Effect of Strategic Alliances on Performance of Food and Beverage Manufacturing Firms in Nairobi County, Kenya

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ABSTRACT

In today's rapidly evolving global economy, firms face increasing pressure to adopt strategic alliances that enhance competitiveness and performance; yet, the extent to which these alliances influence the performance of food and beverage manufacturing firms in Nairobi County remains unclear. The general objective of the study was to establish the effect of strategic alliances on the performance of food and beverage manufacturing firms in Nairobi County. The study was guided by Resource Based View Theories. Descriptive research design was adopted in the study. The target population of the study were 99 food and beverage manufacturing firms in Nairobi County. A census was conducted on the 99 food and beverage manufacturing firms in Nairobi County. The respondents were the Chief Executive Officer due to their direct involvement in strategy formulation and access to performance data. The study collected primary data using a structured questionnaire. This study conducted a pilot study on 10 food and beverage manufacturing firms in Kiambu County. The reliability of the data was assessed using Cronbach's alpha coefficient. Descriptive statistics were used to summarize the collected data, while inferential analysis was conducted through simple and multiple regression models using the Statistical Package for Social Sciences (SPSS) Version 28. From the results, strategic alliances recorded a statistically significant relationship with the performance of food and beverage manufacturing firms in Nairobi County. The study recommends that food and beverage manufacturing firms in Nairobi County should actively develop and strengthen strategic alliances with suppliers, distributors, research institutions, technology providers and other industry stakeholders to enhance their overall performance.

Keywords: Strategic Alliances, Performance, Food and Beverage Firms

INTRODUCTION

The food and beverage manufacturing sector in Kenya is becoming more growth-focused, with firms adopting expansion and collaboration strategies to remain competitive amid rising costs, market competition, changing consumer preferences, and regional trade opportunities (Kenya Association of Manufacturers, 2025). Performance remains a central concern in strategic management, as firms continuously seek sustainable competitive advantage in an increasingly dynamic and competitive business environment (Farida &Setiawan, 2022). To improve performance outcomes such as sales growth, profitability, and innovation capability, firms adopt strategic alliances (Mtange & Deya, 2024). These strategies are intended to enhance resource access, market expansion, and operational efficiency (Muang'e &Ngetich, 2020). However, the performance implications of such selected strategic alliances may not be uniform across firms, as their effectiveness can vary depending on structural characteristics such as firm size (Srivastatva, 2024). A strategic alliance is a cooperative agreement between two or more independent firms that come together to pursue shared objectives while remaining legally separate entities (Khisa & Kariuki, 2022). Strategic alliances refer to long-term collaborative relationships between firms aimed at leveraging complementary capabilities, enhancing market positioning, and strengthening operational standards without full ownership integration (Tjemkes et al., 2017). These alliances are formed to leverage complementary resources, capabilities, or market access in order to gain competitive advantage, enhance innovation, reduce risk, or enter new market (Beamish & Killing, 2023).

Strategic alliances are commonly classified according to their functional purpose within the value chain, reflecting the specific resources and capabilities that partnering firms seek to access. For instance, Kale et al. (2018) identify technological and research-and-development alliances as important mechanisms through which firms enhance innovation capacity. Similarly, Tjemkes et al. (2017) categorize alliances as marketing and distribution alliances that strengthen brand visibility and market access. Empirical studies have also operationalized strategic alliances differently. Khisa and Kariuki (2022) adopted technological alliances, marketing alliances, production alliances, and logistics alliances as measures of strategic alliances. Mathuki et al. (2020) considered equity and non-equity alliances such as licensing agreements, quality assurance alliances, and distribution agreements, while Okon et al. (2024) examined dimensions such as shared goals, clear communication, trust, and resource allocation. Based on the literature, this study adopts technological alliances, marketing alliances, and quality assurance alliances as the measures of strategic alliances because, they capture key collaborative efforts aimed at enhancing innovation, expanding market reach, and improving operational effectiveness. Firms entering strategic alliances share resources to achieve superior performance and increase their reputation and market share since they have access to a pool of resources and competencies that they didn't have as individuals (Beamish &Lupton, 2019).

Okon et al. (2024) examined the role of strategic alliances in enhancing performance among manufacturing firms in Nigeria and found that relational dimensions such as shared goals, communication, trust, and resource allocation significantly influence firm performance. While their study emphasized relational factors, the current study extends this perspective by focusing on food and beverage manufacturing firms in Nairobi County and conceptualizes strategic alliances through technological, marketing, and quality assurance collaborations. This approach provides a broader understanding of how different forms of alliances contribute to performance in a sector that is both highly competitive and strategically important to the economy.

Performance refers to the effectiveness and efficiency with which an entity utilizes its available resources to achieve desired outcomes, deliver value, and meet defined objectives (Mathuki *et al.,* 2020). Performance can also be defined as the extent to which intended goals such as competitiveness, innovation, or adaptability are achieved in response to internal and external demands (Wegwu, 2025). Further, performance is the degree to which an entity meets or exceeds stakeholder expectations by achieving measurable outcomes such as financial returns, operational efficiency, and sustainable development (Vugec *et al.,* 2020). Performance is achieved through the effective alignment of resources, strategies, and processes to meet defined objectives and deliver value to stakeholders (Waal, 2021). Performance is vital for manufacturing firms as it drives competitiveness, efficiency, innovation, customer satisfaction, and long-term growth (Mio et al., 2022).

