STRATEGIC ALLIANCES AND PERFORMANCE OF COMMERCIAL BANKS IN MOMBASA COUNTY, KENYA.

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS, ECONOMICS AND TOURISM IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT) OF KENYATTA UNIVERSITY

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DECLARATION

I declare that this Project is my original work and has never been presented for a degree or any other award in any University.

Signature…….. Date ……..…

Dennis Ngari Njue - D53/OL/MSA/20050/2021

This Research Project has been submitted for my approval as the University Supervisor.

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DEDICATION

Special dedication to my loving wife Winnie Kiriba for her moral support through my post graduate course.

My special dedication to my parents and my children Jayden Ngari and Eliana Ngari for their unending love and encouragement.

I dedicate this work to my Pastor, Rev Cyrus John for his prayers and words of encouragement while doing my post-graduate studies and research project.

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ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
CRB	Credit Reference Bureaus
MFBs	Microfinance Banks
POS	Point of Sale
R &D	Research and Development
RBV	The Resource-Based View Theory
SBPs	Strategic Business Partnership
SPSS	Statistical Package for the Social Sciences

OPERATIONAL DEFINITION OF TERMS

Strategic Alliance – is where several organizations come together under a partnership to create a competitive advantage over others in their area of specialization. This means they bring together their strengths, rewards, risks etc to ensure a long-term achievement.

Performance-is the ability of any firm to meet its objectives. It is measured by a comparison between expected and actual achievement.

Strategic business Partners- organizations that collaborate with other organizations to achieve mutual benefits through formalized alliances.

Equity strategic alliance- is where several firms own shares of the new formed firm proportional to what each firm has contributed regarding capabilities and resources with the key objective of having a competitive edge.

Marketing Alliance- This is where two or more firms bring about countless sales benefits to an organization like creation of new services and products, the capability to reach new markets without the need to build relationships, the access to technology, the sharing of R&D and marketing costs and as a result improve organization performance.

Technological Alliance- This is an alliance that ensures risks in firms are shared together with the economies of scope and scale such as R&D activities.

Service Innovation Alliance- This is a strategic partnership between firms formed to jointly develop new services and products, or process to the market. Such alliances are specifically created to share expertise, pool resources, leverage one another's strengths so as to bring in new innovations to market more effectively and quickly than one would possibly acquire when working alone.

ABSTRACT

Local and international cooperation has in the recent past gained significance to most of the organizations. Fostering strategic affiliations becomes fundamental for organizations aspiring to expand their interdependence with established organizations. Kenyan commercial banks have experienced declining profitability, customer satisfaction, and market share, with some, like Chase Bank, collapsing, highlighting the need for strategic solutions. While research on strategic alliances exists, few studies focus on their impact on bank performance, particularly in Mombasa County, creating a gap that this study aims to address. The research aimed to establish the strategic alliances and performance of commercial banks in Mombasa County, Kenya with the specific objectives determining the effects of marketing alliances, technological alliances and service innovation alliances on performance of the same. The theories underpinning the study by the Resource Dependence Theory, Agency and Dynamic Theories. Descriptive research was adopted targeting a population of 1170 employees working for the banks within Mombasa County, Kenya. The sample size was determined using the simple random sampling technique where a population sample of 93 employees were sampled. A questionnaire was issued for data collection and analysis done by descriptive statistics, regression analysis and presented using graphs and tables. Conclusions were derived from the study that marketing, technological and service innovation alliances all impacted performance of commercial banks. Therefore, recommendations were meant to have banks adopt and enhance on the strategic alliances which would in turn improve the performance in terms of profitability, customer satisfaction and gain of market share. Further studies were recommended to be done for other counties and Kenya at large in the future.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Local and international linkages gained significance to organizations in the recent past. Fostering strategic affiliations becomes an elementary tool especially for organizations aspiring to extent their links with more advanced organizations. Recently, forming strategic alliances has become a key objective for numerous firms and in general, these firms seem to lean towards such a direction and as a result, ought to be included in the current conversation where the corporate future is determined by such alliances (Krishnan & Ulrich, 2001). The researchers also believe that in doing so, individuals have a voice and can take part in the conversations.

The ability of a business person to form strategic alliances, either a short-term one or a joint venture is important for the continued financial achievement in an aggressive and dynamic business environment. As established by Grant and Baden-Fuller (2004), the forging of strategic partnerships that allow use with other firms strengthen these companies which in the long terms has significant advantages. The creation of strategic partnerships with executives and managers is an example of a valuable and tactical strategy that is likely to aid in bringing transformation. Robinson and Robinson (2005) claimed that such alliances affect the organizations outcome.

Globally, the banking sector has witnessed significant transformations that have been driven by the evolving expectation of customers, technological advancements and regulatory changes (Attah, et al., 2024; Bueno et al., 2024; Munira, 2025). According to the researchers, major financial markets such as Asia, Europe, and the United States, have witnessed increased digitalization, mergers and acquisitions, and partnerships between fintech companies and traditional banks to improve customer service and

efficiency. Despite such advancements, global commercial banks still face challenges such as regulatory pressures, cybersecurity threats and economic downturns, which influence their overall performance.

Regionally, African commercial banks have experienced rapid expansion, particularly in mobile banking and digital financial services. Markets such as Ghana, South Africa, and Nigeria have also witnessed the adoption of mobile money platforms, allowing greater financial inclusion (Osabutey & Jackson, 2024; Takyi, Sorkpor & Asante, 2025). Nonetheless, African banks are still facing challenges including limited access to capital, political instability, and currency fluctuations, which could hinder performance (Oyetade & Muzindutsi, 2024; Gondwe, Gwatidzo & Mahonye, 2024). Strategic alliances with technology firms, microfinance institutions, and international banks have become crucial in addressing these challenges and improving competitiveness.

In Kenya, commercial banks play a vital role in economic development, providing financial services to businesses and individuals (Tiony, 2024). The banking sector has undergone significant changes, including regulatory reforms, strategic partnerships with mobile networks, and the adoption of digital banking solutions. Nonetheless, the sector also faces issues such as regulatory constraints, increased competition, and declined profitability (Mutai, Abdul & Kimutai, 2025; Wandia & Muathe, 2024). Insights from the Central Bank of Kenya also revealed fluctuations in bank performance with some institutions struggling to maintain profitability because of the changing customer preferences and operational costs.

Organizational performance is a critical measure of a firm's success in achieving its objectives. Scholars have defined performance in various ways. Richard et al. (2009)

viewed organizational performance as the achievement of both financial and non-financial goals, including efficiency, customer satisfaction, and innovation. Lusthaus (2002) emphasized that performance ought to be assessed not only in terms of financial profitability but also through factors such as relevance, efficiency, and effectiveness. For the current study, performance is based on three key indicators; customer satisfaction, market share, and profitability. Customer satisfaction is a reflection of the ability of banks to meet the expectations of the client via quality service delivery (Ifedi et al., 2024). Profitability measures financial success in terms of revenue generation and cost management while market share indicates a bank's competitive position and ability to attract and retain customers relative to competitors (Almestarihi et al., 2024).

1.1.1 Organizational performance

Richard et (2009) opine that banks' performance as a symbol of accomplishment of both destinations and authoritative designs. Performance ought to be measured not only in terms of prices, the rate of return and benefits related to the money, but also in terms of both quantitative and subjective estimation parameters. Lusthaus (2002) upholds this approach, as a result, the researcher ordered the incorporation of association markers; adequacy, and the capability an alliance gives its administration while in the best structure. In addition, productivity also involves how much a firm moves towards the accomplishment of its primary objective together with the acknowledgement of its goals together with significance, the survival of an alliance and the practicality of money both influence the capacity of an alliance to generate more money in relation to its assets than spending.

Horngren et al. (2003) implied that organizational performance also means the fulfilment of a task or a 'thing' that has been completed. According to the association defined by Gelfand et al. (2003), organizations performance is linked to the dedication

made by an administration's framework. Robbins et al. (2002) claimed that performance can be assessed using the efficiency and effectiveness of the accomplishment of the objectives of an alliance. Similarly, Anderson (2006) conceptualized adequacy to be the level of fulfilment of an objective. Performance is also believed to be a final product of accomplished work that is assessed by the amount and quality of the faction accomplishment. Organizational performance was assessed on three aspects; relevance, proficiency and effectiveness. Here, effectiveness means the manner in which the accomplishment an organization prompts destination. Efficiency is then the preferred impact of inputs on returns. Lastly, relevance can be termed as the ability to inscribe challenges and accept support of its need partners.

Institutional and Organizational Assessment Model (IOA) is considered an exemption in the midst of the most thorough structures for OPA. IDRC elaborate on the understated elements of its functioning. According to the theory, the functioning of a firm in the multi-dimensional thought strikes a balance between budgetary reasonability, proficiency, significance, and adequacy of the alliance. As stated by Rojas & Lusthaus (2017), the structure also shows that management performance should be assessed in regards to the external, limit and inspiration settings.

Researchers such as Wakianda (2018) used market share, financial performance and coverage to measure performance. The current study measures organizational performance using customer satisfaction and profitability.

1.1.2 Strategic alliances

Strategic alliance can be termed as a consensus between several firms where all make contributions in terms of their expertise, resources and this normally happens while the firms retain their individual identity. Each firm gives up complete control in exchange

of the potential to participate and yield the results of the relationship of a joint venture (Robison, 2011). Banford (2013) opines that strategic alliances are mutually agreed upon and are mutual in collaborations where they assume the form of contractual ventures or equity positions entailing licensing agreements, consortiums, joint ventures, and general partnerships. Somers (2015) avers that the relationship between parties involved is mutual which each partner is ready to split specific strengths with one another. More often than not, strategic alliances take a functional, dynamic or trading guise in operating partnerships. Trading alliances are scenarios where sellers and buyers form a largely passive distribution and sales or export/import arrangement solely supported by contractual terms. Functional alliances, according to Baum et al. (2000), apply few functions between factions through mobilizing efforts to achieve particular goals and to facilitate active associations.

Strategic alliances take different guises. They include; non-equity, equity alliances and joint ventures. The sole most important objective of partners in a joint venture is to identify and sustain long-lasting associations with the purpose of having the ability to effectively compete with other firms. Firms have distinct resources; however, firms might require other resources apart from their existing ones to competitively conquer the market. Such resources include managerial and technical capabilities, capital, and other intangible assets such as reputation. The aforementioned need appears to be the main logic behind the choosing of a partner. This means to say that firms are searching for partners that have the resources they seek yet have failed to have access to it. Additionally, firms can learn competencies and skills from their partners to improve their capabilities which Health et al. (2000) believed would improve or develop their competitive edge. For example, a technological alliance between companies is accorded utmost importance as it allows companies access to complementary technological

resources and improves their innovation capabilities. Among the most significant approaches is cooperation and innovation alliances, however, such an alliance is considered high-risk. The method, as stated by Danley (2013) for selecting the right partners and enhancing their proficiency and that of their innovation is a challenge most firms face.

