response rate was deemed to be adequate and sufficient for analysis, according to Cooper and Schindler's (2011) argument that a response rate of 70% or above is great for analysis. The use of the drop and pick method of data collecting with the assistance of research assistants contributed to the high response rate.

Descriptive Findings and Analysis

Descriptive statistics were used in the study to describe the nature of replies respondents gave to the different questionnaire items. The statements regarding each item were presented in the questionnaire using a 1–5 Likert scale, and respondents were asked to indicate how much they agreed or disagreed with each statement. To determine the nature of response, the study then calculated the mean response and standard deviations for each statement.

Technology Alliances

The descriptive results on technological alliances outlined in table 1 shows that respondents agreed with the statements that the organization had established usage of common technology platforms with partners (mean=3.61), that the platforms creates a basis of enlarging customer reachability in the firm (mean=3.96) and that the organization had entered into sharing of technological resources agreements to enhance service delivery to customers (mean=4.03). Respondents further agreed with the statements that sharing of technological resources enables the firm to leverage on technology unavailable in the firm (mean=4.13) and that the firm have established technological system integration with other partners in the sector (mean=3.57). On average, all respondents agreed with the statements on technological alliances as shown by average response mean of 3.86 and standard deviation of 3.177. The finding is supported by Adekunle and Saidi (2018) who noted that having technology alliances with partners who can provide new technologies for online reservation systems by major travel and tour operators and integrated chains like travel agencies or with other firms with a view to pooling scarce resources is a key component of achieving technologies by companies which on their own would be unable to.

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Table 1: Descriptive Statistics on Technology Alliances

Technology Alliances	Mean	Std.Dev		
The organization has established usage of common technology platform	ns	_		
with partners	3.61	0.915		
The platforms creates a basis of enlarging customer reachability in the fir	rm 3.96	0.811		
The organization has entered into sharing of technological resource	es			
agreements to enhance service delivery to customers	4.03	0.221		
Sharing of technological resources enables the firm to leverage on				
technology unavailable in our firm	4.13	0.243		
The firm have established technological system integration with other				
partners in the sector	3.57	0.987		
Average	3.86	3.177		

Marketing Alliances

The descriptive results on marketing alliances outlined in table 2 shows that respondents agreed with the statements that the organization have partnered with other firms through co-branding of marketing materials (mean=3.59), that the practice gives our firm more visibility in the market (mean=3.66), and that collaborative marketing content making ensures the firm have quality marketing contents that attracts more customers (mean=3.58). Respondents were however neutral on the statements that the organization have partnered with other firms in areas of joint advertisement (mean=3.44), that the joint advertisement serves as an avenue for advertisement cost-sharing (mean=3.32) and that the firm engages other firms in the sector in collaborative marketing content making (mean=3.49). On average, all respondents agreed with the statements marketing alliances as shown by average response mean of 3.51 and a standard deviation of 0.982. The finding is supported by Muvinya and Kiptoo (2020) who asserted that marketing alliances are created in organizational structures to regulate a company's marketing expenses which is founded on a strategic viewpoint that takes into account the firm's marketing activity, including both internal and external resources.

Table 2: Descriptive Statistics on Marketing Alliances

Marketing Alliances	Mean	Std.Dev
The organization have partnered with other firms through co-branding	g of	
marketing materials	3.59	0.969
The practice gives our firm more visibility in the market	3.66	0.812
The firm engages other firms in the sector in collaborative marketing con	tent	
making	3.49	1.077
The practice ensures the firm have quality marketing contents that attra	acts	
more customers	3.58	1.008

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		-				
The	organization	have	partnered	with	other	firm
adve	rtisement					

The organization have partnered with other firms in areas of join	nt	
advertisement	3.44	0.926
The joint advertisement serves as an avenue for advertisement cost-sharing	3.32	1.102
Average	3.51	0.982

