International Journal of Innovative Research and Advanced Studies (IJIRAS)
Volume 5 Issue 3, March 2018

ISSN: 2394-4404

Influence Of Strategic Alliances On Performance Of Kenya Airways

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Abstract: ***This study sought to establish the influence of strategic alliances on performance of Kenya Airways. Specifically, the study sought to determine the influence of marketing and financial alliances on the performance of Kenya Airways. The study adopted a case study research design. The target population of the study was 600 staff of Kenya Airways. The study sample size was 60 respondents. The study was based on primary data which was collected using a questionnaire and an interview guide and secondary data which was obtained from the financial and management reports of Kenya Airways through a document analysis guide. Study data was analyzed through content analysis for the qualitative aspects and descriptive statistics for the quantitative aspects using the Statistical Package for Social Science (SPSS version 20.0) and presented through percentages, frequencies, mean and standard deviation. The study established that Kenya Airways had entered into various marketing and financial alliances aimed at helping it gain quicker access into new markets and broadening its present product line and markets and financing of its capital intensive projects including modernization and expansion of its fleet, product line and markets and meeting of its operational costs. The study concluded that Kenya Airways' marketing and financial alliances had helped the airline enhance customer experience and satisfaction, increase customer service efficiency and effectiveness, meet its operational costs, gain quicker access into new markets and broaden its present product line and expand and modernize its fleet.***

Keywords: Strategic alliances, Marketing alliances, Financial alliances, Organizational Performance.

I. INTRODUCTION

Any company that aspires to industry leadership must think in terms of global and not local market leadership. The world economy is globalizing at an accelerating pace as countries previously closed to foreign companies open up their markets, and ambitious, growth – minded companies race to build stronger competitive positions in the markets of other countries (Andrevski, 2014). The increased competition arising from the fast changing global market has resulted in a situation where majority of the companies are finding it difficult to go it alone (Bronder & Pritzl, 2012). More than ever before, many of the skills, capacities, technologies and resources that are essential to a firm's current and future prosperity are to be found outside the firm's boundaries and outside the management's direct control (Peng, 2013). Therefore, relationships that tend to give a firm these competences that are outside its current tangible and intangible assets are important (Goerzen & Beamish, 2015). Lin and Wu (2014) argue that in order to stay competitive and profitable, even the most capable and knowledge intensive companies have to identify and leverage on knowledge and resources produced beyond their own borders as part of the innovation process. This underscores the importance of strategic alliances for the survival of businesses. Strategic alliances offer a means for companies to access new markets, expand geographic reach, obtain cutting-edge technology, and complement skills and core competencies relatively fast (Gomes-Casseres, 2013).

A. STRATEGIC ALLIANCES

According to Bronder and Pritzl (2012), a strategic alliance consists of partnerships that a firm undertakes with one or more other firms in order to retain or increase their market share, withstand competitive pressures, to create new products/services and/or to gain entry into new markets. Strategic alliances involve the sharing of knowledge and expertise between partners as well as the reduction of risk and costs in areas such as relationships with suppliers and the development of new products and technologies in line with the strategic partners' objectives (Elmuti & Kathawala, 2011). According to Elmuti and Kathawala (2011) a strategic alliance is an agreement between two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations. Strategic alliances pool specific resources and skills by the cooperating organizations in order to achieve common goals as well as goals specific to the individual partners (Banal-Estanol, Meloso & Seldeslachts, 2012). A prominent view of strategic alliances suggests that inter-firm collaboration is a mechanism by which a firm can leverage its skills, acquire new competencies as well as learn (Lin & Wu, 2014).

Strategic alliances provide opportunities for partners to gain the resources, knowledge, and skills of their partners in the alliance. To be successful and survive the competition in the market, most of the large and medium scale firms are adopting the concept of strategic alliances in the same industry in which they are working, some are making cross industry alliances and even some of the firms are creating alliances with non-governmental organizations to build their reputation and good name (Gomes-Casseres, 2013). Strategic alliances are a means of enhancing competitiveness, growth and performance among firms (Peng, 2013).