Performance has been measured in the literature using a wide range of indicators, including sales growth, profitability, market share, customer satisfaction, return assets, return on investments, innovation capability, productivity, operational efficiency, and stakeholder value (Khisa & Kariuki, 2022; Nwokocha & Madu, 2020; Muteshi & Awino, 2020; Mathuki et al., 2020; Wegwu, 2025; Musau, 2023; Thuita et al., 2023; Njehia & Osoro, 2025; Chepkirui & Mwanzia, 2025; Mbugua et al., 2024). Guided by this literature, the present study adopts sales growth, profitability, and innovation capability as the measures of performance. These measures collectively provide a balanced assessment of firm performance. Whereby, sales growth captures the firm's ability to expand market operations over time, profitability reflects efficient resource utilization, and innovation capability indicates the firm's capacity to develop new products, processes, or improvements that sustain competitive advantage in manufacturing.

Food and Beverage (F&B) manufacturing firms are companies engaged in the processing, preparation, and production of food products and beverages from raw agricultural materials or ingredients (Kenya Association of Manufacturers (KAM), 2023). F&B manufacturing firms fall under the Ministry of Industry, Trade, and Cooperatives, which formulates policies and regulations that govern industrial activities, including those related to manufacturing (Government of Kenya, 2022). In Kenya, the regulation of F&B manufacturing firms is overseen by several key bodies: The Kenya Bureau of Standards (KEBS), which is responsible for setting and enforcing standards for products, ensuring quality control, and conformity assessment in the

manufacturing sector (Mwiti &Gitagia, 2023). Kenya Revenue Authority (KRA), which manages tax collection and compliance, impacts the financial operations of manufacturing firms through taxation policies (Kalwigi *et al.,* 2025). National Environment Management Authority (NEMA) and various county governments also play roles in overseeing specific aspects of manufacturing, leading to a complex regulatory environment characterized by overlapping mandates (KAM, 2020).

Food and beverage manufacturing firms in Kenya transform raw agricultural products into consumable foods and beverages, ensuring quality, safety, and market readiness. They engage in processing, packaging, supply chain management, and distribution, while also adding value through product innovation and compliance with regulatory standards. These functions enable firms to meet consumer demands, enhance competitiveness, and contribute to economic growth in the sector (Kenya National Bureau of Statistics (KNBS), 2020). This study focused on the food and beverage manufacturing sector as it plays a critical role in Kenya's economy due to its contribution to employment, industrial growth, and food security. This sector faces unique challenges such as intense competition, fluctuating raw material prices, evolving consumer preferences, and regulatory pressures, which require firms to adopt effective strategic options to remain competitive and enhance performance (KNBS, 2024). The full listing of all Food and Beverage manufacturing firms is indicated in Appendix III.

The food and beverage manufacturing sector in Kenya is becoming increasingly strategic in its growth orientation, with firms adopting collaborative and expansion-oriented options to remain competitive amid rising costs, market saturation, changing consumer preferences, and regional trade opportunities (KAM, 2025). In such an environment, strategic alliances, joint ventures, and acquisitions have increasingly emerged as practical mechanisms through which firms access new markets, strengthen supply chains, acquire technical expertise, and achieve economies of scale. Evidence of these strategic moves is visible across the sector. Danone's acquisition of a 40% stake in Brookside Dairy enhanced Brookside's regional expansion and product development capabilities (Danone,2014), while Coca-Cola Beverages Africa's (CCBA) acquisition of Nairobi Bottlers strengthened domestic operational control and distribution efficiency (CCBA,2026). Amethis and Metier's investment in Kenafric Industries supported the scaling of packaged food operations and regional competitiveness. Similarly, Unga Group Plc entered a joint venture with Nutreco International B.V. in 2021 to form Unga Farm Care, combining local market presence with global technical expertise in animal nutrition (Unga Group PLC, 2021).

Beyond these notable transactions, firms in the sector continue to pursue a wide range of collaborative arrangements to improve competitiveness and respond to changing market conditions. Premier Foods partnered with Kenya Agricultural and Livestock Research Organization (KALRO) to strengthen honey production through research support, farmer training, and value addition (KALRO, 2021). While Bidco Africa collaborated with Safaricom's DigiFarm platform and sunflower farmers to improve access to raw materials and stabilize supply chains. Kenya Wine Agencies Limited (KWAL) also entered a distribution partnership with Namibian Breweries to broaden its beverage portfolio and market reach (KWAL, 2025). In the area of joint ventures, Del Monte Kenya partnered with Vellsam Materias Bioactivas to convert pineapple waste into biofertilizers, reflecting innovation and sustainability objectives, while Bidco's collaboration with Co Ro Food supported beverage product development within the region. Acquisition strategies have also been evident through Unga Group's majority stake in Ennsvalley Bakery to diversify into baked products, Britannia's controlling investment in Kenafric Biscuits to expand biscuit production (Britannia Industries Limited, 2022) and Kenblest Processors' acquisition of McNeel Millers' wheat milling operations to strengthen processing capacity (Competition Authority of Kenya, 2023).