Financial Alliances

The descriptive results on financial alliances outlined in table 3 shows that respondents agreed with the statements that corporate financial alliances in the organization aims at accessing valuable financial information in the markets (mean=4.19), that through corporate partnerships, the organization is able to acquire crucial financial resources (mean=4.16) and that gaining financial management practices from other firms has been a motive of the financial alliance (mean= 3.56). Additionally, respondents agreed with the statements that implementation of gained financial management knowledge puts the organization at a better financial management level (mean=3.76), that the organization acquires investment insights from financial alliances with other firms (mean=3.63) and that the investment insights enables the organization decide on the best investment opportunity (mean=3.54). All respondents agreed with the statements on financial alliances as shown by average mean of 3.81 and standard deviation of 0.641. The finding is supported by Mwamuye and Ragui (2021) who noted that hotels form financial strategic alliances in order to achieve the critical mass that is convenient for customers to use the hotels large network and to achieve the economies of scale required to cover costs over a wider base.

Table 3: Descriptive Statistics on Financial Alliances

Financial Alliances	Mean	Std.Dev
Corporate financial alliances in the organization aims at accessing valuable		
financial information in the markets	4.19	0.118
Through corporate partnerships, the organization is able to acquire crucial		
financial resources	4.16	0.152
Gaining financial management practices from other firms has been a motive		
of the financial alliance	3.56	0.957
Implementation of gained financial management knowledge puts the		
organization at a better financial management level	3.76	0.743
The organization acquires investment insights from financial alliances with		
other firms	3.63	0.881
The investment insights enables the organization decide on the best		
investment opportunity	3.54	0.996
Average	3.81	0.641

Distribution Alliances

The descriptive results on financial alliances outlined in table 4 shows that respondents agreed with the statements that the organization has entered into logistics alliances with other firms(mean=3.53), that the alliances aims at enabling the organization leverage on the best cost-effective logistics practices(mean=3.66), that the organization have established shared channels for distribution(mean=3.61) and that the shared distribution channels gives the firm an avenue of reaching a wider market(mean=4.34). Respondents were however neutral on the statement that the organization have partnered to established a common channel of distribution (mean=3.42). An average response mean of 3.712 and standard deviation of 1.053 implies that all respondents agreed with the statements on distribution alliances. The finding is supported by Santos and Garcia (2022) who established that firms in the tourist distribution may represent a sizable source of value for the company in the process of building a lasting competitive advantage by cooperating and concurrently delivering specialized resources, products, and services.

Table 4: Descriptive Statistics on Distribution Alliances

Distribution Alliances	Mean	Std.Dev
The organization has entered into logistics alliances with other firms	3.53	0.933
The alliances aims at enabling the organization leverage on the best cost-		
effective logistics practices	3.66	0.821
The organization have established shared channels for distribution	3.61	1.004
The shared distribution channels gives the firm an avenue of reaching a		
wider market	4.34	1.198
The organization have partnered to established a common channel of		
distribution	3.42	1.307
Average	3.712	1.053

Performance of Firms in the Tourism Sector

The descriptive results on performance of firms in the tourism sector outlined in table 5 shows that respondents agreed with the statements that the organization has experienced an increase in the levels of returns on assets(mean=3.86), that the organization has experienced an increase in the levels of customer satisfaction(mean=3.61), that there is high customer retention in our organization(mean=3.59), that the organization has experienced an increased market share of services(mean=3.65) and that there is reduction in operational costs in the organization (mean=3.77). On average, all respondents agreed with the statements on performance of firms in the tourism sector as shown by average response mean of 3.696 and standard deviation of 0.847. The finding is consistent with Samad (2022) who noted that tourism stakeholders are gradually realizing that forming important strategic partnerships in the areas of finance, marketing, production, technology, and distribution is a critical strategy for gaining competitive advantages and improving performance.