B. KENYA AIRWAYS: AN OVERVIEW

Kenya Airways is Kenya's national carrier. The airline is regulated by the Kenya Civil Aviation Authority. The Kenya Airways Group consists of Kenya Airfreight Handling Limited (KAHL), Africa Cargo Handling Limited (ACHL), and Ken cargo Airlines International Limited. The group's principal activity is providing international, regional and domestic carriage of passengers, provides ground handling services to other airlines and handles import and export of cargo (Osendo, 2011). The airline currently has a fleet of 34 aircrafts to 56 destinations and aims to achieve its goals of meeting world class standards in service delivery, product quality and operational performance; be the airline of choice in Africa; develop Jomo Kenyatta International Airport (JKIA) as a premier hub in Africa and pursue a business model that will deliver consistent level of profitability. In 2005, KQ achieved IOSA (IATA Operational Safety Audit) certification becoming the first carrier in sub-Saharan Africa to get the rigorous safety certification and has also received numerous awards (www.kenya-airways.com).

Currently, Kenya Airways is facing stiff competition from other regional (such as South African Airways and Ethiopian Airlines) and international carriers such as Emirates Airlines, Turkish Air, Qatar Airlines and China Southern Airlines. To overcome the stiff competition and bolster its performance, Kenya Airways has over the years entered into various strategic alliances with various partners (such as with KLM Royal Dutch Airlines [financial] and Etihad Airways [marketing]) (Osendo, 2011). Further, to achieve one of its primary goals, that is, profitability, Kenya Airways continues to focus on growth and expansion of its network by gaining direct access to new markets by forging strong partnerships. Through the strategic alliances and in the long term, the airline hopes to dominate the African continent, modernize, increase and invest in its fleet development, continue opening new routes on a selective basis, training staff and improving its systems and improve on yields by placing greater emphasis on productivity, enforce stringent cost management and reduction in wastage (Osendo, 2011). This study sought to find out the effect of the various strategic alliances (that is, marketing and financial) being implemented by Kenya Airways on its organizational performance.

I. THEORETICAL FRAMEWORK

The study was based on two theories namely the relationship marketing theory and resource dependency theory, as presented in the subsequent subsections.

A. RELATIONSHIP MARKETING THEORY

The focus of relationship marketing is that firms act in order to provide superior customer value (Christopher, Payne & Ballantyne, 2011). Within this approach, marketing alliances are seen as the most effective means of providing services/products that enhance the relationship with the customer base (Wittmann, 2017). This theory developed from direct response marketing campaigns which emphasizes customer retention and satisfaction rather than a focus on sales transactions. This theory is based on the premise that both the buyer and seller have an interest in providing a more satisfying exchange. It therefore tries to transcend the post purchase-exchange process with a customer to make richer contacts by providing more personalized services that emphasize on stronger seller-buyer relationships (Bagozzi, 2015). Relationship marketing theory holds that alliances between firms can emanate from the desire to create highly satisfying exchanges based on trust and commitment. The theory asserts that relationship investments improve other performance-enhancing aspects of the exchange (Bagozzi, 2015).

B. RESOURCE DEPENDENCY THEORY

Resource dependency theory (RDT) posits that power is based on the control of resources that are considered strategic within the organization (Malatesta & Smith, 2014). RDT has its origins in open system theory as such organizations have varying degrees of dependence on the external environment, particularly for the resources they require to operate. This therefore poses a problem to an organization facing uncertainty in resource acquisition and raises the issue of firm's dependency on the environment for critical resources

ISSN: 2394-4404

(Malatesta & Smith, 2014). Davis and Cobb (2010) observe that RDT assumes that organizations must engage in exchanges with actors in the external environment to obtain needed resources. When there is a scarcity of resources, insufficient information about needed resources or unstable supplies of needed resources, organizations will form co-operative relationships with external actors to increase supply, increase information about resource quality or reduce volatility of quality or supplies of resources (Davis & Cobb, 2010). Resource dependency theory states that organizations have specific resources but few organizations are self-sufficient in these resources and therefore must depend on others for important resources. A deficiency in one or more strategic resources (that is, core competencies) is seen as the driving force for collaboration and a means of reducing uncertainty and managing this dependency (Shafritz, Ott & Jang, 2015).