These developments suggest that strategic alliances, joint ventures, and acquisitions are increasingly being adopted within the sector as practical responses to market expansion needs, supply chain challenges, innovation demands, and operational efficiency pressures. However, despite the growing use of these strategic options, many firms in the sector continue to face weak demand, rising costs, underutilized capacity, and pressure on profitability, raising concern as to whether such strategies are translating into improved organizational performance (KNBS, 2024).

The food and beverage manufacturing sector in Kenya plays a significant role in the economy, supporting approximately 363,000 direct jobs and contributing around 18% of the country's tax revenue (KAM, 2024). It also represents a substantial portion of Kenya Association of Manufacturers membership, accounting for 22% of firms, which underscores its size and importance (KAM, 2022). Despite this, recent performance trends indicate that the sector is facing considerable challenges that undermine its growth and profitability. Data from the KNBS Economic Survey shows that the sector's growth rate declined from 4.3% in 2020 to 2.9% in 2022, and fell sharply to 0.5% in 2023, reflecting near-stagnation in production (KNBS, 2024). Although there was some recovery in 2024, growth remained moderate, signalling limited structural improvement. Similarly, the sector's contribution to overall manufacturing GDP fell from 11.16% in 2011 to 7.24% in 2022, highlighting a long-term decline in economic weight (KAM, 2022). These trends reflect structural constraints within the sector, including high production costs, regulatory burdens, and uneven product-line performance, which collectively hinder competitiveness and profitability (KNBS, 2024).

Innovation within Kenya's food and beverage sector remains largely reactive, with only 9% of firms automating advanced processes such as maintenance and scheduling, while most focus on survival-driven initiatives like single-serve packaging due to budget constraints and weak demand (KAM, 2025). The KAM Manufacturing Sector Barometer Q2 2025 further underscores these challenges. Rising input costs were reported by 76.9% of firms, driven by taxes, freight charges, and global geopolitical tensions, directly affecting profit margins. Market activity was weak, with only 7.14% of firms reporting more-than-normal purchase orders, while 64.29% experienced below-normal orders, reflecting subdued consumer demand, reduced disposable income, and rising production costs. Operational capacity data show that only 15.38% of firms operated near full capacity, while nearly 63.54% operated at half or less of their installed capacity, constrained by financial limitations, regulatory uncertainty, seasonal variations, and insufficient material supply (KAM, 2025).

A closer look at major firms illustrates the sector-wide pressures. East African Breweries Plc (EABL) experienced declining profitability between 2023 and 2024. Net profit fell by 21% to KES 12 billion in FY 2023 and further declined by 12% to KES 10.9 billion in FY 2024, despite a 16% increase in sales in the half-year ending December 2023 (EABL, 2024). This points to margin compression from high input costs, rising interest rates, and foreign exchange losses. Similarly, Unga Group Plc reported a net loss of KES 669.6 million in FY 2024 despite revenue of KES 23.7 billion, only returning to modest profitability in FY 2025 (KES 222 million), illustrating recovery from losses rather than sustained growth (Unga Grup, 2025). These firm-level examples reflect broader challenges facing F&B manufacturers in Nairobi County, including cost pressures, weak demand, and limited operational efficiency. Collectively, these sector-wide trends and firm-level outcomes highlight a performance problem in the F&B manufacturing sector, characterized by slow growth, constrained profitability, and underutilized capacity. This situation underscores the need for strategic interventions, such as alliances, joint ventures, and acquisitions, to enhance market access, share resources, improve innovation, and stabilize financial performance.

Okon et al. (2024) conducted a study on strategic alliances and effective performance of selected manufacturing firms in Akwa Ibom State. The main objective of this study was to examine the relationship between shared goal and objective, clear communication, trust and resource allocation strategic alliance dimensions on effective performance in selected manufacturing firms in Akwa Ibom State. Survey research design was adopted for the study and a sample size of 105 respondents were drawn from the population using census sampling technique. Primary data was collected using a questionnaire. Results showed that shared goal and objective, clear communication, trust and resource allocation, are relational dimensions that can influence effective performance among manufacturing firms in Akwa Ibom State, Nigeria. While the previous study operationalized strategic alliances through shared goals, trust, communication, and resource allocation, a conceptual gap remains, as the present study adopts different dimensions of alliances, namely technological alliances, marketing alliances, and quality assurance alliances. This study, therefore, seeks to examine these dimensions and their effect on performance of food and beverage manufacturing firms in Nairobi County.

