INFLUENCE OF REGIONAL INTEGRATION AND MACRO-ENVIRONMENT ON STRATEGIC ALLIANCES AND PERFORMANCE OF KENYAN MANUFACTURING FIRMS IN THE EAST AFRICAN COMMUNITY MARKET

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DECLARATION

DECLARATION BY CANDIDATE:

I, the undersigned, declare that the work contained in this thesis is my original work and has

not previously, in part or in its entirety, been submitted at any other college, institution or

university other than the University of Nairobi towards the award of any degree.

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DEDICATION

This doctoral thesis is dedicated to

My grandfather Kiminza Muthusi and my parents Lawrence Mathuki Kiminza and Christine Wayua Mathuki.

Your passion for education and insistence to all of us as your children and grandchildren respectively for the need to stick within academia inspired me to this level. I will never forget the motivational lessons of hard work, persistence and passion. Rest in Peace my Grand Pa Kiminza Muthusi. May God forever bless you!

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ABBREVIATIONS AND ACRONYMS

AfCFTA	-	African Continental Free Trade Area
AFTA	-	ASEAN Free Trade Area
AMU	-	Arab Maghreb Union
BMO	-	Business Membership Organizations
BSC	-	Balanced Scorecard
CA	-	Competitive Advantage
CEN-SAD	-	The Community of Sahel-Saharan States
CEO	-	Chief Executive Officer
CET	-	Common External Tariff
CI	-	Condition Index
CMP	-	Common Market Protocol
COMESA	-	Common Market for Eastern and Southern Africa
CU	-	Customs Union
CVs	-	Coefficient of Variations
EABC	-	East African Business Council
EAC	-	East Africa community
EC	-	European Commission
ECCAS	-	Economic Community of Central African States
ECOWAS	-	Economic Community of West African States
EU	-	European Union
FTA	-	Free Trade Area
GATT	-	General Agreement on Tariffs and Trade
GDP:		Gross Domestic Product
IGAD	-	Intergovernmental Authority on Development
IMF	-	International Monetary Fund
KAM	-	Kenya Association of Manufacturers
KEPSA	-	Kenya Private Sector Alliance
		Legal factors
MAGREB	-	Northern Africa States, Greater Arab Maghreb
ME	-	Macro-Environment

MERCOSUR	-	Mercado Comun del Cono Sur (Southern Cone Common Market)
MU	-	Monetary Union
NAFTA	-	North America Free Trade Agreement
PESTEL	-	Political, Economic, Social, Technological, Ecological and Legal
PS	-	Partner States
RBT	-	Resource Based Theory
RDT	-	Resource Dependence Theory
RECs	-	Regional Economic Communities
RI	-	Regional Integration
RTA	-	Regional Trade Agreement
SA	-	Strategic Alliances
SADC	-	Southern African Development Community
TCT	-	Transaction Cost Theory
TRI	-	Theory of Regional Integration
UN	-	United nations
UNECA	-	United Nations Economic Commission for Africa
VIF	-	Variance Inflation Factors
WTO	-	World Trade Organization

ABSTRACT

The study sought to establish the influence of regional integration and macro environment on the relationship between Strategic alliances and Performance of the Kenyan manufacturing firms in the East African Community Market. The specific objectives were to determine; the effect of strategic alliances on the performance of Kenyan manufacturing firms in the East African Community market; the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market; the influence of macro environment on the relationship between strategic alliance and performance of Kenyan manufacturing firms in the East African Community market; and the joint effect of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market. These objectives had an equal number of corresponding hypotheses that were tested to achieve the main goal of this study. The study was anchored on five theories; Resource dependency theory (main anchoring), Transaction Costs theory, Resource Based Theory, theory of integration and the Open system theory. The study was guided by the positivism philosophical paradigm and a cross sectional descriptive survey design adopted. The population of the study was 160 Kenyan manufacturing firms in the EAC market. Primary data was collected using a semi structured questionnaire. A response rate of 81.88% was realized. Secondary data was collected from financial statements of the respective firms. Data was analyzed using descriptive and inferential statistics. Hypotheses were tested using both simple and multivariate regression analysis while Baron and Kenny model of stepwise regression analysis were used to test for moderating effects. The findings indicated that strategic alliances had a strong statistically significant influence on the performance of Kenyan manufacturing firms in the EAC market. This finding supported the Resource Based View proposed by Penrose that firm specific resources explain competitive advantages. Regional integration was found to have a statistically significant moderating influence on the relationship between strategic alliance and firm performance. Similarly, the moderating role of macro environment on the relationship between strategic alliance and firm performance was found to be statistically significant: Although the strategic alliances alone are able to explain largely in the overall firm performance, when combined with the macro environment they explain a higher overall firm performance. These results are consistent with propositions in the resource dependence and open system theories. In a regional integration framework, firms depend on each other through strategic alliances to gain competitive advantages as envisaged in resource dependency theory. For open systems theory, integration and macro-economic events which are external to the firm, influences performance. The findings indicated there is a statistically significant positive joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market and the joint effect was greater than the influence of each variable individually. The study has made contribution to theory, policy and management in relation to how regional integration and macro-environment influences relationship between strategic alliances and firm performance. In light of these findings, managers should ensure that strategic alliances are crafted based on mutual benefit and to enable them properly interpret the environment and develop appropriate strategies for competitive advantage. The study recommends that policy makers in EAC partner states should encourage complementarity and competitive advantage approaches while promoting skills transfer and information sharing amongst the firms. The study has certain limitations; a cross-sectional survey approach method was used for the study and data was collected at only one point in time which may bias the findings; single respondent was used in data collection which may bias or determine the nature of responses. Future research directions include a replication of study in a longitudinal approach while using path analysis or structural equation models and consideration of other sectors, firm characteristics and resource constraints.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Contemporary business environment, characterized by a global market place and fierce competition, accentuates the importance of strategic alliances (Parise & Casher, 2003). Firms are adopting various forms of collaboration with domestic and international counterparts to find a space in the global marketplace and help in strengthening their competitive advantage (Dodgson, 2018). A strategic alliance is one of the major strategies for growth of international firms.

The main challenges faced by organizations today are globalization and rapid technology, this necessitates organizations to constantly examine their strategies to enhance their innovative capabilities as a means to stay current in their field and enhance performance (Hitt, 1998). Zhang and Pezeshkan (2016) contend that foreign firms suffering from a low network may uniquely find it easier to enhance their collaboration position if they have the necessary industry experience. According to Muage and Maru (2015), the combined marketing collaborations, procurement-supplier alliances, joint automation and technological advancement coalitions have a productive stimulation on firm performance.

The dynamism in corporate culture and the way business is being conducted, may be the accelerating growth of relationship based not on ownership, but on partnership (Drucker, 1996). Firm performance is a key primary concern in practice and research of strategic management (Lefort, McMurray & Tesvic, 2015).

Strategic decisions envisage firm growth and profit and mediates the relation of dynamism, munificence, centralization, and formalization with firm performance (Baum & Wally, 2003). Strategic alliances among firms are gaining momentum in cross-border frameworks resulting to strategic cross-border alliances. Strategic cross-border alliances are strategic partnerships formed between two or more firms from different countries for pursuing mutual interests through sharing their resources and capabilities (Doz & Hamel, 1998). Beyond the export and foreign direct investment (FDI) forms, it has become a trend lately for firms to use cross-border strategic alliances in order to extend their businesses globally (Qiu, 2006).

Strategic alliances provide flexibility to the partnering firms by committing on fewer resources and activities on which they have competencies and configuring networks of alliance partners to bridge the gap between firm's present resources and the required. It brings in competitive advantage such as risk reduction and access to new technologies, low cost resources and access to new markets (Dodourova, 2009).

Regional economic integration is a process that encompasses all the measures designed to abolish discrimination between economic units belonging to different national states and second as the absence of various forms of discrimination between national economies (Balassa, 2013). Moves towards regional integration have become more and more active, with countries seeking to strengthen their ties with other countries (Choi & Caporaso, 2002).

The role of the macro environment on firm performance has been the epicenter of strategic research. The external environment has an influence on firm performance (Machuki & Aosa, 2011) because it provides both facilitating and inhibiting influences on firm performance. Organizations are environment dependent and serving (Ansoff & McDonell, 1990; Pearce, Robinson & Mital, 2010). The macro environment that a firm operates in, determines the strategic choices that they make (Smart & Vertinsky, 1984; Romanelli & Tushman, 1986). Thus, the tendency to espouse a particular strategic stance depends on the external environment and how well their organization can adapt to the environment. The choice of strategic partnership therefore may be subject to macro-environment which eventually influences firm performance (Birnleitner & Student, 2013).

The strategic alliances and firm interface are mainly anchored by Resource Dependency theory (Pfeffer & Salancik, 1978), which has postulations of resource interdependency and Resource Based Theory (RBT) (Penrose, 1959, Barney, 1991 and Warnerfelt, 1984). The Resource Dependence Theory (RDT) contends that the motivation of firms depending on another firm is the possession of the critical resources that is required for the said firms to gain competitive edge (Pfeffer & Salancik, 1978).

RDT recognizes the influence of external factors on firm's behaviour and, although constrained by their context, managers can act to reduce ecological uncertainty and dependence. Central to reduction of these environmental happenings is the concept of power, which is the control over vital resources (Ulrich & Barney, 1984). Resource Based Theory (RBT) (Penrose, 1959, Barney, 1991 and Warnerfelt, 1984), argues that resources that are valuable, rare, in-imitable and non-substitutable (VRIN) are a key source of competitive advantage (Barney, 1991 & Warnerfelt, 1984).

Other theories that guide this relationship include; Transaction Costs theory (TCT) (Coase, 1937) and (Williamson, 1979). Transaction Costs Theory has been deployed in studying firms' boundaries, vertical integration decisions, the basis for conducting an acquisition, the networks and other hybrid governance forms. The TCT has expanded its breath to strategic management and international business in seeking to explain how firms internationalize and the structural arrangements required to improve the odds of success (Hennart, 2010).

The transaction costs theory postulates the dynamics of when certain economic tasks would be performed by firms, and when they would be performed on the market (Williamson, 1994; Ghoshal & Moran, 1996; Williamson, 1996; Jones, 1998; Madhok, 2002). Regional Integration on the other side is anchored by theory of integration (Schmitter, 1970). The theory of integration argues that countries cooperate to realize their national interest (Schmitter, 1970).

The Macro-environment is anchored by Open system theory (Bertanlanffy, 1967; Bertalanffy & Bickis 1956; Burnes, 2000). The Open system theory focus on events occurring external to the organization that influence changes within the organization (Bertanlanffy, 1956). This theory argues that it is critical that strategic choices for any firm, are depended on external environment and management of firms must ensure that they also evaluate the environment so that there can be a strategic match between the firm and the conditions emanating from the environment (Birnleitner & Student, 2013).

Kenya's manufacturing sector is a key pillar to the economy as identified under Vision 2030 and recently identified as one of the main sectors under the Big Four agenda which can spur economic growth and development because of the immense potential for wealth creation, employment generation and poverty eradication. In addition, the sector provides impetus towards achievement of sustainable development goals (SDG) on eradication of extreme poverty, hunger and global partnerships for development both in the medium and long term (Vision, 2030). These developments in the external environment have direct impact on their performance (KAM, 2013).

In realizing their growth potential, the Kenyan manufacturing firms are determined to take advantage of a common market envisaged by the formation of the EAC whose main objectives were to create one single customs territory with trade at its core, support economic development through the creation of economies of scale and develop the human resource, institutions and infrastructure that will support trade (McIntyre, 2005). Therefore, performance of Kenyan manufacturing firms is depended on how they remain keen on creating cross border strategic alliances in the region towards identifying opportunities for better performance of their firm in the EAC market (Mwasha, 2011).

1.1.1 Strategic Alliances

Strategic alliances are short- or long-term voluntary collaborations between organisations involving exchange, sharing or co-development of products, technologies and services to pursue a common set of goals or to meet a critical business need (Dacin, Oliver, & Roy, 2007; Gulati, 1998). Hergert and Morris (1988) postulated alliance formation as a cooperative agreement/linkage between companies to pursue common goals.

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Further, according to Beamish and Killing, (1997) and Wei (2007), perceived strategic alliances as partnerships of two or more corporations or business units that work together to achieve strategically significant objectives that are mutually beneficial to the parties. Porter (1990) postulated strategic alliances as long-term agreements between firms that go beyond normal market transactions but fall short of merger. Forms include joint ventures, licenses (equity), long-term supply agreements (non-equity), and other kinds of inter-firm relationships. It is constituted to allow its partners to pool resources and coordinate efforts in order to achieve results that neither could obtain by acting alone. The key parameters surrounding alliances are opportunism, necessity and speed (Dussauge & Garrette, 1995).

Yoshino and Rangan (1995) argued strategic alliances as a partnership between two or more firms that unite to pursue a set of agreed upon goals but remain independent subsequent to the formation of the alliance to contribute and to share benefits on a continuing basis in one or more key strategic areas, such as technology, products. Strategic alliances are voluntary arrangements between firms involving exchange, sharing, or co-development of products, technologies, or services and are critical to firms for various reasons (Gulati, 1998).

The potential of strategic alliances is enormous and if implemented correctly, it can improve a firm's operations and competitiveness (Brucellariaa, 1997; Aun, 2014) as their cooperation is vital to their success (Das & Teng, 2000; Doz, 1996; Kanter, 1994; Thompson & Strickland III, 1998). Strategic alliances can take different forms including; an alliance of strong partners who are direct competitors, alliance between strong and weak partners, an alliance between those who are weak and seek to gain power, between complimentary equals, or even a merger that results in formation of a new organization altogether (Ybarra & Turk, 2011).

Therefore, strategic alliances serve as window of opportunities to be exploited and provide the means to neutralize threats (De Man, Duysters & Vasudevan, 2001). The purpose of many alliances, as argued by Todeva and Knoke (2005), is to fuse their combined resources; complement each company's expertise; market seeking; acquiring means of distribution; gaining access to new technology; converging technology, learning and internalization of tacit, collective and embedded skills; obtaining economies of scale; developing products, technologies and resources; achieving competitive advantages, cooperation of potential rivals, or preempting competitors; overcoming legal/regulatory barriers, legitimization, and bandwagon effect following industry trends. Firms at all levels are embarking on partnership alliances and forming a vital part of today's business environment (Pyka & Windrum, 2003).

Lendrum (1995) tends to differentiate strategic partnering from strategic alliances. According to Lendrum (1995) strategic partnering is about fundamentally altering the way we manage our relationships with partners. A partnership alliance is about picking long-term winners whereas strategic alliances are relationships between two or more suppliers servicing the same customer/customer base or different customer (Lendrum, 1995).

Strategic alliances are sometimes referred to as inter-firm cooperative relationships and take a variety of differing forms: advertising 'tie-ins', data links between customer and supplier, sole source suppliers and true joint ventures (Birnbirg, 1998). This study will measure the dimensions of strategic alliances as joint venture, equity strategic alliances and non-equity alliances (Bamford, Gomes-Casseres & Robinson, 2003; Hung & Chang, 2012).

Formation of joint venture (JV) either local or cross-border is always a strategic step that shapes a firm's strategic process (Park & Ungson, 1997) and is a strategy intended to quickly achieve geographical diversification or firms' growth. A joint venture is established when the parent companies establish a new child company (Child &Yan, 2003).

Joint ventures aid firms in accessing new markets, knowledge, capabilities and other resources. Yet they can be challenging to manage, largely because they are owned by two or more parent companies. These companies may have competing or incongruent goals, differences in management style, and in the case of international business, additional complexities associated with differing government policies and business practices (Beamish & Lupton, 2009).

Bengtsson and Kock (1999) postulated that if for example, Company A and Company B (parent companies) can form a joint venture by creating Company C (Child Company). In addition, if Company A and Company B each own 50% of the child company, it is defined as a 50-50 Joint Venture. If Company A owns 70% and Company B owns 30%, the joint venture is classified as a Majority-owned Venture. An equity strategic alliance is formed when one company purchases a certain equity percentage of the other company. If Company A purchases a certain percentage of the equity in Company B, an equity strategic alliance would be formed (Folta & Miller, 2002; Hung & Chang, 2012). A non-equity strategic alliance is created when two or more companies sign a contractual relationship to pool their resources and capabilities together (Knoke, 1999).

Non-equity partnerships are inspired by factors like uncertainty regarding technology and multifaceted economic environment and despite their shortcomings, firms increasingly use this type of alliance in many different forms such as licensing agreement, distribution agreements and supply contracts (Folta & Miller, 2002; Hung & Chang, 2012). This would mean that if organizations identify the best alliance facilitated by the ability to understand what they require in that alliance it will effectively gain market advantage to improve the overall performance (Das & Teng, 2000).

1.1.2 Regional Integration

Regional Integration can be defined as a segment of the world bound together by a common set of objectives based on geographical, social, cultural, economic and political ties and possessing a formal structure provided for in formal intergovernmental agreements and efforts traces back to pre-independence era in Africa (Mlenga, 2012). The inclination to unite was an initial response of Africa's founding fathers to the balkanization process of the colonial era and the desire to overcome colonially imposed artificial boundaries (De Melo & Tsikata, 2015). In recent times however, the need for sustainable economic development in the face of the harsh realities of globalization and trade liberalization has been the motive force driving regional integration in Africa (Schiff & Winters, 2002).

Regional integration (RI) is a worldwide phenomenon of territorial systems that increase the interactions between partner states and create new forms of organization, co-existing with traditional forms of state-led organization at the national level (De Lombaerde & Van Langenhove, 2006).

Additionally, the global economic regime based on the GATT and IMF systems, which has sustained the world economy since World War II, regionalism, through which neighbouring countries seek to strengthen their economies by entering into some form of regional integration has become a major trend (Iapadre, 2006). This trend was triggered by the EU market integration and in both developed and developing countries, customs unions and free trade areas (FTAs) continue to increase and expand (Brown, Shaheen, Khan & Yusuf, 2000).

It has generally been argued that regional integration supported by trade agreements (RTAs) among developing countries may affect firm performance patterns among RTA members and between them and third countries (Amponsah, 2002). In the World Trade Organization (WTO), regional trade agreement (RTAs) is referred to as custom union, FTAs, and interim agreements (Cernat, 2001). In this thesis, regional integration is used also to signify both RTAs and other forms of regional cooperation. Safe for Japan, Korea and Hong Kong, almost ninety percent (90%) of the WTO Members are parties to such Regional Trade Agreements (Pomfret, 2007).

In recent years, countries seeking to strengthen their ties with other countries have embraced more and more regional integration (Hartzenberg, 2011). The EU was formed after the Treaty on the European Union (the Maastricht Treaty) took effect in November, 1993, which enlarged and built upon the European Community (EC). The accession of three new countries, Austria, Sweden and Finland on January 1, 1995, which were former members of the European Free Trade Association (EFTA) enlarged the European Union (Crawford & Laird, 2001).

The launch of the free trade arrangement in North America in January, 1994 was preceded by the signing of the side agreements in September, 1993 to the North American Free Trade Agreement (NAFTA) (Grinspun & Kreklewich, 1994). Elsewhere, AFTA (the ASEAN Free Trade Area) began reducing tariffs among its members in January, 1993. The acceleration of the integration process by member states of the ASEAN was catapulted by expanding its range of items covered with a view to implementing the AFTA free trade agreement by 2003, and to begin negotiations on access to services area (Crawford & Laird, 2001).

On the other hand, the Southern Common Market Treaty (MERCOSUR) was created in January, 1995 by certain countries in Latin America initiated (Carranza, 2004). In particular, one of the trends that have recently been observed is to create mechanisms for broader regional co-operation. This includes: the FTA to be set up between the EU and the Mediterranean countries, enlargement of existing regional integration, including the FTAs between the Central and Eastern European countries (CEECs) and the EU, and the creation of a Free Trade Area of the Americas (FTAA); linkage between regional integration organizations, such as economic co-operation, including the creation of a future FTA between the MERCOSUR and EU; and continent-based regional co-operation that may not necessarily be seeking to create a FTA or customs union, such as the Asia-Europe Meeting (ASEM) and the Asia-Pacific Economic Cooperation (APEC) (Ravenhill, 2000).

Africa's current integration landscape contains an array of regional economic communities, including eight recognized as the building blocks of the African Union. These eight are namely: AMU, CENSAD, COMESA, EAC, ECCAS, ECOWAS, IGAD and SADC (Tavares, 2009).

The African Continental Free Trade Area (AfCFTA) was officially launched on 7th July 2019 by the African Union Heads of State in Niamey, Niger and the researcher was fortunate to participate in this historic event that confirmed and underlined the need for regional integration as strategy to increase volumes of trade and business in general.

The regional economic communities are expected to serve their member States with the implementation of the regional integration agenda, where the concept of good faith and the resultant observance of treaty obligations are the basis on which member States must make regional integration decisions as well as ensuring their performance and implementation (Hettne, 1999).

The processes of regional integration (RI) emerged after World War II, were mostly about trade and economics, but it has become clear that, especially since the 1980s, with the so-called 'new regionalism' wave, regional integration can be seen as a multidimensional process that implies, next to economic cooperation, also dimensions of politics, diplomacy, security and culture (Hettne, 1999). The impact associated with regional integration can be well understood when analyzing the benefits derived to the member states and any other expected benefits as outlined in the policy papers (Mwasha, 2011). Regional Integration is notably an important milestone in overcoming small economic blocs through resource mobilization, combining markets and enabling organizations in the member countries take advantage of bigger markets for economies of scale and enhanced competitive advantage (Madyo, 2009).

Regional integration is perceived as a mechanism to alleviate poverty and enhance performance among the firms in the partner states forming that regional economic bloc (REC) (Kiggundu & Deghetto, 2015). Table 1.1 summarizes the five levels of regional integration.

Table 1.1: Pillars of Regional Integration and RTA

Pillars	Level of regional integration	Definition	Examples
1	Free Trade Area	Partner countries agree to remove tariff and non-barriers to trade, but each member decides its own barriers against nonmembers.	NAFTA, SADC, ASEAN, FTAA, ASEAN, TFTA (EAC +COMESA +SADC) AfCFTA
2	Customs Union	Partner countries remove all barriers to trade among themselves, erect a common trade policy against nonmembers.	MERCOSUR, Asean Community, COMESA, CEMAC, EUCU
3	Common Market	Combines free trade and customs union by removing all barriers to trade and movement of labour and capital among members. Members erect a common trade policy against nonmembers.	CARICOM, EAC
4	Economic Union	Partner countries remove barriers to trade and movement of labour and capital, erect a common trade policy against nonmembers and coordinate their economic policies.	EU, EAC (2017)
5	Political Union	Partners agree to coordinate economic and political policies and institutions.	EAC (in future)

Source: Researcher (2019)

Kiggundu and Deghetto (2015) presents the pillars of regional integration in order of their formations. The first pillar of regional integration is the formation of free trade area whereby member states ratify removal of tariff and non-tariff barriers to trade, but each country is free to determine the nature of its trade policies with non-member trading partners. The second pillar of regional integration is the custom union. In addition to removing barriers to trade, all member states agree to treat nonmembers uniformly. The third pillar of regional integration is common market. In addition to the provisions of the free trade area and customs union, the common market brings onboard aspects of free movement of labour and capital among partner members but still maintains a common trade policy against nonmembers.

The fourth pillar of regional integration is the economic union. This is much deeper level of integration that in addition to the above requires partner states to coordinate and harmonize their policies in sensitive areas such as tax, monetary, and fiscal policies leading to the creation of a common currency. The fifth pillar of regional integration is the political union. This is the deepest form of regional integration whereby member states agree to accept common RTA stance on economic and political matters regarding nonmembers.

In this study, regional integration is measured by policies on customs union, common market protocol (harmonization of trade and market policies), monetary union and political goodwill and stability (EAC, 2002; Mwasha, 2011). The member countries within regional integration embrace the idea of investing in both their domestic and cross-border markets within the region as a result of the benefits associated with the integrated market.

The benefits to belong to a regional economic block include efficiency and effectiveness in all sectors, varieties in production, technological advancement, broader markets, harmonized trade and market policies, harmonized tariffs and minimization of formalities associated with cross border trade (Mlenga, 2012).