C. EMPIRICAL REVIEW

a. MARKETING ALLIANCES AND ORGANIZATIONAL PERFORMANCE

Wittmann (2017) argued that strategic marketing alliances are generally a strategy that companies use when they want to gain quicker access to new markets. According to Yoshino (2015), organisations form marketing alliances when they cannot cope with the ever increasing competition in the market place. The globalization trend and the need for organisations to compete in a global economy require a much larger scale and scope of operations. In addition, in many national markets, the presence of well entrenched local firms, different cost structures, restrictive national laws, and local customer preferences make it difficult for foreign firms to compete successfully. In such cases, entering into marketing alliances helps the foreign firms to gain easier penetration into the local markets (Elmuti & Kathawala, 2011). Dacin *et al.* (2017) observed that coalitions with likely challengers may be a way to convert a threat into an opportunity by blocking stiff competitors or retaliatory resources a firm itself does not have.

Fifield (2012) identified market entry and market positioning as the two leading motives behind formation of strategic alliances. He talked of gaining access to new markets; circumventing barriers to entering new markets posed by legal, regulatory and/or political factors, defending market positions in present markets and enhancing market positions in the present markets. He also talked of product-related motives and argued that through strategic alliances the organization can fill gaps in present product line, broaden present product line and differentiate or add value to the existing products. Gomes-Casseres (2013) observed that market environments are quite turbulent and keep changing. In such environments, strategic alliances provide an avenue to structure, modify, reduce potential threat of future competition, raise entry barriers/erect entry barriers and alter the technological base of competition (Gomes-Casseres, 2013).

b. FINANCIAL ALLIANCES AND ORGANIZATIONAL PERFORMANCE

Lee *et al.* (2011) provided evidence, showing that “under-financed” biomedical firms pursuing significant technological break-through endured lower performance. Firms which are well endowed with capital enjoy many advantages. For instance, they can invest more in the development of products, advertising, marketing, and recruit valuable human capital. And having invested more in R&D, advertising, and market research, the firms are more likely to perform better in the future (Ashby & Diacon, 2010). Dacin *et al.* (2017) in their research found that “cooperation with other like-minded firms enhanced the greater efforts of domestic firms to maintain and even improve their position in the market”. They confirmed that firms’ financial cooperation played a key role in their performance.

Campello, Graham and Harvey (2010) pointed that strategic financial alliances can improve the performance of the individual strategic partners through measures such as cost sharing arrangements in capital intensive projects. Ashby and Diacon (2010) further argued that if a firm possesses considerable financial resources, it is likely to be less vulnerable to a post-crisis attack from its rivals. The logic behind this is that the more resources a firm have, the greater should be its chance of survival from such attacks. This should then serve as a deterrent as rivals are unlikely to exploit a firm’s crisis if they believe that it has the resources to recover quickly and possibly fight back. Conversely a firm with low levels of tangible assets and/or restricted access to financial capital is much more vulnerable.

According to Pablo, Subramaniam and Krishnaswami (2012), a prosperous financial alliance can create enormous opportunities for success and growth as well as securing the business in market place at the same time, due to additional competitive edge and capacity enhancement. Stuart (2010) observes that financial alliances provide the advantage of decreased dependency on suppliers and make companies potentially more self sufficient. Muange and Maru (2015) noted that many horizons can be opened as a result of an excellent strategic financial alliance. Some of which are reduced cost of supplies, quick access to more and reliable information, exploring new markets through a confident entry and having resources to acquire key technology advancements.

II. RESEARCH METHODOLOGY

The study adopted a case study research design. Case study research design was appropriate as it allowed the researcher to undertake an in depth evaluation of a particular situation. In general, case studies are the preferred strategy when "how" or "why" questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context (Yin, 2009). Kothari (2004) observes that case study design enables a researcher to closely examine the data within a specific context. On their part, Mugenda and Mugenda (2003) note that case studies, in their true essence, explore and investigate contemporary real-life phenomenon through detailed contextual analysis of a limited number of events or conditions, and their relationships.