The relationship between strategic alliances and the performance of manufacturing firms in Rivers State, Nigeria, was examined by Wegwu (2025). Equity alliance and non-equity alliance were used as the dimensions

of strategic alliance, while profitability and customer satisfaction were used as the measures of organizational performance. The study adopted the cross-sectional research survey design Primary data was collected using a questionnaire from 79 respondents. The findings showed a positive and significant relationship between the dimensions of strategic alliance and the measures of organizational performance. This study's focus was limited to structural dimensions such as equity and non-equity alliances centred on ownership and investment arrangements. This overlooks the strategic intent and functional roles alliances play in driving performance. The present study addresses this conceptual gap by adopting a functional perspective, measuring alliances through technological, marketing, and quality assurance collaborations. This approach may offer a more practical framework for evaluating how strategic alliances contribute to the performance of food and beverage manufacturing firms in Nairobi County.

Khisa and Kariuki (2022) conducted a study on strategic alliances and performance of firms in the motor vehicle industry in Nairobi County. The study specifically focused on assessing how technological alliances, marketing alliances, production alliances and logistics alliances affect performance of firms in motor vehicle industry in Nairobi County. The study was anchored on Resource Dependency theory, Transaction Cost theory, Knowledge Management theory and Organizational Learning theory. The study adopted a descriptive research design and targeted 18 firms in the automobile industry and operating in Nairobi County. The study employed Slovenes Sampling formula in deriving a sample size of 158 respondents. Primary data was collected using a questionnaire and analysed through both inferential and descriptive statistics. The study established that production alliance, technological alliances positively and significantly affect performance while logistics alliances did not affect performance of motor vehicle industry. This study focused on a single manufacturing sub-sector thus limiting the generalizability of the findings to other firms. The present study addresses this methodological gap by examining the effect of strategic alliances on the performance of food and beverage manufacturing firms in Nairobi County.

A study on strategic alliances and the performance of food and beverage manufacturing companies in Kenya, which collected data from 125 large-scale firms, was conducted by Muteshi and Awino (2020). Cross sectional survey design was used. A census sampling was adopted. Strategic Balance Score Card (SBSC) measures of corporate performance which include financial, customer, operational excellence and learning and development was adopted. The study covered a three-year period. The study findings indicated that strategic alliances had an insignificant effect on firm performance, suggesting that alliances may have limited influence in highly competitive markets. This presents a conceptual gap, as the study did not differentiate between types of alliances. The present study seeks to fill this gap by analyzing specific alliance types namely; technological alliances, marketing alliances, and quality assurance alliances and examining their effect on the performance of food and beverage manufacturing firms in Nairobi County.

Mathuki et al. (2020) examined the link between strategic alliances and performance of Kenyan manufacturing firms in the East African community market. Strategic alliances were operationalized in terms of equity alliances and non-equity alliances such as licensing agreement, quality assurance alliances and distribution agreements. Performance was measured in terms of ROA, ROE, dividend yields, customer services, internal business process and organizational learning and growth. The study was anchored on resource dependency theory, Resource Based View, Integration theory and the Open system theory. The positivism philosophical paradigm and a cross-sectional descriptive survey design was adopted. The target population of the study was 160 Kenyan manufacturing firms in the EAC market. Primary data was collected using questionnaire. Secondary data was collected from financial statements of the respective firms. Data was analyzed using descriptive and inferential statistics. The findings indicated that strategic alliances had a strong statistically significant influence on the performance of Kenyan manufacturing firms in the EAC market. This study explored strategic alliances and performance of Kenyan manufacturing firms in the broader East African Community market, creating a contextual gap due to its wide geographical and firm-type scope. The current research narrows this to food and beverage manufacturing firms operating solely in Nairobi County, recognizing their distinct operational challenges and market dynamics.

Objective of the Research Paper

To examine the effect of strategic alliances on performance of food and beverage manufacturing firms in Nairobi County.

Research Hypothesis

There is no statistically significant relationship between strategic alliances and performance of food and beverage manufacturing firms in Nairobi County.

Resource Based View Theory

The Resource-Based View (RBV) is a strategic management theory that was formally introduced by Jay Barney in 1991 through his seminal paper titled *"Firm Resources and Sustained Competitive Advantage"* (Barney, 2001). Barney provided a structured framework for understanding how internal firm resources contribute to competitive advantage and performance. RBV states that a firm's ability to achieve and sustain superior performance depends on the extent to which it possesses valuable, rare, inimitable, and non-substitutable (VRIN) resources. These resources can be tangible or intangible. According to the theory, firms that strategically acquire, develop, and deploy such resources are better positioned to outperform competitors (Lubis, 2022).

The theory has two assumptions; the first is that resources are heterogeneous in that different organizations have different sets of competencies, capabilities, and other resources which enable businesses to get an advantage over their competitors by utilizing their unique combination of resources and the second is that resources are immobile in that they cannot be transferred between different firms within a short period of time. As a result, businesses are unable to duplicate rivals' resources or use their brand equity, procedures, and knowledge (Barney et al., 2021). This theory has drawn criticism for failing to take into account resource-related factors by presuming that they just exist rather than doing a rigorous analysis of how crucial capabilities are produced or acquired. The premise that a company may be profitable in a highly competitive market as long as it can use advantageous resources does not always hold true because it ignores external influences by taking the industry as a whole. It is impossible to locate a resource that fits all VRIN requirements (Pereira & Bamel, 2021). These limitations can be addressed by using the resource-based view theory along with conducting a strength, weakness, opportunities and threats analysis which help an organization to identify its strengths and weaknesses, discover opportunities and anticipate potential threats.