1.1.3 Macro Environment

Macro environment is all those elements existing beyond the limits of the firm that may influence it directly or indirectly (Hall, 2004). The macro environment entails of the political, economic, socio-cultural, technological, ecological, legal (PESTEL) factors that directly or indirectly affect the operations of the company (Ülgen & Mirze, 2007; Yüksel, 2012). Further, it can be understood from the perspective of the open system approach that one should attach great importance to the idea that since firms exist in a dynamic environment their resources are strongly affected by the forces of their environment (Lumpkin & Dess, 2001).

The macro-environment, also denoted to as the remote environment, comprises of factors that originate beyond and usually irrespective of any firms operating situation (Hitt, Ireland & Hoskinson, 2011). They include political, economic, social, technological, ecological and legal factors (Pearce et al, 2010). Firms exist in open systems and cannot operate as closed systems because they are environment dependent and serving and they depend on the environment to get their inputs for production and also to get somewhere to dispose of their goods and services (Ansoff & McDonell, 1990).

Firms operate in turbulent, often aggressive environments which pose constant threats to their growth and survival (Smart & Vertinsky, 1984) and in the long term, only effective firms endure and pull through. The higher the rate of change in the environment, the higher the number of major organizational goals that must be transformed and vice versa. The ability to predict organizational changes and keep pace with environmental variation rate is an important pointer of an organization's coping abilities (Hannan & Freeman, 1993).

Macro-environmental context represents an outer environment within which the elements of organizational strategy are blended (McKiernan, 2006). Firm performance is highly related to the dynamic evolutionary nature of the fit between the environment and the organization (Wiersema & Bantel, 1993; Romanelli & Tushman, 1986; Machuki & Aosa, 2011). As the environment change therefore, firm's survival entirely depends on devising appropriate responses to unforeseen discontinuities (Ansoff & McDonell, 1990). There has been a debate as to whether top executives can strongly influence this fit through strategic decisions and actions.

Indeed, it has been argued that the existing coping mechanism of a firm can impact its perceptions of the environment (Justin Tan, & Litsschert, 1994). The turbulence that come along with the external environment is critical to the relationship between the choices of strategic alliances and firm performance. This is because organizations are environmental serving and dependent (Ansoff & McDonnell, 1990).

Changes and turbulence in the macro-environment influence the strategic choice dimensions adopted by firms and eventually impacting on the performance of each particular firm (Ansoff, & McDonnell, 1990). Therefore, clearly macro environmental factors present firms with opportunities, threats and constraints, but rarely does a single firm exert any meaningful reciprocal influence (Pearce et al, 2008). According to Herbane (2010) if strategic alliances can carefully envisage and monitor the changes in the macro environment; firms may effectively adjust to the change and eventually improve the overall performance.

1.1.4 Firm Performance

Performance in any type of firm, represents the measure of outcomes, goals, and aspirations vital to various firms' stakeholders; thus performance is an important research variable in strategic management (Seijts, Latham, Tasa, & Latham, 2004). Performance is also referred as the ability of an object to produce results in a dimension determined in relation to a target (Gimeno, Folta, Cooper, & Woo (1997). Firm performance is further defined as the difference in the firms' actual results in comparison with the intended objectives, goals and outputs (Machuki & Aosa, 2011).

The importance of firm performance can be seen from the theoretical, empirical and managerial view (Mahmud, Bello & Abba, 2016). The theoretical lens looks at strategy effectiveness, the empirical lens looks at performance as operationalized in research and the managerial lens focuses on the quality of decisions made by managers that reflect on firm performance (Rajagopalan & Spreitzer,1997).

Firm performance is a critical if not the most significant paradigm in strategic management research (Combs Crook & Shook, 2005) and remains a recurrent issue of great interest to both academic scholars and practicing managers (Venkatraman & Ramanujam, 1986). The special focus on performance differentiates strategic management from other fields. The core of strategic management research is to increase understanding about determinants of firm performance and explain how firms' can create superior performance (Andersén, 2011).

In the wake of numerous corporate shortcomings, the need to improve firm performance has garnered much attention from business practitioners and academics alike (Wong, Ormiston, & Haselhuhn, 2011). Performance of firms should reflect in the different aspects of an organization which include profitability as financial and growth which is non-financial (Mkalama, 2014). According to Roos and Roos (1997) and Bontis (2001), financial indicators alone are not adequate for decision making.

In order to mitigate against the shortcomings, Kaplan and Norton (1992; 1996) recommended a balanced score card (BSC) approach incorporating financial and non-financial indicators. Hubbard (2009) names the Balanced Scorecard (BSC) proposed by Kaplan and Norton (1992, 1996) as the most prevailing performance measurement model, based on stakeholder's theory propositions that a firm has multiple responsibility to a wider set of constituencies other than the shareholders. The BSC approach propose financial indicators to include Return on Assets, Return on Equity and Dividend yields and complimented by non-financial measures which includes customer perspective, internal business process and organizational learning and growth (Williams Jr., 2015).

Subjective or non-financial measures of performance seek respondent's opinion about firm performance. Customer perspective measures how well the business is satisfying the needs of the customer (Zairi, 2000). Internal business process measures how efficiently and effectively an organization is meeting its goals and objectives by measuring the innovation and development of business (Brewer, 2000). The other non-financial perspective is learning and growth that measures the innovation and development of the business in a competitive environment (Hoque, 2005).

This study considers measurement of both financial and non-financial measures. The choice of both financial and non-financial measures is based on the context of the study (Abdel-Maksoud, Dugdale & Luther, 2005). Several interested parties such as shareholders, investors, policymakers and the general public judge the Kenyan manufacturing firms that have entered into strategic alliances in the EAC region market on their individual performance.

The varying interests of the various stakeholders require that performance should be assessed in several areas simultaneously (Behn, 2003). Ongore (2008) argued that firm performance can be measured by three main perspectives, namely Return on Assets (ROA), Return on Investment (ROI) and Dividend yield (DY). Therefore, financial performance in this study is measured by Return on Assets (ROA), Return on Equity (ROE), Dividend yield. ROA measures how much profit a firm can achieve using one unit of assets. It helps to evaluate the results of managerial decisions or use of assets. ROE measures the earnings generated by shareholder's equity for a period usually one year. Dividend yield compares relative attractiveness of various dividends paying stock (Ndubuisi, Uche & Chinyere, 2018).

1.1.5 East African Community (EAC)

Regional economic integration in East Africa (EA) community started in 1917 with a customs union involving Uganda and Kenya, which were later joined by the then Tanganyika in 1927. The EAC countries continued as members of the customs union until 1967, when they agreed to form a common market. (EAC, 2016). Regrettably, this first EAC market ended acrimoniously in 1977 due to among other factors the tense political climate that existed then and the perceived unequal distribution of benefits among the member countries with Kenya being accused of taking the lion's share (Buigut, 2012).

The revived EAC came into existence on 7th July 2000 following the signing of the treaty for its reestablishment in November 1999 by all the three original member nations; republic of Kenya, United Republic of Tanzania and the republic of Uganda (EAC, 2016; Dapontas, 2013). This was followed by the admission of Rwanda and Burundi in 2007 and South Sudan in 2016 (Kiprota, 2012). This region, including South Sudan, is a home to 172 million people covering an area of 2.47 million square kilometers and having a combined GDP at current market price of $172 billion (Hansohm, 2013; Gaalya, Edward & Eria, 2017).

The aim of EAC is to make it People centered, market driven and private sector led by and by gradually establish among themselves a Customs Union, a Common Market, a Monetary Union, and ultimately a Political Federation of the East African States (EAC, 2002; Mwasha, 2011). The main objectives of creating the EAC were to form one single customs territory with trade at its core, support economic development through the creation of economies of scale and develop the human resource, institutions and infrastructure that will support trade (McIntyre, 2005). The Treaty Establishing EAC stipulates the several operating principles to enhance policy harmonization and integration in the EAC region (EAC, 2002).

The East African Community integration process conceptualized passing four stages discusses below to control and stiffen the social, cultural, commercial, industrial, political, infrastructural, and additional associations among the member states industrial, commercial, infrastructural, cultural, social, political, and other relationships of the member nations Article 5(2) of the treaty establishing East African Community (EAC, 2002; McIntyre, 2005).

The inauguration of a customs union is given for under Article 75 of the Treaty building up the EAC under the chapter on Trade Liberalization and Development signed on 2nd March 2014. The second most important pillar is a unified market (Common Market) of the five member states into a sole block marketplace with free movement of labor, goods, trade, people with a right of residence and establishment (Hartzenberg, 2011; Stahl, 2005). The third pillar is guided by the monetary Union policies bidding for cooperation by partner states in fiscal and monetary matters outline in authorized macro-economic procedures of coordination programmes of the EAC (Article 82 of the Treaty instituting the EAC). The fourth pillar is the East African Community Political Federation policies, which are expected as the last stage in the integration procedure with a rotating presidency between all the five accomplice states (Hartzenberg, 2011; Stahl, 2005).

In Conclusion, the EAC integration process shows the efforts that have been put towards the realization of cooperation aiming to attain the common good of the East African people. The progress made so far points to the firm belief of the people and the leaders of region of taking charge of their own development (Hartzenberg, 2011).

1.1.6 The Kenyan Manufacturing Firms in the East African Community Market

Kenya is a member state to various regional blocks and one such block is the East African Community (EAC), which is a regional inter-governmental organization currently comprising of the Republics of Kenya, Uganda, the United Republic of Tanzania, Republic of Rwanda, Republic of Burundi and Republic of South Sudan with its headquarters in Arusha, Tanzania (EAC,2013). The East African Community has a total population of 170 million with a Gross Domestic Product of US$ 172 billion (EAC Statistics for 2017). This can be seen as huge market base which potentially provides Kenya manufacturing sector with a great opportunity to increase her market share to the community and as such generate enough foreign exchange to fund her developmental goals; most of which are captured in Vision 2030.

Manufacturing sector in Kenya currently employs over 240,000 people representing 13% of the total employment (Ndung'u, Thugge, & Otieno, 2011). The sector's contribution to gross domestic product (GDP) has increased from 10% in 2013 to 14.4% in 2016, which stands at more than 62 billion dollars (Ngui, Chege, & Kimuyu, 2016). The overall goal is to increase to at least 10% per annum (KAM, 2017).

Kenya Government has been implementing policies with a view to improving the economic and social environment of the country (KAM, 2017). Manufacturing firms face upheavals and challenges occasioned by activities such as globalization, free trade agreements as a result of regional integration which have direct bearing on performance of these firms (Odeny, 2018).

The role of the manufacturing sector in Vision 2030 aims at creation of employment and wealth with the sector's specific focus being to increase its contribution to GDP by 10% per annum as a minimum. A number of interventions are proposed in the Vision aimed at making Kenya globally competitive and prosperous. The objectives to be pursued are to; strengthen the capacity and local content of domestically manufactured goods; increase the generation and use of R&D results; raise the share of products in the regional market from 7% to 15%; develop niche products for existing and new markets (Were, 2016).

The choice of manufacturing sector as a key focus area by the government of Kenya in the recent past, is because Kenya occupies a dominant position in supplying the EAC region with manufactured goods with Uganda as her biggest trading partner (Were, 2016). Through the manufacturing sector, the 'big four' development plan intends to create jobs for the youth by scaling-up industrial activities in the manufacturing sector (Felipe, Mehta & Rhee, 2018).

The focus on manufacturing is meant to reverse these emerging trends by reinvigorating the sector to increase its production, create jobs, generate incomes, offer consumers a variety of goods and services, rake-in export earnings and promote trade locally, regionally and internationally (Were, 2016). According to EAC industrialization strategy, manufacturers subjected to similar environments have variations in performance and this could be how they have crafted strategic relationships in the wake of EAC regional integration through properly instituted strategic initiatives in place to improve efficiencies, add value, reduce wastages and promote productivity (Mold, 2015).

The Kenyan manufacturing sub sectors currently operating in the EAC market include but not limited to the following; Building, Mining & Construction, Chemical & Allied, Food and Beverages, leather & footwear, Metal & Allied, Motor Vehicle & Accessories, Paper, Packaging & Board, Pharmaceutical & Medical Equipment, Plastics & Rubber, Textile & Apparels Timber and Wood & Furniture (Chege, Ngui, & Kimuyu, 2014).

Kenyan manufacturing firms in the EAC market face upheavals and challenges occasioned by changes in the external environment. Activities such as globalization, free trade agreements, political decisions, social cultural changes cheap imports and exchange rates have direct bearing on performance of these firms (Were, 2016). Indeed, manufacturing firms that rely on farm inputs have their performance impacted by availability of raw materials due to ecological factors (Kenya Industrial Research and Development Institute (Ondiek & Odera 2012). However, to mitigate on the occurrences of external environment, these firms choose different strategic responses ranging from adoption of automated manufacturing technologies, diversification, restricting, strategic alliances as well as market development. This notwithstanding, the choice of any or a set of responses could be influenced by each firm's strategic choices leading to variations in performance (Ojah, Gwatidzo & Kaniki, 2010).

The EAC regional integration framework which include Customs union and Common market protocol provides opportunities for manufacturing firms in all member countries for policies, laws, procedures of customs and tariffs which are uniform and attractive (Farole, & Mukim, 2013). This therefore subjects Kenyan manufacturing firms in EAC market to variations that directly affect their performance goals.

1.2 Research Problem

Strategic collaborations for firms' success have been generally studied in the area of management science with diverse conceptual, contextual and methodological frameworks (Wassmer, Dussauge & Planellas, 2010; Kavanamur & Esonu, 2011; Muage & Maru, 2015). The cooperation among business's is a widely known business phenomenon uniting into alliances for more than one century (Draulans, deMan & Volberda, 2003). During latter decade the number of those cross border strategic alliances has significantly increased as one of the ways through which performance can be enhanced by firms taking advantage of common markets and regional integration (Draulans, deMan & Volberda, 2003; Abell & Oxbrow, 2011).

Anderson and Cunningham (1972) in using the general classification of "foreign products" found significant differences in the socio-demographic and psychological characteristics of those consumers who were favorably disposed toward foreign firms' products and those who were not. Awino (2013) posited that firm performance as an aspect of several conceptualizations and this seems to explain why it persists to be a contentious subject among strategy scholars.

Empirical studies have scrutinized the direct association of strategies and performance (Kim Jean Lee & Yu, 2004; Mutunga, et al., 2014; Kariuki, 2017). Strategic management has overtime been focused on how to enhance performance in firms (Lefort, McMurray & Tesvic, 2015). The changes and predictability in the external environment in which firms operate determines how they fit and their eventual performance (Machuki, 2011).

However, how firms respond to exigencies in the external environment largely differentiates better performance from poor performance (Tan & Litschert, 1994; Hoskisson, Wan, Yiu & Hitt, 1999). The choice of a strategic response is partly determined by firm's strategic choices because firms have to gauge the turbulence in the environment in order to identify strategic partners who have equal or greater degree of aggressiveness (Ansoff and McDonnell, 1990; Teece et al, 1997).

Identification of specific responses in tandem with particular strategic choices may explain variations in performance (Justin Tan, & Litsschert, 1994). Chan, Yee, Dai and Lim (2016) interrogated and found marginally significant moderating effect of environmental dynamism on green product innovation and performance. For any firm to realize its objectives, macro-environment plays a critical role and should therefore be considered as it could inspire organizational bids towards meeting its objectives (Prescott, 1986). The external environment could have an influence on firm performance because it provides both facilitating and inhibiting effects on firm performance (Machuki & Aosa, 2011; Bartlett & Ghoshal, 2014).

How well a firm fits itself within the macro-environment determines its performance since firms are environment dependent and serving. This is important for any organization that is obligated to achieve the desired goals and focused to satisfy the interests of key stakeholders (Ansoff & McDonnell, 1990; Schoemaker & Krupp, 2015). In another study efforts were made to link strategic choice, macro-environment and performance (Neill & Rose, 2006); Study by Menguc, Auh & Ozanne, (2010) agreed that macro environment plays a role in influencing strategic alliances and performance.

The relation between strategic alliance formation and firm performance shows contradicting evidence in the existing empirical research. Where Powell et al., (1999), Stuart (2000), Sarkar et al., (2000), Timothy & Teye (2008) and Mlenga, (2012) find a positive connection between strategic alliance formation and firm performance, Callahan (2006) measures an increase in operating risk as well as a negative effect on firm performance. The research work of Callahan (2006) provides support for this negative connection.

Further, empirical surveys by Saebi and Dong (2008) among management positions (Park & Ungson, 2001) reported failure rates of alliances between 50 and 70 percent. This is attributable to the subjective perceptions of managers who have other goals in mind when forming an alliance, which may not be directly, connected to financial performance measures. This could imply that they might consider an alliance to have failed, even though firm performance increased. Anderson and Cunningham (1972) on foreign products found strategic characteristics that could inform decisions on cross border alliances.

Empirical studies have shown diminishing returns with a somewhat weaker fit into the relationship between strategic alliances and firm performance since the optimal number of alliances is likely to differ amongst firms in practice (Deeds & Hill, 1996; Hoang & Rothaermel, 2003; Timothy & Teye, 2008; Mlenga, 2012; McIntyre, 2005). While appreciating their contribution on the link between strategic alliance and firm performance, these scholars excluded a scrutiny of the joint effect of regional integration and macro-environment moderators in a model depicting strategic alliances and firm performance that the study addresses. This study therefore, uniquely investigated moderating effects of regional integration and macro-environment on the relationship between strategic alliances and firm performance.

The deepening and widening of regional integration and bilateral economic agreements have widened the scope of opportunities for the Kenyan businesses and particularly the manufacturing sector. Kenya therefore, has the potential to become a more competitive player in the region and global economy if strategic partnerships are coiled to address competitiveness (Amde, Chan, Mihretu & Tamiru, 2009). Manufacturing is the backbone of the economy in most countries, especially in fast growing markets (Westkämper, 2014). In Kenya, manufacturing sector is one of the key flagships of the Kenya's vision 2030 and aims at delivering the growth and development that Kenya aspires to achieve (Farole, & Mukim, 2013). The EAC industrialization strategy and its action plan places manufacturing sector at the core and guides all regional policy actions to deliver performance (Mold, 2015; EAC, 2012).

In the East African Community region, each partner state has a comparative advantage hence Kenya has cut its niche over other partner states in the region by having the largest and most vibrant manufacturing entities in the region hence potential to access the opportunities offered by EAC common market ranging from access to larger market of above 191 million people (Hanna, 2017), reduced tariffs, access to skilled and cheap labour, opportunities for Technology transfer to reduce costs and access to finance (Hyder & Abraha, 2006).

In spite of the promising regional market, many Kenyan manufacturing firms have not yet fully tapped into this market with only less than 10% having penetrated to EAC regional bloc (Otieno, Bwisa, & Kihoro, 2012). Others have shied away while others have exited from this huge market, hence, this coupled with the fact that studies that have distinctively linked strategic alliances, regional integration, macro-environment and firm performance are limited has motivated this study.

Several studies on regional integration and macro environment influences performance have been done in different sectors and geographical regions with very few of them focusing on Kenyan manufacturing firms in the EAC region. Mlenga (2012) investigated regional integration and performance in the light of Africa Economic Community and omitted to investigate in the context of the sub regional organizations such as the EAC, SADC and ECOWAS.

Machuki and Aosa (2011), investigated external environment and performance of publicly quoted companies in Kenya, geographically limiting the study to Kenya and focusing on publicly quoted firms. Maruping (2005), studied how political goodwill can adversely influence regional integration in sub-Saharan Africa, looking at a wider geographical focus and not in any specific sector. Hajipour, Talari & Shahin (2011) investigated regional integration and firm performance in the case of food and chemical industries of Iran regional alliances. Timothy & Teye (2008) scanned cross-border tourism and performance of tourism firms in the context of West African states. McIntyre (2005) focused on analyzing the potential trade impact of the forthcoming East African Community (EAC) customs union, hence focusing on general trade and not other aspects of regional integration.

Further, the much lauded work of Iapadre (2006) on regionalism, Amponsah, (2002), Crawford and Laird, (2001) on European Free Trade Association, Gary Baumgartner (1978) who researched on the foreign firms and their products in France, Okechuku & Onyemah, (1999) study on the Nigerian consumerism towards foreign and domestic products and Locally, Angatia (2003), Sikasa (2004), Kiilu (2005) and Mumenya (2005).

However, none of these studies focused on the studying the four study variables in one framework aimed at establishing the influence of regional integration and macro environment on the relationship between strategic alliances and the performance of the Kenyan manufacturing firms in the EAC market. Therefore, there was need to clear those contradictions by testing the effect of strategic alliance on firm performance in the context of Kenyan manufacturing firms in the EAC market.

Lastly, McIntyre (2005) used partial equilibrium models to simulate and measure the effects of changes in trade policies. Musyoki and Mugema (2016) pointed out the need to use least squares method on interval data as in the case by Motelle and Biekpe, (2015) used longitudinal approach by relying on data ranging from 1984 to 2010. Zhang & Chan (2005) used a study sample that was drawn from a database with frequency analysis, mean scores and inferential statistics for quantitative data without using any qualitative data. The study was limited in the geographical and sectoral context and also on consideration of performance measurement where only revenue growth was determined excluding qualitative approaches of performance.

Hajipour, Talari & Shahin (2011) used samples of the population while this study used census to determine relationship between the study variables. Further, most of the empirical studies cited (Robson, Katsikeas & Bello & Timothy & Teye, 2008; Almeida, Song & Grant, 2002; Mlenga, 2012) adopted factor analysis, coefficient correlation and nonparametric statistical methods to measure different variables.

The study applied a cross-sectional analysis, multiple and simple regression analyses to moderate the effect of regional and macro environment variables on the relationship between strategic alliances and performance of the Kenyan manufacturing in the EAC market and did tests to strengthen previous studies which had used similar approaches. The method was ideal as it is still not exhausted as various analytical skills and techniques on how different samples and populations connect are still unexploited.

While it is important to note that several studies have investigated the relationship between strategic alliances and performance, most of them did not take into consideration moderating effects of regional integration and macro-environment. Therefore, knowledge on if the moderating variables is likely to influence the relationship between strategic alliances and firm performance particularly in the Kenyan manufacturing firms in the EAC market remain unanswered. Further, previous studies have produced mixed results besides focusing more on direct relationships. The joint influence of strategic alliances, regional integration and macro-environment on performance of Kenya manufacturing firms in the East African Community market is yet to be investigated.

This study therefore, seeks to answer; what is the influence of regional integration and macro environment on the relationship between strategic alliances and performance of Kenyan Manufacturing firms in the East African Community Market?

1.3 Research Objectives

The broad objective of the study was to establish the influence of regional integration and macro-environment on the relationship between Strategic alliances and the Performance of the Kenyan manufacturing firms in the East African Community Market.

The specific objectives were to determine:

i.   The effect of Strategic Alliances on the Performance of Kenyan Manufacturing Firms in the East African Community market;

ii.   The influence of Regional Integration on the relationship between Strategic Alliances and Performance of Kenyan Manufacturing Firms in the East African Community market;

iii. The influence of Macro Environment on the relationship between Strategic Alliance and Performance of Kenyan Manufacturing Firms in the East African Community market; and

iv.   The joint effect of Strategic Alliance, Regional Integration and Macro Environment on the Performance of Kenyan Manufacturing Firms in the East African Community market.

1.4 Value of the Study

This study envisioned enhancing the development and building of existing theories by testing theoretical propositions, assumptions and critiques arising from the theories used in the study. The theoretical contribution is therefore in the context of how the Kenyan manufacturing firms in EAC market enriches local knowledge on the relationship among strategic alliances, regional integration, macro environment and firm performance.

Secondly, the study created a framework that can be adopted by firms in designing a panacea for strategic alliances challenges that continues to hinder businesses from accessing international markets and identify capacity required on how firms should be governed to post superior performance consistent with the expectations of the shareholders. This can be achieved through providing a framework on the insight of the joint relationship between strategic alliances, regional integration and macro environment on performance and also contributing to the available body of theory knowledge for learning, research, innovation and creativity.

Thirdly, Academia, Research and educational institutions may also want to respond to the gaps created by lack of a proper linkage between RECs and academia through research, data, information depository and capacity building programs. Thus, the study enriches the limited general academic literature on the relationship between strategic alliance, regional integration, macro environment and performance of Kenyan manufacturing sector in the EAC regional market. Education institutions, given the increasing presence of regional integration, may consider to advance scholarly work by developing doctoral or graduate programmes related to managing regional integration in African context.