An equity strategic alliance is defined as a venture with a differentiation in proprietorship fractions in each firm. In this type of alliance, firms own shares of the formed firm proportional to what each firm has contributed regarding capabilities and resources with the key objective of having a competitive edge. Strategic partnerships emphasize on the association between set-up undertakings and management competencies between two or more diverse companies. Eventually, this leads to the matching if different corporate cultures to a single aim in the alliance due to the occurring of equity strategic alliances. According to Gulati (2013), numerous exotic direct investments like those in the U.S and Japan to developing economies are enabled by equity strategic alliances. A non-equity strategic partnership slightly differs from joint ventures and equity. Such an alliance has less formality since it involves several companies to form an alliance on the basis of an agreement to achieve the competitive edge. The key purpose of such alliance is use of competencies and resources to acquire their competitive edge. Such an association becomes information and thus, Gichuhi (2014) believe that this requires less assurance when compared to other alliances, making it easy to adopt.

Fang, et al. (2008) argues Marketing alliances have a significantly affect on global marketplace and have been discovered to be a key section of the marketing strategy. Rindfleisch & Moorman (2001) argued that such alliances bring about countless marketing benefits to an organization such as creation of new services and products,

the capability to reach new markets without the need to build relationships, the access to technology, and the sharing of R&D and marketing costs which results to improved organization performance. In a joint venture, organizations share resources and equally take part in the management of operations. A critical decision in organizations when creating marketing alliances is the choice between two significantly distinct structure modes, alliances lacking equity sharing and joint ventures (Houston & Johnson, 2000). The mode chosen by a firm affects the extent at which it is involved in the implementing and development of the marketing programs of this alliance, the extent to which an organization succeeds in the market it chooses and the control enjoyed in the making of the marketing activities.

Technological alliances interfirm agreement solely devoted to share same resources according to Mitchell et al. (2002). Such alliances guarantee that risks in firms are shared together with the economies of scope and scale in operational areas like R&D activities. In the banking industry, despite R&D and technological cooperations determining the involuntary 'outgoing spill-overs' to the once rivalling partners, organizations find incentives to share technology and the know-hows so as to identify new standards. Schilling & Phelps (2007) stated that to manage a heterogenous unit of technological alliances, organizations are introduced to new routines and ideas that are in favor of creativity and recombination techniques that foster the creative outputs and patent activity to business. Technological alliances take numerous forms them being, joint ventures, licensing agreements, and other forms of strategic partnerships, and are beneficial to organizations in that they provide access to external know-how and information thus increasing the innovative performance as well.

Innovation alliances are considered strategic partnerships between firms formed to jointly develop new services and products, or process to the market (Ferreira & Franco,

2017). Such alliances are specifically created to share expertise, pool resources, leverage one another's strengths so as to bring in new innovations to market more effectively and quickly than one would possibly acquire when working alone. Ogunkoye Olufemi et al. (2015) believed that such an alliance creates access to customer segments and new markets, reduces costs and improves efficiency, and lastly, enhances service and product offerings.

1.1.3 Commercial banks in Mombasa County

Commercial Banks have been seen to be integral in the mobilization of financial resources and investment, where this is done by offering funding to various investors and businesses. Researchers have discovered lending to be the core of the banking industry with loans being powerful assets since they make up the largest percentage of operating income. The Kenyan banking sector is assumed to be extremely dynamic and has and still continuous to undergo different changes. For instance, a number of mergers and acquisitions were finalized between 1994 and 2001 with the aim of improving profitability. Recently and in the past, researchers report on partnerships between banking institutions and other institutions, particularly, mobile service providers, health facilities, learning institutions, and government agencies, among others. PWC (2012) highlighted that these alliances were formed to offer timely and efficient services and avail products to all their clienteles at all levels.

The banking industry, as at 31st December 2015 had the regulatory institution, the Central Bank of Kenya (CBK), 101 forex bureaus, 9 microfinance banks (MFBs), 44 banking institutions (2 mortgage finance company and 42 commercial banks), 7 foreign banks and 2 credit reference bureaus (CRBs). In the mentioned 44 banking institutions, 14 are foreign owned while 30 are locally owned whereby 27 are private and 3 have

public shareholding. The 14 foreign owned banking institutions include 4 banks that are foreign integrated, the remaining 10 banks are locally instituted (CBK, 2015).

As of 2022, Mombasa County hosted 108 bank branches, reflecting its economic importance and the demand for financial services. These branches are operated by various commercial banks, both local and international, providing services such as credit facilities, savings accounts, mobile banking, and trade financing. These services support key sectors like tourism, transportation, import/export, and manufacturing, which are central to the region's economy (Statista, 2023).

Shareholders in this sector have gained much experience and as stated by CBK (2009), commercial banks in Kenya have exponentially backed up the communication and IT use in the provision of their services. A few of the significant strategic partnerships adopted by various Kenyan commercial banks include licensing agreements with telecommunication companies to allow clients to make direct payment into their bank accounts using the mobile money transfer platform. Another alliance is franchising agreement with the issuing of debit, prepaid and credit cards through MasterCard and Visa. Banks have equally signed outsourcing agreements with firms for businesses where banks offer Point of Sale (POS) to merchants.

1.2 Statement of the problem

In recent years, Kenya’s commercial banks have experienced a decline in performance, affecting key areas such as market share, customer satisfaction and profitability. The banking industry has faced financial instability, with some institutions, such as Chase Bank, collapsing entirely. According to the Central Bank of Kenya (CBK, 2021), the sector recorded a 9.6% decline in profitability in 2017, followed by a 29.3% drop between 2019 and 2020. This downward trend raises concerns about the long-term

sustainability of banks, and in particular, in an increasingly competitive financial environment. In addition, customer dissatisfaction with banking services has risen due to inefficiencies in digital banking solutions, limited-service innovation and high transaction costs, further threatening market share.

Several studies have examined strategic alliances, but gaps remain in understanding their specific impact on bank performance. Hoxtell (2015) explored alliances in disaster risk management, while Jonathan & Soldi (2011) focused on partnerships in the financial services sector but did not address their effect on customer satisfaction, profitability, or market share. In Kenya, Kavale (2007) studied strategic alliances in mobile banking, while Musyoki (2003) examined alliances among non-governmental organizations. Walekhwa (2011) analyzed the relationship between alliances and marketing decisions, and Mutinda (2008) investigated factors influencing tactical alliances in businesses. However, none of these studies specifically assessed how strategic alliances influence commercial banks' overall performance, particularly in Mombasa County, which hosts a large number of banking institutions serving diverse industries.

While service innovation, technological and marketing alliances are being adopted at an increasing rate to improve competitiveness, their effectiveness in improving market share, profitability and customer satisfaction remain unclear. The current research then sought to bridge the gap by investigating the impact of strategic alliances on the performance of the commercial banks in Mombasa County, Kenya, addressing whether such collaborations effectively improve marketing positioning and financial stability.

1.3 Objective of the study

The main purpose of the study was to examine the strategic alliances on performance of Commercial Banks in Mombasa County, Kenya.

1.3.1 Specific objectives

This study focused on the below specific objectives;

i. To determine how marketing alliances affect performance of commercial banks in Mombasa County, Kenya.
ii. To examine how technological alliances affect performance of commercial banks in Mombasa County, Kenya.
iii. To examine the effects of service innovation alliances on the performance of commercial banks in Mombasa County, Kenya.

1.4 Research questions

i. What is the impact of marketing alliances on performance of commercial banks in Mombasa County, Kenya?
ii. What is the impact of technological alliances on performance of commercial banks in Mombasa County, Kenya?
iii. What is the impact of service innovation alliances on performance of commercial banks in Mombasa County, Kenya?

1.5 Significance of the study

Study findings would be useful to practitioners in the banking sector, to policymakers and to researchers. For the practitioners in the banking sector, this study could inform policies to stakeholders in both development and business agents to aid in decision-making. Therefore, this study could be used as a source of reference by stakeholders. To banking practices, the study will offer value as it provides information for various

banks to use in the formulation of strategic alliances that exhibit relevance in influencing their performance. Also, the study gives outlook on what to look out for when getting into a new alliance.

Similarly, to policymakers, the study makes significant contribution to the formation of policies once policy makers establish engagement methods within the banking industry. Information on strategic alliances will be crucial for policy makers in defining the best alliance for various situations.

The current study assists both scholars and future academicians in Kenya and other parts of the globe in further adding to an existing body of knowledge. Since researchers and academicians are in search of new information and supporting references, they can equally reap the benefits of the current study since it contributes to the current researches on strategic alliances. The current study also attempts to expand knowledge on strategic alliances and offer foundation for further research on the presented research problem.

1.6 Scope of the study

The current study underlined to identifying the strategic alliances and the performance of Kenyan Commercial Banks, focusing on three key independent variables: marketing alliances, technological alliances, and service innovation alliances. Marketing alliances involve partnerships for brand visibility, market expansion, and customer acquisition, while technological alliances focus on IT collaborations, fintech partnerships, and digital banking solutions. Service innovation alliances emphasize research and development, expertise sharing, and process improvements to enhance service quality. The study adopts a cross-sectional design, collecting data at a single point in time to assess the relationship between these alliances and bank performance. The study

captures recent trends and developments in strategic alliances, providing insights into their role in enhancing profitability, customer satisfaction, and market competitiveness.

1.7 Study limitation

The most identifiable limitation for the study involves the authenticity of the collected data in that respondents are likely to give false data. To overcome this limitation, there is need to structure the survey appropriately; randomize answer choices so that answers appear in a different order to different respondents, therefore, preventing bias towards picking the first answer in survey question.

The research would have covered a larger study area so as to provide for a broader based analysis, but it focuses on Mombasa since it houses most of the banks and therefore the most convenient and also factoring in time and resource constraints.

Another challenge could be the permission to allow the staff in different banks to participate in giving the information in regards to this study. To overcome this, permissions and approvals for the collection of primary data was issued by (NACOSTI), and a letter from Kenyatta University.

1.8 Organization of the study

This proposal is organized into five distinct sections. Chapter one focuses on introduction, which encompasses research background, the problem statement, the purpose of the study, and relevant objectives of the study together with the scope of the study, its significance and limitations are also included. Chapter two is tailored on literature review. It captures the theories underpinning the study, empirical literature and the conceptual framework. The section concludes by providing a summary of the reviewed literature and the identified gaps. Chapter three focuses on the research methodology entailing the research design, the target population, and the sampling

design that details the sampling technique, sample size and sample frame. This section also covers the data collection instrument by outlining the pilot study and the validity and reliability of the research instrument. Additionally, data analysis procedures are detailed together with the ethical considerations.

Chapter four entails results and analyses study findings comparing to the objectives. The chapter is organized to present the response rate, the descriptive and demographic data on marketing alliance, technological alliances and service innovations. It also presents correlation analysis, linear regression analysis and the multiple analysis. Chapter five reveals a synopsis of both dependent and independent variables and highlights the major findings. It also shows the conclusions drawn, recommendations and further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews existing literature, addressing key elements. The theoretical review explores relevant theories. In the empirical review, previous research will be discussed concerning the study's variables, which include the independent variables (marketing alliances, technology alliances and service innovation alliances) and the dependent variable (organizational performance). The section on research gaps

identifies the discrepancies between the studies reviewed in the literature and the current study. The conceptual framework is also outlined.

2.2 Theoretical Review

This study is based on the following three theoretical foundations namely; The Resource Dependence, the Agency and the Dynamic Capabilities Theories.