The Resource-Based View (RBV) theory is relevant to this study as it emphasizes that a firm's competitive advantage arises from resources and capabilities that are valuable, rare, inimitable, and non-substitutable (VRIN). Selected strategic options such as strategic alliances, joint ventures, and acquisitions enable firms to access and leverage key resources that drive superior performance. In strategic alliances, firms gain access to complementary resources such as new technologies, distribution networks, and market intelligence. Joint ventures provide pooled capabilities, including local market expertise, managerial skills, and co-development of innovative products. Acquisitions allow firms to internalize critical resources like advanced production capacity, intellectual property, and skilled talent. According to RBV, performance improvements from these selected strategic options are most likely when the acquired or shared resources align with the firm's strategic objectives. Furthermore, a firm's ability to integrate and exploit these resources effectively depends on its absorptive capacity, managerial expertise, and organizational scale, which collectively determine how resources are transformed into sustained competitive advantage and superior performance outcomes.

RESEARCH METHODOLOGY

The study was carried out in Nairobi County on food and beverage manufacturing firms. The study focused on the food and beverage firms because they are particularly sensitive to strategic decisions due to their dependence on fluctuating raw material costs, supply chain efficiency, market demand, and regulatory compliance unlike other manufacturing subsectors. This study adopted a descriptive research design.

Descriptive research design shows the state of affairs as it exists, where the researcher has no control over the variables and only reports what has happened or what is happening and attempts to discover causes when they cannot control the variables (Ahmed, 2024). The study adopted a census technique, targeting the 99 food and beverage manufacturing firms in Nairobi County. The study collected primary data using structured questionnaires. The pilot study was conducted on 10 food and beverage manufacturing firms in Kiambu County because their operational dynamics are similar to those of firms in Nairobi County. The reliability of the data was assessed using Cronbach's alpha, where a coefficient of 0.70 or higher would indicate good internal consistency, allowing the findings to be generalized to reflect the perspectives of respondents within the target population. Descriptive and inferential statistics were applied to analyze and summarize the collected data. Hypothesis testing was conducted at a 95% confidence level to ensure statistical significance. The regression equation was as follows:

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$..... (i)

RESULTS AND DISCUSSION

Response Rate

The study administered 99 questionnaires. A total of 73 were properly filled and returned. The Response rate is shown in Table 1.

Table 1: Questionnaire Distribution and Response Rate

Category	**Frequency**	**Percent**
Response	73	73.73
Non-Response	26	26.27
Total	**99**	**100**

Source: Primary Data (2026)

Out of the 99 questionnaires distributed to the target respondents, 73 were duly filled and returned, representing a 73.73% response rate. According to Fincham (2008) points out that a response rate of approximately 60 percent is sufficient for a research study. Therefore, this study's response rate is considered excellent, providing a reliable basis for statistical analysis and interpretation. The high response rate can be attributed to proactive follow-up with respondents, clarity and conciseness of the questionnaire, and the respondents' willingness to participate in the research.

Profile of the Respondents

The respondents were asked to indicate the number of years they have worked in the food and beverage manufacturing firms under study and the results are presented in Table 2.

Table 2: Length of Service

	Frequency	**Percent**
3 to 5	19	26
6 to 8	13	17.8
Over 8	41	56.2
Total	**73**	**100**

Source: Primary Data (2026).

From the results, 56.2% of the respondents had worked in the food and beverage manufacturing firms under study for over 8 years, 26% had worked for between 3 and 5 years while 17.8% of the respondents had been working in the firms under study for between 6 and 8 years.

Descriptive Statistics

This section presents the descriptive statistics for the study variables: strategic alliances, joint ventures, acquisitions, firm size and performance of food and beverage manufacturing firms in Nairobi County. The analysis includes mean scores, standard deviations, and the distribution of responses across the five-point Likert scale, where: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. A mean score closer to 5 indicates a stronger agreement with the statement, while a mean closer to 1 indicates stronger disagreement. The standard deviation (SD) reflects variability in responses.

Strategic Alliances

The respondents were asked to indicate whether their respective firms had engaged in strategic alliances in the past five years and the results are presented in Table 3.

Table 3: Firm Engagement in Strategic Alliances

	Frequency	**Percent**
Yes	53	72.6
No	20	27.4
Total	**73**	**100**

Source: Primary Data (2026)

From the results, 72.6% of the respondents indicated that, in the past five years, their respective food and beverage manufacturing firms had engaged in strategic alliances while 27.4% indicated that their respective firms had not engaged in strategic alliances in the past five years.

Table 4 provides the descriptive results pertaining strategic alliances by the food and beverage manufacturing firms in Nairobi County.