The study also informs policy on the strategic importance of supporting and strengthening regional integration alongside assessing macro environment to motivate firms towards operating cross border and tapping the potential huge regional market. The findings help to review and strengthen the existing policies on macro environment. This then ensures successful regional integration with the aim of helping promote firms that envision transitioning into big corporates while taking advantage of EAC market.

Policy makers will also be in a position to make decision in regard to the type of regional integration to adopt for the benefit of the country and business firms. In practice, many organizations in Kenya would benefit by using the reviewed literature on the conceptualized study variables to improve their performance by growing their firms from local market to a sustainable cross border market.

This chapter has provided the background of the study and the manifestations of the variables of the study are discussed. These variables are strategic alliances, regional integration, macro environment and firm performance. The context of the study, which is the Kenyan manufacturing firms in the EAC market, is also discussed.

A discussion of the research problem follows and it elaborates on the conceptual, contextual and methodological gaps that the study intended to fill. The main objective of the study which was to establish the influence of regional integration and macro environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market is presented together with four specific objectives which form the basis of study hypotheses later on in chapter two.

The value of the study is finally espoused and this includes the contributions that the study was expected to make to theory, policy and managerial practice. The next chapter presents a review of literature along the conceptual, theoretical and empirical spheres as guided by the hypothesized relationships between and among variables.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The Chapter starts with a discussion of the theoretical anchorage of the study and goes on to critically discuss the empirical studies touching on the four key study variables. Gay, Mills and Airasian (2006) noted that literature review requires the logical identification, sorting and analyses of documents with relevance to the stated variables. The theories anchoring the study are discussed and how they support the study variables.

The linkages of study variables have been discussed in the empirical review. These included: The linkage between strategic alliances as an independent variable with firm performance as the dependent variable; the linkage between strategic alliances and regional integration as the moderating with firm performance; the linkages between strategic alliances and macro-environment a second moderating variable with firm performance; the linkage of strategic alliances, regional integration, macro-environment with firm performance. These linkages led to the development of the conceptual framework.

A knowledge and literature gaps have been discussed showing the authors of various studies undertaken and respective areas of study and gaps this study was to fill. A conceptual framework was developed to show the relationship between the variables of the study. The chapter shows the four hypotheses that were developed for the purpose of testing the relationships.

2.2 Theoretical Foundation

This section discusses the theories anchoring this study. They are Resource Dependence Theory (Pfeffer & Salancik, 1978) augmented by Resource Based Theory (Penrose, 1959) and (Peteraf & Barney, 2003), the integration theory (Schmitter, 1970) and Open system theory (Bertanlanffy, 1956). The main anchoring theory of this study is Resource Dependency Theory which holds that to survive in a competitive environment all firms should engage in an exchange relationship with other firms locally and cross border.

2.2.1 The Resource Dependence Theory

The Resource Dependence theory is the anchorage of this study and holds that no single firm has all the necessary resources in order to be self-sufficient, to survive in a competitive environment, all firms must engage in exchange relationships with other firms (Pfeffer & Salancik, 1978). The necessity to acquire resources, creates dependencies between different firms, strategic alliances remain an important means for a firm to reduce uncertainties (Pfeffer & Nowak, 1976; Blodgett, 1991).

The theory postulates that environment provides critical resources needed by the firm and the greater the resource dependency, the more the organization can differentiate itself according to this dependency (Scott, 1995). Further, it is concerned with the motivation that makes firms seek strategic alliances with those firms endowed with resources and stronger competitive advantage in a certain market or production function (Steffen, 2012).

The theory supports strategic alliances and performance which is the independent and dependent variables of this study respectively. It sets out the argument that all firms have heterogeneity of resources plus capabilities even if they operate within the same environmental and industrial confine (Leiblein, 2003). Recently, resource dependence theory has been under scrutiny in several review and meta-analytic studies: Hillman, Withers and Collins (2009); Davis and Cobb (2010); Drees and Heugens (2013); Sharif and Yeoh (2014). Which all indicate and discuss the importance of this theory in explaining the actions of organizations, by forming interlocks, alliances, joint ventures, and mergers and acquisitions.

Resource Dependence theory, however has shown major weaknesses and challenges. It fails to take into account the effect of a single resource on the firm's operation if it is assumed in the bunch of other resources deemed important to a firm. The theory further does not link directly how the resources deemed necessary in a firm affects the overall performance or how it depends on the environment in question. Thus, it only makes assumptions on how environment and key actors intertwine in achieving organizational objectives (Donaldson & Preston, 1995). The theory is not clear on the aspect of uncertainty and how firms can engage resources to reduce environmental or management risks (Casciaro & Piskorski, 2005).

The study argues that pooling critical resources through strategic alliances for enhanced performance is paramount in an integrated economic community. It points that firms entering into strategic alliances can take advantage of the integrated common market while considering the macro environmental situation to enhance their performance. Further, it supports that firms should engage in exchange relationships within the region to enable them attain their desired performance.

2.2.2 Transaction Costs Theory

Transaction cost theory is part of corporate governance and agency theory and firstly proposed by Ronald Coase in 1937 and later strengthened by Williamson (1978). Transaction cost theory is an alternative variant of the agency understanding of governance assumptions and describes governance frameworks as being based on the net effects of internal and external transactions, rather than as contractual relationships outside the firm (i.e. with shareholders). It is based on the principle that costs arise when you get someone else to do something for the firm. When transaction costs are high, but not high enough to start producing internally, alliance formation may be an efficient alternative (Gulati, 1995; Chen & Chen, 2003).

According to Hennart (2010), the transaction cost theory has expanded its breath to strategic management and international business in seeking to explain how firms internationalize and the structural arrangements required to improve the odds of success. This has given TCT prominence and popularized the theory in strategic management research.

An alliance is somewhat in between the two extremes of the make or buy decision as both firms produce part of the good, but there are still transaction costs through contracts and management of the alliance (Parmigiani, 2007). Where agency theory focuses on the individual agent, transaction cost theory focuses on the individual transaction. Agency theory looks at the tendency of directors to act in their own best interests, pursuing salary and status. Transaction cost theory considers that managers (or directors) may arrange transactions in an opportunistic way (Gulati, 1995).

The corporate governance problem of transaction cost theory is, however, not the protection of ownership rights of shareholders (as is the agency theory focus), rather the effective and efficient accomplishment of transactions by firms (Silva & Saes, 2007). Transaction costs theory only provides part of the explanation behind why companies form alliances (Gander & Rieple, 2004). A critique point of the TCT approach is that it looks mainly at the cost minimizing side, and pays little attention to value creation (Tsang, 2000).

2.2.3 Resource Based View

The resource-based theory of the firm is a popular theoretical foundation for many studies seeking to explain the sources of sustainable competitive advantage for organizations (Newbert, 2008). Besides the TCE approach and the resource-based view explaining a potential positive relation between alliances and firm performance, as the number of links increased during the last two decades, firms became more focused on their portfolio of alliances. Resource Based View Theory was proposed by Penrose (1959). According to Peteraf and Barney (2003) organizations will achieve a competitive advantage position when it generates additional economic benefits than its rivals.

Resource Based Theory argues that for firm to achieve superior performance and sustain it over time it must acquire and control valuable, rare, inimitable, and non-substitutable (VRIN) resources (Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece & Winter, 2007). The RBT is based on two foundational assumptions about organizational based resources to support how sustained competitive advantage is generated and why some organizations perform better than others.

According to Barney (2001), firms can be conceptualized as bundles of resources and capabilities that are heterogeneously distributed among firms and are imperfectly mobile. Nevertheless Penrose (1959) contended that despite firms acquiring and controlling unique productive resources, its growth depends on the manner in which its resources are deployed. This presupposes that strategic alliances determines organizational competitiveness and not capabilities and physical resources alone. In this study the (RBT) underpins strategic alliances complimented by Resource Dependency to bring out its relationship with firm performance. The possession and configuration of resources provide the core value for the firm (Peteraf, 1993).

The critiques of this theory argue that the theory assumes that resources are heterogeneously distributed across organizations and that this can be sustained over time (Barney, Ketchen Jr, & Wright, 2011). It presents different resource variables leaving out other factors, for example the notion of variable co-alignment; a capability that could boost performance (Chathoth, 2002).

In this study, the theory conceptualizes the argument that firm performance is enhanced when organizations use unique resources that they own and configured to enable the firm attain competitive advantage position and performance (Barney, 2001). The theory points out that regional integration and macro environment can influence relationship between strategic alliances and performance of firms in an integrated market. Eisenhardt and Schoonhoven (1996) state that in difficult market situations, alliances can provide critical resources that may improve a firm's strategic position.

Perspectively, the strategy of a firm should thus be based on its resources and capabilities (Seppälä, 2004). Where the TCE approach looks at the nature of the transaction, this resource-based view focuses on the alignment of the available resources through alliance formation. A selection can be made of the required resources instead of taking over an entire firm (Das & Teng, 2000).

2.2.4 The Theory of Regional Integration

Regional Integration Theory began with the classic customs union's theories formulated by Viner (1950), Meade (1956) and Lipsey (1957), which have more recently been extended to include imperfect competition by Baldwin (2004), Schiff and Winters (2002). The traditional theory is contrasted with 'developmental regionalism' as espoused by Sbragia (2008).

The theory of integration argues that countries cooperate to realize their national interest (Schmitter, 1970). According to the theory there are two approaches to integration, these are federalism and functionalism. As far as federalism is concerned, the objectives of integration could be better attained by adoption of joint institutions or a central government, through its legal administration which give birth to an integrated economy (Anadi, 2005).

The functionalist school instead accepts the ideal of the predominance of economics over politics, that is, economic integration should precede political integration (Baldwin, Wyplosz & Wyplosz, 2006). The theory argues that the need for countries to merge and form regional blocs is underscored by the fact that most countries have a small population which cannot constitute a viable economy. Therefore, through integration, countries can attain a greater rate of economic growth and development by exploiting comparative advantage to influence performance of organizations in their respective partner states.

The gap of this theory is that it emphasizes on the federalism and functionalism approaches which have different goal and aspirations on the benefits of integration and see integration with different institutions and approaches to achieve their anticipated objectives. The basic question in this theory is why do countries seek to integrate their economies and to what extent are such countries able to maintain harmony between obligations and benefits but fails to consider critical factors that may affect such integration such as political goodwill, establishment of a customs union as the entry point and a common market (Bianchi & Lasticova, 2008).

This study proposes that regional integration is critical for benefiting the member states and their respective organizations that take advantage of the integrated markets hence positively influencing their performance (Golit & Adamu, 2014). The manufacturing firms should take advantage of the integrated market, harmonized trade and market policies, stable political environment to foster their individual performance (Mussa, 2000).

2.2.5 Open System Theory

Burnes (2004) brings out that open systems theory proposes that as firms conduct their businesses, they will be influenced by incidences and changes or factors from external environments. Further, suggests that an open system is a system which continuously interacts with its environment. Open systems theory conceptualizes that organizations are strongly influenced by their environment and that environment consists of other organizations that exert various forces of an economic, political, or social nature (Bastedo, 2004). The environment also provides key resources that sustain the organization and lead to change and survival.

Open System Theory (OST) was initially developed by Bertanlanffy (1956) a biologist, but was immediately applicable across all disciplines. Perspectives of Open System Theory (OST) were further advanced from the work of Emery and Trist (1960). Open system Theory is a modern system based on changed management theory and designed to create healthy, innovative and resilient organizations and communities in today's fast changing and unpredictable environments (Pfeffer & Salancik, 2003).

Organizations continually confront the uncertainty of new challenges and problems that they have to address in a timely, efficient, and effective manner for their survival. Therefore, firms are transformed when the needs satisfied by them no longer exist or have been replaced by other needs (Emery & Trist, 1960). A systems view considers an organization as a set of interacting functions that acquire inputs from the environment, process them, and then release the outputs back to the external environment (Luo & Peng, 1999). According to systems theory, most effective organizations adapt to their environments.

Pfeffer and Salancik (1978) described the environment as the events occurring in the world that have any effect on the activities and outcomes of an organization. Environments range from "static" on one extreme to "dynamic" on the other. Static environments are relatively stable or predictable and do not have great variation, whereas dynamic environments are in a constant state of flux. Because environments cannot be completely static or constantly changing, organizations have varying levels of dynamic or static environments.

Systems theory, however, is not without some shortcomings. The first shortcoming relates to measurement, and the second is the issue of whether the means by which an organization survives really matter. According to Robbins (1990), its focus is on the means necessary to achieve effectiveness rather than on organizational effectiveness itself. Measuring the means, or process, of an organization can be very difficult when compared to measuring specific end goals of the goal-attainment approach.

Open-system models focus on events occurring external to the organization that influence changes within the organization. Kenyan manufacturing firms in the EAC market have an open and active adaptive relationship with their external environment and therefore using concepts of Open Systems Theory (OST) (Pondy & Mitroff, 1979). The study brings out the role that macro environment is playing in influencing the relationship between strategic alliances and performance. The study provides an opportunity for further empirical investigations on environmental dynamism and how that affects the relationship between strategic alliances and performance of firms.

2.3 Strategic Alliances and Firm Performance

Studies have tried to link strategic alliances and firm performance with diverse conclusions. Douma, Bilderbeek, Idenburg and Looise (2000) did a study supporting the complex and dynamic process of alliance building on performance using Pearson correlation and concluded that key resource sharing is important in enhancing performance. Chesang (2012) studied merger restructuring and financial performance among commercial banks in Kenya and concluded that restructuring merger is very important in enhancing the overall firm performance especially for those firms considered weak and ailing and also narrower business opportunities.

A common motivation as to how firms can profit by entering alliances is explained by transaction cost theory (Williamson, 1975). Market imperfection have resulted to firms choosing not to obtain resources from the market, but rather produce them internally. Where a market exchange may be inefficient because of the high transaction costs, coordinating production within the firm can be a good alternative. The literature states that when transaction costs are high, but not high enough to start producing internally, alliance formation may be an efficient alternative (Gulati, 1995; Chen & Chen, 2003).

An Alliance is somewhat in between the two extremes of the make or buy decision. Both firms produce part of the good, but there are still transaction costs through contracts and management of the alliance. However, transaction costs theory only provides part of the explanation behind why companies form alliances. A critique point of the TCE approach is that it looks mainly at the cost minimizing side, and pays little attention to value creation (Tsang, 2000).

Eisenhardt and Schoonhoven (1996) state that in difficult market situations, alliances can provide critical resources that may improve a firm's strategic position. From this perspective the strategy of a firm should thus be based on its resources and capabilities (Seppälä, 2004). Where the TCE approach looks at the nature of the transaction, this resource-based view focuses on the alignment of the available resources through alliance formation. In this sense alliances have an important advantage over M&A: A selection can be made of the required resources instead of taking over an entire firm (Das & Teng, 2000). Besides the TCE approach and the resource-based view explaining a potential positive relation between alliances and firm performance, as the number of links increased during the last two decades, firms became more focused on their portfolio of alliances.

Goerzen and Beamish (2005) state that alliance portfolio's become more diverse to improve market access, reduce innovation time-span and finally to match complementary technological capabilities. An alliance portfolio can also have real option value. Holding a differentiated resource portfolio through alliance formations gives a firm a great amount of flexibility, gaining the option to access resources that would be too costly to maintain by itself (Smit & Trigeorgis, 2004). Literature recognizes this possible competitive advantage and also stresses the importance of an effective management when participating in multiple inter-firm collaborations (Hoffmann, 2005).

Another study by Almeida, Song and Grant (2002) on superiority of firms to markets and strategies found that knowledge building on macro environment enhances firm performance as a result of cross border alliances. This is argued in the sense that strategic alliances along the border are well interpreted to enhancing performance of the involved organizations through knowledge of macro environment functions. In essence therefore this study concludes that strategic alliances are a key tool in enhancing performance of organizations that seek cross border relationships with other firms through transfer of resources and necessary capabilities.

2.4 Strategic Alliances, Regional Integration and Firm performance

A primary argument in the fields of strategic alliances, cross border partnerships and strategic management is that economic performance and growth is central to the success of firms that are operate cross border and their various forms of collaborations worldwide (Werner et al.,1996; Agarwal & Ramaswami, 1992; Kim & Hwang, 1992).

Research works have put emphasis on how regional integration is important in determining how strategic alliances can foster firm performance (Hill, 2008). According to McIntyre (2005), trade integration is key in fostering performance of firms in strategic alliances along regional integration with recommendations for organizations to take advantage of customs union to enjoy competitive advantage and growth. Mlenga (2012) also assessing the Progress of Africa's economic integration in light of the establishment of the African Economic Community found that African Economic Community enhances the flow of factors of production which results to better performance in strategic alliances.

Lesser and Moisé-Leeman (2009) argued that regional integration is key in determining the success of cross-border trade. This is as a result of organizations taking advantage of integration and forming alliances to share key factors of production and competencies necessary for performance to be boosted. The existing theory on regional economic integration suggests that economic integration has a positive impact on the overall national economies of member countries (Krugman & Obstfeld, 2002) and works to stimulate the reinforcing effects of regionalization and the strategic operations within a region (Rugman & Verbeke, 2005).

In general, the removal of trade barriers and the formation of a common regional market have been associated with a positive increase in intra-regional trade among member nations (Rose & Van Wincoop, 2001). Additionally, the adoption of a common currency among members of an economically integrated region allows the transfer of economic resources from members with healthy economies to those suffering economic setbacks.

Therefore, formation of a common market leads to improving the aggregate economic situation of the overall integrated area in the long run, creating growth opportunities for firms to grow and expand within the region through various modes of entry, including alliance formations (Krugman & Obstfeld, 2002). The focus of the current study is therefore on how regional integration influences the relationship between strategic alliances and performance of Kenyan manufacturing firms in East Africa Community.

2.5 Strategic Alliances, Macro Environment and Firm performance

The link between strategic alliance and the environment has been theoretically and empirically recognized, emphasizing the role of various country and environmental variables on the formation and performance outcomes of such cross-border, collaborative relations (Barkema & Vermeulen, 1997; Buckley & Casson, 2009). Environmental dynamics have been reflected as performance determinants (Adeoye & Elegunde, 2012).

While macro environmental factors have been found to impact to a greater extent on almost all organizations (Baruch, 1999), Bertalanffy and Bickis (1956) pointed out that relationship between strategic alliances and performance needs to consider environments as moderators of that relationship.

Further, it is only reasonable to project that environmental variable may play an important role in strategic choice and performance (Ezzi & Jarboui, 2016). Studies depicting business environmental dynamism to have a moderating effect have suggested that environment moderates strategy and firm performance these include; (Cool & Schendel, 1988) on foreign entry strategy and performance in public SME's in USA.

Ting, Wang and Wang (2012) on the moderating role of environmental dynamism on the influence of innovation strategy and firm performance; Cooper & Schindler (2003) on impacts of external business environment on firm performance in food and beverage industry in Nigeria. Dess and Beard (1984) found support for the moderating effects of environment on the strategy-performance relationship. Organization and environment therefore permeate one another both cognitively and relationally – that is both in the minds of actors and in the process of conducting relationships between the two as asserted by Baruch (1999).

Odundo (2012) observed that Political goodwill and support had a significant effect on the relationship between extent of implementation of strategies and their financial performance. Dill (1958) found business environment as the totality of physical and social factors taken into consideration by a firm for making decisions towards high performance. This study is therefore establishing on how macro-environment influences the relationship between strategic alliances and performance of Kenyan manufacturing firms in East Africa Community.

2.6 Strategic Alliances, Regional Integration, Macro-Environment and Firm performance

Research works have not put emphasis on how strategic alliances and performance are jointly influenced by macro environment and regional integration in the context of EAC but limited to only relationship between two or three variables. For instance, Machuki and Aosa (2011) found that the external environment significantly influenced the performance of publicly quoted companies in Kenya.

Grandori (1997) contend that there is need for gainful strategic alliances across organizations in regional integration setups for performance to be realized. Baum and Usher (2000) also refer to strategic alliance along regional integration as a tactical coalition that requires a trustworthy associate to demeanor a developing partnership, where organizational resources and competencies are pooled as well as developing new ones to enhance anticipated performance.

Bertalanffy and Bickis (1956) argument supported by Dickson and Weaver (1997) pointed that relationship between strategic alliances and performance needs to consider environments as moderators of that relationship. The growing importance of strategic alliances as a critical resource in regional integration has encouraged organizations to pay greater attention to the macro environmental factors such as political, economic, social, ecological and legal circumstances that may affect changes in the competitive forces on organization (Fahey & Narayanan, 1986).

2.7 Summary of Conceptual, Empirical Studies and Knowledge Gaps

A review of literature indicates that the constructs in this study have been used in various other studies. However, according to summary shown in the next page, there are still unanswered issues and also the variables seem to have been studied over time but contradictions exist on some of the relationship while other relationships are yet to be tested empirically. Identification of gaps in the literature review enables the current study to conceptualize variables with the aim of filling the gaps identified in order to add knowledge on practice, theory, managerial and future research. Conceptual, contextual and methodological discussions arising from the previous studies will add value.

Table 2.1: A Summary of Previous Studies and Knowledge Gaps

Researcher(s)	Focus	Findings	Gaps	Focus of the current study
Mlenga (2012)	Assessing the Progress of Africa's Economic Integration in Light of the Establishment of the African Economic Community.	African Economic Community enhances the flow of factors of production which results to better performance in strategic alliances	The study considered only the progress of Africa Economic Integration without taking in to consideration how macro environment plays the role and also did not consider the context of EAC integration and context and other RECs	Influence of macro environment as a key moderating factor on the relationship between strategic alliances and performance.
Machuki & Aosa (2011)	The influence of external environment on the performance of publicly quoted companies in Kenya	There is a relationship between external environment and firm performance	Strategic alliances and regional integration were not considered by the researcher and focus on Kenyan publicly quoted companies and did not consider beyond Kenya and private sector firms.	Determine how other factors such as strategic alliances and regional integration together with macro environment may influence performance
Lesser & Moisé-Leeman (2009)	Informal cross-border trade and trade facilitation reform in Sub-Saharan Africa.	The study concluded that regional integration is key in determining the success of cross-border trade	The aspect of strategic alliances was not brought out and how macro environment can play a role in fostering the strategic alliances	Influence of strategic alliance and macro environment on performance of manufacturing firms
Douma, Bilderbeek, Idenburg and Looise (2000)	Determinants of joint venture performance	concluded that key resource sharing is important in enhanced performance	The study did not consider macro environment and international strategic alliances in the context of EAC regional integration which is the focus of this current study	Joint effect of strategic alliances, macro environment and performance of Kenyan manufacturing firms in the EAC context.

Researcher(s)	Focus	Findings	Gaps	Focus of the current study
Timothy & Teye (2008)	Regional alliances and cross-border tourism in Africa:	Regional alliances enhance performance of tourism firms	The study focused on border implications and the Economic Community of West African States using factor analysis and failed to consider the context of EAC regional integration and the role of macro environment relationship using *R* analysis.	The influence of regional integration and the macro finance on performance of Kenyan manufacturing firms in EAC context
McIntyre (2005)	Trade integration in the East African Community: an assessment for Kenya.	Trade integration is key in fostering performance of firms in strategic alliances along EAC regional integration	Macro environment was not considered in the relationship which is an intervening focus of the current study	The influence of macro environment as a moderating factor on firm performance
Maruping (2005)	Challenges for regional integration in Sub-Saharan Africa: Macroeconomic convergence and monetary coordination.	The study found that macro environment and lack of political goodwill influences regional integration	The study considered both regional integration and macro economy but failed to determine the important aspect of strategic alliances in influencing the overall performance	Determine how strategic alliances and performance relate with the macro environment and regional integration
Shimizu, Hitt, Vaidyanath & Pisano (2004)	Theoretical foundations of cross-border mergers and acquisitions: A review of current research and recommendations for the future.	Cross border mergers and acquisitions enhances firm performance through comparative advantage	The study based on strategic alliances such as mergers and acquisitions and did not consider the role of macro environment in influencing the relationship and in the EAC context	Emphasis on the role of macro environment on the relationship between strategic alliances and performance in the EAC context
Almeida, Song & Grant (2002)	Are firms superior to alliances and markets? An empirical test of	The study found that knowledge on macro environment enhances firm	The study focused only on knowledge building and failed to recognize the role played by macro-	Influence of regional and macro environment and their

Researcher(s)	Focus	Findings	Gaps	Focus of the current study
	cross-border knowledge building.	performance as a result of cross border alliances	environment and EAC regional integration	moderating effect in the relationship between strategic alliances and performance
Odundo (2012)	Environmental context, implementation of strategic plans and performance of state corporations in Kenya	Political goodwill and support had a significant effect on the relationship between extent of implementation of strategies and their financial performance	Study didn't not consider other performance indicators	This study will include other financial and non-financial performance indicators for manufacturing firms in the EAC market

Source: Researcher's Reviewed Literature (2019)

The knowledge gaps in Table 2.1 are derived from relevant literature review of previous studies on relationship between strategic alliances and firm performance by looking through at areas of focus, methodological designs, research findings and knowledge gaps that require research penetrating in explaining the problem. The review of literature and subsequent summary of this studies has brought out several issues which include; First most studies have focused on direct or individual relationship of strategic alliances, macro-environment and firm performance. The combined role of the study variables has not come out of any of the reviewed studies.