Target population in statistics is the specific population about which information is desired. The target population of this study was the management staff of Kenya Airways. The study used purposeful sampling technique to choose senior level management staff of Kenya Airways as the study respondents. According to the Kenya Airways Human Resource Records out of the 4,000 employees, 600 were in management positions. The sampling design of this study was based on Kothari's (2004) hypothesis which postulates that a sample of 10-30% of the target population is representative and sufficient for statistical reporting. Therefore, the sample size for this study was 60 senior-level management staff (representing 10% of the management staff) in Kenya Airways. The choice of the senior level management staff as the study respondents was based on the appreciation that strategic decisions on the kinds of strategic alliances that an organization should engage in are discussed and made at the highest levels of management in that organization.

For the purpose of this study, the researcher used both primary and secondary data. The primary data was collected using a self administered questionnaire and an interview guide while the secondary data was obtained from the financial and management reports of Kenya Airways through a document analysis guide.

Data collected was coded and classified into different components to facilitate a better and efficient analysis. The quantitative data generated from the close ended questions was analyzed through descriptive statistics using the Statistical Package for Social Science (SPSS version 20.0) and presented through percentages, frequencies, mean and standard deviation. The study also conducted a trend analysis of the performance of Kenya Airways between 2013 and 2017. The qualitative data collected through open ended questions was analyzed using content analysis. Tables and figures were used to present the study findings as appropriate.

IV. RESEARCH FINDINGS AND DISCUSSIONS

A. PERFORMANCE OF KENYA AIRWAYS

The study sought to assess the performance of Kenya Airways between 2013 and 2017 based on its passenger capacity, market share and profitability. The findings were as illustrated in Table 4.1.

Sub variable	Measure	2013	2014	2015	2016	2017
Passenger capacity	Number of passengers served (million)	3.6	3.7	4.2	4.2	4.5
Market share	Number of destinations	49	52	54	55	58
Profitability	Net profit after tax margin (%)	-8.0	-3.2	-23.4	-22.6	-9.6

Source: Kenya Airways

Table 4.1: Performance of Kenya Airways

The results in Table 4.1 indicate that the market share of Kenya Airways grew by 18.4% as shown by the increase in the number of its destinations from 49 in 2013 to 58 in 2017. The results also indicate that the passenger capacity of Kenya Airways grew by 25% as shown by the increase in the number of passengers served from 3.6 million in 2013 to 4.5 million in 2017. However, the airline's profitability fluctuated over the 5-year period as indicated by the fluctuations in its net profit after tax margin which improved from -8% in 2013 to -3.2% in 2014 before deteriorating to -23.4% in 2015 and then improving to -22.6% in 2016 and -9.6% in 2017. In general, the findings indicate that Kenya Airways performed dismally over the 5-year period with significant net loss after tax margins despite the small improvements in its market share and passenger capacity. The findings concurred with Nderu (2013) and Oyaro (2016) who noted Kenya Airways has performed poorly in the recent past as it reported a net loss of KES 7.9 billion in 2013; a net loss of KES 3.4 billion in 2014; a net loss of KES 25.7 billion in 2015 and a net loss of KES 26.2 billion for 2016. They attributed this poor performance to a surge in terrorist related attacks in the country leading to travel bans from the traditional markets, unstable global oil prices and staff strikes and go-slows.

B. MARKETING ALLIANCES AND PERFORMANCE OF KENYA AIRWAYS

The study sought to establish the influence of marketing alliances on the performance of Kenya Airways. The findings are as described below:

Regarding the dominant markets that were key to the success of Kenya Airways and the strategies that Kenya Airways had adopted to retain leadership in these markets, the respondents indicated that Africa, Asia, Middle East and Europe were the dominant markets that were key to the success of Kenya Airways. Further, the respondents identified route expansion, fleet expansion and modernization, competitive pricing, enhanced customer care and staff capacity development as the main strategies that Kenya Airways had adopted to help it maintain leadership in these markets. The findings agreed with Ng'ang'a (2012) who also pointed that route expansion, fleet expansion and modernization, competitive pricing and improved customer care were some of the main strategies that Kenya Airways had adopted to regain its market share in its dominant markets of Africa, Asia and Europe. Similar view was expressed by Kamau and Stanley (2015) who argued that route expansion, fleet expansion and modernization, efficient customer care and right pricing were critical to the rebound of Kenya Airways.