2.2.1 Resource Dependency Theory

This is declared a proponent of Penrose in 1959 and according to McGahan (2021), is based on the sole principle that all firms need to acquire resources through an interaction with its surroundings. The RBV places special emphasis on the control levels over available resources and claims that when a company possesses more control or power over its resources, it is less likely to display vulnerability thus increasing its competitive power over other companies operating in a similar environment. The theory also argues that a company possess resources divided into subsets, where one allows the company to achieve the competitive edge, and the other results in superior long-term performance. Resources declared rare and valuable are likely to create a competitive edge.

A sociology discussion by Shah (2010) claimed that among the criticisms charged against dependency theories is their inability to reflect the transforming political and socio-economic situation in the contemporary world. The theory also asserts that the inability of an organisation to generate resources declared necessary for the successfully attaining of firm goals, is a clear indication of the mobility and imperfection of the resources. This pushing the manager into engaging with other players to improve resource skills access and competencies that a company might be lacking at the moment, and utilize them to improve operational effectiveness. Veilleux et al. (2012)

identified alliances as one of the most effective strategies that any company could adopt to increase their resources at affordable prices and in a reasonable time with few constraints. The theory's relevance in the study is presented in the indication of how alliances, especially technological, can be depended upon as key factors that commercial banks may leverage to improve their performance.

Furthermore, when it narrows down to explaining strategies, often, power trumps profits, a distinct insight at odds with the dominant economic approaches. The theory presents three core ideas; social context is significant; firms possess strategies to improve their autonomy and pursue interests and lastly, power is equally important in understanding the external and internal actions of a company.

The RDT explains why companies form strategic alliances to acquire external resources that they internally lack. Contextually, in commercial banks, the theory supports the idea that banks adopt marketing alliance to expand their customer base, technological alliances to enhance their operational efficiency, and service innovation alliances to develop new financial products. With the increasing competition in the banking sector, banks ought to continuously seek partnerships that offer access to specialized expertise, advanced technologies, and advanced technologies. For instance, collaborations with fintech firms allow banks to integrate mobile banking and digital payment solutions, enhancing financial inclusion and service delivery. The theory, therefore, underscores the importance of these alliances in enhancing the performance of commercial banks, competitiveness and their sustainability.

2.2.2 Agency Theory

Agency Theory is associated to Jensen and Meckling (1976). It posits that once an agent displays a vested interest in a single aspect of decision-making over another, then the

agency relationship is in place. According to Hill & Jones (1992), the theory also presents an assumption; the principal and agent's interests are different and its the basis for the theory's foundation. Similarly, the researchers claim that the opportunism of the agent can be reduced once the principal discovers an acceptable incentive for the agency. This takes place when the principal (shareholder) hires another individual (agent) to carry out few obligations on their behalf as demonstrated by Berle & Means (1932). The principals invest in a firm and accept risks so as to reap the investment's financial rewards. The agents (management) appear more concerned with profit maximization than risk-taking.

As stated by Jensen and Meckling, the hypothesis by this theory broadens evidence on the sharing of risks to include the supposed office issues occurring once participating groups have division of work and individual goals. Particularly, the office hypothesis is applied at the universal agency association, where a single group; the principals/shareholders assign duties to agents who execute them. However, an agency conflict arises because for the two parties, their risk aversion nature is mis-aligned. The conflict arises since the theories fails to show the two parties leaning towards different activities. The office hypothesis shows the association between the agents and the principals as one that assumes the illustration of an agreement.

The agency theory suggests that managers might, at times, pursue short-term gains at the expense of long-term strategic growth. Strategic alliances aid in aligning the interests of different stakeholders by ensuring that service innovation, technological and marketing alliances contribute to sustainable performance rather than short-term profitability alone. For instance, technological alliances that improve security and operational efficiency lead to higher customer satisfaction, ultimately translating to increased market share and profitability. By leveraging strategic partnerships,

commercial banks are likely to lower costs, reduce operational inefficiencies and expand their reach, ensuring that their performance objectives are in alignment with shareholder expectations.

2.2.3 Dynamic Capabilities Theory

This hypothesis is associated with Pisano & Teece (1994) and clarifying how firms satisfy the supposed opposing objectives. The first objective is that firms ought to be sufficiently capable of deliver value to their distinct way. The second objective is that these firms ought to be sufficiently versatile and strong to move with time once various conditions are in demand. The researchers characterized such ability as a series of scholarly exercises and processes empowering a firm to deliver a particular outcome. Additionally, the theory assumes that standard abilities are the best practices whilst, dynamic capabilities possess a certain uniqueness since they are established from the history of the firm. Altogether, the novel capacities are joined in a plan of actions that have undergone reversal for decades and are difficult to imitate.

The late Sumantra Ghoshal and Lynda Gratton referred to the aforementioned capabilities as “signature processes” and are most definitely *the manner in which things are done around here*. Teece (2007) also claimed that the signature procedures are solely dependent on the activities that the firm has taken part in before, performing a reversal to its resources. There appears a substantial number of researchers that have examined these dynamic capabilities, however, the approach remains subject to a few significant criticisms. Williamson (1999) protested that the concept is tautologically associated with success and that the important constructs are improperly operationalized. Winter (2003) associated some confusion and mystery around the concept to its excessive link with genetic formulas for global effectiveness.

The theory is particularly relevant to service innovation and technological alliances, where commercial banks ought to continuously innovate to stay ahead of their competitors. The banking industry is experiencing rapid digital transformation, and banks that fail to adapt risk losing market share. Technological alliances, such as those with software developers and fintech companies, enable banks to offer seamless digital banking experiences, blockchain-based security solutions and AI-driven customer support. Similarly, service innovation alliances facilitate the development of new financial products and services, ensuring that these commercial banks remain relevant in an evolving financial landscape. The theory supports the argument that banks ought to continuously evolve their strategies and generate alliances to improve market share, profitability and customer satisfaction.

2.3 The Empirical Review

2.3.1 Marketing Alliances & Organisational Performance

Fang, et al. (2008) argue that marketing alliances are important and have been discovered to be a key section of the market strategy. Examples of brand marketing alliances are joint ventures under product development agreements and promotion agreements. Rindfleisch & Moorman (2001) argued that such alliances bring about countless benefits to an organization i.e. the creation of new services and products, the capability to reach new markets without the need to build relationships, the access to technology, the sharing of R&D and marketing costs.

Berman et al. (2002) argue that distribution network is a key marketing alliance where several organizations created an independent organization to distribute resources and collaborative capacities to get competitive market edge. It is classified as a joint venture, however, in the structure of a strategic alliance.

Researchers also claim that experience and expertise in a specific field is more likely to improve organizational performance and create a sustainable competitive edge. The study focused on shared experience and tacit knowledge within teams. However, this sports-based context does not directly translate to the banking industry, where performance is influenced by external market factors, customer relationships, financial regulations, and technological advancements; and this translated into a contextual gap. Tiessen & Linton (2000) believed that this translated to tacit knowledge being a significant source of a competitive edge for numerous organizations. Kudate (2014) attempted to discover the influence strategic partnership has between large and small businesses using Equity Bank as a case study and discovered that despite alliances being a considerable option, smaller organizations require more information before getting into a partnership. A methodological gap identified is the fact that the study was limited in scope and this is because it focused on the agency model, limiting its applicability to other regions.

Stuart (2003) describes Packaging and Branding as an act whereby a company uses a unique criteria or way in which it uses to determine its products and have them differentiated from competitors A brand name is any word used to differentiate a seller's goods or services. Berman (1997) argues that having a registered brand name can improve the level of trust by consumers of a certain product. Having a registered brand name helps in product uniqueness which in turn improves customer satisfaction and therefore organizational performance.

In a joint venture, organizations share resources and equally take part in the management of operations. A critical decision in organizations when creating marketing alliances is the choice between two significantly distinct structure modes, alliances lacking equity sharing and joint ventures (Houston & Johnson, 2000). The

mode chosen by a firm affects the extent at which it is involved in the implementing and development of the marketing programs of this alliance, the extent to which an organization succeeds in the market it chooses and the control enjoyed in the making of the marketing activities. The choice made by an organization attempting to form marketing alliances has significant inferences for effectiveness in obtaining knowledge-based resources of their partner(s) and a presumed flexibility in taking actions in the future (Colombo, 2003).

A study by Ryu et al. (2019) assessed how the global financial crisis (2008) impacted the manner in which international strategic alliances (ISAs) influenced the performance of an organization. The researcher divided the Korean companies in pre- period and post- period of the global financial crisis and constructed a regression model with ROA and ROE as the dependent variables. It showed that the effects differed across the alliances and were affected by the conditions of the market. In an unstable market circumstance, the demand for these alliances through licensing recorded a substantial increase; an indication that licensing positively impacts firm performance than R&D alliances or joint ventures have. A key contextual gap is that the researcher solely focused on Korean companies and failed to investigate how ISAs influence firm performance in other economic environments, such as developing markets or the banking sector. Promotion agreements serve to coordinate marketing and manufacturing creates avenues for readily accessing new markets, the reciprocal flow of technical and intelligence data (Hoskinson & Busenitz 2017).

Mantecon et al. (2012) claimed that joint ventures generally give returns once ownership is equally shared. Brand marketing alliances affect organizational performance both positively and negatively. The positive impacts include an increase in credibility where Alcañiz et al. (2010) stated that when two or more established

brands merge, both their reputation and credibility enhance thus positively affecting organizational performance. Similarly, a brand marketing alliance will increase the visibility of the specific firms which aids in reaching larger audiences and attracting newer customers. Most importantly, the sharing of resources such as the costs of marketing improve the bottom line and overall organizational performance. Negative impacts can also be detected; for instance, taking part in a brand marketing alliance is likely to dilute the unique identity of the brand and could potentially bring confusion among clients and consequently affect their loyalty (Vahdati & Voss, 2019). Over-reliance on one firm reduces the ability of any organization to effectively compete on its own.

Walekhwa (2011) conducted the study on partners to Equity Bank and the impact of such alliances on marketing decision making. The researcher also aimed to discover the alliances' nature that was established between Equity Bank and the partners by December 2010. Primary data was gathered from five participants using an interview guide and later assessed. Findings revealed that Equity Bank has been part of numerous partnerships and that strategic alliances do not impact the marketing decisions. Reasons given for forging alliances were to increase value and customer base by granting or giving access to many service and products that singly the companies would have competency in. A methodological gap was present, the study uses case study as its method of data collection, therefore limiting representation..

2.3.2 Technological Alliances and Organisational Performance

According to Mitchell et al. (2002), within alliances, this supplementary alliance is an interfirm agreement solely devoted to share similar resources. Such alliances ensure that risks in firms are shared together with the economies of scope and scale in operational areas. Baum et al. (2000) believe that proximity in resources support the

outcomes of alliances due to the deeper and more intensive interactions among partners, which, Gilsing et al. (2008) claimed increased the speed and efficiency of cooperation. In the banking industry, despite R&D and technological cooperations determining the involuntary 'outgoing spill-overs' to the once rivalling partners, organizations find incentives to share technology and the know-hows so as to identify new standards. Schilling & Phelps (2007) stated that by commanding a heterogenous unit of these technological alliances, organizations are introduced new routines and ideas that are in favour of creativity, recombination of novel techniques to the business that foster the innovative outputs and more specifically.