2.8 Conceptual Framework

The study conceptualizes strategic alliances as the independent variables measured by joint venture services, equity and non-equity alliances. Regional integration in this study is conceptualized as the moderating variable measured by common market protocol, customs union, monetary union and political goodwill and union.

Macro-environment is conceptualized as the moderating variable as measured by Political, economic, social-cultural, technological, ecological and legal sub constructs. Finally, Firm performance is the dependent variable in this study measured by financial performance (ROE, ROA and Dividend yield) and non-financial performance which include customer service, internal business process and organization learning and growth. The above literature review leads to the conceptual framework captured on Figure 2.1.
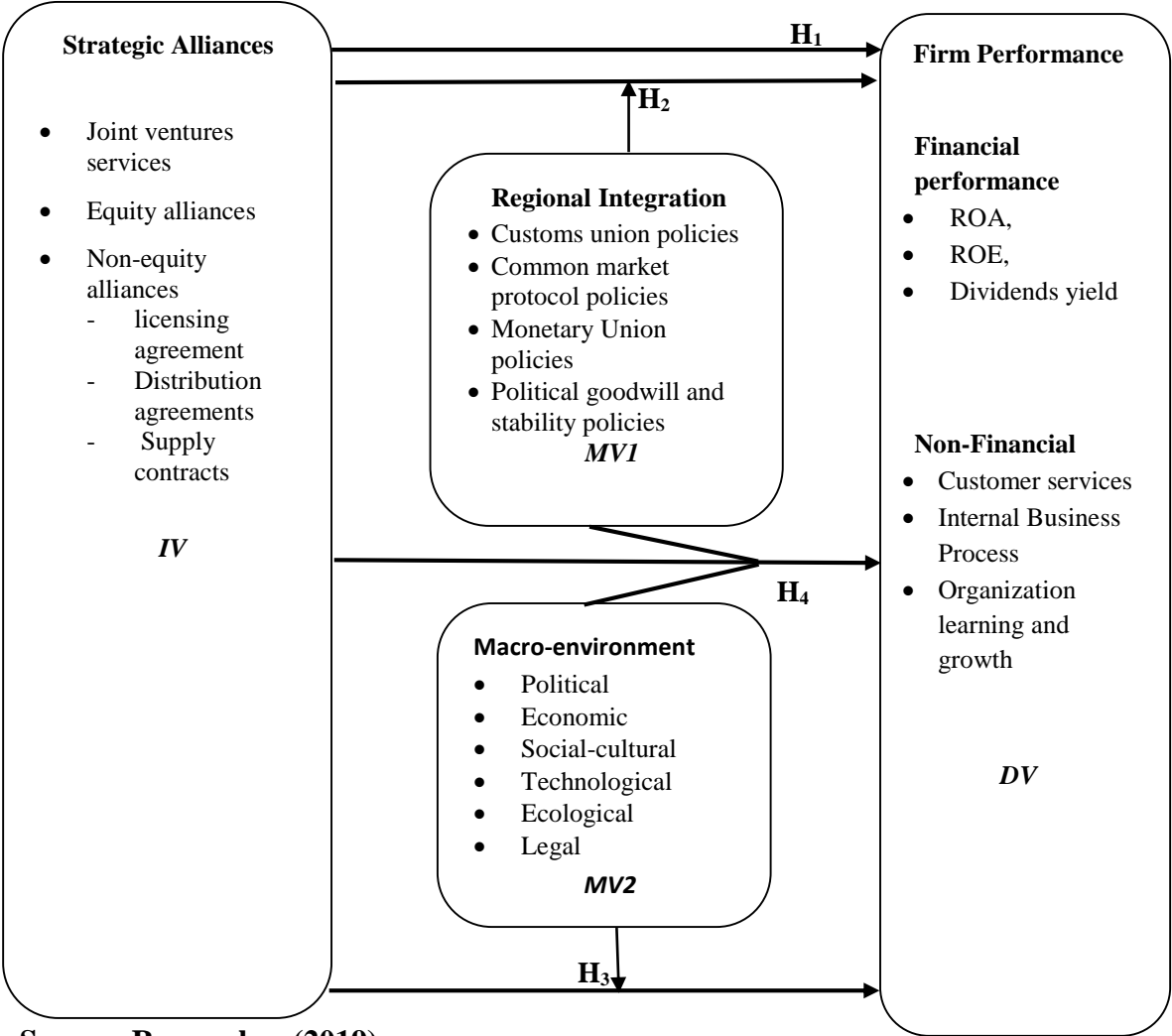
Source: Researcher (2019)

Figure 2.1: Conceptual Model

The comprehensive conceptual model in Figure 2.1 focused on the main objective of the study which is to establish the influence of regional integration and macro environment on the relationship between Strategic alliances and firm performance. H_{A1} preposition of this research is that strategic alliances have a significant statistical effect on firm performance. H_{A2} tested moderating effect of regional integration on the relationship between strategic alliances and firm performance. H_{A3} moderated the effect of macro-environment on the relationship between strategic alliances and firm performance. H_{A4} conceptualized the joint effect of strategic alliance, regional integration and macro environment on the firm performance. Regional integration and macro-environment played a moderating role on relationship between the independent and dependent variable.

Strategic alliances was conceptualized as an independent variable with the empirical role of influencing firm performance. The operational indicators of strategic alliances include joint venture, equity alliances and non-equity alliances. The study conceptualized that regional integration and macro-environment have a linkage on strategic alliances and firm performance relationship.

The regional integration was operationalized as custom union policies, common market policies, monetary union policies and political will polices. While macro-environment was operationalized in terms of political, economic, social, technological and legal aspects. This enabled the study to establish the moderating strength of each variable and the mutual effect of regional integration and macro-environment on the relationship between strategic alliances and firm performance.

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The construct of firm performance was operationalized as the dependent variable. Firm performance was indicated by financial and non-financial measures. The financial indicators were ROA, ROE and DY. While non-financial measures comprised of internal business process, customer perspective and learning and development.

2.9 Conceptual Hypotheses

The following alternate hypotheses are derived from the conceptual model in Figure 2.1. The hypotheses are in line with the research problem and research objectives in the previous sections. They are outlined as follows:

H_{A1}: Strategic alliances have a significant statistical effect on the performance of Kenyan manufacturing firms in the East African Community market.

Sub hypotheses:

H_{1a}: Strategic alliances have a significant statistical effect on the financial performance of Kenyan manufacturing firms in the East African Community market; and

H_{1b}: Strategic alliances have a significant statistical effect on the non-financial performance of Kenyan manufacturing firms in the East African Community market.

H_{A2}: Regional integration has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;

Sub hypotheses:

H_{A2a}: Regional integration has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market; and

H$_{A2b}$: Regional integration has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.

H$_{A3}$: Macro environment has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;

Sub hypotheses:

H$_{A3a}$: Macro environment has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market; and

H$_{A3b}$: Macro environment has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.

H$_{A4}$: There is a significant joint effect of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.

Sub hypotheses:

H$_{A4a}$: There is a significant joint influence of strategic alliance, regional integration and macro environment on the financial performance of Kenyan manufacturing firms in the East African Community market.; and

H$_{A4b}$: There is a significant joint influence of strategic alliance, regional integration and macro environment on the non-financial performance of Kenyan manufacturing firms in the East African Community market.

The hypotheses correspond with objectives as formulated in section 1.3. This linkage is presented clearly in Table 2.2;

Table 2.2: Summary of the hypotheses and corresponding objectives

No.	Objective	Hypothesis
1	Establish the effect of strategic alliances on performance of Kenyan manufacturing firm in the EAC market.	H1: Strategic alliances have a significant statistical effect on the performance of Kenyan manufacturing firms in the East African Community market
2	Determine the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market.	**H2:** Regional integration has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market
3	Determine the influence of macro environment on the relationship between strategic alliance and performance of Kenyan manufacturing firms in the East African Community market.	**H3:** Macro environment has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market.
4	Establish the joint effect of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.	**H4:** There is a significant joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.

Source: Researcher (2019)

This chapter discussed in detailed literature review. The review was important to help the study bring out what previous studies on the study variables existed. The chapter provided a detailed description of various theories that guided the study and which formed the foundation of the study. The theories anchoring the study are the Resource dependency theory, resource-based theory, the transaction cost theory, the integration theory and the open system theory.

The chapter then further in a pairwise review, assessed the conceptual relationships of the study variables. The relationship reviews carried out included; strategic alliances and firm performance, strategic alliances, regional integration and firm performance. Also, the relationship between strategic alliances, macro environment and firm performance and finally the relationship between strategic alliances, regional integration, macro environment and firm performance.

The literature review on the relationships between the variables brought to fore the gaps in literature that needed to be addressed by the study. A conceptual framework demonstrating the relationship among the variables of this study was then drafted along arguments in literature which was followed by the stating of the hypotheses of the study. These were tested and presented in chapter five of this thesis. The next chapter presents the research methodology deployed in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses with detailed description the research methodology used in conducting the study. It presents a detailed illustration of the positivism paradigm of research philosophy that guided the study. Cross sectional research designs was used to investigate the phenomena on the effect of regional integration and macro-environment on the relationship between strategic alliances and firm performance.

The chapter further describes the population of the study which is Kenyan manufacturing firms in the EAC market. The research instruments used for primary and secondary data collection are explained. Population of the study under investigation is discussed. Reliability test for internal consistency are presented and validity testing for the constructs of the research instrument is captured.

A tabulated operationalization of the main study variables, pointers of the constructs, how the indicators are measured, corresponding questionnaire items and the supporting literature is well illustrated. A summary of the analytical model for corresponding specific objectives and hypotheses are shown, specifying the regression data processing method and interpretation of results.

3.2 Research Philosophy

Research philosophy refers to a system of beliefs and assumptions based on the development and nature of that knowledge (Saunders, Lewis & Thornhill, 2016). At the heart of social science research lies two main viewpoints namely, positivism and phenomenology (Hayes, 2013). This study was consistent with the positivist paradigm. First, the study was theory-based and conceptual framework guiding the study was developed through an exhaustive review of literature. Further, the research hypotheses were subjected to empirical testing using statistical techniques such as regression analysis (Saunders & Bezzina, 2015). The study deduced and formulated variables, hypotheses and operational definition based on the existing theories.

The main reason for the study to adopt the positivist philosophy is because positivism approach is focused on theory testing as opposed to phenomenology which is theory building and focuses on the immediate experience where the researcher draws meaning by interpreting what is observed during involvement in a phenomenon (Saunders, 2011). Furthermore, the researcher was independent of the study and did not imprint the outcome. The outcome was determined through empirical testing of the operationalized variables.

Positivism presumes that the social world exists objectively and externally and that knowledge is valid only if it is based on independent observations with the outcomes being generalizable and replicable (Cooper & Schindler, 2008). Under positivism, the researcher follows a step by step method starting with deductive reasoning, formulating hypothesis and operationalizing of the study variables based on existing theory then deducing the observations to determine the truth or falsify the hypothesis (Bryman, Bell, Mills, Albert & Yue, 2011).

Phenomenology on the other hand holds that meanings on reality and phenomena are constructed and reconstructed through qualitative approaches (Racher & Robinson, 2003). Hammond and Wellington (2013) posit that social behavior studies should be examined using the same techniques as those used to investigate natural sciences studies.

The positivist orientation enabled hypotheses testing, acceptance or rejected based on the tested results thus leading to further research (Ravitch & Riggan, 2012). Positivism seeks to unveil the fact or causes of social phenomena. The study purposed to empirically and objectively analyze and arrive at results and conclusions which can be generalized to the whole population of manufacturing sector in the EAC region and other developing countries.

3.3 Research Design

This particular study adopted a descriptive cross-sectional survey design. Descriptive studies are concerned with finding out what, when and how much of the phenomena under study (Cooper & Schindler, 2003). A cross sectional survey considers a study unit of a population at a certain point in time to allow for conclusions about phenomena under study and the entire population. The research design is suitable in the evaluation and examination to establish patterns of interrelationships amongst the study variables (Sekaran & Bougie, 2013).

The main objective of the study was to establish the effect of regional integration and macro-environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. The research design was envisaged to offer the researcher an opportunity to collect data across different firms and empirically test the relationship of the constructs along its conceptualization.

The designed afforded the researcher the privilege to record a population's attributes and test hypotheses quantitatively in respect to time period over which data was collected across several firms. Mugenda and Mugenda (2003) posit that cross-sectional studies enable the researcher to establish if significant relationships among variables exist and the strength of these relationships. The design is similarly appropriate because of the objective of the study, scope, nature of data collected and analysis performed (Cooper & Schindler, 2011).

Cross-sectional survey methods are used when information gathered represents happenings in a firm at a specific time (Bryman, 2004) which applies to postulation of the study. The other rationale for the design is the researcher's intention of collecting descriptive data which would be accorded statistical analysis for hypotheses testing to establish objective conclusion. Machuki (2011) opine that the research design is guided by the purpose of the study, the type of investigation, the extent of researcher involvement, the stage of knowledge in the field and the type of analysis. Cross-setional survey method is considered appropriate because it adapts to previous studies such as Awino (2011), Mkalama, (2014) and (Guo & Kga, 2012).

3.4 Population of the Study

The population of the study was the Kenyan manufacturing firms in the EAC market as registered by the KAM and EABC at 30th December 2017. Therefore, unit of analysis was Kenyan manufacturing firms. According to KAM and the East African Business Council data base of 2018 there are 160 Kenyan manufacturing firms formally operating in the EAC region. The list of the Kenyan manufacturing firms in the EAC market is attached as Appendix III.

The main reason for studying the manufacturing firms is because manufacturing is a key pillar of economic transformation through contribution to the Gross Domestic Product (GDP) and creation of jobs which are critical factors in the growth of the Kenyan Economy. The manufacturing sector in Kenya grew at 3.5% in 2015 and 3.2% in 2014, contributing 10.3% to gross domestic product (GDP) (Were, 2016). The manufacturing firms were subjected to membership of the Kenya Association of Manufactures (KAM) and or Kenya Private Sector Alliance (KEPSA) and or East African Business Council (EABC) guidelines and regulations on operational related matters.

Further, registered firms exhibit consistency in reporting of financial information as required by the KAM, EABC also enhances availability of objective and reliable data on financial performance which is a paramount perspective of the study. There was a sum of one hundred and sixty (160) Kenyan manufacturing firms in the EAC market for the study period (KAM & EABC, 2018). The list is attached as Appendix V1.

The East African Business Council (EABC) and Kenya Association of Manufacturers (KAM) membership report observe that dynamism and changing environment in the regional market, the number of Kenyan Manufacturing firms operating in the EAC regional market is likely to keep changing as new ones join the regional market and others exit depending on their performance, purpose or other strategic factors. The research used a census survey technique to ascertain the unit of analysis. Israel (2012), posits that cost considerations make census technique impossible for large populations and thus census is attractive for small populations.

Kothari (2004) further states that a census eliminates sampling error and provides data on all the individuals in the population. Muteshi, 2017 used census for food and beverage manufacturing companies in Kenya. Further, Okiro, Aduda and Omoro (2015) used census in a study targeting performance of companies listed at the East Africa Securities exchange.

3.5 Data Collection

The study utilized both primary and secondary data as they usually reinforce each other (Stiles & Taylor, 2001). Data in research is referred to as those facts collected for further investigation (Saunders, Lewis & Thornhill, 2016). Data collection techniques therefore enable the scholar to systematically collect information on research variables in the setting of occurrence and from the selected target population (Gill & Johnson, 2010). Research instruments refer to tools used to select, gather and collect data during the research process (Hammond & Wellington, 2013). The various data collection techniques used generally in social research include, questionnaires, interviews, standard tests and observation forms (Gill & Johnson, 2010). Structured questionnaires are appropriate for research studies since data is collected as requested by the researcher, is affordable and can easily be analyzed and replicated. Dillman, Smyth and Christian (2014) caution that care must be taken as it is difficult to ascertain how truthful a respondent may be or how much thought a respondent has put in the process.

Primary data was collected by using semi-structured questionnaires attached as Appendix V. Secondary data was extracted for a five year period of 2012/13 to 2016/17 were collected from firm's records, industry records and ministry of Trade and Industry. This was augmented by information and records kept by various BMOs where the firms are registered as members such as KAM and EABC.

All other documents which have a bearing on the topic being studied were used to complete the answers given in the questionnaires from all respondents within the limited time frame and responses which the respondent could have felt shy to give in face-to-face interviews (Kerlinger, 1992).

The researcher administered the questionnaire to the various respondents from the population with the help of trained research assistants. The research questionnaires were distributed using the drop-off and pick-up later survey method and email communication. This survey method has been suggested by scholars as an effective alternative to the post mail or telephone methods (Cooper & Schindler, 2014). The questionnaire was structured into five sections. Part A contained general information including mainly the demographics of the respondent. Part B covered strategic alliances while Part C covered data on regional integration. Part D covered data on macro environment while the last Part E covered data on firm's performance.

The structured questionnaire was based on five-point Likert-type scale questions and ranged from (1) -not at all to (5) - a very large extent. In a Likert-type scale, subjectivity is minimized and the researcher may carry out quantitative analysis (Hammond & Wellington, 2013). Likert-type scale is the most frequently used tool of the summated rating scale and consists of statements that express either a favourable or unfavourable attitude towards the object of interest. The respondent was asked to agree or disagree with each statement (Cooper & Schindler, 2006).

To enhance effectiveness, a personal letter of introduction, a letter from the University of Nairobi, School of Business and a letter of authorization and a permit acquired from the National Commission of Science, Technology and Innovation (NACOSTI) accompanied the questionnaire. The completion rate was also augmented by constant reminders and follow ups on email or text message which was sent after every five days. The total number of the respondent were 160 out of which 131 returned with clear information signifying a response rate of 81.88% of the targeted population.

The study's key target respondents were the Chief Executive Officers or their departmental heads dealing with functions related to strategy and regional markets as they are the drivers of the firms' strategy and policy on cross border strategic alliances. This is because they were deemed to have good knowledge about the issues being studied (Newbert, 2007).

3.6 Reliability Test

Reliability is the consistency of measurement and concerned with estimates of the degree to which a measurement is free of random or unstable error (Cooper & Schindler, 2014). Reliability of a measure indicates the magnitude to which a measure is bias free which ensures consistency in the measuring instrument (Sekaran & Bougie, 2013). Strategies to enhance reliability of research results include; objectively scoring results, training of researchers and use of a reasonable rating scale (Dillman et al., 2014). Creswell (2014) identified several methods of assessing reliability namely; Cronbach's alpha for internal consistency, inter-rater reliability and parallel reliability.

Hayes (2013) demonstrated that the Cronbach's alpha for internal consistency involves a one test administration to measure the reliability of results across a set of items. The intra-rate reliability tests describe each rater's consistency of the same observation over time and may try to establish whether two observations are consistent. The parallel reliability tests are a measure of reliability attained by administering different versions of a research assessment tool to identical groups of respondents (Hammond & Wellington, 2013).

This research study adopted the Cronbach's alpha coefficient test for internal consistency. Nunally (1978) and Gliem and Gliem (2003) recommends a Cronbach's alpha value of 0.7 and above as desirable, whereas, Cooper and Schindler (2014) suggest a range of 0.7 to 0.9 Cronbach's alpha coefficient to be good for reliability test. The current study had a reliability cut-off point coefficient of 0.7.

In order to test the research instrument for internal reliability, a pilot study of five questionnaires were distributed to different firms for senior managers to respond to the research questionnaire and report any ambiguous questions, identify any defects in the questions or lack of clarity in the instructions as well as suggest any changes. Primary data was obtained from the CEOs or Managers responsible for cross border business due to the fact that these individuals hold key positions in the firms and are commercially well versed to provide the requested information. The results from the pilot study indicated that a number of variables had accepted levels of alpha values. From the outcome of the pilot study, the research questionnaire was revised and used in collecting the survey data for the study.

3.7 Validity Test

Validity refers to the questionnaire's ability to measure what is intended meaningfully and describe the construct accurately (Cooper & Schindler, 2014). Mugenda and Mugenda, (2003), refers validity test as the degree to which the results obtained from the analysis of the data collected represent the phenomenon under study. The four ways of establishing validity include; face validity, content validity, criterion validity and construct validity (Bush, 2007). Validity is used in science as evaluation criteria on whether conclusions made in a study explain what happened accurately. Aiken, West and Reno (1991) further stated that validity refers to whether the research instrument is able to produce the expected measurement in a study. It determines whether the research instrument truly measures what it is intended to measure with precision (Babour, 1998). The research instrument should allow the researcher to hit the bull's eye of the research objective and the results represent general population of the study (Golafshani, 2003).

Construct and criterion validity were carried out on the instrument by randomly pilot testing five (5) senior managers dealing with cross border business from different associations of the manufacturing firms to establish if the respondents could answer the responses. The final survey did not consider these pilot groups. Questions that were unclear, inadequate or sensitive were cleaned, sorted or dropped.

The study addressed concerns for validity by adopting reliable measures from theories, discussing measurement scales with thesis supervisors, incorporated views of content experts consisting of lecturers and the researcher's group in the School of Business, University of Nairobi. Finally, questions in the instrument were adopted and enhanced from previous studies.

The outcome of the pilot test was better review of the instrument, clear instructions and clarification on the measures to be captured that avoided unreliable results. Factor analysis was applied to test validity construct and construct validity shows how the instrument is measuring the target construct (Zapolski, Guller & Smith, 2012). In extracting the factors, Principal Component Analysis was used and Varimax rotation method applied to rotate the factors. The factors attributed to the variables were all uni-dimensional thus considered valid measurement of the study constructs. The results of the factor analysis are presented in Appendix VII.

3.8 Operationalization of Key Study Variables

As shown in table 3.1, strategic alliances were operationalized using sub constructs joint venture services, equity and non-equity alliances. Regional integration constructs were the customs union policies, common market protocol policies and political goodwill policies. Macro-environment was conceptualized as the moderating variable as measured by political, economic, social-cultural, technological, ecological and legal sub constructs whereas firm performance which is the dependent variable in this study was measured by financial performance (computed as a weighted average of ROE, ROA and Dividend yield) and non-financial performance metrics (customer service, internal business process and organization learning and growth).