Table 4: Descriptive Results for Strategic Alliances

				SD	**D**	**NT**	**A**	**SA**
	N	**M**	**S Dev**	**%**	**%**	**%**	**%**	**%**
Our firm forms technological alliances with other companies to access new technologies and technical capabilities.	73	3.75	1.28	12.3%	2.7%	13.7%	39.7%	31.5%
Our firm collaborates with strategic partners in joint research, innovation, or technology development initiatives.	73	3.75	1.12	6.8%	6.8%	15.1%	46.6%	24.7%
Our firm enters into marketing alliances with other companies to promote and distribute products in new markets.	73	3.92	1.13	2.7%	12.3%	13.7%	32.9%	38.4%
Our firm forms marketing alliances with other organizations to strengthen market positioning and brand visibility.	73	3.68	1.20	8.2%	9.6%	13.7%	42.5%	26.0%

Our firm forms alliances with other organizations to jointly develop and implement quality assurance systems.	73	3.79	1.26	9.6%	8.2%	8.2%	41.1%	32.9%
Our firm collaborates with strategic partners to comply with industry quality standards and certifications.	73	3.66	1.15	8.2%	6.8%	17.8%	45.2%	21.9%
Aggregate Mean and SD		**3.76**	**1.19**					

Source: Primary Data (2026)

The aggregate mean of 3.76 and standard deviation of 1.19 implies that most of the firms under study have engaged in strategic alliances with other firms. While other firms form technological alliances with other companies to access new technologies and technical capabilities (mean = 3.75), others collaborate with strategic partners in joint research, innovation or technology development initiatives (mean = 3.75). Okon et al. (2024) showed that shared goal and objective, clear communication, trust and resource allocation, are relational dimensions that can influence effective performance among manufacturing firms in Akwa Ibom State, Nigeria. Other firms enter into alliances with other firms to promote and distribute products in new markets (mean = 3.92) while some form alliances to strengthen market positioning and brand visibility (mean = 3.68). Wegwu (2025) pointed out a positive and significant relationship between the dimensions of strategic alliance and the measures of organizational performance. Khisa and Kariuki (2022) established that production alliance, technological alliances positively and significantly affect performance while logistics alliances did not affect performance of motor vehicle industry. Some of the firms under study form alliances with other organizations to jointly develop and implement quality assurance systems (mean = 3.79) while other aim to comply with industry quality standards and certifications (mean = 3.66). Muteshi and Awino (2020) indicated that strategic alliances had an insignificant effect on firm performance, suggesting that alliances may have limited influence in highly competitive markets. Mathuki et al. (2020) indicated that strategic alliances had a strong statistically significant influence on the performance of Kenyan manufacturing firms in the EAC market.

Diagnostic Tests

Diagnostic tests help to confirm the nature of the data and identify the model that is appropriate for research to ensure that the regression results are consistent and objective (Samantaraya, 2024). They were carried out to ensure all ordinary least squares assumptions are met.

Normality Test

Ordinary Least Squares regression is based on the premise that the error term in the model is normally distributed with a zero mean and constant variance for all values (Yang & Berdine, 2021). Normality tests were conducted to enhance the goodness of fit of a regression model and reliability of relationships established among variables. The current research used Shapiro Wilk and Kolmogorov test to check if residuals are normal. The use of linear regression model is supported on the basis of normally distributed residuals. For normality of residuals, the test statistics should be above 0.05 for residual to be normal (Khatun, 2021).

Table 5: Normality Test Results

	Kolmogorov-Smirnova		
	Statistic	**df**	**Sig.**
Performance	0.095	73	0.153
Strategic Alliances	0.072	73	0.228
Joint Ventures	0.079	73	0.216
Acquisitions	0.075	73	0.082
Firm Size	0.091	73	0.178

Source: Primary Data (2026)

From the outcomes, the significance values for all the variables in the study were >0.05 implying that the data used in the study follows normal distribution.

Multicollinearity Test

Multicollinearity occurs when two or more predictor variables in a multiple regression model are highly correlated (Tsagris & Pandis, 2021). Multicollinearity can result in significant forecasting errors and make it difficult to evaluate the relative significance of individual variables. Variance inflation factor (VIF) was used to test for the presence of multicollinearity. If VIF is lower than 10 then there is no multicollinearity between the predictor variables and if it is greater than 10 it implies that there could be multicollinearity.

Table 6: Multicollinearity Test Results

	Collinearity Statistics	
	Tolerance	**VIF**
(Constant)		
Strategic Alliances	0.782	1.278
Joint Ventures	0.686	1.457
Acquisitions	0.647	1.545
Firm Size	0.705	1.418

Source: Primary Data (2026)

From the results, the VIF values for all the independent variables in the study were < 10 implying that these independent variables were not highly correlated and hence all were retained in the study.

Test for Heteroscedasticity

Heteroscedasticity refers to regression disturbances whose variances are not constant across observations (Saleh & Rosli, 2024). Heteroscedasticity violates the assumption of linear regression model that assumes the variance of the error term is constant. Heteroscedasticity was done to make sure that the error term's variance is constant. When the variance is not constant it means that the errors of the estimates were biased and inconsistent making the testing of the hypothesis unreliable (Kumar, 2023). In this study, the researcher tested for heteroscedasticity using Levene Test. If the P-value of the Levene test is greater than 0.05 then there is no heteroscedasticity (Khatun, 2021).