With the aim of drawing conclusion from the impact of alliance portfolio, Yamakawa et al. (2011) explored exploitation versus exploration in alliance portfolio while focusing on the performance inferences of environmental, strategic, and organizational fit in five U.S industries in a span of eight years. The researchers identified the dependent variable to be organizational performance and used ROA acquired from the end of year report in Standard and Poor's COMPUSTAT (SCP) to identify the magnitude of the economic performance of the firms. The researchers discovered that organizations that form more exploitation alliances as compared to exploration alliances are more likely to register high performances in the short-term. This clearly suggested that exploitation alliances are more likely to bring more immediate and direct impacts, thus supporting the original contention of March (1991) who claimed that returns to exploitation are predictable, proximate and positive. A conceptual gap was identified in that the study primarily focuses on how firms balance exploration and exploitation in alliances, without specifically addressing marketing, technological, or service innovation alliances in the banking sector.

Licensing agreements as a technological alliance are claimed as strategic alliances that focus on the links between operation activities and management capabilities of two or more companies Harzing (2002). Russo & Cesarani (2017) also listed increased efficiency and reduced risks associated with new ventures as benefits of an equity strategic alliance on organizational performance. The percentage of ownership in equity strategic alliances is unequal and the terms is often described as when two or more organizations possess the shares of a newly established organization in regards to their contribution in capability sharing and resources. The ultimate objective, however, is to develop a competitive advantage. Focusing on internationalization. For instance, numerous (FDI) such as the ones made by the U.S and Japanese organizations in China are made possible through equity strategic alliances. Cott Corporation, a renowned retailer brand that supplies soft drinks, formed a similar alliance with J.D. Iroquois Enterprise Ltd. with the purpose of strengthening the corporations reach into the market segment of spring water.

The RBV theory recognizes the significance of Strategic partnerships where firms come together in unique relationships and resources in improving the performance of firms, together with the centrality of technological alliances. Technological alliances are beneficial to organizations in that they provide access to external know-how and information thus increasing the innovative performance as well. Baum et al. (2000) believe this supports product and service development and the application of new patent. Hagedoorn & Duysters (2002) stated that this aids in the retaining and accessing of knowledge, capabilities and resources along the boundaries of the organization. The effect of technological alliances on organizational performance can be significant (Faems et al. 2010). The researchers claimed that when firms are working together in a technological alliance, the combining of their expertise, resources and intellectual

properties to develop new technologies or products and services can result in increased competitiveness and innovation. This improves its performance and market position. However, such an alliance carries various challenges and risks, for instance, the different business models, cultures, and goals makes it impossible to effectively collaborate and coordinate.

Selegan (2015) aimed to identify the impacts of strategic partnerships of telecos service providers and performance. The researcher used descriptive way survey as it appeared the most suitable. Data was organized into patterns that were easy to understand thus facilitating the comparison of the various variables at the same time. The targeted population was three mobile telecommunication firms; Safaricom Limited, Orange and Airtel and 11 banks listed in the CBK. The researcher used questionnaires to gather data. Findings showed that, to a larger extent, strategic alliances and mobile service providers have impact on performance Kenyan commercial banks in that it aids in reduction of unnecessary costs, improves service delivery to clients and increases efficiency. The adoption of mobile service by commercial banks is mainly to offer crucial banking services to the countrywide clients.

2.3.3 Service Innovation Alliances and Organisational Performance

Innovation alliances are considered strategic partnerships between firms formed to jointly develop new services and products, or process to the market (Ferreira & Franco, 2017). Such alliances are specifically created to share expertise, pool resources, leverage one another's strengths so as to bring in new innovations to market more effectively and quickly than one would possibly acquire when working alone. Das et al. (2003) stated that innovation alliances were more influential on intellectual capital development. The researchers claim that such alliances positively influence intellectual

capital as they involve extreme knowledge exchange, providing partners with a more lasting benefit for a relatively longer period.

Mitchell et al. (2002) describes R&D cooperation as those that ensure that risks in firms are shared together with the economies of scope and scale in operational areas. In the banking industry, despite R&D and technological cooperations determining the involuntary ‘outgoing spill-overs’ to the once rivalling partners, organizations find incentives to share technology and the know-hows so as to identify new standards. Schilling & Phelps (2007) stated that to manage a heterogenous unit of these technological alliances, organizations are introduced to new routines and ideas that are in favor of creativity, recombination and novel techniques to business that foster the innovative outputs and more specifically.

Sharing expertise is when firms are working together and combining of their expertise, resources and intellectual properties to develop new technologies or products and services can result in increased competitiveness and innovation (Russo & Cesarani 2017). This improves its performance and market position. However, such an alliance carries various challenges and risks, for instance, the different business models, cultures, and goals makes it impossible to effectively collaborate and coordinate. Joint ventures in innovation alliances can be of particular importance for firm seeking to bring new services or products into the market. By working together, firms leverage one another’s expertise and strength to achieve the best results. For instance, a technology company might partner with a manufacturing firm to develop a new product jointly, putting together the technology firm’s expertise in software development and the manufacturing firm’s expertise in production and product design.

Das et al. (1998) argues that to maximize on a competitive advantage, two or more organizations forge a partnership on a contract basis, therefore, the exclusion of equity shares in joint venture or Pooling resources. As a result, its characterized as an alliance with informal relationships, thus explaining the simplicity of the implementation process when compared to other collaborations. The lack of formality also signals a lack of strictness on the experience of involved parties. Folta and Miller (2002) claimed that despite its relative informality, organization adopt this alliance in numerous forms such as supply contracts, distribution disagreements and licensing agreement. The researchers also claimed that external factors such as uncertainty on complex economic environment and technology are great motivators of commitment these alliance's relationships. In this alliance, organizations do not take equity positions (equity strategic alliance) or identify an independent organization (joint venture).

Wang et al. (2013) studies impacts innovation performance of licensed organizations. The researcher acquired data from 71 electronic industry companies in China. The results revealed verification on learning activities' notion of licensing. Additionally, the researchers also discovered that the generality and complexity of technology, classified as the attributes of expertise, possess beneficially effects on the relation between technological alliances and the ensuing performance of the license organisations undergoing development.

Ogunkoye Olufemi et al. (2015) believed that such an alliance creates access to customer segments and new markets, reduces costs and improves efficiency, and lastly, enhances service and product offerings. It is also important to understand that non-equity strategic alliances bring potential challenges, such as difficulties in decision-making and coordinating activities, the loss of control over valuable assets and conflict over intellectual property rights. Researchers such as Fragouli & Ourolidis (2013)

believed that for organizations to mitigate risks involved in innovation alliances, it remained crucial that they have a well-structured and clear agreement in place outlining the term and conditions of the alliance and an understanding of the obligations, objectives and expectations of partners.

Purnomo et al. (2018) attempted to assess effects of innovation management and business partnerships on the Business Units of multiplay provider. It was directed by causality and observation made using a cross-sectional time horizon; data was collected at a specific time, and it was 2017. The test findings indicated that innovation management and business partnerships affected business performance where innovation management greatly impacted business performance compared to business partnerships. The study indicated the significance of innovation management development that was under a continuous conduct of the business unit in Indonesia. This served as the most critical effort required to improve business performance.

Wakianda's (2018) sort to show strategic alliances have on commercial banks performance, the CBA bank in particular. Particularly, the researchers purposed to show impacts of technical capabilities of the partners, the structuring of the alliance, the association of the partners and types of alliances on the performance of these banks. He used descriptive research and a population which included employees of the banks with headquarters in Nairobi, Kenya. Random sampling was adopted, data gathered using quantitative methods and assessed using SPSS version 20. The researchers discovered that the relationship of these partnerships, the structures and the technical capabilities of the alliance partners had a positively significant impact on performance. There was a positively insignificant association with performance.

The regression analysis showed that entering into a strategic partnership with a partner with high technical capabilities would result in an increase in the performance of these banks; while taking into consideration that a favourable structure of a strategic partnership results in improved performance; an increasingly good association of the partners is likely to result in an enhanced performance and that despite any type of the alliance leading to an increase in the banks' performance, the increase was insignificant. There was am methodological gap; the study determined the strategic alliances and performance of commercial banks on a country-basis and was specifically focusing on CBA bank.

Innovation for social purposes is specifically associated with economic development and entrepreneurship (Cacciolatti et al., 2020). To improve this, startups are suggested to form strategic alliances. The study was carried out on the international business theory and on the proposed framework that would explain the strategies put in place to regulate strategic alliances and the performance of organizations .A sample of 3913 high-tech UK firms that took part in social innovation, the researchers tested their hypotheses and derived an explanation of a few of the strategies behind strategic partnerships that impacted startups' performance, the balance required to between performance and a social mission pursuit. Unlike larger corporations, startups were also discovered to operate in a distinct form and way of equity. Thus, market entry strategies on partnerships least impact performance. However, the study focuses on startups; an establishment usually in its first stage of development, making it difficult to evaluate performance as it is yet to develop.

2.3.4 Organisational performance

Oberholzer-Gee and Yao, 2017argues that Performance is a key factor for organizations to keep on watch for them to remain competitive. Performance has for quite some long

time attracted several studies targeting to understand why various firms create or improve new products and services they offer (Marr, 2006). Denissen et al., 2018) contacted a research sort to understand the relationship between personality attributes and emotional flexibility and their impact on performance. Previous researches have also highlighted customer satisfactions, Profitability and Market share as keys measures of organizational performances.

Customer satisfaction is defined as ones feeling of contentedness or dissatisfaction from consumption of a certain product and relating it with his expectations. A customer is dissatisfied in the case where the product doesn't match their expectations. Kotler,2003 states that in the case where performance surpasses expectations then the customer is highly satisfied. Customer satisfaction can also be defined as customers' feeling of gratification in consumption of an organization's good. Therefore, customer full satisfaction is when full expectations is met. Level of Content can also be indicated through Quality advertising, Fair prices and Attractive branding.

All business ventures aim at making profits. The business will have challenges in sustainability in the long run in the event it's not making profits. Horton & Potters 2018 argues profitability as a measure of efficiency and success or failure of a business. They continue to emphasize that a business should yield a return on investment in relation to its resources. In business, income means the money generated from business activities and not from non-activities like borrowing and grants. For example, if a water manufacturing firm produces sachet & bottled waters and sold to the public in exchange for money, such money is the business income being generated. Money from borrowing in to the business can only create income through proper planning as described by Kifordu and Ogala.(2020).

Market share can be described as the segment of the market that a certain organization of company controls or enjoys. Also its seen as the ratio of total sales and industry sales in which the business operates. Katsikeas et al. 2016 argues that market share should guide in setting of goals, monitoring marketing performance and research examining marketing's performance Henceforth E-H (2018) records that market share of a firm's positively and significantly affect the economic performance.

2.3 Research Gaps

Reviewing existing literature revealed several methodological, conceptual and contextual gaps. First, methodological gap included limited generalizability of the findings, singe-case studies and smaller sample sizes as seen in the single focus on CBA bank or the Equity Bank. Second, conceptual gaps existed when emphasis was mainly on partnerships between large and small businesses, alliance orientation or strategic fit, however, there was no specific mention of the current study's independent variables, even in the banking sectors that were featured by some studies. In addition, ROA and ROA were mostly used as indicators of organizational performance which overlooked aspects such market share, profitability and customer satisfaction, which are crucial for commercial banks. Lastly, contextual gaps existed from studies conducted in different countries or industries such as Korean companies, NBA teams and U.S. industries, which failed to reflect the dynamics of the Kenyan banking sector.