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Table 5: Descriptive Statistics on Performance of Firms in the Tourism Sector

Performance of Firms in the Tourism Sector	Mean	Std.Dev
The organization has experienced an increase in the levels of returns on		
assets	3.86	0.743
The organization has experienced an increase in the levels of customer		
satisfaction	3.61	0.829
There is high customer retention in our organization	3.59	0.999
The organization has experienced an increased market share of services	3.65	0.764
There is reduction in operational costs in the organization	3.77	0.898
Average	3.696	0.847

Inferential Statistics

Correlation Results

Table 6 displays the results on correlation results. According to the results, technology alliances and performance of firms in tourism sector operating in Nairobi Kenya positively and significantly correlates. This is shown by a correlation coefficient value of 0.549 and significance value of 0.000. The results bears the implications that enhancing the levels of technological alliances leads to performance enhancement of firms in tourism sector operating in Nairobi Kenya. The results concurs with Adekunle and Saidi (2018) who noted that having technology alliances with partners who can provide new technologies for online reservation systems by major travel and tour operators and integrated chains like travel agencies or with other firms with a view to pooling scarce resources is a key component of achieving technologies by companies which on their own would be unable to. The results also shows that marketing alliances and performance of firms in tourism sector operating in Nairobi Kenya positively and significantly correlates. This is shown by a correlation coefficient value of 0.396 and significance value of 0.001. The results bears the implications that enhancing the levels of marketing alliances leads to performance enhancement of firms in tourism sector operating in Nairobi Kenya. The results are in tandem with Muvinya and Kiptoo (2020) who noted that marketing alliances are created in organizational structures to regulate a company's marketing expenses which is founded on a strategic viewpoint that takes into account the firm's marketing activity, including both internal and external resources.

The results further shows that financial alliances and performance of firms in tourism sector operating in Nairobi Kenya positively and significantly correlates. This is shown by a correlation coefficient value of 0.217 and significance value of 0.013. The results bears the implications that enhancing the levels of financial alliances leads to performance enhancement of firms in tourism sector operating in Nairobi Kenya. The results are consistent with Mwamuye and Ragui (2021) who established that hotels form financial strategic alliances in order to achieve the critical mass that is convenient for customers to use the hotels large network and to achieve the economies of scale. The results finally shows that distribution alliances and performance of firms in tourism

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sector operating in Nairobi Kenya positively and significantly correlates. This is shown by a correlation coefficient value of 0.509 and significance value of 0.000. The results bears the implications that enhancing the levels of distribution alliances leads to performance enhancement of firms in tourism sector operating in Nairobi Kenya. The results tallies with Santos and Garcia (2022) who noted that firms in the tourist distribution may represent a sizable source of value for the company in the process of building a lasting competitive advantage by cooperating and concurrently delivering specialized resources, products, and services through distribution alliances.