Table 7: Heteroscedasticity Test Results

Breusch-Pagan / Cook Weisberg Test for Heteroscedasticity
Ho: Constant Variance
Variables: Fitted values for Performance
Chi2 (1) = 2.45
Prob > chi2 = 0.1174

Source: Primary Data (2026)

From the outcomes, the estimated significance value for the test was 0.1174 > 0.05 an implication that heteroscedasticity is not present in the data set and hence is fit for further analysis and inferences.

Correlation Analysis

Pearson's Correlation Coefficient was applied to evaluate the strength and direction of linear relationships between the independent variables; strategic alliances, joint ventures, acquisitions and firm size and the dependent variable, performance of food and beverage manufacturing firms in Nairobi County Kenya. The results are presented in Table 8.

Table 8: Correlation Results

		Performance	**Strategic Alliances**	**Joint Ventures**	**Acquisitions**	**Firm Size**
Performance	Pearson Correlation	1	.560**	.553**	.563**	.562**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	73	73	73	73	73
Strategic Alliances	Pearson Correlation	.560**	1	.290*	.397**	.391**
	Sig. (2-tailed)	0.000		0.013	0.001	0.001
	N	73	73	73	73	73
Joint Ventures	Pearson Correlation	.553**	.290*	1	.506**	.434**
	Sig. (2-tailed)	0.000	0.013		0	0
	N	73	73	73	73	73
Acquisitions	Pearson Correlation	.563**	.397**	.506**	1	.435**
	Sig. (2-tailed)	0.000	0.001	0.000		0.000
	N	73	73	73	73	73
Firm Size	Pearson Correlation	.562**	.391**	.434**	.435**	1
	Sig. (2-tailed)	0.000	0.001	0.000	0.000	
	N	73	73	73	73	73

Source: Primary Data (2026).

Strategic alliances recorded a positive (0.560) and statistically significant relationship (0.000<0.05) with performance of food and beverage firms in Nairobi County. Wegwu (2025) pointed out a positive and significant relationship between the dimensions of strategic alliance and the measures of organizational performance. Khisa and Kariuki (2022) established that production alliance, technological alliances positively and significantly affect performance while logistics alliances did not affect performance of motor vehicle industry.

Joint ventures recorded a positive (0.553) and statistically significant relationship (0.000<0.05) with performance of food and beverage firms in Nairobi County. Jepkorir and Kwasira (2025) revealed that there was a positive linear effect of joint venturing strategy on performance of commercial bank in north rift region, Kenya. The study concludes that joint venturing strategies were found to positively impact bank performance, underscoring their role in driving sustainable growth through resource sharing, risk mitigation, and market expansion.

Acquisitions recorded a positive (0.563) and statistically significant relationship (0.000<0.05) with performance of food and beverage firms in Nairobi County. Firm size recorded a positive (0.562) and statistically significant relationship (0.000<0.05) with performance of food and beverage firms in Nairobi County. Felker et al., (2024) revealed that codifying acquisition experience into structured processes enhanced the likelihood of developing standardized integration approaches, especially when a firm had a clear strategic intent for M&A. In contrast, relying only on routinized practices had limited or even negative effects in contexts where M&A was strongly driven by strategic considerations.

Regression Analysis

The study employed simple and multiple regression analysis to examine both the individual and moderating effects of the independent variables; strategic alliances, joint ventures, acquisitions and firm size on the performance of food and beverage firms in Nairobi County, Kenya. The analysis results are presented in four models corresponding to the study objectives. In addition, the regression results were used to test the study hypotheses and determine the statistical significance and direction of the relationships among the study variables.

Effect of Strategic Alliances on Performance

This section presents the results of the regression analysis used to examine the effect of strategic alliances and performance of food and beverage manufacturing firms in Nairobi County, Kenya. The objective was to determine whether strategic alliances significantly influence performance of food and beverage manufacturing firms. The findings are summarized in Tables 9,10 and 11.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.560a	0.314	0.304	0.8267	1.981

a Predictors: (Constant), Strategic Alliances

Source: Primary Data (2026).

The model summary results show a correlation coefficient (R = .560), indicating a strong positive relationship between strategic alliances and performance of food and beverage manufacturing firms. The R Square value of .314 implies that 31.4% of the variation in the performance of food and beverage manufacturing firms can be explained by strategic alliances. The Adjusted R Square of 0.304 confirms that the model is reliable even after adjusting for sample size and the number of predictors. The Durbin–Watson statistic of 1.981 falls within the acceptable range of 1.5 to 2.5, suggesting that there is no significant autocorrelation in the residuals, hence the regression model is statistically significant. This indicates that strategic alliances accounts for a significant portion of performance of food and beverage firms in Nairobi County. Table 10 shows the ANOVA results.

Table 10: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.159	1	22.159	32.423	.000b
	Residual	48.523	71	0.683		
	Total	70.682	72			

a Dependent Variable: Performance

b Predictors: (Constant), Strategic Alliances

Source: Primary Data (2026).