2.4 Literature Review Summary

Below is a review of scholarly literature.

Table 2.1. Summary of empirical literature findings

Researchers	**Major Findings**	**Gaps identified in the studies**	**Focus of the study**	**Focus of the current study**
Berman et al. (2002)	The study found support for a predicted positive relationship between shared team experience and team performance that declines as shared experience grows, eventually becoming negative.	While tacit knowledge is essential in both cases, the competitive landscape for banks is shaped more by strategic alliances than by internal team experience alone.	The study focused on shared experience and tacit knowledge within teams. However, this sports-based context does not directly translate to the banking industry, where performance is influenced by external market factors, customer relationships, financial regulations, and technological advancements.	The current study bridges this contextual gap by shifting the focus from sports teams to commercial banks in Mombasa County. Instead of analyzing team cohesion, it examines how strategic alliances (marketing, technological, and service innovation alliances) contribute to bank performance indicators such as profitability, customer satisfaction, and market share.

Kudate (2014)	The study discovered the perceived quality of the strategic partnership significantly influenced the business performance of small business, while other factors such interaction level, investment level, and management ability were less significant.	There was limited sectoral coverage where there were only variations across industries, however, there was no deep exploration. Methodologically, study limited its applicability to other regions.	The study examined how strategic partnerships between large and small businesses influence small business performance, specifically assessing Equity Bank's agency banking model, where small businesses act as agents offering banking services. Performance factors were measured by perceived partnership qualities, management ability, interaction and investment level.	The current study addresses this methodological gap by shifting the focus from small business performance in strategic partnerships to the impact of strategic alliances on commercial banks in Mombasa County. Instead of limiting the scope to one bank and its agency banking model, the researcher assesses broader ranges of strategic alliances among commercial banks including service innovation, technological and marketing alliances.
Ryu et al. (2019)	In an unstable market circumstance, the demand for alliances through licensing recorded a substantial increase; an indication that licensing positively impacts firm performance than	Unlike the current study, this study is centered around the 2008 Global Financial Crisis while investigating the strategic alliances on performance.	The study focused on ISSs among Korean companies.	The current study focuses on assessing the impact of marketing, technological, and service innovation alliances on profitability, customer satisfaction, and market share.

	R&D alliances or joint ventures have.			Moreover, unlike the previous study, which solely depends on financial metrics (ROE and ROA), the current study incorporates both financial and non-financial indicators to offer a more comprehensive analysis of bank performance in a competitive and evolving financial market.
Walekhwa (2011)	Strategic alliances do not impact the marketing decision of commercial banks. Alliances were forged to increase value and customer base by granting or giving access to more service and products that individual companies had no competency in.	The study uses case study as its method of data collection, therefore limiting representation.	Strategic alliances do not impact the marketing decision of commercial banks.	While this study examined marketing alliances at Equity Bank, the current study expands the scope to strategic alliances in the commercial banking sector in Mombasa County. Instead of focusing solely on marketing decisions, it explores the impact of marketing, technological, and service innovation alliances on overall

				bank performance, including profitability, customer satisfaction, and market share.
Selegan (2015)	Strategic alliances impact the performance of banks in that it aids in the reduction of unnecessary costs, improves service delivery to clients and increases efficiency.	The main source of data used was secondary (document analysis) which was generated for other purposes and might therefore, have not accurately predicted the relationship among the variables.	Strategic alliances impact the performance of banks.	The current study uses primary data, allowing the prediction of the relationship among the variables.
Yamakawa et al. (2011)	The study found that the impact of exploration vs. exploitation alliances on firm performance depends on their fit with organizational, strategic, and industry factors. Firms that align alliances with these elements perform better, while misalignment reduces benefits. No single alliance approach is universally superior—	A conceptual gap exists as the study focuses on balancing exploration and exploitation alliances but does not specifically examine marketing, technological, or service innovation alliances, which are crucial in the banking sector.	The study focuses on how the orientation of a firm's alliance portfolio—exploration (innovation-driven) vs. exploitation (efficiency-driven)—affects performance.	While this study explores alliance portfolio orientation across multiple industries, the current study narrows the focus to commercial banks in Mombasa County, examining how marketing, technological, and service innovation alliances impact profitability, customer satisfaction, and market share.

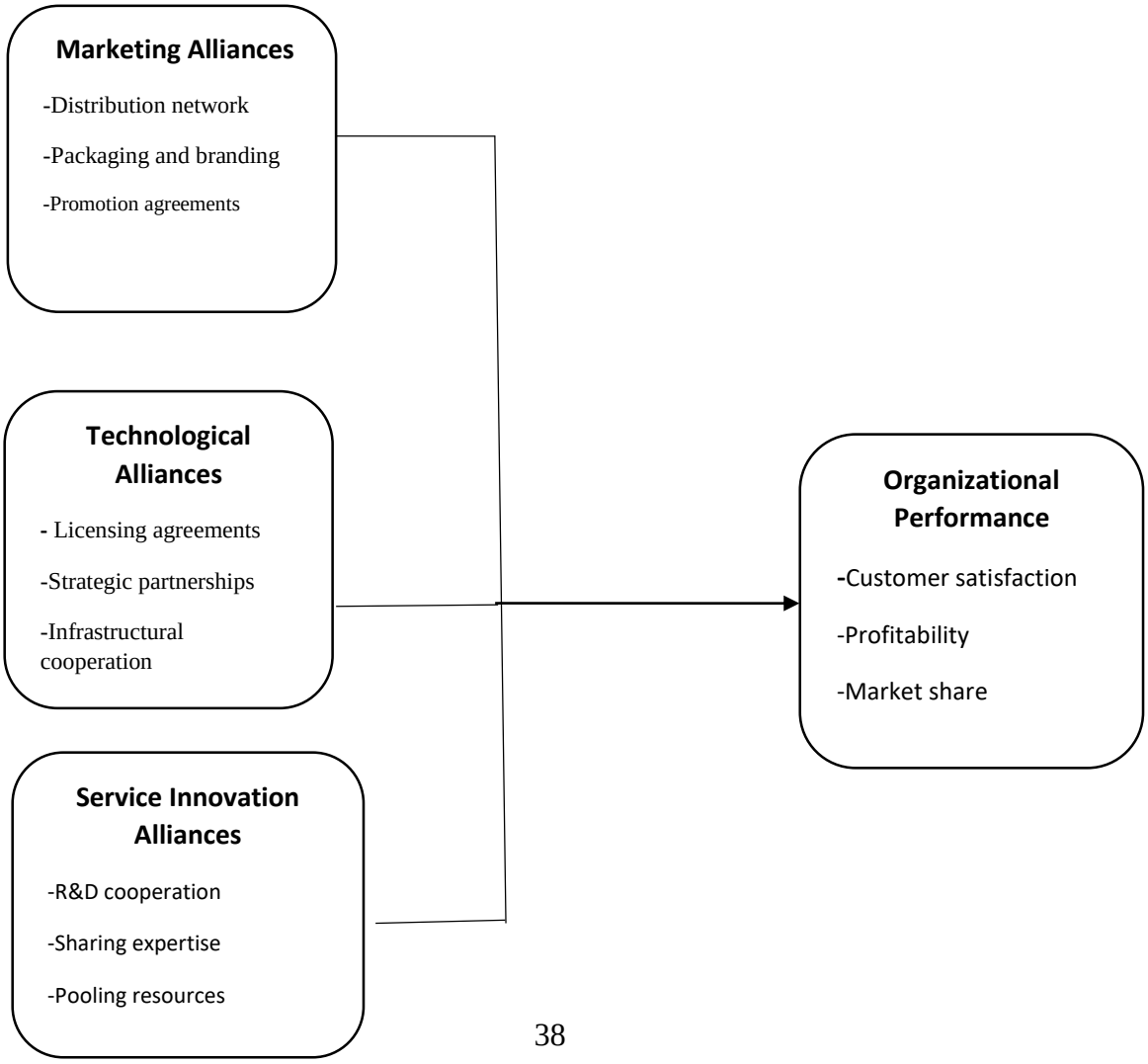
	success depends on context.			
Purnomo et al. (2018)	Innovation management and business partnerships affected business performance where innovation management greatly impacted business performance compared to business partnerships.	The observation unit of analysis was the head of each unit unlike the current study that, apart from focusing on managers, also includes the employees of the bank.	The effect of innovation management on organizational performance.	The current study shifts from analyzing alliance orientation across industries to examining specific strategic alliances (marketing, technological, and service innovation) in commercial banks. Unlike the previous study, which focused on strategic fit, this research evaluates alliances based on profitability, customer satisfaction, and market share, providing sector-specific insights for banking institutions.
Wakianda (2018)	The relationships of the alliances, structures and the technical capabilities of the alliance partners positively and significantly impact commercial banks. The type of partnerships exhibited a positively	It determined the strategic alliances and performance of commercial banks on a country-basis and was specifically focusing on CBA bank.	Effects of Strategic Alliances on Performance of Commercial Banks in Kenya: A Case of Commercial Bank of Africa.	The current study expands the scope from a single bank (CBA) at the national level to multiple commercial banks in Mombasa County, providing a broader perspective.

	insignificant association with performance.			
Cacciolatti et al. (2020)	Unlike larger corporations, startups were also discovered to operate in a distinct form and way of equity. Thus, market entry strategies on partnerships least impact performance.	The study focuses on startups; an establishment usually in its first stage of development, making it difficult to evaluate performance as it is yet to develop.	Strategic alliances and firm performance in startups with a social mission.	The current study narrows the focus from general alliance strategies across industries to commercial banks in Mombasa County, examining marketing, technological, and service innovation alliances. Instead of emphasizing strategic fit, it assesses alliances based on profitability, customer satisfaction, and market share, offering practical insights for the banking sector.

2.5 Conceptual Framework

The study develops a conceptual framework explaining strategic alliances and organizational performance of commercial banks within Mombasa County. The framework consists of the independent variables (service innovation alliances, technological alliances, marketing alliances) and the dependent variable (organization performance), each measured by specific indicators.

The variable service innovation alliances is operationalized through the following indicators sharing expertise, pooling resources and sharing expertise. Technological alliances is operationalized through the following indicators infrastructural cooperation, strategic partnerships and licensing agreements. Marketing alliances is operationalized through the following indicators promotional agreements, packaging and branding and distribution network. The dependent variable is organizational performance and is operationalized through the following indicators market share, profitability and customer satisfaction. This study examines how these alliances influence overall organizational performance in Mombasa County. This is represented in table 2.1.



Independent Variable(s) **Dependent Variable**

Figure 2.1 Conceptual Framework

Source: Author (2024).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the research design that has been used, the target population together with the sampling design. Similarly, this chapter covers the method(s) of data collection, its analysis together with various ethical consideration when collecting such data.

3.2 Research design

Akhtar (2016) referred to a research design as a plan set for accomplishing the objective of a study and offers answers to the inquiries. The research design can be categorized into exploratory, descriptive, action research, longitudinal, experimental, cross-sectional, causal, cohort research and case study research designs (Pawar, 2020). The current study followed a descriptive research design as it facilitated the articulation of the attributes of the study participants since, according to Manjunatha (2019), it sought to shed more light on current issues or concerns through data collection in a manner that ensures the articulation of the study phenomenon more comprehensively. Additionally, the design allowed the large-scale collection of data and analysis of the relationship between the variables. A questionnaire was issued to the featured population in Mombasa County for data collection; it has been considered structured, cost-effective, and time-efficient, using surveys to gather reliable information.