Regarding the key motives behind Kenya Airway's marketing strategic alliance decisions, the key informants identified the desire to retain its existing markets, the desire to gain entry into new markets, the desire to increase its service offering, the desire to enhance its position in the present markets, the desire to broaden its the current product line and adding value to the existing products/services as some of the key drivers behind Kenya Airways marketing strategic alliance decisions. The findings agreed with Pellicelli (2016) who opined that strategic alliances consist of partnerships that a firm undertakes with one or more other firms in order to retain or increase their market share, withstand competitive pressures, to create new products/services and/or to gain entry into new markets. Similar view was expressed by Fifield (2012) who pointed that gaining access to new markets; circumventing barriers to entering new markets posed by legal, regulatory and/or political factors, defending market positions in present markets and enhancing market positions in the present markets, filling the gaps in the present product line, broadening the current product line and differentiating or adding value to the existing products were some of the leading motives behind formation of strategic alliances in the area of marketing.

As to the measures required to enhance the image of Kenya Airways in the Global Airline Industry, the key informants were of the view that some of the interventions that should be undertaken so as to enhance the image of Kenya Airways in the global airline industry included continued fleet expansion and modernization, expansion of KQ's global network coverage, review of its current route arrangement and partnerships, revamping of its in-flight customer experience, strengthening of its human resource policy, improving on customer care services, improving its social media platform, aligning its pricing strategy with market realities and reorganizing its top management team. This shows that a number of wide ranging interventions are required for the airline to be able to enhance its image in the global airline industry. This agrees with Muchemi (2016) and Oyaro (2016) who both highlighted expansion of KQ's global foot print, overhaul of route management, enhancing customer care experience, aligning its pricing strategy with market realities, changes in its top management team and a review of its human resource policy as well as fleet expansion and modernization, as important action points for the turn-around strategy of Kenya Airways.

The study further evaluated the respondents' level of agreement with various statements on marketing alliances using a scale of 1-5 where 5-strongly agree, 4-agree, 3-neutral, 2-disagree and 1-strongly disagree. The findings are as shown in Table 4.2.

	Mean	Std. Dev
The strategic alliances have enabled the airline to overcome barriers of entry into new markets posed by regulatory and/or political factors hence gaining quicker access into new markets	4.136	0.7951
The strategic alliances have enabled the airline to benefit from marketing abilities it did not possess	3.796	1.0692
Entering into strategic alliances have helped the airline in defending and enhancing its market position in present markets	3.568	1.1289
Through the strategic alliances the airline has been able to broaden its present product line and differentiate/add value to its existing products	3.727	1.0861
Through the strategic alliances the airline has been able to provide better quality services to its clients	3.841	0.9870

Table 4.2: Respondents' level of agreement with marketing alliance statements

According to the study findings in Table 4.2 above, the respondents were in agreement that the strategic alliances had enabled the airline to overcome barriers of entry into new markets posed by regulatory and/or political factors hence gaining quicker access into new markets (mean = 4.136) and that entering into strategic alliances had helped the airline in defending and enhancing its market position in present markets (mean = 3.568). This showed that the marketing alliances were critical to the performance of Kenya Airways as they enabled the airline to overcome entry barriers of new markets, to defend and enhance its market position in present markets, to broaden its present product line and differentiate/add value to its existing products as well as to provide better quality services to its clients. The findings agree with Fifield (2012) who identified market entry and market positioning as the two leading motives behind formation of marketing strategic alliances.