Table 6: Correlation Analysis

Technology		Technology	Marketing	Financial	Distribution	Performance
Alliances Correlation 1 Sig. (2-tailed) Marketing Pearson Alliances Correlation 0.071 1 Sig. (2- tailed) 0.148 Financial Pearson Alliances Correlation 0.096 0.086* 1 Sig. (2- tailed) 0.101 0.102 Distribution Pearson Alliances Correlation 0.019 0.074 0.153** 1 Sig. (2- tailed) 0.186 0.051 0.134 Performance Pearson of Firms Correlation 0.549** 0.396 0.217** 0.509** 1 Sig. (2- tailed) 0.000 0.001 0.013 0.000		Alliances	Alliances	Alliances	Alliances	of Firms
Sig. (2-tailed) Marketing Pearson Alliances Correlation 0.071 1 Sig. (2-tailed) 0.148 Sig. (2-tailed) 0.196 0.086* 1 Sig. (2-tailed) 0.101 0.102 Sig. (2-tailed) 0.101 0.102 Sig. (2-tailed) 0.186 0.051 0.134 Sig. (2-tailed) 0.186 0.051 0.134 Sig. (2-tailed) 0.549** 0.396 0.217** 0.509** 1 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) 0.000 0.001 0.013 0.000 Sig. (2-tailed) (2-tailed)	Pearson					
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tailed) 0.186 0.051 0.134 Performance Pearson of Firms Correlation 0.549** 0.396 0.217** 0.509** 1 Sig. (2-tailed) 0.000 0.001 0.013 0.000	Correlation	0.019	0.074	0.153**	1	
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of Firms Correlation 0.549** 0.396 0.217** 0.509** 1 Sig. (2- tailed) 0.000 0.001 0.013 0.000	tailed)	0.186	0.051	0.134		
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tailed) 0.000 0.001 0.013 0.000	Correlation	0.549**	0.396	0.217**	0.509**	1
	Sig. (2-					
N 195 195 195 195 195	tailed)	0.000	0.001	0.013	0.000	
1,0 1,0 1,0 1,0	N	195	195	195	195	195
** Correlation		Correlation Sig. (2-tailed Pearson Correlation Sig. (2-tailed) N is significant	Pearson Correlation 1 Sig. (2-tailed) Pearson Correlation 0.071 Sig. (2-tailed) 0.148 Pearson Correlation 0.096 Sig. (2-tailed) 0.101 Pearson Correlation 0.019 Sig. (2-tailed) 0.186 Pearson Correlation 0.549** Sig. (2-tailed) 0.549** Sig. (2-tailed) 0.000 N 195 is significant at the 0.01 leven	Alliances Pearson Correlation 0.071 1 Sig. (2-tailed) 0.071 1 Sig. (2-tailed) 0.148 0.148 Pearson 0.096 0.086* Sig. (2-tailed) 0.101 0.102 Pearson 0.074 0.074 Sig. (2-tailed) 0.186 0.051 Pearson 0.074 0.396 Correlation 0.549** 0.396 Sig. (2-tailed) 0.000 0.001	Alliances Alliances Alliances Pearson Correlation (0.071)	Alliances Pearson Correlation 0.048 Dearson Correlation 0.096 0.086* 1 1 Sig. (2-tailed) 0.101 0.102 Pearson Correlation 0.019 0.074 0.153** 1 1 Sig. (2-tailed) 0.134 Pearson Correlation 0.549** 0.396 0.217** 0.509** Sig. (2-tailed) 0.000 0.001 0.013 0.000 N 195 195 195 195 195

^{*} Correlation is significant at the 0.05 level (2-tailed).

Multiple Regression Analysis

The study used a multiple regression analysis was incorporated in the study to determine the existence of associations between the independent and dependent variables. A 95% confidence level was utilized to conduct the regression analysis. The model summary findings shown in table



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7 illustrate the relationships between the independent and dependent variables. The model also evaluates the percentage of the dependent variable that the independent variables accounts. The findings shows that the R-Value was 0.746, indicating that there was a moderately high relationship between the independent variables and the dependent variable. The R-Square score, which represents the coefficient of determination, was 0.557, indicating that aspects of strategic alliances considered in the study and comprising of technology alliances, marketing alliances financial alliances and distribution alliances accounts for 55.7% in variations of performance of firms in the tourism sector operating in Nairobi, Kenya.

Table 7: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.746 ^a	0.557	0.513	0.324418
a. Predictors: (Co	nstant), Technology	Alliances, Marketing All	liances, Financial Alliances and
Distribution Allia	nces		

The analysis of variance (ANOVA) model, which was used in the study, was also included in order to evaluate the model's statistical significance for linking independent variables and dependent variables. The degree of significance was determined by comparing the values of F-Calculated and F-Critical from the F-Statistics table at a significance level of 0.05 and 4,190, respectively. The results shown in table 8 indicate that the F-Calculated value was 19.351 and the F-Critical value was 2.42. The model is statistically significant to evaluate the association and can be used in the study because the F-calculated value is greater than the F-Critical value.