3.3 Population of the study

Target population is defined as the group of individuals that the researcher intends to conduct research and draw conclusions from. Notably, the population is described as the entire group that the researcher intends to draw conclusions from. According to

Kothari (2004), a population refers to a well-defined set of events, elements, people, services as well as a group of things that are being investigated. There are 6 constituencies in Mombasa County (Nyali, Changamwe, Likoni, Kisauni, Mvita, and Jomvu) with each having approximately 3 branches of the 13 commercial banks. The target population consist of 1170 bank employees with the inclusion of managers as they are most aware of the alliances in the banks. This is represented in the table 3.1 below.

Table 3.1. Estimated target population

Constituency	Number of Bank Branches	Estimated Employees per Branch	Total Employees
Nyali	3 × 13 = 39	30	1,170 / 6 = 195
Changamwe	3 × 13 = 39	30	195
Likoni	3 × 13 = 39	30	195
Kisauni	3 × 13 = 39	30	195
Mvita	3 × 13 = 39	30	195
Jomvu	3 × 13 = 39	30	195
Total	**234**	**30**	**1,170**

3.4 Sampling design

3.4.1 The Sample Size

A sample size if defined by Shieh (2010) as the number of items picked from the general target population of a study. Kothari (2004) noted that it is typically

impractical to carry out research on every item within a population, especially when the population is large, unless it is small. As a result, researchers typically focus on a sample, which represents a subset of the population. The sample size was computed as below,

The formula is $n = \frac{N}{1+Ne^2}$.

Where;

n is sample size.

N is Population

e^2 = error term.

There are 6 constituencies in Mombasa County with each having approximately 3 branches of the 13 commercial banks. Approximately 30 employees are in the branches bringing the estimated value of N to 1170.

$$n = \frac{1170}{1 + 1170 * 0.1^2} = \frac{1170}{12.7} = 92.1 \approx 93$$

The study therefore targeted a sample of 93 participants. This is as in sample size determination formula Glenn's (1992).

3.4.2 The Sampling Technique

The sampling technique refers to the process by which researchers select a manageable subset of individuals, items, or subjects from the entire population. The study adopted a simple random sampling technique where samples were randomly

selected to ensure bias is minimized. Alvi (2016) affirmed that probability sampling techniques offer several advantages, including a higher likelihood of obtaining a more representative sample, as each item has an equal chance of being picked, which reduces bias and enhances the ability to generalize findings to the broader population.

3.5 Data collection

3.5.1 Data Collection Instrument

Data from primary sources was used and collected by use of a questionnaire. The questionnaire was developed comprehensively on relevant literature. Depending on convenience of respondent, data was collected in person and through digital means, emails to be specific. This questionnaire was designed with a structured format and consist of close-ended questions to enable the collection of quantitative data. The questions were categorized according to different variables, both dependent and independent, and their respective operational definitions. Using structured questions ensures that data compilation is straightforward, allowing for efficient and immediate statistical analysis. As noted by Oktavia, Mentari, and Mulia (2018), structured questionnaires also minimize interviewer bias since they rely on standardized questions, ensuring consistency in responses.

3.5.2 Pilot Test

Before the primary study is completed, pilot testing is done to identify and address any flaws in the research design and data collection methods (Neuman, 2014). In the context of this study on strategic alliances and performance of commercial banks in Mombasa County, Kenya, before the primary study is completed, a pilot study will be conducted to test the research instrument – in this case, the questionnaire-. As also mentioned by Neuman (2014), pilot testing is conducted to help researchers address

flaws in the research design and data collection methods. Contextually, pilot testing was applied to evaluate the effectiveness in capturing necessary data linked with the variables, both dependent and independent. 13 respondents obtained from the 10% of the sample size under study were given the pilot testing questionnaire. The results of the pilot survey were be utilized to enhance the questionnaire and help develop a practical work schedule.

3.5.2 Validity

Validity is defined as accuracy or how a research instrument enables results to represent what they are to assess (Orodho, 2008). To ensure validity, the researcher ensured that items in the questionnaire covered the construct that would be measured. The instruments were validated through content validity and tested by requesting experts from the field of study as argued by Mugenda & Mugenda (2008). The supervisor and other experts at the school of business and economics were consulted during preparation of the questionnaire and their guidelines adhered to.

The current study established content validity through the expertise of the supervisor, while criterion-related validity was ensured by providing each participant equal opportunities to respond to all questions without bias. Construct validity was assessed using exploratory component factor analysis, with a threshold of 0.5 adopted for factor loading values, in accordance with the guidelines of Beaver et al. (2019).

3.5.3 Reliability

Reliability means consistency, the rate at which a certain factor gives same results over repeated trials (Orodho 2008). Reliability is assessed through Cronbach alpha coefficient and (SPSS) Software. This is adopted since it controls fatigue as compared to other reliability methods. Kothari (2004) argues that reliability coefficient of 0.7 and above is considered reliable.

3.6 Data Collection Procedure

Data collecting techniques, according to Kothari (2004), are tactics used in research to guarantee that credible, valid, and trustworthy data are acquired to support the study conclusions. Upon the approval of the proposal, the researcher sought an introductory letter from the University that was later used to obtain permit from NACOSTI, making it easy to collect data. The researcher made sure to create good rapport with the participants which increased their likelihood of participation; this also included reassuring participants of confidentiality and anonymity, and the freedom to withdraw at the time they felt uncomfortable. Each participant in the research received a personal copy of the questionnaire. The researcher guaranteed that all questionnaires to be distributed to respondents will be received. The research kept track of all surveys, both those submitted and those received.

3.7 Data analysis

Descriptive research was applied for analysis of data collected. The data analysis involved both descriptive statistics and regression analysis. Descriptive statistics, including mean, standard deviation, frequencies, and percentages, were used to summarize responses, while tables and graphs helped visualize trends in strategic alliances and bank performance. Regression model was adopted to quantify strategic alliances on bank performance by examining how changes in strategic alliance variables are associated with changes in performance indicators. Multiple regression was used assess the independent effects of strategic alliances on bank performance. The model used the below formula:

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y =Dependent variable (performance)

X_1, X_2, X_3= Independent variables (marketing alliances, technological alliances and service innovation alliances)

The beta (β's) are coefficients showing the degree of change in dependent variable by independent variable.

ε = Error term

The regression coefficients (β) indicate the degree of change in performance due to each type of alliance, with statistical significance tested using correlation analysis, ANOVA, and t-tests. A high R^2 value suggests that the model effectively explains variations in bank performance, helping determine which alliances contribute most to profitability and market growth.

3.8 Ethical Considerations

A letter of introduction was obtained from Kenyatta University and a research license obtained from National Commission for Science, Technology in consideration of the fundamental ethics in research and with reference to preserving the study. This served as an introduction of the researcher as a college student doing an academic investigation. All subjects were given their informed permission prior to the study starting. Participants were also given the option to abandon the study whenever they choose, and the study would guarantee to protect their right to privacy. The fact that there would be no financial compensation for taking part in this study was also disclosed to the participants. The principle of anonymity was also guaranteed to the participants.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The chapter gives results and analyses study findings comparing to the objectives. The chapter is organized to present the response rate, the descriptive and demographic data on marketing alliance, technological alliances and service innovations. It also presents correlation analysis, linear regression analysis and the multiple regression analysis.

4.2 Response rate

The study intended to determine strategic alliances and commercial banks performance in Mombasa County. It sought to determine how marketing alliance, technological alliances and service innovations affect organizational performance of commercial banks. 93 questionnaires were prepared and administered for feedback were 72 of them were filled representing 77% response rate. Mugenda and Mugenda (2003) and Babie (2003) argues that a 60% response rate is appropriate for descriptive survey hence the acceptance and consideration of this response rate in study.

4.3 Response for demographic factors

The study intended to establish gender composition, level of education and working experience.

4.3.1 Gender of the Respondents

Gender is considered for this study in order to establish whether it has a bearing on the behavior of employees for commercial banks.

Table 4.1: Gender

Gender	Percentage
MALE	57%
FEMALE	43%

Source: Author (2024)

It showed that male respondents were 57% with only 43% being female. This shows that male employees are the majority in commercial banks.

4.3.2 Level of education

This study intended to determine education level in order to establish the majority status.

Table 4.4: Level of education of the Respondents

LEVEL OF EDUCATION	PERCENTAGE
DIPLOMA	6%
BACHELORS	60%
MASTERS	22%
PHD	12%
OTHERS	0%

Source: Author (2024)

It showed that 60% of respondents hold a bachelor's degree,22% with masters,12% being PHD holders while only 6% holding diplomas. This confirms that for most banks the entry level is a degree.

4.3.3 Years of experience

This study intended to show years of experience of the respondents in order to justify the study since more experienced staff would be seen to give more reliable information.

Table 4.5: Years of Experience

Years Of Experience	Percentage
Under 1yr	8%
1-4yrs	26%
5-10yrs	44%
Above 10yrs	22%

Source: Author (2024)

It shows that 44% had experience of between 5-10yrs, 26% had experience of 1-4yrs, 22% had above 15yrs while only 8% had an experience of Under 1year. This corresponds with the age since most are between 31-40years therefore this is justified.

4.4 Reliability Analysis

A Cronbach's alpha of 0.816 indicates good internal consistency in your measurement instrument. This means that the items in your questionnaire or scale are highly correlated and measure the same underlying construct reliably. The questionnaire instrument is reliable for assessing job satisfaction and quality of care. This is shown in table below;

Cronbach's Alpha	N of Items
.816	21

4.5 Effect of Technological alliances

This objective was to shows Effect of technological alliances on performance. Responses were presented in a Likert scale of 1- 5. The response was done in four

sections, descriptive analysis, factor analysis, correlation and then linear regression analysis.

4.5.1 Descriptive analysis

Table 4.6 Effect of technological alliances on the performance.

	1	2	3	4	5	mean	SD
Licensing agree-ments	0	13(18.1%)	7(9.7%)	25(34.7%)	27(37.5%)	3.92	1.097
Strategic partner-ships	4(5.6%)	28(38.9%)	0	8(11.1%)	32(44.4%)	3.50	1.511
Technical expertise	4(5.6%)	6(8.3%)	0	28(38.9%)	34(47.2%)	4.14	1.142
New ideas	4(5.6%)	10(13.9%)	8(11.1%)	19(26.4%)	41(43%)	3.72	1.302
Increased productiv-ity	0	6(8.3%)	17(23.6%)	23(31.9%)	26(36%)	3.07	1.755

Source: Author (2024)

The results show that 27(37.5%) and 25(34.7%) strongly agreed and agreed that they have heard of a technological alliance between their bank and other firms,13(18.1%) disagreed while 7(9.7%) were not sure of the same. This implies that licensing agreements is a key technological alliance since there is a mean value of 3.92 indicating that more than 75% agreed with standard deviation shows that the response was distributed.

It’s also seen that most respondents 32(44.4%) and 8(11.1%) strongly agreed and agreed that have participated in strategic alliance that was aimed to influence the technological capabilities of the bank.,28(38.9%) and 4(5.6%) disagreed. A mean of more than 3 indicates that more than 75% agreed.