Table 3.1: Operationalization of Key Study Variables

Variable	Variable indicators	Operational Definition	Measurement Scale	Questionnaire items	Supporting Literature
Strategic alliances (Independent)	• Joint venture services	Parent firms forming a new child company	5 -point Likert type scale Ratios, percentages, CV values, t-values	Part B of the questionnaire in appendix V	Bamford, Gomes-Casseres and Robinson, 2003; Beamish and Lupton,2009; Child &Yan, 2003 Thompson & Strickland III, (1998), Birnbirg, (1998), Pyka & Windrum, 2003), Lendrum (1995), Todeva and Knoke (2005), Folta & Miller, 2002; Hung & Chang (2012), Des & Rahman, (2001), De Man, Duysters & Vasudevan, (2001), Beamish & Killing (1997), Snyder, (1997), Wei (2007), Hergert and Morris (1988), Hung and Chang (2012), Brucellariaa, (1997), Das & Teng, (2000), Ybarra & Turk, (2011).
	• Equity alliances	Purchasing % age of the other firm	5 -point Likert type scale Ratios, percentages, CV values, t-values		
	• Non-equity alliances	Contractual relationship	5 -point Likert type scale Ratios, percentages, CV values, t-values		

Table 3.1: Cont'd…

Variable	Variable indicators	Operational Definition	Measurement Scale	Questionnaire items	Supporting Literature
Regional integration (Moderating)	• Customs union • Common market protocol • Monetary Union • Political goodwill/union	• FTA with CET • Common policies/ labour mobility • Single currency • unifying	5 -point Likert type scale Ratios, percentages, CV values, t-values	Part C of the questionnaire in appendix V	Mwasha (2011), Hettne, (1999), Mlenga (2012), Iapadre, (2006), Crawford & Laird (2001), Ravenhill, (2000), Tavares, (2009).
Macro environment (Moderating)	• Political • Economic • Social-cultural • Technological • Ecological • Legal	PESTEL factors	5 -point Likert type scale Ratios, percentages, CV values, t-values	Part D of the questionnaire in appendix V	Hall (2004), Thomas (1994), Hitt, Ireland and Hoskinson, (2011), Ülgen & Mirze, 2007), Herbane (2009), Lumpkin and Dess (2001), Ansoff and McDonnell, 1990), Pearce et al, (2008), Wiersema & Bantel (1993), Romanelli & Tushman, (1986), Machuki & Aosa (2011).
Firm performance	**Financial performance** • (Weighted average of ROA, ROE, Dividend yields) **Non-financial** • Customer satisfaction • Organizational internal process (efficiency and effectiveness) • Learning and growth		Secondary data 5 -point Likert type scale Ratios, percentages, CV values, t-values	Part E of the questionnaire in appendix V	Kaplan and Norton (1996) Roos and Roos (1997), Bontis (2001) Hubbard (2009) Machuki & Aosa, 2011, Mkalama (2014), Gimeno, Folta, Cooper, & Woo (1997); Mahmud, Bello & Abba, (2016). Combs Crook & Shook, (2005) Venkatraman & Ramanujam, (1986).

Source: Researcher (2019)

Operationalization of the variables as presented in Table 3.1 was guided by reviewed relevant previous studies. This guaranteed that the questionnaire included multi-items measures that were reliable and valid to cover multidimensionality of the study variables. Strategic alliances was operationalized as the independent variable and measured by joint ventures, equity alliances and non-equity alliances. Along indicators proposed (Bamford, Gomes-Casseres and Robinson, 2003; Beamish & Lupton, 2009; Child &Yan, 2003).

The concept of regional integration as a moderating variable was operationalized in the factors of customs union policies, common market protocol polices, monetary union policies and political goodwill policies along postulations of (Mwasha, 2011; Hettne, 1999; Mlenga, 2012; Iapadre, 2006; Crawford & Laird 2001; Ravenhill, 2000; Tavares, 2009). Macro-environment which was a second moderating variable was operationalized and measured using PESTEL model as postulated by (Ülgen & Mirze, 2007; Yüksel, 2012).

The construct of firm performance was operationalized as dependent variable along BSC measures of financial and non-financial indicators (Kaplan& Norton,1992).In this model overall performance is measured through computing both financial (ROA,ROE,DY) and non-financial performance measures(Internal Business Processes, Customer Focus and Learning and Development) relying on postulations of Kaplan & Norton, 1996; Roos & Roos,1997; Bontis, 2001; Hubbard, 2009; Machuki & Aosa, 2011; Mkalama, 2014; Gimeno, Folta, Cooper, & Woo, 1997; Mahmud, Bello & Abba, 2016; Combs Crook & Shook, 2005).

3.9 Data Analysis

Diagnostics procedures check how well the assumptions of multiple linear regression are evaluated (Hayes, 2013). Tests of statistical assumptions tested for regression assumptions to establish if the data met the normality, linearity, independence, homogeneity and collinearity assumptions in this study. The Shapiro-Wilk test was used to test whether the research data was distributed normally and detect any existence of skewness or kurtosis or both. Linearity was tested using scatter plots and graphic methods to establish whether or not the expected value of the dependent variable lies along a straight line (Osborne & Waters, 2002).

Homoscedasticity was measured by Lavene's test to check whether the variance between independent and dependent variables are equal or approximately the same. Violations of homoscedasticity (heteroscedasticity) make it difficult to gauge the true standard deviation of forecast errors, usually resulting to confidence intervals that are too wide or too narrow.

The test for multi-collinearity was performed using Condition Index (CI), Variance Inflation Factors (VIF) and tolerance. Multi-collinearity is the unacceptable high level of correlation among the independent variables making it hard to separate the effects of the individual independent variables. Chong and Jun (2005) observes that small values for tolerance and large VIF values show the presence of multi-collinearity. The acceptable range of $CI<30$, $VIF< 5$, and tolerance >0.2 was applied to test multi-collinearity. It was on the basis of these results, that the measures of central tendency, dispersion, tests of significance, tests of associations and prediction were performed.

To conduct a regression analysis with a valid outcome, the assumptions should be investigated and determined (Bolker, Brooks, Clark, Geange, Poulsen, Stevens & White 2009; Creswell, 2014). Regression analysis was key for this study, as the main objective was to determine the influence of regional integration and macro environment on the relationship between strategic alliances and firm performance. Due to multiple sub variates in the main study variables, composite score were considered and used to ensure the measures were valid and reliable.

Normality test was conducted to ensure that normality assumptions were not violated at analysis stage. Normality was tested using Shapiro-Wilk Test and coefficient of correlation (r). If the probability values of Shapiro-Wilk Test is greater than 0.05, the data is normal. Low heteroscedasticity has little effect on significance tests but high heteroscedasticity weakens and distorts the analysis thus increasing possibility of committing type I error (Tabachnick & Fidell, 2007). If P-Value is less than 0.05, then there is no problem of Homoscedasticity.

The unit of analysis of the study was the Kenyan manufacturing firms in the EAC market. The study used both descriptive and inferential statistics to analyze the data. Once data was collected, prepared, analyzed and coded. Data preparation involved; questionnaire checking, sorting, editing, coding, transcription, data cleaning, and finally the data was analyzed to establish the relationship among the variables.

Descriptive (mean, percentages and measures of dispersion) was used to analyze the demographic data. According to Mugenda and Mugenda (2003), descriptive statistics provide the basic features of the data collected. Coefficients of variations (CVs) were used to establish the variations in the responses. This helped to describe the characteristics of the variables of the study and find out the underlying features of the relationships between strategic alliances, regional integration, macro environment and firm performance.

To establish the nature and magnitude of the relationships between the variables and to test the hypothesized relationships, the researcher used inferential statistics. The appropriate tests applied were Pearson's Correlation Coefficient (r), simple regression analysis and multiple regression analysis. Simple regression analyses were used to calculate the independent effect of the strategic alliances on firm performance, Regional integration on firm performance and macro environment on firm performance.

Multiple regression analysis was used to establish the joint moderating effect on the relationship between strategic alliance, regional integration, macro environment and firm performance. In order to facilitate multivariate analysis including correlation and regression, a composite index for performance was computed first.

To compute the firm performance index, weighted scores (adopted from GoK, 2018) with an average of five years shall be computed as follows:

Step 1: Determine the Actual Achievement for each firm financial performance indicators (ROE, ROA and Dividend yield), $X_{\text{year 1-5}}$

Step 2: Find the *average Score* of the five-year Actual Achievement for each firm financial performance indicators (ROE, ROA and Dividend yield), *Average Score* = (X $_{year\ 1}$+ X $_{year\ 2}$+ X $_{year\ 3}$+ X $_{year\ 4}$+ X $_{year\ 5}$)/5

Step 3: Compute the Weighted Score by Multiplying the *Average Score* by the *Weight* (*equal weights of 100/3=0.333*) assigned to the indicator as a percentage to obtain the Weighted Score, i.e. **Weighted Score** = *Average Score* of each firm financial performance indicators (ROE, ROA and Dividend yield) x *Weight* as a percentage.

Step 4: Compute the *Composite Score* of each Kenyan manufacturing firms in the East African Community market by adding up the weighted scores of all the firm financial performance indicators (ROE, ROA and Dividend yield) to obtain the *firm financial performance index.* After computing a single financial performance index and the average mean for the non-financial performance, another sub-weight of 50:50 will be used as a proportion of the logit performance score for each firm before running the regression analysis for hypotheses testing.

After the computation of firm financial performance index, inferential statistics technique to be used include Person's product moment coefficient correlation (r), hierarchical regression analysis, stepwise multiple regression analysis and multiple linear regression analysis as follows:

The first general model for predicting the effect of strategic alliances on the performance (Financial and Non-Financial performance) of Kenyan manufacturing firms in the East African Community market can be written in the following form.

Since performance is to be measured in form of Financial and Non-Financial performance (First Objective; Hypothesis 1) the following two equations (i-a & i-b) emerge:

$$Y_1 \quad = \quad \alpha_{10} + \beta_{11}X_1 + \beta_{12}X_2 + \beta_{13}X_3 + \varepsilon_1 ....(i)$$

$$Y_{1a} \quad = \quad \alpha_{10} + \beta_{11}X_1 + \beta_{12}X_2 + \beta_{13}X_3 + \varepsilon_1 ....(i\text{-}a)$$

$$Y_{1b} \quad = \quad \alpha_{10} + \beta_{11}X_1 + \beta_{12}X_2 + \beta_{13}X_3 + \varepsilon_1 ....(i\text{-}b)$$

Where:

Y_1 = Firm performance

Y_{1a} = Financial performance

Y_{1b} = Non-Financial performance

α = constant (intercept)

$\beta_{11\text{-}13}$ = Coefficient parameters to be determined

X_1 = Joint venture alliances

X_2 = Equity alliances

X_3 = Non-equity alliances

ε_1 = Error term

In order to determine the extent to which regional integration moderates the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market (Second Objective; Hypothesis 2), equation ii-a & ii-b is modeled;

$$Y_2 \quad = \quad \alpha_{20} + \beta_{21}X_1 + \beta_{22}X_2 + \beta_{23}X_3 + \beta_{24}Z + \beta_{25} X*Z + \varepsilon_1 ....(ii)$$

$$Y_{2a} \quad = \quad \alpha_{20} + \beta_{21}X_1 + \beta_{22}X_2 + \beta_{23}X_3 + \beta_{24}Z + \beta_{25} X*Z + \varepsilon_1 ....(ii\text{-}a)$$

$$Y_{2b} \quad = \quad \alpha_{20} + \beta_{21}X_1 + \beta_{22}X_2 + \beta_{23}X_3 + \beta_{24}Z + \beta_{25} X*Z + \varepsilon_1 ....(ii\text{-}b)$$

Where:

Y_2	=	Firm performance
Y_{2a}	=	Financial performance
Y_{2b}	=	Non-Financial performance
α	=	constant (intercept)
β_{21-24}	=	Coefficient parameters to be determined
β_{25}	=	Moderating effect or change induced by X*Z
X_1	=	Joint venture alliances
X_2	=	Equity alliances
X_3	=	Non-equity alliances
Z	=	Regional Integration
X*Z	=	Strategic Alliances * Regional Integration i.e. Product interaction between strategic alliances and regional integration
ε_1	=	Error term

A moderation or interaction effect states that the effect of one independent variable on Y (performance) depends on the magnitude of another independent variable (Norton et al., 2004). With this new dummy variable (X*Z) for Regional Integration, *Strategic Alliances * Regional Integration* is created. An interaction effect exists where this variable gives a significant value for firm performance. The linear model from stepwise regression analysis is used, as this model (ii-a & ii-b) contains the highest explanatory power on the data.

In order to determine the extent to which Macro environment moderates the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market (Third Objective; Hypothesis 3), equation iii-a & iii-b is modeled;

$$Y_3 = \alpha_{30} + \beta_{31}X_1 + \beta_{32}X_2 + \beta_{33}X_3 + \beta_{34}W + \beta_{35}X*W + \varepsilon_1 ....(iii)$$

$$Y_{3a} = \alpha_{30} + \beta_{31}X_1 + \beta_{32}X_2 + \beta_{33}X_3 + \beta_{34}W + \beta_{35}X*W + \varepsilon_1 ....(iii\text{-}a)$$

$$Y_{3b} = \alpha_{30} + \beta_{31}X_1 + \beta_{32}X_2 + \beta_{33}X_3 + \beta_{34}W + \beta_{35}X*W + \varepsilon_1 ....(iii\text{-}b)$$

Where:

Y_3	=	Firm performance
Y_{3a}	=	Financial performance
Y_{3b}	=	Non-Financial performance
α	=	Constant (intercept)
$\beta_{31\text{-}34}$	=	Coefficient parameters to be determined
β_{35}	=	Moderating effect or change induced by X*W
X_1	=	Joint venture alliances
X_2	=	Equity alliances
X_3	=	Non-equity alliances
W	=	Macro environment
X* W	=	Strategic Alliances * Macro environment i.e. Product interaction between strategic alliances and Macro environment
ε_1	=	Error term

With this new dummy variable (X*W) for Regional Integration, *Strategic Alliances * Macro environment* is created. An interaction effect exists where this variable gives a significant value for firm performance. The linear model from stepwise regression analysis is used, as this model (iii-a & iii-b) contains the highest explanatory power on the data.

In order to determine the joint effect of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market (Fourth Objective; Hypothesis 4), equation iv-a & iv-b is modeled;

$$Y_4 = \alpha_{40} + \beta_{41}X_1 + \beta_{42}X_2 + \beta_{43}X_3 + \beta_{44}Z + \beta_{45}W + \varepsilon_1 \ldots\ldots\ldots\ldots\ldots\ldots\ldots(iv)$$

$$Y_{4a} = \alpha_{40} + \beta_{41}X_1 + \beta_{42}X_2 + \beta_{43}X_3 + \beta_{44}Z + \beta_{45}W + \varepsilon_1 \ldots\ldots\ldots\ldots\ldots\ldots\ldots(iv\text{-}a)$$

$$Y_{4b} = \alpha_{40} + \beta_{41}X_1 + \beta_{42}X_2 + \beta_{43}X_3 + \beta_{44}Z + \beta_{45}W + \varepsilon_1 \ldots\ldots\ldots\ldots\ldots\ldots\ldots(iv\text{-}b)$$

Where:

Y_4	=	Firm performance
Y_{4a}	=	Financial performance
Y_{4b}	=	Non-Financial performance
α	=	Constant (intercept)
$\beta_{41\text{-}45}$	=	Coefficient parameters to be determined
X_1	=	Joint venture alliances
X_2	=	Equity alliances
X_3	=	Non-equity alliances
Z	=	Regional Integration
W	=	Macro environment
ε_1	=	Error term

The linear model from stepwise regression analysis is used, as this model (iv-a & iv-b) contains the highest explanatory power on the data compared to i-a & i-b.

A Pearson's product moment correlation (rxy) was computed to establish any linear associations among the interval or ratio variables in the study, as well as their nature and strength. This measure, usually symbolized by the letter (r), varies from ranging from -1 to +1, with 0 indicating no linear association.

The square of the correlation coefficient, the coefficient of determination (R^2) measures the amount of variation in the dependent variable explained by the independent variables. The closer R^2 is to 1, the better the fit of the regression line to the actual data. A multiple linear regression model was adopted in the study to establish the relationships among the various study variables. A multiple linear regression analysis is a multivariate statistical technique to estimate the model parameters and determine the effect of individual independent variables (IVs) on the dependent variable (DV). The Statistical Package for Social Sciences (SPSS) version 23 facilitated the data analysis. Several tests were carried out on the data prior to commencing any data analysis. These tests were reliability and validity tests, tests of normality, multicollinearity tests and homogeneity of variance tests. The analytical models used are shown in Table 3.2. All the statistical tests were conducted at 95 percent confidence level.

Table 3.2: Hypotheses, Analytical Statistical Models and Interpretation of Results

Objective	Hypothesis/ Sub hypotheses	Analytical techniques	Interpretation
Objective One: To establish the effect of strategic alliances on the performance of Kenyan manufacturing firms in the East African Community market;	**H$_{A1}$:** Strategic alliances have a significant statistical effect on the performance of Kenyan manufacturing firms in the East African Community market. *Sub hypotheses:* **H$_{1a}$:** Strategic alliances have a significant statistical effect on the financial performance of Kenyan manufacturing firms in the East African Community market; and **H$_{1b}$:** Strategic alliances have a significant statistical effect on the non-financial performance of Kenyan manufacturing firms in the East African Community market.	Simple Regression analysis $$Y_1= \alpha_{10} +\beta_{11}X_1 +\beta_{12}X_2 +\beta_{13}X_3 + \varepsilon_1.........(i\text{-}a)$$ $$Y_{1a}= \alpha_{10} +\beta_{11}X_1 +\beta_{12}X_2 +\beta_{13}X_3 + \varepsilon_1 (i\text{-}b)$$ $$Y_{1b}=\alpha_{10} +\beta_{11}X_1 +\beta_{12}X_2 +\beta_{13}X_3 + \varepsilon_1.........(i\text{-}b)$$ Where: Y_1= Firm performance Y_{1a}= Financial performance Y_{1b}= Non-Financial performance α= constant (intercept) $\beta_{11\text{-}13}$= Coefficient parameters to be determined X_1= Joint venture alliances X_2= Equity alliances X_3= Non-equity alliances ε_1 = Error term	R^2 depicts model fitness and also explains the changes in dependent variable. $\beta_{11\text{-}13,}$ are the coefficients explaining the influence of a unit change in each of the strategic alliances constructs on performance. P-value, F-ratio and t-statistic explains the significance of the model constructs.
Objective Two: To determine the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;	**H$_{A2}$:** Regional integration has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market; *Sub hypotheses:* **H$_{A2a}$:** Regional integration has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market; and **H$_{A2b}$:** Regional integration has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.	Stepwise Regression analysis $$Y_2= \alpha_{20} +\beta_{21}X_1 +\beta_{22}X_2 +\beta_{23}X_3 + \beta_{24}Z+\beta_{25}\,X*Z + \varepsilon_1.........(ii)$$ $$Y_{2a}= \alpha_{20} +\beta_{21}X_1 +\beta_{22}X_2 +\beta_{23}X_3 + \beta_{24}Z+\beta_{25}\,X*Z + \varepsilon_1.........(ii\text{-}a)$$ $$Y_{2b}= \alpha_{20} +\beta_{21}X_1 +\beta_{22}X_2 +\beta_{23}X_3 + \beta_{24}Z+\beta_{25}\,X*Z + \varepsilon_1......(ii\text{-}b)$$ Where: Y_2= Firm performance Y_{2a}= Financial performance Y_{2b}= Non-Financial performance α= constant (intercept) $\beta_{21\text{-}24}$= Coefficient parametrs to be determined β_{25}= Moderating effect or change induced by $X*Z$ X_1= Joint venture alliances X_2= Equity alliances X_3= Non-equity alliances Z=Regional Integration $X*Z$= Strategic Alliances * Regional Integration i.e. Product interaction between strategic alliances and regional integration ε_1 = Error term integration interaction	R^2 depicts model fitness and also explains the changes in dependent variable. β_{25}= Moderating effect or change induced by $X*Z$. With this new dummy variable ($X*Z$) for Regional Integration, *Strategic Alliances * Regional Integration* is created. An interaction effect exists where this variable gives a significant value for firm performance. The linear model from stepwise regression analysis is used, as this model (ii-a & ii-b) contains the highest explanatory power on the data. P-value, F-ratio and t-statistic explains the significance of the model constructs.

Table 3.2: Cont'd...

Objective	Hypothesis/ Sub hypotheses	Analytical techniques	Interpretation
Objective Three: To determine the influence of macro environment on the relationship between strategic alliance and performance of Kenyan manufacturing firms in the East African Community market.	H_{A3}: Macro environment has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market; *Sub hypotheses:* H_{A3a}: Macro environment has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market; and H_{A3b}: Macro environment has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.	Stepwise Regression analysis $Y_3 = \alpha_{30} + \beta_{31}X_1 + \beta_{32}X_2 + \beta_{33}X_3 + \beta_{34}W + \beta_{35} X*W + \varepsilon_1$......*(iii-a)* $Y_{3a} = \alpha_{30} + \beta_{31}X_1 + \beta_{32}X_2 + \beta_{33}X_3 + \beta_{34}W + \beta_{35} X*W + \varepsilon_1$......*(iii-a)* $Y_{3b} = \alpha_{30} + \beta_{31}X_1 + \beta_{32}X_2 + \beta_{33}X_3 + \beta_{34}W + \beta_{35} X*W + \varepsilon_1$..........*(iii-b)* Where: Y_3= Firm performance Y_{3a}= Financial performance Y_{3b}= Non-Financial performance α= Constant (intercept) β_{31-34}= Coefficient parameters to be determined β_{35}= Moderating effect or change induced by X*W X_1= Joint venture alliances X_2= Equity alliances X_3= Non-equity alliances W=Macro environment X* W = Strategic Alliances * Macro environment i.e. Product interaction between strategic alliances and Macro environment ε_1 = Error term	R^2 depicts model fitness and also explains the changes in dependent variable. X* W = Strategic Alliances * Macro environment i.e. Product interaction between strategic alliances and Macro environment With this new dummy variable (X*W) for Regional Integration, *Strategic Alliances * Macro environment* is created. An interaction effect exists where this variable gives a significant value for firm performance. The linear model from stepwise regression analysis is used, as this model (iii-a & iii-b) contains the highest explanatory power on the data. P-value, F-ratio and t-statistic explains the significance of the model constructs.
Objective Four: To establish the joint effect of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.	H_{A4}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market. *Sub hypotheses:* H_{A4a}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the financial performance of Kenyan manufacturing firms in the East African Community market.; and H_{A4b}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the non-financial performance of Kenyan manufacturing firms in the East African Community market.	Multiple Regression analysis $Y_{4a} = \alpha_{40} + \beta_{41}X_1 + \beta_{42}X_2 + \beta_{43}X_3 + \beta_{44}Z + \beta_{45}W + \varepsilon_1$..........*(iv)* $Y_{4a} = \alpha_{40} + \beta_{41}X_1 + \beta_{42}X_2 + \beta_{43}X_3 + \beta_{44}Z + \beta_{45}W + \varepsilon_1$..........*(iv-a)* $Y_{4b} = \alpha_{40} + \beta_{41}X_1 + \beta_{42}X_2 + \beta_{43}X_3 + \beta_{44}Z + \beta_{45}W + \varepsilon_1$.............*(iv-b)* Where: Y_4= Firm performance Y_{4a}= Financial performance Y_{4b}= Non-Financial performance α= Constant (intercept) β_{41-45}= Coefficient parameters to be determined X_1= Joint venture alliances X_2= Equity alliances X_3= Non-equity alliances Z=Regional Integration W=Macro environment ε_1 = Error term	R^2 depicts model fitness and also explains the changes in dependent variable. β_{41-45} are coefficient explaining the influence of a unit change in each of the strategic alliances, regional integration and macro environment on performance. The linear model from stepwise regression analysis is used, as this model (iv-a & iv-b) contains the highest explanatory power on the data compared to i-a & i-b. P-value, F-ratio and t-statistic explains the significance of the model constructs."

Source: Researcher (2019)

The analytical model in Table 3.2 are derived from specific objectives on the study on effect of regional integration and macro-environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. The study has four multivariate regression statistical models. Firm performance was analyzed as a factor of strategic alliances, regional integration and macro-environment.

This chapter has discussed the research methodology that was used in the study. The chapter particularly has presented the research philosophy, research design, population of the study, data collection, a summary of operationalization of study variables and data analysis methods. This operationalization has been offered in Table 3.1. While Table 3.2, presents the summary of the objectives, corresponding hypotheses, and analytical models. The next chapter (Chapter Four) depicts preliminary data analysis and findings.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The thesis broad objective was to establish the influence of strategic alliances, regional integration and macro environment on the performance of the Kenyan manufacturing firms in the East African Community market. To achieve the main objective, the study relied on four specific objectives. Firstly, the study sought to establish the influence of strategic alliances on performance of Kenyan manufacturing firms in the East African Community market.

Secondly, the research determined the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market. Thirdly, the study assessed the influence of macro environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market.