Table 8: ANOVA (Model Significance)

		Sum of		Mean		
Model		Squares	df	Square	${f F}$	Sig.
1	Regression	202.948	4	50.737	19.351	0.004 ^b
	Residual	498.167	190	2.622		
	Total	701.115	194			

- a. Dependent Variable: Performance of Firms
- b. Predictors: (Constant), Technology Alliances, Marketing Alliances, Financial Alliances and Distribution Alliances

The coefficient model was used in the study to determine how the dependent variable changes as a result of a unit change in the independent variables. According to the results outlined in table 9, technology alliances bears a positive and significance influence on performance of firms in tourism sector operating in Nairobi Kenya(beta=0.486, sig=0.000<0.05). This bears the implications that increasing technology alliances with one unit's results to 0.486 units increase in the level of performance of firms in tourism sector operating in Nairobi County, Kenya. The results concurs with Jabar, Khalid, and Othman (2015) who established that absorptive capacity, alliance type,

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and strategic technological alliance all contribute favorably to enhancing organizational performance in terms of market share, profit, volume of sales, and production capacities. The results also show that marketing alliances bears a positive and significance influence on performance of firms in tourism sector operating in Nairobi Kenya (beta=0.376, sig=0.004<0.05). This bears the implications that increasing marketing alliances with one units results to 0.376 units increase in the level of performance of firms in tourism sector operating in Nairobi County, Kenya. The results concurs with Muvinya and Kiptoo (2020) who established that cooperative marketing alliances significantly affect firm performance and improves business performance.

The results further show that financial alliances bears a positive and significance influence on performance of firms in tourism sector operating in Nairobi Kenya (beta=0.284, sig=0.011<0.05). This bears the implications that increasing financial alliances with one units results to 0.284 units increase in the level of performance of firms in tourism sector operating in Nairobi County, Kenya. The results concurs with Chemuchuk and Nassiuma (2015) who noted that financial alliances, distribution partnerships, technical alliances, and outsourcing had boosted hotel sales, profits, and product/service quality while lowering costs. The results finally show that distribution alliances bears a positive and significance influence on performance of firms in tourism sector operating in Nairobi Kenya (beta=0.401, sig=0.000<0.05). This bears the implications that increasing distribution alliances with one unit's results to 0.401 units increase in the level of performance of firms in tourism sector operating in Nairobi County, Kenya. The results tallies with Santos and Garcia (2022) who noted that firms in the tourist distribution may represent a sizable source of value for the company in the process of building a lasting competitive advantage by cooperating and concurrently delivering specialized resources, products, and services through distribution alliances.

Table 10: Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B Std. Error		Beta	t	Sig.
(Constant)	0.918	0.117		7.8462	0.000
Technology Alliances	0.486	0.149	0.416	3.2617	0.000
Marketing Alliances	0.376	0.173	0.308	2.1734	0.004
Financial Alliances	0.284	0.234	0.219	1.2136	0.011
Distribution Alliances	0.401	0.124	0.336	3.2339	0.000

Dependent Variable: Performance of Firms

The optimal model of the study becomes

Performance of Firms in Tourism Sector = 0.918 + 0.486 (Technology Alliances) + 0.376(Distribution Alliances) + 0.376 (Marketing Alliances) + 0.284 (Financial Alliances)

According to the optimal model, performance of firms in tourism sector operating in Nairobi Kenya stands at 0.918 units while holding all other factors constant. The model further shows that



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technology alliances bear the highest influence on performance of firms in tourism sector operating in Nairobi Kenya, followed by distribution alliances, then marketing alliances and finally financial alliances.