The table further shows that 34 (47.2%) and 28 (38.9%) strongly agreed and agreed that their bank has learned technical expertise from its partners. 6(8.3%) and 4(5.6%) disagreed with the statement. A mean value of more than 4 implies that more than 80% agreed.

Also 19(26.4%) agreed that from technological alliances, banks have come up with new ideas for improvement.,10(13.9%) and 4(5.6%) disagreed with the statement while 8(11.1%) were not sure about the same. A mean of more than 3 shows that more than 75% of the respondents agreed.

Finally, 26(36%) strongly agreed,23(31.9%) agreed that there has been increased productivity and revenue from technological alliances. 6(8.3%) disagreed while 17(23.6%) were not sure.

This is consistent with previous literature such as Takyi et al. (2025), which argued that technological alliances significantly enhance bank performance by improving efficiency, innovation, and customer service**.** Research indicates that banks leveraging fintech partnerships experience higher profitability and operational scalability. Studies show that digital banking collaborations increase market share and customer retention (Takyi et al., 2025).

4.5.2 Correlation analysis

To show the relation between the variables, Pearson correlation (r) was used and presented as below;

Table 4.7 Correlation

		Technological Alliances	Performance
Technological Alliances	Pearson Correlation	1	.596**
	Sig. (2-tailed)		.000
	N	72	72
Performance	Pearson Correlation	.596**	1
	Sig. (2-tailed)	.000	
	N	72	72
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Author (2024)

As shown in the above correlation matrix($r=0.596$; p value <0.05) show that the variables are significantly correlated. There has been previous research that has been consistent with these findings. Studies confirm **a** positive correlation between technological alliances and bank performance**.** Banks partnering with fintech firms enhance efficiency, profitability, and customer satisfaction (Cacciolatti, et al., 2020). AI-driven collaborations improve risk management, while blockchain alliances strengthen security (Cacciolatti, et al., 2020). Such partnerships foster innovation, cost reduction, and competitive advantage**,** making them essential for sustained financial growth**.**

4.5.3 Regression analysis

Regression coefficient was contacted to show the degree of change between the variables. Both F and t-values and ANOVA were ran to test hypothesis.

4.5.3.1. Model Summary

In the model summary below, R square = 0.986, meaning that all the independent variables in this study explain 98.6% of the dependent variable. In other words, Service Innovation Alliances , Technological Alliances, and Marketing Alliances explain 98.6% of performance of banks.

Table 4.5.3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Esti-mate
1	.993[a]	.986	.985	.117478

a. Predictors: (Constant), Service Innovation Alliances , Technological Alliances, Marketing Alliances

Table 4.8 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.	T	R Square
1	Regres-sion	659.395	1	659.395	38.489	.000[b]	6.204	.355
	Residual	1209.258	70	17.132				
	Total	1868.653	71					
a. Dependent: Performance								
b. Independent; Technological Alliances								

Source: Author (2024)

The mean square is small indicating significance wasn't by chance. Both F> 5 and the $p < 0.05$ shows significant relationship between the variables. Therefore, it justifies that technological alliance impact performance. The results further show that technological alliances contribute 35.5% to performance.

The (t> 2; p-value < 0.05) shows influence is statistically significant.

Table 4.9 coefficients

Model		Unstandardized		Standardized	t	Sig.
		B	Std. Error	Beta		
1		1.476	.413		3.576	.001
	Technological Alliances	.678	.109	.596	6.204	.000

A. Dependent variable: Performance

Source: Author (2024)

Results shows that a unit change in the technological alliances influences performance by 67.8% and can be modelled as below;

$Y= 1.476 + 0.678X_1+ 0.413$

This therefore shows that influence of technological alliances to performance is to a great extent.

4.6 Effect of Marketing Alliances

This objective was to show Effect of marketing alliances on the performance. Responses were presented in a Likert scale of 1-5. The response was done in four sections, descriptive analysis, factor analysis, correlation and then linear regression analysis.

4.6.1 Descriptive analysis

Table 4.10 Effect of Marketing alliances on the performance.

	1	2	3	4	5	mean	SD
Joint ventures	4(5.6%)	10(13.9%)	0	35(48.6%)	23(31.9%)	3.88	1.174
Product development	7(9.7%)	10(13.9%)	0	29(40.3%)	26(36.1%)	3.79	1.331
Joint brand marketing	0	31(43.1%)	0	5(6.9%)	36(50.0%)	3.64	1.456

Source: Author (2024)

Results show that 35(48.6%) and 23(31.9%) strongly agreed and agreed that they have participated in joint ventures with other banks as part of a brand marketing alliance ,10(13.9%) and 4(5.6%) disagreed and strongly disagreed with the same respectively. There is a mean value of 3.92 indicating that more than 75% agreed with standard deviation indicating response was distributed.

It's also seen that most respondents 29(40.3%) and 26(36.1%) strongly agreed and agreed that they have been involved in product development agreements with other

banks as part of a brand marketing alliance,10(13.9%) and 7(9.7%) disagreed. A mean of more than 3 indicates that more than 75% of the respondents agreed.

Finally, the table further shows 36(50%) and 5(6.9%) strongly agreed and agreed that they have heard of or been involved in brand marketing alliances between my bank and other organizations,31(43.1%) disagreed with the statement. A mean of above 3 indicate more than 75% agreed.

4.6.2 Correlation analysis

To determine the relation between the variables, Pearson correlation (r) was used.

The results were presented below.

Table 4.11 Correlations

		Marketing Alliances	Performance Of Commercial Banks
Marketing Alliances	Pearson Correlation	1	.631**
	Sig. (2-tailed)		.000
	N	72	72
Performance	Pearson Correlation	.631**	1
	Sig. (2-tailed)	.000	
	N	72	72
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Author (2024)

(r=0.631; p value <0.05) show that the variables is significantly related.

4.6.3 Regression analysis

Regression coefficient was done to indicate the degree of change between the variables.

Both F and t-values and ANOVA were ran to test hypothesis.

Table 4.12 Analysis of variance

Model		Sum of Squares	Df	Mean Square	F	Sig.	T	R square
1	Regression	826.575	1	826.575	56.653	.000[b]	7.672	.460
	Residual	1022.66	70	13.497				
	Total	1849.235	71					
a. Dependent: Performance								
b. Independent; Marketing Alliances								

Source: Author (2024)

From the results, the mean square values is small indicating significance wasn't by chance. Both $F > 5$ and the $p < 0.05$ shows significant relationship between the variables. Therefore, it justifies that marketing alliance impact performance. The results further show that marketing alliances contribute 46% to performance of commercial banks.

The ($t > 2$; p-value < 0.05). shows influence is statistically significant.

Table 4.13 Coefficients

Model		Unstandardized		Standardized	t	Sig.
		B	Std. Error	Beta		
1		.679	.443		1.533	.130
	Marketing Alliances	.879	.115	.631	7.572	.000
a. Dependent Variable: Performance						

Source: Author (2024)

A unit change in marketing alliances influences performance of commercial banks by 87.9% as below.

$Y= 0.679 + 0.879X_2+ 0.443$

4.7 Effect of Service innovation alliances

This objective was to indicate Effect of service innovation alliances on the performance. Responses were presented in a likert scale of 1- 5. The response was done in four sections, descriptive analysis, factor analysis, correlation and then linear regression analysis.

4.7.1 Descriptive analysis

Table 4.14 Effect of service innovations alliances

	1	2	3	4	5	Mean	SD
R&D co-operation	22(30.6%)	25(34.7%)	0	21(29.2%)	4(5.6%)	2.44	1.342
Sharing expertise	11(15.3%)	34(47.2%)	0	20(27.8%)	7(9.7%)	2.69	1.296
Pooling resources	0	6(8.3%)	0	25(34.7%)	41(56.9%)	3.68	.901
Level of innovation	42(58.1%)	26(35.3%)	4(5.6%)	0	0	4.25	.634
Collaborative innovation	8(11.1%)	6(8.3%)	0	29(40.3%)	39(39.7%)	3.57	1.254

Source: Author (2024)

Results show 25(34.7%) and 22(30.6%) strongly disagreed and disagreed that R&D cooperation has positively impacted the performance of commercial banks, 21(29.2%) agreed while 4(5.6%) strongly agreed. A mean of 2.44 indicate that more than 60% agreed with standard deviation showing responses was distributed.

It's also seen that most respondents (47.2%) and (15.3%) strongly disagreed and disagreed that Sharing expertise through innovation alliances has enhanced the competitiveness of commercial banks. A mean of more than 2 indicates that more than 50% disagreed.

The table further shows 41(56.9%) and 25(34.7%) strongly agreed and agreed that Pooling resources in innovation alliances has resulted in improved innovation capabilities for commercial banks while 6(8.3%) disagreed with the statement. A mean over 3 shows that more than 75% agreed.

Also 42(58.1%) and 26(35.3%) strongly disagreed and disagreed that the level of innovation in commercial banks in Mombasa County has increased due to R&D

cooperation in innovation alliances. while 4(5.6%) were not sure with the statement. A mean of more than 4 shows that more than 80% of the respondents disagreed.

Finally, its evident that 39% strongly agreed,40.3% agreed that the collaboration in innovation alliances led to introducing new products/services by commercial banks 8.3% and 11.1% both strongly disagreed and disagreed.

4.7.2 Correlation analysis

To evaluate the relation between the variables, Pearson correlation (r) was used and presented as below.

Tables 4.15 Correlations

		Service Innovation Alliances	Performance
Service Innovation Alliances	Pearson Correlation	1	.256*
	Sig. (2-tailed)		.030
	N	72	72
Performance	Pearson Correlation	.256*	1
	Sig. (2-tailed)	.030	
	N	72	72
*. Correlation is significant at the 0.05 level (2-tailed).			

Source: Author (2024)

(r=0.596; p value <0.05) indicates weak relationship between service innovation alliances and performance. This is true because service innovation alone can't have a great impact on performance without considering both marketing and technological innovations.

4.7.3 Regression analysis

Regression coefficient was contacted to indicate the degree of change between the variables. Both F and t-values and ANOVA were carried out to test the hypothesis.

Table 4.16 Anova

Model		Sum-of-Squares	Df	Mean-Square	F	Sig.	R-square	T
1	Regression	121.675	1	121.675	4.912	.030[b]	.066	2.216
	Residual	1736.778	70	24.811				
	Total	1858.453	71					
a. Dependent Variable: Performance								
b. Independent; Service Innovation Alliances								

Source: Author (2024)

From the results, the mean square values is small indicating significant relation. Both F> 5 and the p < 0.05 shows significant relationship between the variables. Therefore, it justifies that service innovation alliance impact performance. The results further show that marketing alliances contribute 6.6% to performance of commercial banks. The (t> 2; p-value < 0.05). shows influence is significant.

Table 4.17 COEFFICIENTS

Model		Unstandardized		Standardized	t	Sig.
		B	Std. Error	Beta		
1		3.033	.436		6.951	.000
	Service Innovations	.298	.134	.256	2.216	.030

a. Dependent Variable: Performance

Source: Author (2024)

A unit change in service innovations could influence performance of commercial banks by 29.8% as below.

$Y= 3.033 + 0.298X_3+ 0.436$

This shows that service innovations had an impact on performance though not great.