The ANOVA results show that the F-statistic is 32.423 with a corresponding p-value of 0.000<0.05. This indicates that the regression model is statistically significant. Therefore, strategic alliances significantly predict performance of food and beverage manufacturing firms in Nairobi County. This finding implies that the regression model provides a good fit for the data. Hence, the model can be reliably used to explain the relationship between strategic alliances and performance of food and beverage manufacturing firms. Table 11 shows the Coefficients strategic alliances in predicting performance.

Table 11: Regression Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	1.633	0.402		4.063	0.000
	Strategic Alliances	0.593	0.104	0.56	5.694	0.000

a Dependent Variable: Performance

Source: Primary Data (2026).

The regression coefficients present the predictive relationship between strategic alliances and performance of food beverage manufacturing firms in Nairobi County. The fitted regression model derived from the coefficients is expressed as:

$Y = 1.633 + 0.593X_1$

Where:

Y = Performance of food and beverage manufacturing firms

X_1 = Strategic alliances

1.633 = Constant term (intercept)

0.593 = Regression coefficient for strategic alliances

The regression equation indicates that when strategic alliance is held constant at zero, the average firm performance is expected to be 1.633 units. The positive coefficient of 0.593 implies that a one-unit improvement in strategic alliance leads to a 0.593-unit increase in performance of food and beverage manufacturing firms, holding other factors constant. Thus, strategic alliances positively determine the performance of the firms under study. The t-value of 5.694 and a p-value of 0.000<0.05 confirm that the effect of strategic alliance on firm performance is statistically significant. The standardized beta coefficient (β = 0.56) further suggests that strategic alliance is a strong predictor variable that explains substantial variations in firm performance.

These findings directly inform the hypothesis testing. The study sought to test: H_{01}: There is no statistically significant relationship between strategic alliances and performance of food and beverage manufacturing firms in Nairobi County. Given that the regression results yielded a p-value of 0.000<0.05 the null hypothesis (H_{01})

is rejected. This leads to the conclusion that strategic alliance has a positive and statistically significant effect on performance of food and beverage manufacturing firms in Nairobi County.

Okon et al. (2024) showed that shared goal and objective, clear communication, trust and resource allocation, are relational dimensions that can influence effective performance among manufacturing firms in Akwa Ibom State, Nigeria. Wegwu (2025) pointed out a positive and significant relationship between the dimensions of strategic alliance and the measures of organizational performance. Khisa and Kariuki (2022) established that production alliance, technological alliances positively and significantly affect performance while logistics alliances did not affect performance of motor vehicle industry. Muteshi and Awino (2020) indicated that strategic alliances had an insignificant effect on firm performance, suggesting that alliances may have limited influence in highly competitive markets. Mathuki et al. (2020) indicated that strategic alliances had a strong statistically significant influence on the performance of Kenyan manufacturing firms in the EAC market.

SUMMARY OF THE FINDINGS

The first objective of the study was to examine the effect of strategic alliances on performance of food and beverage manufacturing firms in Nairobi County. Strategic alliances recorded a positive (0.560) and statistically significant relationship (0.000<0.05) with performance of food and beverage firms in Nairobi County. The R Square value of .314 implies that 31.4% of the variation in the performance of food and beverage manufacturing firms can be explained by strategic alliances. The positive coefficient of 0.593 implies that a one-unit improvement in strategic alliance leads to a 0.593-unit increase in performance of food and beverage manufacturing firms, holding other factors constant. Thus, strategic alliances positively determine the performance of the firms under study.

CONCLUSION

Strategic alliances recorded a statistically significant relationship with the performance of food and beverage manufacturing firms in Nairobi County, explaining 31.4% of the variation in the performance of food and beverage manufacturing firms. Strategic alliances recorded a positive (0.560) and statistically significant relationship (0.000<0.05) with performance of food and beverage firms in Nairobi County. Strategic alliances enable firms to access complementary resources, share knowledge, reduce operational costs, improve innovation and expand market opportunities. Firms that establish strong collaborative partnerships with suppliers, distributors, technology providers, and other strategic partners are better positioned to enhance operational efficiency, respond effectively to changing market conditions and achieve sustainable competitive advantage.

RECOMMENDATIONS

The study recommends that food and beverage manufacturing firms in Nairobi County should actively develop and strengthen strategic alliances with suppliers, distributors, research institutions, technology providers and other industry stakeholders to enhance their overall performance. Management should establish formal partnership agreements that promote resource sharing, knowledge exchange, joint innovation and market expansion while fostering trust, transparency and effective communication among alliance partners. In addition, firms should regularly evaluate the effectiveness of their strategic alliances to ensure that they align with organizational objectives and deliver measurable improvements in operational efficiency, competitiveness, profitability and long-term sustainability.

Suggestions for Further Research

Future researchers should employ longitudinal research designs to examine how the relationship between strategic options and organizational performance evolves over time, thereby providing stronger evidence on the long-term effects and sustainability of strategic alliances, joint ventures and acquisitions.

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