Fourthly, the research sought to find out the joint influence of strategic alliance, regional integration, and macro environment on the performance of Kenyan manufacturing firms in the East African Community market. To attain these objectives, data was gathered from Kenyan manufacturing firms in the East African Community market using structured questionnaires. The target respondents were CEOs or functional level managers responsible for strategy and cross border markets. Secondary data was obtained from records of the companies.

The chapter presents preliminary findings of the study on the basis of which further analyses was undertaken to test the study's hypotheses. This chapter therefore presents the results and interpretations of various tests namely; reliability & validity tests, test of normality, which was done through use of histogram, P-P plot, Kolmogorov-Smirnov and Shapiro-Wilk as well as multicollinearity tests. In addition, this chapter provides various sub-sections of descriptive statistics, which include information on the profiles of the Kenyan manufacturing firms in the East African Community market under investigation, results and interpretation on variable of strategic alliances, regional integration, macro environment as well as firm performance.

The use of descriptive statistics in explaining the manifestations of the variables under study is explained. Mean scores have been used to show the extent of the manifestations of the variables across the responses. The findings are explained in the next section.

4.2 Response Rate

The study was a descriptive cross-sectional survey of 160 Kenyan manufacturing firms operating in the EAC Market. Each manufacturing organization is believed to exhibit uniqueness in relation to the strategic alliance's practices embraced, regional integration, strategic leadership characteristics and performance. The questionnaires were self-administered with the help of well-trained research assistants. The study targeted 160 respondents; however, the researcher received response from 131 respondents forming 81.88% response rate, which was considered adequate for analysis. This study's response rate was acceptable as it compares well with similar studies of external environment on performance (Venkatraman, 1990; Tan & Litschert, 1994; Machuki, 2011).

Venkatraman (1990) achieved a response rate of 30%, Tan & Litschert (1994) achieved 40.2%, Machuki (2011) obtained 43.3%. Similar studies on manufacturing firms in Kenya obtained relatively above average response rates. Kidombo (2007) achieved 64.0% while Magutu (2013) had a response rate of 75%. Other similar studies on strategy and firm performance (Awino, 2011; Murgor, 2014). Awino (2011) obtained a 65% response rate; while Murgor (2014) realized a response rate of 58.7% respectively. The response rate further is supported by Fowler (1984) suggests that a response rate of 60% is representative of the population of the study.

The high response rate was accomplished due to use of aggressive and well-trained research assistants, a personal introduction letter, obtaining a research clearance permit from the National Commission for Science, Technology and Innovation (NACOSTI) and the introduction letter from the University of Nairobi. The authorization letter from NACOSTI was useful in clearing doubts by companies about the intensions of the study and encouraged cooperation in data collection process. The introduction letters from KAM, KEPSA and EABC were also useful in dissipating suspicion by firms about the intentions of the study and encouraging cooperation during the data collection process.

The relationship management approach and personal networks amongst the business community operating in the region by the researcher were useful in getting a very good response rate. These supporting documentations form Appendices I, II, III and IV respectively. All efforts were made to administer the questionnaires to the targeted factories but some were not willing to participate due to company policy. Others were not committed to return the questionnaires citing time constraints to fill them. The response rate was 81.88% as illustrated in Table 4.1.

Table 4.1: Distribution of Response Rate

Responses	Frequency (N)	Percentage (%)
Total Response	131	81.88
Non-Response	29	18.12
Total	**160**	**100**

Source: Research Data, 2018

Therefore, this study's response rate is considered very good for survey research as recommended by Punch (2003) who proposes a score of 80-98% as good response rate, whereas Mugenda and Mugenda (1999) suggest a 50% response rate is adequate, 60% good and above 70% very good.

4.3 Reliability Tests

Reliability is a measure of the degree to which instruments yield consistent results or data after repeated trials (Kimberlin & Winterstein, 2008; Mugenda & Mugenda, 2003). It establishes if the measure is able to yield same results on other occasions or that similar observations are reached by other observers. A pilot study using volunteers from five manufacturing organizations that were not included in the sample was undertaken.

The study further takes in to account the argument that, it is important that the measurement instrument is reliable for it to measure consistently (Cooper & Schindler, 2014; Saunders, 2007; Mugenda & Mugenda, 2003) Cronbach coefficient was used to assess the internal consistency or average correlation of items within the test. The coefficient alpha value ranges from zero (no internal consistency) to one (complete internal consistency) were used.

Cronbach coefficient, which was used to assess the internal consistency or average correlation of items within the test, was used. Alpha equals zero when the true score is not measured at all and there is only an error component. Alpha equals 1.0 when all items measure only the true score and there is no error component. If the values are too low, either too few items were used or the items had little in common (Nunnally, 1998). His suggestion is that of a value of not less than 0.7 to be acceptable while Sekeran (2003) posits that any values between 0.5 and 0.8 are adequate to accept internal consistency. The study adopted a limit of 0.7 as pointers of reliable data. Subsequently, the alpha coefficients were greater than 0.70; that is a range of 0.714 to 0 .880, a supposition was drawn that the instruments had an acceptable reliability coefficient and were appropriate for the study.

The results of the reliability tests carried out in Table 4.2 show that strategic alliances had the lowest coefficient (α = 0.714). Nunnally (1978) recommends Cronbach's alpha coefficient of 0.7 as the cut-off point for reliability, Davis & Bruin (1964) suggests 0.5 as the minimum reliability coefficient. While Sekeran (2003) posits that any values between 0.5 and 0.8 are adequate to accept internal consistency. Macro environment had the highest reliability coefficient (α = 0.924) followed by firm performance (α = 0.880). Regional integration had a reliability coefficient score of 0.832. The results for all the variables are above the 0.7. This was confirmation of reliability and validity of the data used to draw conclusions from theoretical concepts.

Table 4.2: Reliability Tests

Variable	Variable constructs/Indicators	No. of Items	Cronbach's alpha value	Decision
Strategic alliances	• Joint ventures services • Equity alliances • Non-equity alliances -licensing agreement -Distribution agreements - Supply contracts	17	0.714	**Reliable**
Regional integration	• Customs union policies • Common market protocol • Monetary Union policies • Political goodwill and union	30	0.832	**Reliable**
Macro-environment	• Political • Economic • Social-cultural • Technological • Ecological • Legal	30	0.924	**Reliable**
Firm performance	• Financial • Customer services • Internal Business Process • Organization learning and growth	28	0.880	**Reliable**

Source: Researcher Data (2019)

The measurement scale thus had high consistency and the decision points were that all the study constructs were reliable. The results of reliability coefficient scores compare well with related previous studies. For instance, Murgor (2014) found a reliability coefficient of 0.858 for macro-environment and coefficient of 0.96 for firm performance Similarly, Mkalama (2014) reported a reliability coefficient of 0.914 for macro-environment and Kariuki, Ambula and Wasike (2016) reported a coefficient of 0.620 for competitive environment. In a similar study, Odhiambo (2014) reported Cronbach's Alpha coefficient of 0.72 for industry competition in large manufacturing firms in Kenya.

4.4 Validity Test

Validity is the ability of the research instrument to measure what is supposed to measure with precision (Cooper & Schindler, 2006). If the instrument contains a representative sample of the universe subject matter, then the validity is good. There are various types of validity including construct, content, face, criterion and convergent related validity (Babbie, 2010). Validity concerns were addressed accordingly in the current study.

Content validity is the extent to which the instrument provides adequate coverage of the investigative questions guiding the study. Content validity is also known as logical validity and refers to the extent to which a measure represents all facets of a given social construct (Zikmud et al, 2012). Gaber and Salkind(2013) posited that face validity is a subjective basic form of validity in which the researcher determines if a measure appears to quantify what is designed to measure.

The researcher enhanced face validity and content validity by using expert opinion obtained during various proposal defence submissions from lecturers of the University of Nairobi, School of Business, the supervisors and the researcher's seniors in the School of Business, university of Nairobi. The questionnaire was also pilot tested by administering to a few manufacturing organizations CEOs among those not under this study to establish if the respondents could answer the responses with ease. Ambiguous, double edged and sensitive questions were cleaned, sorted or dropped. This was successfully done by Machuki (2011) and Munyoki (2007).

Finally, the instrument customized questions from prior studies to enhance criterion and construct validity. The questionnaire was developed by adopting some of the existing scales literature (Awio,2011; K'Obonyo, Awio; Murgor, 2014; Muteshi, 2017).This is consistent with assertion by Gomez-Hero et al, (2011) that given the complex task of developing a research instrument it is advisable to follow suggestions of previous empirical studies.

4.5 Tests of Statistical Assumptions

Prior to performing the descriptive and inferential analyses, statistical assumptions were tested to establish if the data met the normality, linearity, independence, homogeneity and collinearity assumptions. This is because when assumptions are violated, interpretation and making of inferences may not be validly reliable (Razali & Wah, 2011). It was on the basis of these results, that the measures of central tendency, dispersion, tests of significance, tests of associations and prediction were performed. Testing assumptions of regression analysis is essential to avoid over fitting or underfitting of the regression models; a situation if not checked may result to making Type I or Type II errors(Owino,2014). Furthermore, testing for these assumptions is helpful in determining best method of data analysis.

The study tested assumptions of regression that are not prone to violation. Statistical techniques by means of regression-test analysis and assessment of variance are as per the assumption that the data follows a normal distribution. The statistical errors identified in the analysis were checked by performing diagnostic tests. The tests carried out and results for the tests of regression analysis assumptions are reported in the sub-sections 4.5.1 to 4.5.4.

4.5.1 Test of Normality

The Shapiro-Wilk test was employed to test for normality. This test establishes the extent of normality of the data by detecting existence of skewness or kurtosis or both. Shapiro-Wilk statistic ranges from zero to one with figures higher than 0.05 indicating that the data is normal (Razali and Wah, 2011). If it is below 0.05(Krishman, 2006), the data significantly deviate from normal distribution. Results for the test of normality are resented in Table 4.7.

Table 4.3: Test of Normality

Study Variables	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
Strategic Alliances	.096	131	.005	.969	131	.204
Regional Integration	.102	131	.002	.914	131	.100
Macro Environment	.081	131	.036	.935	131	.400
Firm Performance	.086	131	.019	.978	131	.232

a. Lilliefors Significance Correction

Source: Research Data, 2018

Normality was tested using the Shapiro-Wilk test and the results showed that all the variables were above 0.05 (p > 0.05) hence confirming data normality. Normality assumes that the sampling distribution of the mean is normal. As shown in Table 4.2, p-values for the Sharipo-Wilk tests were 0.204 for strategic alliances, 0.100 for regional integration, 0.400 for macro environment and 0.232 for firm performance.

Since all the p-values are greater that the cutoff point of 0.05, this confirms the hypothesis that data was collected from a population which is normally distributed. The test results therefore confirmed that the population of the study was normally distributed. Data normality was also demonstrated by the plotted Quantile Quantile plot (QQ plot) and normal histograms. Q-Q plots are as presented in Figures 4.1(a, b), 4.2(a, b), 4.3(a, b) and 4.4(a, b). The normal distribution had a good fit for the study variables.
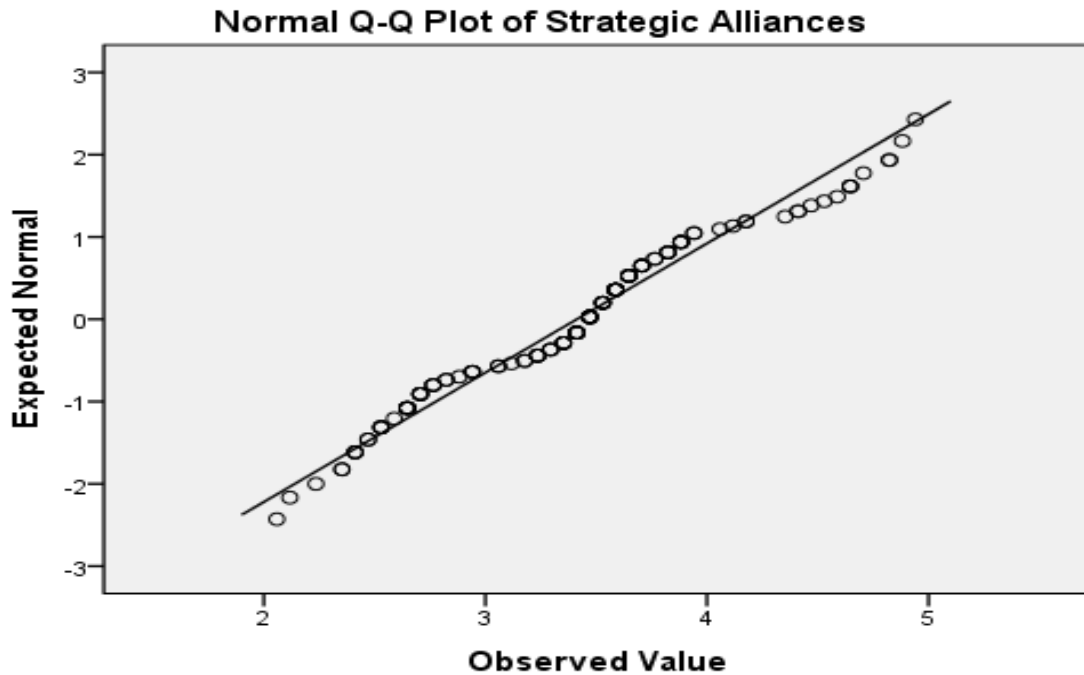
Figure 4.1 (a): Normal Q-Q Plot of Data on Strategic Alliances

Source: Research Data, 2018

Results from figure 4.1(a) shows that the rings all lie close to the diagonal line; this is a strong indication that data exhibits a normal distribution. The data in this Q-Q plot is normally distributed. The slight random twist about the line does not exclude these data from being normal.
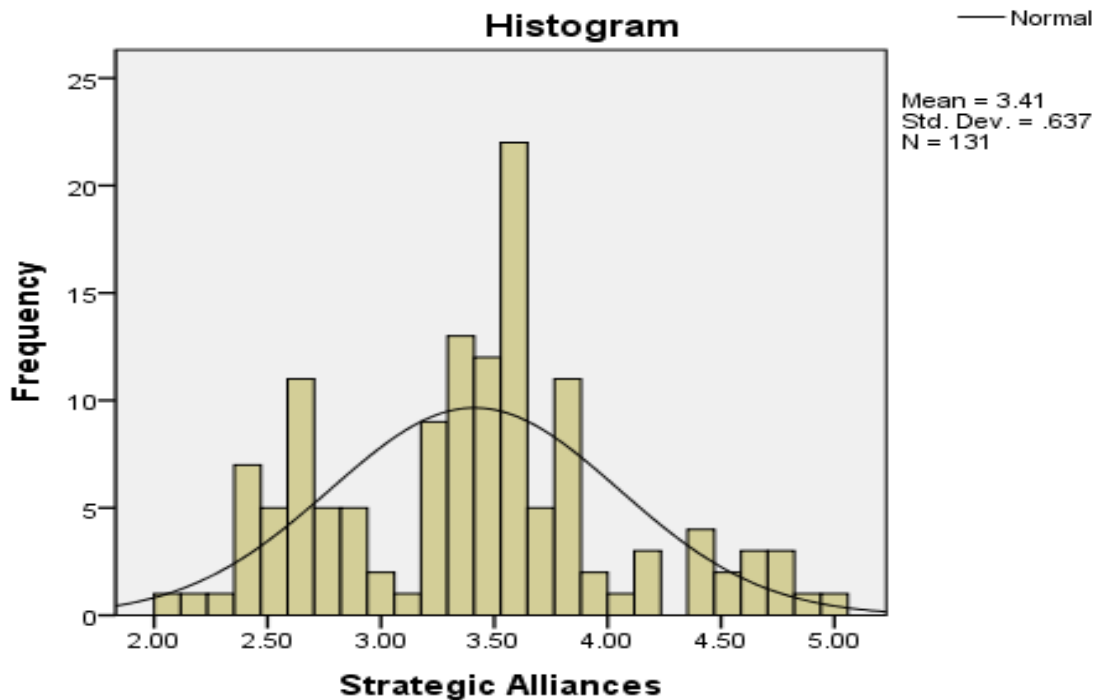
Figure 4.1(b): Normal Histogram Plot of Strategic Alliances
Source: Research Data (2019)

The findings in Figure 4.1 (a, b) demonstrate a good fit and therefore normal data on strategic alliances variable. This is shown by the observed values cleaving towards the line of best fit and a normal distribution curve meaning that the data was normal with only few cases cleaving away from that line of fit and skewedness. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample (n ≥ 30). According to Mordkoff (2011), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as N ≥ 30.
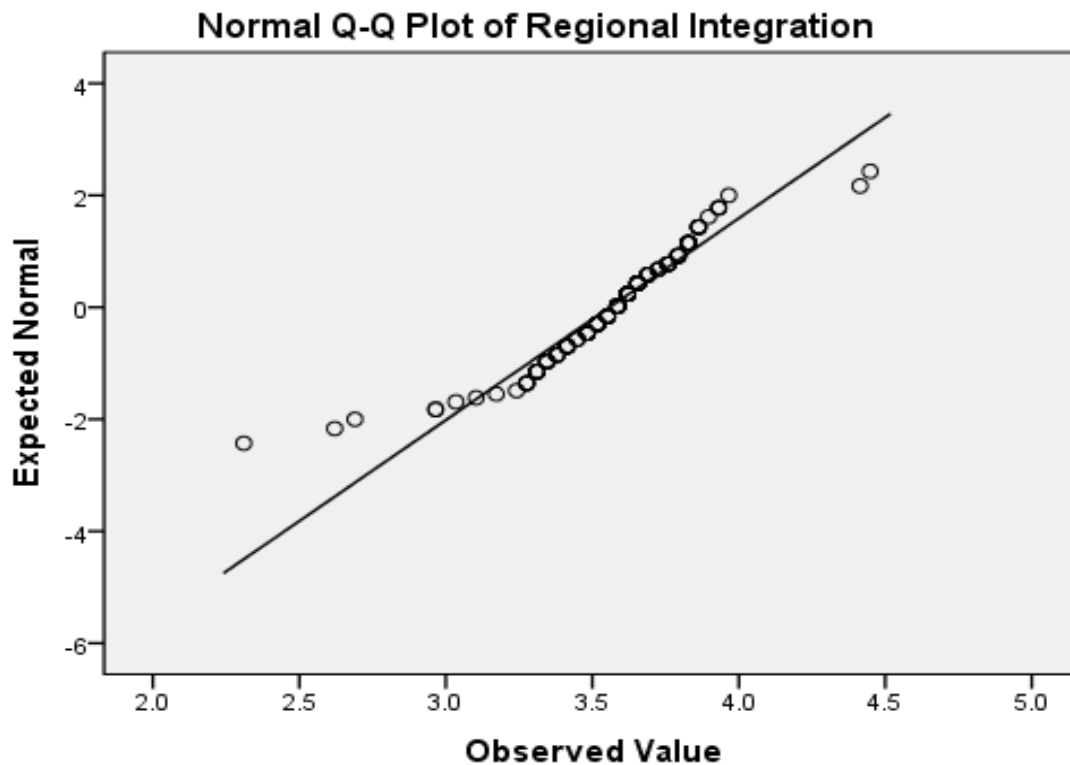
Figure 4.2 (a): Normal Q-Q Plot of Data on Regional Integration
Source: Research Data (2019)

Results from figure 4.2(a) shows that the rings all lie close to the diagonal line, a strong

indication that data normally distributed. The data in this Q-Q plot is normally distributed.

The slight random twist about the line does not exclude these data from being normal.
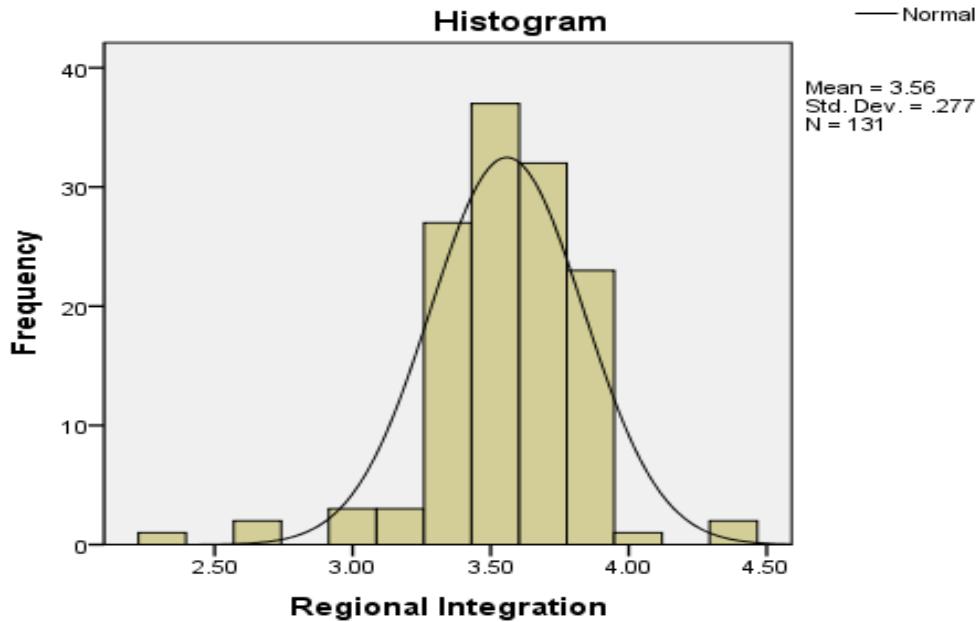
Figure 4.2(b): Normal Histogram Plot of Data on Regional Integration
Source: Research Data (2019)

The findings in Figure 4.2 (a, b) demonstrate a good fit and therefore normal data on regional integration. This is shown by the observed values cleaving towards the line of best fit and a normal distribution curve meaning that the data was normal with only few cases cleaving away from that line of fit and skewedness. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample ($n \geq 30$). According to Mordkoff (2011), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as $N \geq 30$.
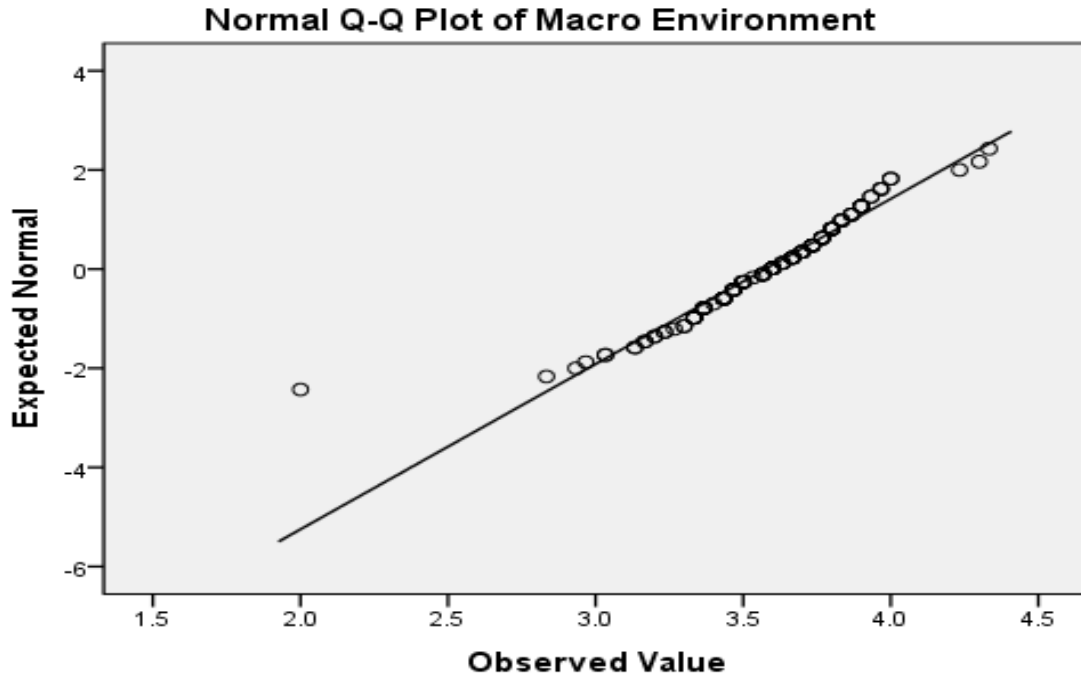
Figure 4.3 (a): Normal Q-Q Plot of Data on Macro Environment
Source: Research Data (2019)