C. FINANCIAL ALLIANCES AND PERFORMANCE OF KENYA AIRWAYS

The study sought to establish the influence of marketing alliances on the performance of Kenya Airways. The findings are as described below:

Regarding the drivers behind Kenya Airways financial alliances, the respondents indicated that some of the drivers behind the financial alliances that Kenya Airways had entered into included fleet expansion, fleet modernization, desire to increase its global network coverage, desire to increase its ability to meet its recurrent expenditure, to finance research and development activities, to achieve economies of scale, and to cushion itself from financial risks. This showed that fleet expansion, fleet modernization, desire to increase its global network coverage, desire to increase its ability to meet its recurrent expenditure, to finance research and development activities, to achieve economies of scale and to cushion itself from financial risks were the key drivers behind Kenya Airways financial alliances. The findings were in line with Campello et al. (2010) who pointed that strategic alliances enable an entity to enter into cost sharing arrangements in capital intensive projects which would be difficult to achieve when acting alone. The findings also agreed with Osendo (2011) who noted that strategic alliances with KLM have enabled Kenya Airways to access financial resources needed for expansion of its fleet, products and markets.

As to the challenges relating to Kenya Airways financial alliances, the respondents indicated that some of the challenges that Kenya Airways faced with regard to its financial alliances with its various partners included inability to make crucial decisions regarding its operations without the approval of the other alliance partners, lengthy and highly bureaucratic legal procedures of securing funds from its partners, delays in release of much needed funds from the partners, lack of trust and financial dependency on the other alliance partners. This showed that Kenya Airways faced various challenges with regard to its financial alliances with its various partners. This agreed with Stubbings and Curry (2012) who noted that strategic alliances fail due to various reasons such as incompatibility of partnering firms' objectives, poor coordination between the firms' management teams, lack of top management commitment when deploying resources to the alliance, inability of a party to bring the expected benefits, inflexibility in decision making due to need to seek approval from the alliance partners, lack of trust and dependence on alliance partners.

Regarding the organizational policies adopted to respond to Kenya Airway's poor performance challenge, the key informants noted that Kenya Airways board of management has instituted various organizational policies, dubbed as "Operation Pride" to help achieve the airline's financial turnaround. The organizational policies adopted include loan restructuring, overhaul of its top management, staff reductions, reviewing of existing code share agreements, revision of its flight network, review of prices, revenue management, operation costs reduction and leasing of idle fleet. This clearly illustrates that several interventions have been instituted to help Kenya Airways recover from its disastrous performance in the recent past. These findings are in line with those of Oyaro (2016) and Kamau and Stanley (2015) who pointed loan restructuring, overhaul of its top management, staff reductions, reviewing of existing code share agreements, revision of its flight network, review of prices, revenue management, operation costs reduction and leasing of idle fleet, as some of the strategies being undertaken to help Kenya Airways back to profitability.

The study further evaluated the respondents' level of agreement with various statements on financial alliances using a scale of 1-5 where 5-strongly agree, 4-agree, 3-neutral, 2-disagree and 1-strongly disagree. The findings are as shown in Table 4.3.

	Mean	**Std. Dev**
The strategic alliances have enabled the airline enter into cost sharing arrangements in capital intensive projects	4.250	0.5757
The strategic alliances have enabled the airline to access financial resources needed for expansion of its fleet, products and markets	4.364	0.5323
The strategic alliances have provided the airline with much needed operational finances decreasing its dependency on suppliers	2.432	1.2649
The strategic alliances have provided resources to acquire key technology advancements and modernization of the airline's fleet	3.886	0.8132
Through the strategic alliances, the airline has acquired the means to retain core workforce and to recruit new valuable human capital	2.455	1.2659