Conclusion

The study concludes that technology alliances positively and significantly influences performance of firms in the tourism sector and operating in Nairobi County, Kenya. Additionally, practices under technology alliances such as establishing usage of common technology platforms with partners that creates a basis of enlarging customer reachability in the firm, entering into sharing of technological resources agreements to enhance service delivery to customers which enables the firm to leverage on technology unavailable in our firm, establishing and establishing technological system integration with other partners in the sector positively and significantly contributes to performance enhancement of firms in tourism sector. The study further concludes that marketing alliances positively and significantly influences performance of firms in the tourism sector and operating in Nairobi County, Kenya. Additionally, practices under marketing alliances such as partnering with other firms through co-branding of marketing materials which gives the firm more visibility in the market, engaging other firms in the sector in collaborative marketing content making which ensures the firm have quality marketing contents that attracts more customers, and partnering with other firms in areas of joint advertisement which serves as an avenue for advertisement cost-sharing positively and significantly contributes to performance enhancement of firms in tourism sector.

The study also concludes that financial alliances positively and significantly influences performance of firms in the tourism sector and operating in Nairobi County, Kenya. Additionally, practices under financial alliances such as establishing corporate financial alliances that aims at accessing valuable financial information in the markets, acquiring crucial financial resources, and gaining financial management practices from other firms, and acquiring investment insights from financial alliances with other firms which enables the organization decide on the best investment opportunity positively and significantly contributes to performance enhancement of firms in tourism sector. The study further concludes that distribution alliances positively and significantly influences performance of firms in the tourism sector and operating in Nairobi County, Kenya. Additionally, practices under distribution alliances such as entering into logistics alliances with other firms to enable the organization leverage on the best cost-effective logistics practices, establishing shared channels for distribution which gives the firm an avenue of reaching a wider market and partnering to established a common channel of distribution positively and significantly contributes to performance enhancement of firms in tourism sector.

Recommendations of the Study

The first objective of the study aimed at assessing the influence of technology alliances on performance of firms in the tourism sector in Nairobi County, Kenya. The study established that



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technology alliances bears a positive significant influence on performance. To this effect, the study recommends the management of the firms in the tourism sector and operating in Nairobi County to enhance the levels of technology alliances. The firms can achieve this through undertaking financial alliances practices such as establishing usage of common technology platforms with partners that creates a basis of enlarging customer reachability in the firm, entering into sharing of technological resources agreements to enhance service delivery to customers which enables the firm to leverage on technology unavailable in our firm, establishing and establishing technological system integration with other partners in the sector. The second objective of the study aimed at determining the influence of marketing alliances on performance of firms in the tourism sector in Nairobi County, Kenya. The study established that marketing alliances bears a positive significant influence on performance. To this effect, the study recommends the management of the firms in the tourism sector and operating in Nairobi County to enhance the levels of marketing alliances. The firms can achieve this through undertaking marketing alliances practices such as partnering with other firms through co-branding of marketing materials which gives the firm more visibility in the market, engaging other firms in the sector in collaborative marketing content making which ensures the firm have quality marketing contents that attracts more customers, and partnering with other firms in areas of joint advertisement which serves as an avenue for advertisement costsharing.

The third objective of the study aimed at examining the influence of financial alliances on performance of firms in the tourism sector in Nairobi County, Kenya. The study established that financial alliances bears a positive significant influence on performance. To this effect, the study recommends the management of the firms in the tourism sector and operating in Nairobi County to enhance the levels of financial alliances. The firms can achieve this through undertaking financial alliances practices such as establishing corporate financial alliances that aims at accessing valuable financial information in the markets, acquiring crucial financial resources, and gaining financial management practices from other firms, and acquiring investment insights from financial alliances with other firms which enables the organization decide on the best investment opportunity. The fourth objective of the study aimed at evaluating the influence of distribution alliances on performance of firms in the tourism sector in Nairobi County, Kenya. The study established that distribution alliances bears a positive significant influence on performance. To this effect, the study recommends the management of the firms in the tourism sector and operating in Nairobi County to enhance the levels of distribution alliances. The firms can achieve this through undertaking distribution alliances practices such as entering into logistics alliances with other firms to enable the organization leverage on the best cost-effective logistics practices, establishing shared channels for distribution which gives the firm an avenue of reaching a wider market and partnering to established a common channel of distribution positively and significantly contributes to performance enhancement of firms in tourism sector..



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