The findings in Figure 4.3 (a) demonstrate a good fit and therefore normal data on macro environment. The data in this Q-Q plot is normally distributed. The observed values were found to coalesce long the line of best fit, which implies that the data was normally distributed.
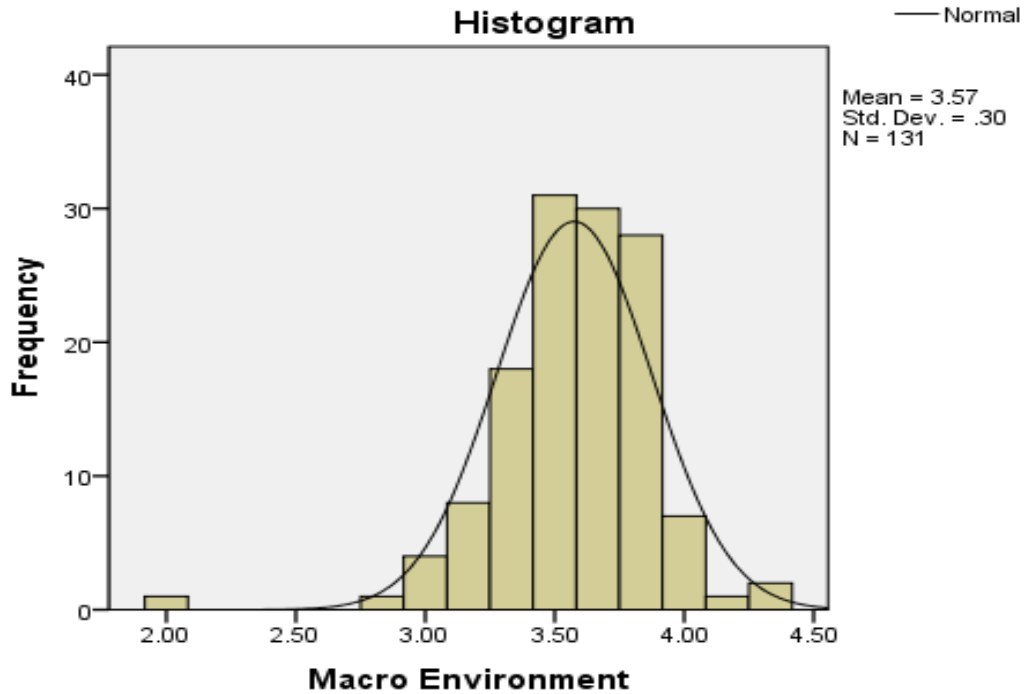
Figure 4.3 (b): Normal Histogram Plot of Macro Environment
Source: Research Data (2019)

The findings in Figure 4.3 (a, b) demonstrate a good fit and therefore normal data on macro environment. This is shown by the observed values cleaving towards the line of best fit and a normal distribution curve meaning that the data was normal with only few cases cleaving away from that line of fit and skewedness. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample ($n \geq 30$). According to Mordkoff (2011), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as $N \geq 30$.
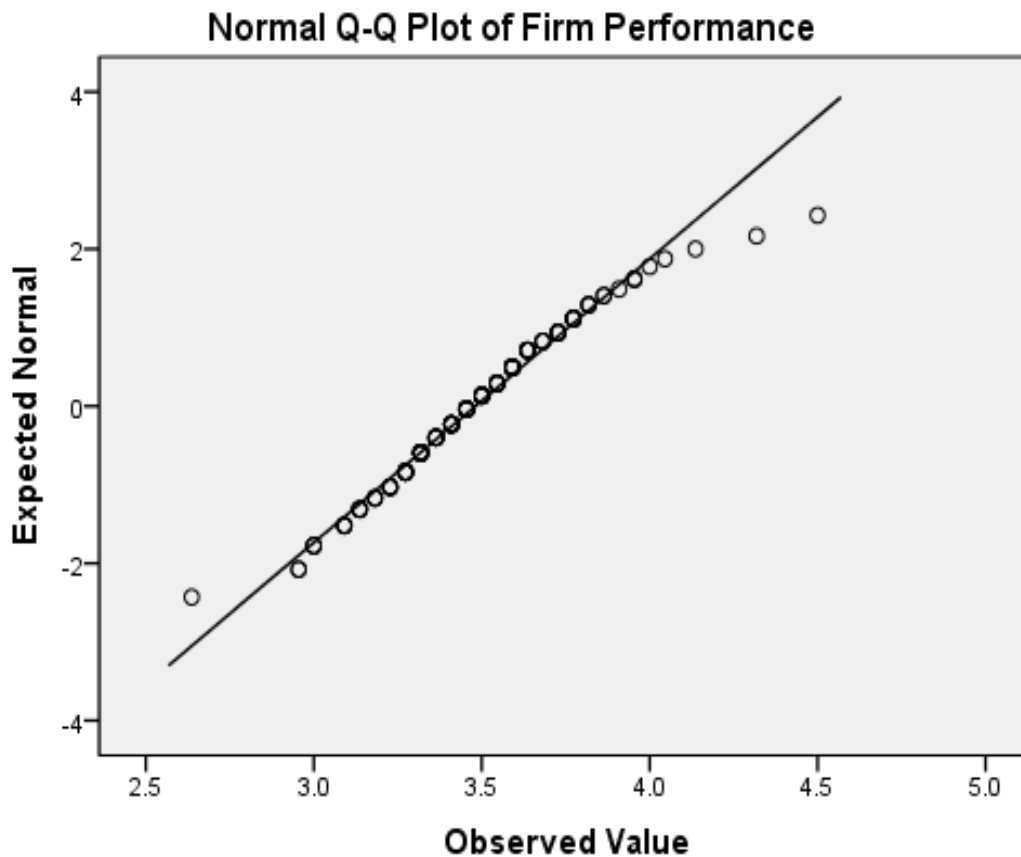
Figure 4.4 (a): Normal Q-Q Plot of Data on Firm Performance
Source: Research Data (2019)

The graphical representation of observed values against expected normal values of performance were plotted on a normal Q-Q plots as shown in figure 4.4(a).The observed values were found to coalesce along the line of best fit, implying normal distribution of data.
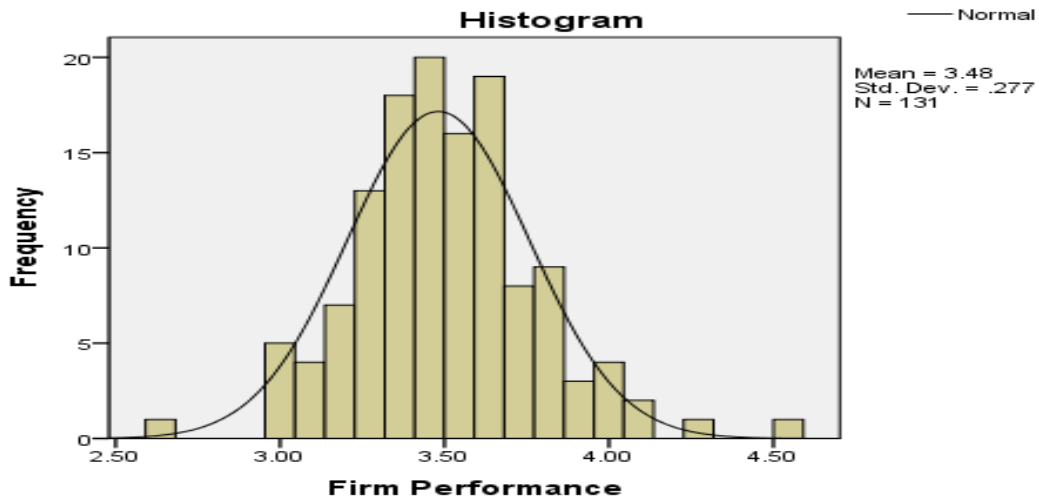
Figure 4.4 (b): Normal Histogram Plot of Data on Firm Performance
Source: Research Data (2019)

The findings in Figure 4.4 (a, b) demonstrate a good fit and therefore normal data on firm performance. This is shown by the observed values cleaving towards the line of best fit and a normal distribution curve meaning that the data was normal with only few cases cleaving away from that line of fit and skewedness. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample ($n \geq 30$). According to Mordkoff (2011), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as $N \geq 30$.

4.5.2 Test of Multicollinearity

Multicollinearity is a phenomenon whereby high correlation exists between the independent variables. It occurs in a multiple regression model when high correlation exists between these predictor variables leading to unreliable estimates of regression coefficients. This leads to strange results when attempts are made to determine the extent to which individual independent variables contribute to the understanding of dependent variable (Creswell, 2014).

The consequences of Multicollinearity are increased standard error of estimates of the Betas, meaning decreased reliability and often confusing and misleading results. Multicollinearity test was conducted to assess whether high correlation existed between one or more variables in the study with one or more of the other independent variables. Variance inflation factor (VIF) measured correlation level between the predictor variables and estimated the inflated variances due to linear dependence with other explanatory variables. A common rule of thumb is that VIFs of 10 or higher (conservatively over 5) points to severe multi-collinearity that affects the study (Newbert, 2008).

A tolerance threshold value of below 0.2 indicates that collinearity is present (Menard, 2000). Table 4.4 presents the result of tests for Multicollinearity.

Table 4.4: Test for Multicollinearity

		Coefficients[a]	
		Collinearity Statistics	
Model		**Tolerance**	**VIF**
1	Strategic Alliances	.954	1.049
	Regional Integration	.825	1.212
	Macro Environment	.828	1.208

a. Dependent Variable: Firm Performance

Source: Research Data (2019)

As shown in Table 4.4 the results revealed no problem with multicollinearity. The variables of the study indicated VIF values of between 1.049 and 1.212 which is less than the Figure recommended by the rule of thumb. This indicated that the data set displayed no multicollinearity.

4.5.3 Test of Homogeneity

Field (2009) presents that Heteroscedasticity occurs when there is a difference of the error term. It happens when the difference of errors differs at different values of the independent variables. When heteroscedasticity is noticed, it could bring a grave misinterpretations of results and seriously weaken the analysis thus increasing the possibility of type 1 error. Heteroscedasticity arises when the residuals are not uniformly distributed around the parallel line. Homogeneity in this study was measured by Levene's test. This test examines whether or not the variance between independent and dependent variables is equal. If the Levene's Test for Equality of Variances is statistically significant $\alpha= 0.05$ this indicates that the group variances are unequal. It is a check as to whether the spread of the scores in the variables are approximately the same.

Table 4.5: Levene Test of Homogeneity

Study Variables	Levene Statistic	df1	df2	Sig.
Strategic Alliances	2.495	20	103	.071
Regional Integration	3.833	20	103	.120
Macro Environment	1.772	20	103	.134

Source: Research Data (2019)

From the results in Table 4.5, P-values of Levene's test for homogeneity of variances were greater than 0.05. The test therefore was not significant at $\alpha= 0.05$ confirming homogeneity.

4.5.4 Test of Linearity

Linearity was tested using scatter plots as indicated below. It assumes that there is a relationship between independent and dependent variable in a given study. In this study it is assumed that strategic alliances influence firm performance and also external environment and regional integration are key determinant of performance. The plots are as presented on Figure 4.5 (a, b and c).

Partial Regression Plot
Dependent Variable: Firm Performance
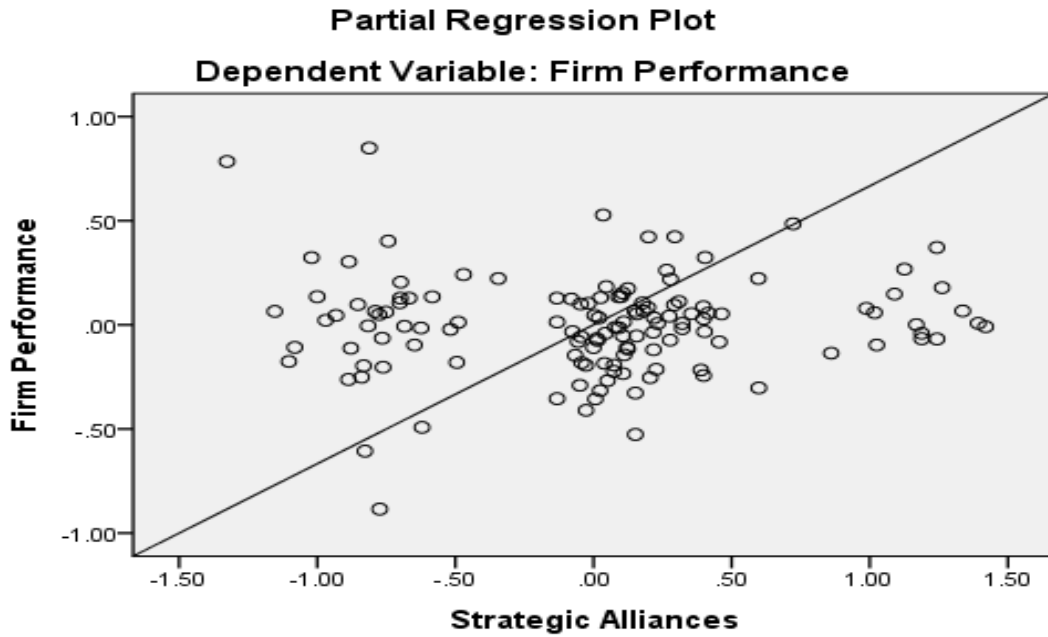
Figure 4.5 (a): Linearity Scatter Plot of Data on Strategic Alliances
Source: Research Data (2019)

The results from the scatter plot in Figure 4.5(a) show that there is linearity between strategic alliances and firm performance thus fit for further analysis.

Partial Regression Plot
Dependent Variable: Firm Performance
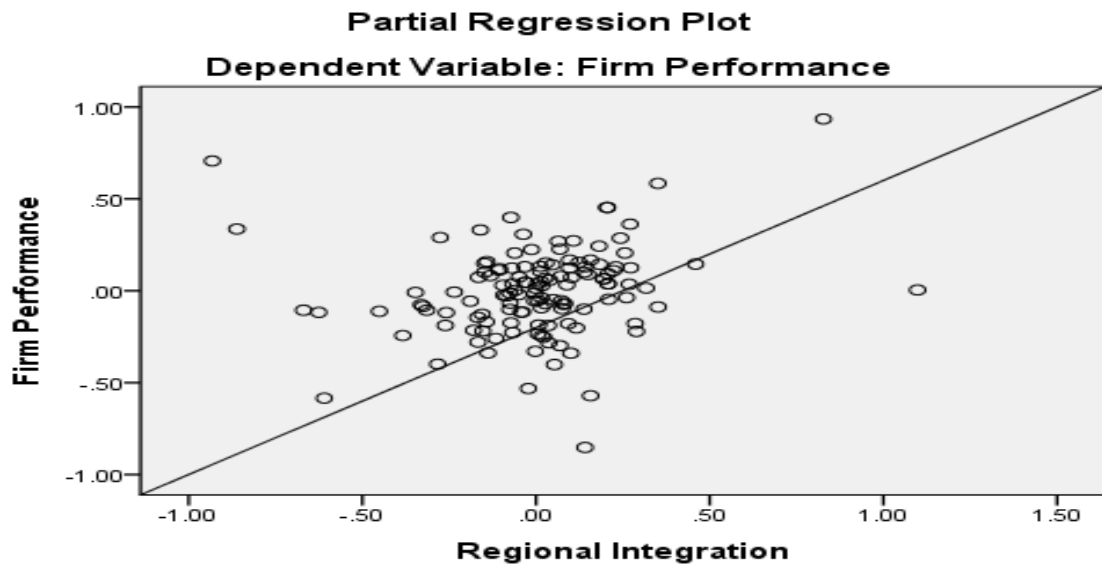
Figure 4.5 (b): Linearity Scatter Plot of Data on Regional Integration
Source: Research Data (2019)

The results from the scatter plot in Figure 4.5(b) show that there is linearity between regional integration and firm performance thus fit for further analysis.
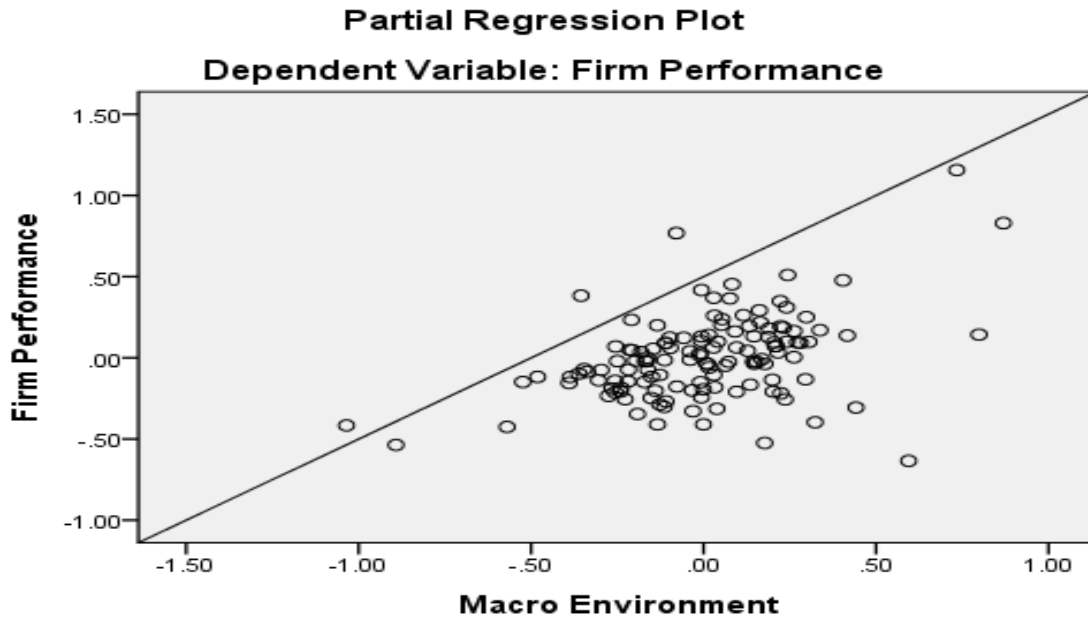
Figure 4.5 (c): Linearity Scatter Plot of Data on Macro environment
Source: Research Data (2019)

The results from the scatter plots show that there is linearity on all explanatory variables (strategic alliances, regional integration and macro environment) on dependent variable (firm performance) thus fit for further analysis.

4.6 Firms' Profile Information

The firms that were studied manifested demographic profiles. The firm profile demographics that were considered in the study include scope of operation (National throughout Kenya, regionally within East Africa, continental within Africa and Global, outside Africa), firm ownership structure (fully locally owned, fully foreign owned and both locally and foreign owned) years of operation and sub-sectors in which the firms belong.

Scope of operation is a long-term capacity decision which involves a long-term commitment on the geographical static factors that affect a firm, and therefore an important strategic level decision which influence firm performance. Additionally, Ownership structure of a firm greatly influences the firm's performance. Ownership structure can be defined as distribution of equity with regard to votes and capital as well as identity of the equity owners.

A firm's ownership structure is crucial since it defines the internal mechanism of corporate governance. It also specifies the distribution of rights and responsibilities among stakeholders in the firm and general operation of the firm and therefore influences performance of a firm. Years of operation could be attributed to how long a firm has been in operation and the technical nature of the strategic alliances. This can also interpret the environment correctly and the sector the firm belongs can be used to determine those subsectors that are likely to engage in strategic alliances and take advantage of regional integration.

4.6.1 Scope of Operation in the EAC Market

Scope of operation of most Kenyan manufacturing firms in the East African Community market can be National, Regional (Within East Africa), Continental (Within Africa) or Global (Outside Africa). This was in the premise that, firms with a wide scope of operation are able to have a better competitive advantage in obtaining large market share and therefore realize great profits. The scope of operation of the firms basically required categorization of the firms on basis of their operations. Four levels of operation were identified as national, regional, continental and global.

Firms with national operation have limited their operations to the Kenyan market, while those with regional operation operate both in Kenya and the EAC member countries that include Tanzania, Uganda, Burundi, Rwanda and South Sudan. Companies whose market boundaries span outside the EAC market operate within the African continent boundaries while some have a global span of operation across the six continents of the world. The results are presented in Table 4.6.

Table 4.6: Scope of Operation

Coverage	Frequency (N)	Percentage (%)
Regional	94	71.8
National	14	10.7
Continental	13	9.9
Global	10	7.6
Total	**131**	**100**

Source: Research Data (2019)

From the results given in Table 4.6 on scope of coverage, it can be deduced that 94 firms with a representation of 71.8 percent have their operations within the East African Community market. Those with local operations were 14 representing 10.7 percent of the response rate. Firms with continental representation were 13 which translated to 9.9% while 7.6 percent of them were found to have global representations in the EAC market. A summative assessment of all the companies operating within the EAC market and beyond were found to be 117 with a cumulative representation of 89.3%. However, only 14(10.7%) were found to be operating locally. The appetite of firms to operate cross border was clear and possibly motivated by existence of RECs blocks in the continent, on-going conversation around the African Continental Free Trade Area (AfCFTA) and opening world market.

The results indicate that most of manufacturing firms serve a wide range of market EAC and beyond, hence they do not only limit themselves in serving local markets. Generally, a firm that serves a wide range of market has an opportunity for resilience towards betters performance as opposed to a firm that is only limited to markets within its geographic location.

4.6.2 Ownership Structure of the Firms in EAC Market

The ownership structure of most Kenyan manufacturing firms in the East African Community market can be either fully locally owned or fully foreign owned or both locally and foreign owned. The study determined the ownership structure of Kenyan manufacturing firms in the EAC market with the aim of ascertaining how they share responsibilities and roles in the governance undertakings and also determine how performance can be affected by the type of ownership structure. To determine the ownership structure, the study based on the classification of fully local ownership, fully foreign ownership, and a combination of both local and foreign ownership as indicated in Table 4.7.

Table 4.7: Ownership Structure

Ownership	Frequency (N)	Percentage (%)
Fully Local	103	78.6
Fully foreign	5	3.8
Both local and foreign owned	23	17.6
Total	**131**	**100**

Source: Research Data (2019)

The study found out that 103 (78.6%) of the firms under study were fully locally owned. Approximately 5 firms accounting for 3.8% were found to be fully foreign owned while 23 firms had both local and foreign ownership with a representation of 17.6% of the firms being investigated. The study therefore depicts that majority of Kenyan manufacturing firms in the EAC are locally owned.

4.6.3 Years of Operation in the EAC Market

In order to develop an understanding of whether the Kenya manufacturing firms have taken advantage of the creation of the EAC common market, the study sought to find out the number of years these firms had been in operation and the findings are as presented in Table 4.8.

Table 4.8: Period of Operation in EAC Market

Number of Years	Frequency	Percent
1-10	6	4.5
11-20	49	37.4
21-30	32	24.4
31-40	9	6.9
41-50	22	16.8
51-60	13	9.9
Total	**131**	**100.0**

Source: Research Data (2019)

The study found out that the number of years Kenyan firms have been in operation varied from four (4) years to 60 years. The study revealed that 37.4% of the Kenyan manufacturing firms have operated in EAC market between 11-20 years. The study further shows that about 24.4% of Kenyan manufacturing firms have operated within EAC market for a period ranging between 21-30 years.

Further, the study established that out of the 131 manufacturing firms, about 16.8% of them, have operated in the EAC market ranging between 41-50 years. It should be noted that the first EAC was established in 1967 and collapsed in 1977 due to irreconcilable ideological and political differences, however it was revived in 1997 after deeper consultations between the partner states who agreed to forge ahead with the economic block aimed at creating more opportunities for the citizens of the region. Since then, the EAC has become the most progressive and dynamic REC in the continent after SADC, ECOWAS, COMESA and the MAGREB. The motivation for joining this market could be due to the establishment of the common market with its benefits like reduced tariffs, free movement of labour and services and even common market.

The findings therefore, imply that majority of these Kenyan manufacturing firms have existed for long in the EAC market and therefore able to manifest and inform the purpose of the study on strategic alliances, macro environment, regional integration and how they influence their performance.