Table 4.3: Respondents' level of agreement with financial alliance statements

According to the study findings in Table 4.3 above, the respondents concurred that the strategic alliances had enabled the airline to access financial resources needed for expansion of its fleet, products and markets (mean = 4.364), the strategic alliances had enabled the airline enter into cost sharing arrangements in capital intensive projects (mean = 4.250) and that the strategic alliances had provided resources to acquire key technology advancements and modernization of the airline's fleet (mean = 3.886). However, the respondents disagreed that through the strategic alliances, the airline had acquired the means to retain core workforce and to recruit new valuable human capital (mean = 2.455) and that the strategic alliances had provided the airline with much needed operational finances decreasing its dependency on suppliers (mean = 2.432). This implied that the financial alliances that Kenya Airways had entered into were instrumental in its operations as they enabled it to finance its capital intensive projects, expand its fleet, products and markets as well as helped it acquire key technology advancements and be able to modernize its fleet. However, the financial alliances had not enabled Kenya Airways to reduce its dependency on suppliers nor be able to retain its core workforce or recruit new valuable human capital.

The findings were in line with Campello et al. (2010) who observed that financial alliances are critical in enabling an organization to secure much needed funds for capital intensive projects and in times of financial crunch they can provide much needed funds to meet an entity's operational costs. The findings also concurred with Muange and Maru (2015) who noted that many horizons can be opened as a result of an excellent strategic financial alliance. Some of which are reduced cost of supplies, quick access to more and reliable information, exploring new markets through a confident entry and having resources to acquire key technology advancements. Pellicelli (2016) argued that by aligning itself with other firms that possess adequate financial resources needed for expansion, smaller firms can capitalize on their strengths to a much greater extent.

D. HYPOTHESES TESTING

To determine the influence of strategic alliances on the performance of Kenya Airways, the researcher tested two study hypotheses using a Chi-Square (X^2) model at 95% confidence level.

The two null hypotheses were as follows:

H_{01}: Marketing alliances have no significant influence on the performance of Kenya Airways

H_{02}: Financial alliances have no significant influence on the performance of Kenya Airways

The Chi Square results are as shown in Table 4.4.

Independent variable	**Hypothesis**	**Chi-sq. p value**	**Sig. Value**	**Result**	**Decision**
Marketing alliances	H_{01}	0.017	0.05	0.017<0.05	H_{02}: rejected
Financial alliances	H_{02}	0.009	0.05	0.009<0.05	H_{03}: rejected

Table 4.4: Chi square test for the independent variables and KQ's performance

According to Table 4.4 above, at 95% confidence level, the two null (H_{01} and H_{02}) hypotheses yielded Chi square P-value < 0.05 hence, the two null hypotheses (H_{01} and H_{02}) for the two independent variables were rejected. Consequently, their alternate hypotheses (H_{11} and H_{12}) that marketing alliances and financial alliances had a significant influence on the performance of Kenya Airways were accepted. This was in line with the findings of Stuart (2010) and Sarkar *et al*. (2015) who found a significant positive connection between alliance formation and firm performance.

V. CONCLUSIONS

The study concluded that Africa, Asia, Middle East and Europe form the dominant markets that are key to the success of Kenya Airways. Further, route expansion, fleet expansion and modernization, competitive pricing, enhanced customer care and staff capacity development are the main strategies that Kenya Airways have adopted to enhance its leadership position in these markets. The marketing strategic alliances have helped the airline gain quicker access into new markets and broaden its present product line while adding value to its existing product line.

The study also concluded that fleet expansion and modernization, desire to increase its global network coverage, desire to increase its ability to meet its recurrent expenditure, to finance research and development activities, to achieve economies of scale and to cushion itself from financial risks were the key drivers behind Kenya Airways financial alliances. The financial strategic alliances have helped the airline finance its capital intensive projects including expansion of fleet, product line and markets.

A. RECOMMENDATIONS

Kenya Airways should explore marketing strategic alliances that would enable it expand its foot print in its existing markets of Africa, Asia, Middle East and Europe. Further, Kenya Airways should also explore marketing strategic alliances that would enable it gain access into new markets such as North and Latin America and Oceania.

While financial alliances are critical to the continued growth of Kenya Airways especially in its capital intensive projects, Kenya Airways should ensure that the financial alliances do not make it excessively debt ridden to the extent of adversely affecting its operations. The airline should also streamline its operations with a view of increasing its operating revenues while also reducing on its operational costs to make itself less financially dependent on its financial partners.

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