4.8 MULTIPLE REGRESSION

The overall analysis for the study was tested using the multiple regressions. This regression combines the independent variables of the study and tests their impacts on dependent variable. The model has the assumptions that; errors are zero and test of heteroscedasticity. F and t tests shows no evidence of heteroscedasticity because they are more than the critical values.

4.8.1 correlation analysis

This was contacted to establish the relation between the variables and presented as below.

Table 4.18 Analysis of Variance

Model		Sum-of-Squares	Df	Mean-Square	F	Sig.	R-square
1	Regression	966.575	3	322.192	24.560	.000[b]	.520
	Residual	892.078	68	13.119			
	Total	1858.653	71				
a. Dependent: Performance							
b. Independent; Technological Alliance, Marketing Alliance, Service Innovation Alliance							

Source: Author (2024)

From the results, the mean square values is small indicating significance wasn't by chance and is statistically explained. Both F> 5 and the p < 0.05 shows significant relationship between the variables. Therefore, it justifies that technological, marketing

and service innovation alliances impact performance. The results further show that the independent variables contribute 52% to the dependent. Research highlights technological, marketing, and service innovation alliances as significant predictors of **bank** performance**.** Technological alliances enhance efficiency and security (Lee & Shin, 2018), marketing alliances expand customer reach and brand strength (Gomber et al., 2017), and service innovation alliances drive product differentiation and customer loyalty (Zhang et al., 2020). Together, these alliances foster profitability and competitive advantage**.**

4.8.2 Regression analysis

Regression coefficient was used to show the level of change the strategic alliances had on performance. F and t- statistics were computed to test hypothesis.

Table 4.19 Coefficients

Model		Unstandardized		Standardized	t	Sig.
		B	Std. Error	Beta		
1		.695	.436		1.593	.116
	Technological alliances	.433	.150	.381	2.885	.005
	Marketing alliances	.695	.155	.536	4.483	.000
	Service innovation alliances	-.303	.127	-.260	-2.386	.020

a. Dependent Variable: Performance

Source: Author (2024)

The table shows that that a unit change in technological alliances influences performance by 43.3%, also a unit change in marketing alliances would influence by 69.5% and that a change in service innovations could influences by 30.3%. The influences are statistically significant since ($t>2$) and the ($p<0.05$).

The above is as follows;

$Y= 0.695+0.433X_1+0.695X_2-0.303X_3+0.436$

This therefore implies that both technological alliances and marketing alliances have a great impact on performance compared to service innovation alliances.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter shows a synopsis of both dependent and independent variables and highlights the major findings. It also shows the conclusions drawn, recommendations and further research.

5.2 Summary of the Findings

The total questionnaires filled and returned were 72 of the 93 given representing 77% response rate. Mugenda & Mugenda (2003), a 50% & above response rate can be relied on for analysis. In addition, Babbie (2004) ascertains that 50% return rate should be accepted for both publishing and analysis with 60% is termed to be good and 70% very good.

The findings indicated that most respondents worked for commercial banks which had been operating within Mombasa county for over 10years and this was supported by the fact that they had over 10 branches spread within the county. This therefore proves that commercial banks have enjoyed success over the years evidenced by the expansions. Again, majority of the respondents were male who are holders of bachelors and with 5-10years of experience in the banking industry. This level of experience then shows that the staffs have grown within the bank.

5.2.1 Technological alliances

This objective was seeking to show the level at which technological alliances influences the performance. It indicated that most of the banks had involved their employees in technological alliance between themselves and other firms.

Also, it showed that the most banks have participated in strategic alliance that were aimed at influencing their technological capabilities.

Further, the findings showed that most banks have learned and embraced technical expertise from the partner.

The study findings also showed that from technological alliances, banks have been able to bring up new ideas for improvement hence impacting their performance.

Finally, most banks have experienced increase in productivity and revenue from technological alliances.

5.2.2 Marketing alliances

This objective intended to show whether marketing alliances was impactful on performance. It also showed that the most banks participated in joint ventures with other banks as part of a brand marketing alliance with the aim of enhancing performance.

Also its evident that banks have involved their staff in product development agreements with other banks as part of a brand marketing alliance.

5.2.3 Service innovation alliances

The study findings on the above variable indicated that most respondents didn't agree on R&D cooperation having positively impacted the performance of commercial banks. Also disagreed that Sharing expertise through innovation alliances has enhanced the competitive edge of commercial banks.

Most respondents assented that Pooling resources in innovation alliances has resulted in improved innovation capabilities for commercial banks and disagreed that the level of innovation in commercial banks in Mombasa County has increased due to R&D cooperation in innovation alliances.

Finally, its evident that collaboration in innovation alliances had brought about development of new products by commercial banks.

5.2.4 Strategic alliances and performance of banks

The three independent variables had a remarkable relationship (technological, marketing and service innovation alliances) with the dependent variable (performance) ($R1 = 0.355$; $R2 = 0.450$; and $R3=0.066$; and $P<0.05$). This showed that objective one and two had a positive and a strong correlation coefficient with performance. Therefore, meaning they have the highest influence on performance.

Objective three posed a weak positive but significant correlation coefficient indicating a small impact on performance of commercial banks.

Multiple regressions showed that 52.0% of a change in performance was due to strategic alliances and could be evidenced by the three independent variables while 48% of the performance couldn't be factored by the variables. Further, the result showed that mean difference of the regression and the residual wasn't by chance because the mean square difference was large at F- test of 24.560 at df 3 which was significant at $p\leq0.05$. This was greater than critical f-value. Therefore, it showed that change in strategic alliances affecting performance was not just by chance but was statistically explained.

5.3 Conclusions

The study concluded that strategic alliances through technological alliances had significant impact on performance within Mombasa county. The technological alliances would include Licensing agreements, Strategic partnerships, Technical expertise and incorporating new ideas.

The study also concludes that strategic alliances through marketing alliances had significant impact on performance. This therefore means if joint ventures, product development and joint brand marketing are put into consideration there would be a significant improvement in performance of banks.

Finally, it concludes that strategic alliances through service innovations had a significant impact on performance. This therefore means if R&D cooperation, sharing expertise, pooling resources, Level of innovation and Collaborative innovation are put into consideration there would be significant change in performance.

5.4 Recommendations

Arising from the empirical analysis of results, the author made various recommendations for adoption by various commercial banks. The author proposes that banks should invest and embrace new advanced technologies in their operations which would in turn increase efficiency and performance.

Again, the author proposes that Banks should acknowledge and invest in training their staffs in new and emerging technologies. This would enhance their understanding of various operations and even their productivity.

Also proposes that Banks should enhance their marketing strategies to the extent of even engaging their competitors. This would mean also partnering with innovators to bring their expertise in the sector.

Lastly the author proposes that Banks should employ technological partners who would come up with new improvements on their systems. With the various put in place the bank would experience enhanced customer satisfaction and even improved profitability.

5.5 Recommendations for more Research

Further research can be contacted on effects of strategic alliances on performance of banks from the other counties to get more comprehensive and representative findings since the current study focused on Mombasa county.

Finally, further research could be done for other institutions e.g., supermarkets, Hospitals.

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APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

RE: REQUEST TO PROVIDE FEEDBACK FOR RESEARCH

I am Dennis Ngari Njue a student at Kenyatta University, pursuing a master's degree in Strategic Management. As per the university guidelines, am required to undertake a research study in order

to accomplish my course. The title of my research study is 'The strategic alliances and performance of commercial Banks in Mombasa County, Kenya.'

I therefore kindly request you to assist fill in the below questionnaire and all information shared is confidential and will only be used for scholarly purposes.

Thanks in advance

Yours faithful,

Dennis Ngari.

Appendix II: Questionnaire

Section 1: Descriptive Questions

1. How long has the bank been operational in Mombasa County, Kenya?

    i. Below 1 year

    ii. 1-5 years

    iii. 6-10 years

    iv. Above 10 years

2. How many branches are there in Mombasa County, Kenya?

    i. 1-5 branches

    ii. 6-10 branches

    iii. 11-15 branches

    iv. Above 15 branches

Section 2: Demographic Information

3. Gender

    i. Male

    ii. Female

4. Level of Education

    i. Diploma

    ii. Bachelors

    iii. Masters

    iv. PhD

    v. Other

5. Working experience

i. Under 1 year

ii. 1-4 years

iii. 5-10 years

iv. Over 10 years

Section 3: Marketing Alliances

State the extent to which you agree or disagree with the following statements, with 1-Strongly Disagree and 5-Strongly agree.

	Statement	1	2	3	4	5
	I have participated in joint ventures with other banks as part of a brand marketing alliance					
	I have been involved in product development agreements with other banks as part of a brand marketing alliance					
	I have heard of or been involved in brand marketing alliances between my bank and other organizations					

Section 4: Technological Alliances

State the extent to which you agree or disagree with the following statements, with 1-Strongly Disagree and 5-Strongly agree.

	Statement	1	2	3	4	5
	I have heard of a technological alliance between my bank and other firms.					

	I have participated in a strategic alliance that was aimed to influence the technological capabilities of the bank.					
	The bank has learned technical expertise from the partners.					
	From technological alliances, we have come up with new ideas for improvement.					
	Our productivity and revenue have increased from technological alliances.					

Section 5: Service Innovation Alliances

Please rate the following statements based on your perception of the innovation alliances in commercial banks in Mombasa County, Kenya, with 1-strongly disagree and 5-strongly agree

	Statement	1	2	3	4	5
	R&D cooperation has positively impacted the performance of commercial banks in Mombasa County.					
	Sharing expertise through innovation alliances has enhanced the competitiveness of commercial banks in Mombasa County					
	Pooling resources in innovation alliances has resulted in improved innovation capabilities for commercial banks in Mombasa County					
	The level of innovation in commercial banks in Mombasa County has increased due to R&D cooperation in innovation alliances.					
	The collaboration in innovation alliances has facilitated emergence of new products/services by commercial banks in Mombasa County.					

Section 6: Organizational Performance

State the extent to which you agree or disagree with the following statements, with 1-Strongly Disagree and 5-Strongly agree.

	Statement	1	2	3	4	5
	Customer satisfaction is high					
	Profitability of the bank is high					
	Strategic alliances influence the performance of our bank positively					
	I can rate the performance of the bank as good					

Appendix III: Letter From Kenyatta University

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Executive Dean, Graduate School

DATE: 16th August, 2024

TO: **Dennis Ngari Njue**
C/o Business Administration Dept.

REF: D53/OL/MSA/20050/2021

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 14th August, 2024 approved your Research Project Proposal for the M.B.A Degree Entitled, **"Strategic Alliances and Performance of Commercial Banks in Mombasa County, Kenya."**

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.

ANNBELL MWANIKI
FOR: EXECUTIVE DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration.

Supervisors:

1. Mr. Rugami Maina
   C/o Department of Business Administration
   Kenyatta University

AM/mo

Appendix IV: Nacosti Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **729424**

Date of Issue: **28/August/2024**

RESEARCH LICENSE

This is to Certify that Mr.. dennis ngari njue of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Mombasa on the topic: STRATEGIC ALLIANCES AND PERFORMANCE OF COMMERCIAL BANKS IN MOMBASA COUNTY, KENYA. for the period ending : 28/August/2025.

License No: **NACOSTI/P/24/39625**

729424

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

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See overleaf for conditions