4.6.4 Sub-Sector Representation

To ascertain the sub-sector in which the firms belonged to, the study was based on the following categories: food, beverages and tobacco; metal and allied; chemical and allied; plastic and rubber; paper and board sector; building, construction and mining; motor vehicle and accessory; pharmaceutical and medical; energy, electrical and electronics; textile and apparels; leather and footwear; as well as timber, wood and furniture as shown in Table 4.9.

Table 4.9: Firms' Sub-Sectors

Sub-sector	Frequency (N)	Percentage (%)
Food, Beverages and Tobacco	41	31.3
Metal and Allied	17	13.0
Chemical and Allied	15	11.5
Plastic and Rubber	15	11.5
Paper and Board sector	12	9.2
Building, construction and Mining	8	6.1
Motor vehicle and accessory	7	5.3
Pharmaceutical and Medical	6	4.6
Energy, Electrical and Electronics	3	2.3
Textile and Apparels	3	2.3
Leather and footwear	2	1.5
Timber, Wood and Furniture	2	1.5
Total	**131**	**100**

Source: Research Data (2019)

The results provided in Table 4.9 have indication that most of the firms belong to the sub sectors of food, beverages and tobacco with a representation of 31.3%. Those dealing with metal and allied were 17 representing 13.0%. With an equal measure of 11.5%, Kenyan manufacturing firms in EAC were found to be involved in chemical and allied as well as rubber and plastics respectively. About 12 firms (9.2%) were found to fall in paper and board sector.

Firms in other sectors of building, construction and mining; motor vehicle and accessory; pharmaceutical and medical; energy, electrical and electronics; textile and apparels; leather and footwear; and timber, wood and furniture were found to have a limited representation in EAC market. This could imply that majority of the firms in the EAC market deal with consumer products due to the increasing middle-income class and the huge EAC common market.

4.7 Study Variables Descriptive Statistics

The study determined how the key variables were manifested in different firms surveyed. This was determined through presenting statements in each of the study sub variables to be responded in line of how they manifest themselves. The key study variables included strategic alliances, macro environment, regional integration and firm performance. The results were derived and discussed in the following subsections.

The study employed use of descriptive statistics measured by use of means, standard deviation and coefficient of variation. The mean was used as a measure of central tendency which was used to give a description of the most representative value in a set of other values used in estimation. The standard deviation was used as to measure how much the items in the set of analysis differ (deviate) from the central tendency (mean). Finally, coefficient of variation was used to measure how the responses varied across all the firms surveyed.

4.7.1 Strategic Alliances

The first objective of the study was to establish the influence of strategic alliances on the performance of Kenyan manufacturing firms in the EAC market. Strategic alliances in this case essentially involve coordination of two or more partners to pursue shared objectives and satisfactory cooperation are vital to their success (Das & Teng, 2000; Doz, 1996; Kanter, 1994; Thompson & Strickland III, 1998). This study classified the strategic alliances as joint ventures, equity strategic alliances and non-equity strategic alliances.

To capture data on the various strategic alliances dimensions, descriptive statements derived from literature were presented to respondents on a 5- point Likert scale. The 5- point Likert scale was from 1(not at all) to 5 (very large extent). They were presented to respondents and were requested to indicate the extent to which the statements applied in their firms. The subsequent subsections present the findings.

4.7.1.1 Joint Ventures

A joint venture is usually established when two or more parties agree to pool their resources together for the purpose of achieving a specific goal. Based on a 5-point likert scale, the respondents were requested to indicate the extent to which the statements on joint services and co-operations were applied in their firms. To capture these data, the respondents were asked to indicate the rating to which they view how statements relating to joint ventures manifest themselves in the firms. The findings are presented in Table 4.10 by giving the results of the findings in terms of mean, standard deviation and coefficient of variation.

Table 4.10: Joint Venture Services and Co-operations

Joint Services and Co-operations	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Joint venture services and co-operations has allowed ready access to knowledge/expertise	131	3.687	0.795	0.22	Large Extent
Joint venture services is based on changes in consumer taste, demand and lifestyle	131	3.420	0.679	0.20	Moderate Extent
Joint venture services reduced installation costs	131	3.420	0.7120	0.21	
Joint venture services enabled firms to gain, information, knowledge and expertise	131	3.321	0.726	0.22	
Joint venture services have enhanced product functions & operations	131	3.252	0.586	0.18	
Average Mean Scores	131	3.420	0.700	0.20	Great Extent

Source: Research Data (2019)

The average mean score of the statements depicting the manifestations of joint services and co-operations among the surveyed firms is 3.420, standard deviation of 0.700 and coefficient of variation of 0.20. This implies that joint services and co-operations manifests strongly among Kenyan manufacturing firms in the EAC market. The statement that manifested highly was that that the Kenyan manufacturing firms enter into strategic alliances through joint services and co-operations largely because of access to knowledge and expertise (Mean = 3.687, standard deviation=0.795 and coefficient of variation=0.22). This is thus practiced to a large extent.

To a moderate extent ($3.420 \geq Mean \geq 3.252$ Insignificant SD =. 0.586), the results revealed that: joint venture services was based on changes in consumer taste, demand and lifestyle; joint venture services tend to reduce installation costs; joint venture services enables firms to gain information, knowledge and expertise as a parameter on enhancing functioning and operations of firms' products exists; joint venture services has enhanced the product functions and operations. The study further revealed that the responses varied at low level with coefficient of variation (CV) ranging from 18% to 22% implying that the manifestation of joint venture services was on equal level across the firms surveyed.

4.7.1.2 Equity Alliances

Equity alliances entail firms coming together through existence of some form of shareholding. To establish how equity alliances manifests themselves among the firms surveyed, respondents were asked to indicate their response on a Likert scale of 1 (not at all) to 5 (very large extent) on statements depicting equity alliances manifestations.

The results of the findings are indicated in Table 4.11. The average mean score for the statements of how equity alliances manifests among the Kenyan manufacturing firms in the EAC market implies it exists to a large extent (Mean=3.60, SD=0.836 and CV=0.23). The findings infer that to a very large extent. (Mean = 3.720, SD=0.890, CV=0.24) political regimes have influence on equity relationships across borders.

To a large extent (3.657 ≥Mean≥3.481 Significant SD = 0. 798), the results revealed that equity alliances: make it easier for firms to do businesses; keep firms' relationships closer; enhance management controls; strengthen financial links; and equity alliances motivate performance.

Table 4.11: Equity Alliances

Equity alliances	Descriptive Statistics				
	N	Mean	Std. Dev.	CV	Interpretation
Political and regimes affect equity relationships across borders	131	3.720	0.890	0.24	Very Large Extent
Equity alliances make it easier to do business	131	3.657	0.811	0.22	Large Extent
Equity alliances keeps our relationships closer	131	3.634	0.806	0.22	
Equity alliances enhance management controls	131	3.626	0.768	0.21	
Equity alliances strengthen financial links	131	3.603	0.847	0.24	
Equity alliances helps business save time	131	3.489	0.931	0.27	
Equity alliances motivate performance	131	3.481	0.798	0.23	
Average Mean Scores	131	3.600	0.836	0.23	Large Extent

Source: Research Data (2019)

Further, the statement that equity alliances enhance management controls had the lowest CV of 21% implying that there was low variation of responses on the statement. On overall, the coefficient of variation ranged from 21% to 27%, which implies that there was a low variation of responses as far as the statements are concerned across the surveyed firms.

4.7.1.3 Non-Equity Alliances

A non-equity strategic alliance comes into existence when two or more firms pool their resources and capabilities together in a signed contractual relationship. This research therefore sought to determine the extent at which non-equity alliances influence firm performance. The responses were placed on a five Likert scale ranging from 1 (to a very little extent) to 5 (to a very large extent).

Standard deviation was used to indicate the variation or "dispersion" from the "average" (mean). A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. The study findings are tabulated in Table 4.12.

Table 4.12: Non-Equity Alliances

Non-Equity Alliances	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Market information and technology enhances performance	131	3.718	0.787	0.21	Large Extent
Product licensing makes products access broader markets	131	3.611	0.837	0.23	
Non-equity alliances enhance business performance	131	3.534	0.914	0.26	
Financial regulatory regimes affect franchising relationship	131	3.504	0.898	0.26	
Non-equity alliances enhance decision making without delays	131	3.435	0.869	0.25	
Average Mean Score	**131**	**3.560**	**0.869**	**0.24**	

Source: Research Data (2019)

The average mean score for non-equity alliances among the surveyed firms (Mean=3.560, SD=0.861 and CV=0.24) imply they exist to a large extent. The findings suggest that to a large extent (3.718 ≥Mean≥3.435 Significant SD = 0. 0.869), the results revealed that through non-equity alliances: business performance of Kenyan manufacturing companies is enhanced through information and technology; product licensing makes products access broader markets; financial regulatory regimes affected franchising relationship; and enhance decision making without delays.

The study further established that the statements that showed high variation among responses were first, that non-equity alliances enhance business performance and secondly, that financial regulatory regimes affect franchising relationship with CV of 26% each.

However, the low range of CV of 21% to 26% implies that the responses varied less among all the firms surveyed. This depicts that non-equity alliances are common among the Kenyan manufacturing firms in the EAC market.

4.8 Regional Integration

The role of regional integration increases the interactions between partner states and creates new forms of organization, co-existing with traditional forms of state-led organization at the national level. It is important to note that regional integration can be an important milestone in overcoming small economic blocs through resource mobilization, combining markets and enabling organizations in the member countries to take advantage of bigger markets for economies of scale and enhanced competitive advantage.

To establish the existence and manifestation of regional integration among the Kenyan manufacturing firms in the EAC market descriptive statements derived from the literature were presented to respondents on a Likert scale of 1(not at all) to 5 (very large extent). In this study, regional integration was depicted by use of various indicators which included custom union policies, common market protocols, monetary union policies, as well as political goodwill and stability policies. The findings were presented in subsections herein.

4.8.1 Custom Union Policies

One of the key tools that facilities and is a pillar in regional integration. The respondents were asked to indicate the extent to which they agreed with the role of custom union policies on the performance of Kenyan manufacturing firms in EAC market. To establish how custom union policies manifests themselves in this study, respondents were asked to indicate their response on a Likert scale of 1(not at all) to 5 (very large extent) on statements depicting custom union policies. The results of the findings are indicated in Table 4.13.

Table 4.13: Custom Union Policies

Custom Union Policies	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Customs union enabled availability of adequate information on matters of customs and trade	131	3.756	.912	0.24	Very Large Extent
Customs union enhanced enabled liberalized intra-regional trade in goods	131	3.710	.940	0.25	
Custom union enhanced cross border investments	131	3.687	.795	0.22	Large Extent
One stop boarder stop facilitates movement of goods	131	3.556	.887	0.25	
Standardization quality assurance metrology and testing promote trade and investments	131	3.504	.880	0.25	
EAC competition policy and law prevent practices that affect free trade	131	3.435	.904	0.26	
Custom unions harmonization enhanced sharing of information on trade	131	3.374	.826	0.25	
Custom unions enhance efficiency in processing goods	131	3.344	.6176	0.19	
Customs union enabled antidumping regulations to protect entry of substandard goods	131	3.313	.938	0.28	
Custom union enables organizations enjoy harmonized tariffs within EAC market	131	3.084	.724	0.24	Moderate Extent
Average Mean Score	131	3.476	0.842	0.24	Large Extent

Source: Research Data (2019)

The average mean score for the manifestations of custom unions policies is rated to a large extent (Mean = 3.476, SD = 0.842, CV = 0.24). The findings infer that to a very large extent (3.687 ≥Mean≥3.313 Significant SD = 0. 938), custom unions policies enabled the Kenyan manufacturing firms to: access adequate information on matters of customs and trade, enhance liberalized intra-regional trade in goods, enhance cross border investments, access one stop border stop facilitated movement of goods from one country to another, enhances sharing of information on trade, enhances efficiency in processing goods, standardize quality assurance metrology and testing promotes trade and investments.

The EAC competition policy and law prevent practices that affect free trade. To a moderate extent, custom union enables organizations to enjoy harmonized tariffs within EAC market (Mean = 3.084, SD = 0.724, CV = 0.24).

Further there was high variation in responses on the statement that customs union enabled antidumping regulations to protect entry of substandard goods with a coefficient of variation of 28% and low variation in responses on the statement that custom unions enhance efficiency in processing goods as indicated by the lowest CV of 19%. The study therefore depicts the manifestations of customs union policies within the Kenyan manufacturing firms in the EAC market.

4.8.2 Common Market Protocol

On second perspective of regional integration, the respondents were required to give their opinion on how common market protocols manifests among the Kenyan manufacturing firms operating within the EAC market. Table 4.14 below gives the mean, standard deviation and coefficient of variation on statements depicting how common market protocol manifests among the surveyed firms.

Table 4.14: Common Market Protocol

Common Market Protocol	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Common market Protocol helped removal of non-tariff barriers	131	4.008	.916	0.23	Very Large Extent
Improved transport infrastructure in the region eased movement of goods	131	3.8400	.714	0.19	
Common Market Protocol in EAC enabled organizations enjoy ease of movement of labour	131	3.679	.844	0.23	
Common Market Protocol offers opportunity for free movement of services	131	3.679	.8159	0.22	Large Extent
Common Market protocol eased operations of organizations	131	3.512	.706	0.20	
Right of residence in EAC facilitates ease of doing business	131	3.481	.871	0.25	
Common Market Protocol offers opportunity for wider market products	131	3.412	.831	0.24	
Average Mean Score	131	3.659	0.814	0.22	Large Extent

Source: Research Data (2019)

The results show that the average mean score for the statements depicting the manifestation of common market protocol is 3.659, standard deviation of 0.814 and coefficient of variation of 0.22. This infers that the policies apply to a large extent.

The findings of the study further revealed that to a very large extent, ($3.679 \geq Mean \geq 4.008$ Significant SD = 0. 844) due to common market protocol there is: removal of non-tariff barriers, improved transport infrastructure in the region eased movement of goods, ease movement of labor, ease movement of services, and eased organizations operations while offering opportunity for wider market products.

4.8.3 Monetary Union Policies

Monetary union policies manifest itself in regional integration. The study determined how monetary union policies manifest themselves among Kenyan manufacturing firms operating in EAC market. Statements depicting the manifestations of monetary union policies were put on A Likert scale and respondents were required to give their views. The results are presented in Table 4.15.

Table 4.15: Monetary Union Policies

Monetary Union Policies	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Single currency will ease and facilitate trade	131	3.817	0.959	0.25	Very Large Extent
Value of currency and conversion affects transaction operations within EAC	131	3.756	0.887	0.24	
Introduction of single currency will make investments and movement of people	131	3.611	0.933	0.26	
Time is consumed in currency exchange facilitates payments	131	3.588	0.885	0.25	Large Extent
Cooperation in monetary and fiscal policies to establish monetary stability	131	3.580	0.877	0.25	
Monetary union multiple currency system slows up ease of doing business	131	3.489	0.898	0.26	
Average Mean Score	131	3.640	0.906	0.25	Large Extent

Source: Research Data (2019)

The results infer that to a large extent, there is manifestation of monetary union policies amongst the organizations (Mean = 3.640, SD = 0.906, CV = 0.25). The results further show that to a very large extent (3.817 ≥Mean≥3.611 Significant SD = 0. 933), most of the respondents acknowledged that: single currency eases and facilitates trade, value of currency and conversion affects transaction operations within EAC market; introduction of a single currency will make investments and movement of people easy.

To a large extent (3.588 ≥Mean≥3.489 Significant SD = 0. 898), most of the respondents acknowledged that: time is consumed in currency exchange in facilitation of payments; there is cooperation in monetary and fiscal policies that establish monetary stability; monetary union multiple currency systems slow down ease of doing businesses to a moderate extent (Mean = 3.489, SD = 0.898, CV=0.26). There was also low range of coefficient of variation from 24% to 26% indicating that there was low variation in responses.

4.8.4 Political Goodwill and Stability

Political goodwill and stability attributes are manifested in the regional integration. The study determined the extent to which political goodwill and stability attributes are manifested among the surveyed manufacturing firms. The statements depicting how political goodwill and stability attribute manifests among these firms were presented to the respondents. The results of the findings in terms of mean, standard deviation and coefficient of variation were presented in Table 4.16.

The findings shown in Table 4.16 indicate that to a moderate extent, there is political goodwill and stability in the EAC (Mean=3.499, SD=0.864 and CV=0.25).

Table 4.16: Political Goodwill and Stability Policies

Political Goodwill and Stability policies	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Bureaucracy affects trade within EAC market	131	3.802	.915	0.24	Very Large Extent
Political leadership support regional trade	131	3.672	.940	0.26	
Multiplicity of membership of EAC affects political goodwill	131	3.489	.889	0.26	Large Extent
Mistrust among partner states affects trade of goods and services	131	3.428	.961	0.28	
Political goodwill enhances success of regional integration	131	3.359	.745	0.23	
Political goodwill and stability facilitate trade	131	3.244	.735	0.23	
Average Mean Score	131	3.499	0.864	0.25	Large Extent

Source: Research Data (2019)

The findings show that to a very large extent (3.802 ≥Mean≥3.672 Significant SD = 0. 940) the results revealed: bureaucracy affects trade within EAC market and political leadership supports regional trade. To a large extent (3.499 ≥Mean≥3.489 Significant SD = 0. 864) the findings show that: multiplicities of membership for countries in EAC affect political good will; mistrust among partner states affect trade of goods and services; political good will enhance success of regional integration; and political good will and stability facilitates trade.

4.9 Macro Environment

The construct of macro environment is one of the external environmental factors that take place outside of the organization and are harder to predict and control. The external environment consists of both the micro and macro environment and the industry (Tan and Litschert, 1994; Machuki, 2011). Macro environment include external factors that operated beyond organizations and which organizations have no control over (Indris & Primiana, 2015).

Macro environment is very critical when firms are developing strategies for their competitiveness and sustainability. This construct of macro environment was operationalized in terms of political, economic, social, ecological and legal aspects. Firms must be able to properly read the developments in the environment in order to devise appropriate responses to meet the emerging needs (McKiernan, 2006). Various statements depicting the different manifestations of macro environment were posed and respondents were required to indicate the extent of agreement to which these statements applied to their firms. The results are presented herein.

4.9.1 Political Environment

The political environment was meant to evaluate the extent to which the Government and stakeholder actions are considered important to the organizations' decision-making process and firm performance. Therefore, the respondents were asked to indicate the extent to which the aspects of political environment influence their firms' firm performance and the responses are as presented in Table 4.17.

Table 4.17: Political Environment

Political Environment	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Electioneering affects business	131	3.863	.918	0.24	Very Large Extent
Stakeholder interest in operations is good for business	131	3.679	.897	0.24	
Government pronouncements on policy brings uncertainty in decision making	131	3.664	.925	0.25	
Change of political regimes influence operations	131	3.565	.745	0.21	Large Extent
Government engagement with private sector improves business	131	3.565	.970	0.27	
Political stability is critical to operations	131	3.489	.931	0.27	
State policies on private sector influences business	131	3.397	.709	0.21	
Average Mean Score	131	3.603	0.871	0.24	

Source: Research Data (2019)

The average mean score of political environment is 3.603, standard deviation of 0.871 and coefficient of variation of 0.24. The respondents indicated that to a very large extent, (3.863 ≥Mean≥3.664 Significant SD = 0. 925) the results revealed that: electioneering affects business in the EAC market; stakeholders' interest in operations was good for businesses; and government pronouncements on policy brought uncertainty in decision making of businesses operating within EAC market.

To a large extent, (3.565 ≥Mean≥3.397 Significant SD = 0. 709) the results revealed that: changes of political regimes influence operations of businesses within EAC market; the engagements between governments with private sectors improve business operations; political stability is critical to business operations within EAC market; and state policies on private sector influence business. The analysis revealed that the respondents varied less on the statements of political environment with a range from 21% to 27% implying that it is a common consideration amongst the Kenyan manufacturing firms in the EAC market.

4.9.2 Economic Environment

Economic environment as a construct of macro environment was determined by the study using different attributes that are deemed to measure its influence amongst the surveyed Kenyan manufacturing firms in the EAC. To achieve this, certain statements concerning economic environment were developed and the respondents were required to indicate their level of agreement on a Likert scale. The findings were presented in Table 4.18.

Table 4.18: Economic Environment

Economic Environment	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Change in tax regime and policies influence business operations	131	3.840	.910	0.24	Very Large Extent
Fluctuations in foreign exchange rates affect costing and competitive strategy	131	3.809	.851	0.22	
Level of country's economic development is critical for business	131	3.779	.914	0.24	
Currency conversion affects business	131	3.718	.947	0.26	
Stability of inflation trends affecting pricing theory	131	3.695	.822	0.22	
Economic changes in fiscal and monetary policies influences operations	131	3.649	.743	0.20	Large Extent
Budget allocation to promote business investment motivates our business	131	3.641	.878	0.24	
Corruption in host countries affects business	131	3.588	.9198	0.26	
Products from outside EAC market affects business in the region	131	3.550	.922	0.26	
Average Mean Score	131	3.696	0.878	0.24	Very Large Extent

Source: Research Data (2019)

From the responses provided in Table 4.18, to a very larger extent (3.695 ≥Mean≥3.840 Significant SD = 0. 822) it can be seen that: changes in tax regime and policies influence; fluctuations in foreign exchange rates was found to affect costing and competitive strategy to a large extent; level of country's economic development was found to be critical for business to a large extent; currency conversion affected businesses with EAC market to a large extent; and stability of inflation trends were found to affect pricing theory. To a large extent (3.649 ≥Mean≥3.550 Significant SD = 0. 992), the results revealed that: Economic changes in fiscal and monetary policies influenced business operations; budget allocation to promote business investment motivated performance of firms; corruption in host countries affect business operations; products gotten from outside EAC market affected business in the region to a large extent. The study therefore confirms that economic environment is a key consideration amongst the Kenyan manufacturing firms in the EAC market.

4.9.3 Socio-Cultural Environment

The study also sought to establish the elements of socio-cultural environment amongst the Kenyan manufacturing firms in the EAC market. It was necessary to determine their perception towards the nature of socio-cultural environment they experience. To achieve this therefore, various statements depicting the different manifestations of socio-cultural environment were developed and presented to respondents on a 5-point Likert scale. Respondents were required to indicate the extent to which these statements applied to their firms. The results are presented in Table 4.19.

Table 4.19: Socio-Cultural Environment

Socio-Cultural Environment	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Social cultural population of host country affects business operations	131	3.534	.816	0.23	Large Extent
Historical issues influence decisions	131	3.527	1.098	0.31	
Crime acts and acts of terrorism influence partnership choices	131	3.512	.863	0.25	
Ethnic and tribal inclinations help make critical decisions	131	3.458	1.032	0.30	
Social Cultural demands of host country influences culture and norms	131	3.389	.837	0.25	
Gender issues influence business	131	3.321	.955	0.29	
Average Mean Score	131	3.457	0.933	0.27	Large Extent

Source: Research Data (2019)

Given the results in Table 4.19, (3.534 ≥Mean≥3.321 Significant SD = 0. 955), it can be inferred that: the social cultural population of host country affecting business operations; historical issues influence the Kenyan manufacturing firms decisions; crime acts and acts of terrorism influence partnership choices; ethnic and tribal inclinations was found to assist business managers in making critical decisions; social cultural demands of host country influencing culture and norms affected socio-cultural environment; and lastly gender issues was found to influence businesses in EAC market.

In general, all the aspects measured under socio-cultural environment were found to moderately influence firm performance (Mean = 3.457, SD = 0.933, CV = 0.27). The variation in the responses was also high implying that respondents varied sharply among the surveyed firms on the aspect of socio-cultural environment.

4.9.4 Technological Environment

The study further determined how technological environment as an attribute of macro environment is manifested within the firms surveyed. The responses on this attribute were crucial in order to gauge their perception on the existence of technological environment to the firms' surveyed. These views were sought by formulating statements to which respondents were required to respond on a rating scale, analyzed and tabulated in Table 4.20.

Table 4.20: Technological Environment

Technological Aspects	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Technology affects operations of business	131	3.542	0.825	0.23	Large Extent
Cash transfer policy and Banking ICT policy affects business	131	3.428	0.755	0.22	
ICT literacy level is key on business performance	131	3.412	0.700	0.21	
Average Mean Score	131	3.461	0.760	0.22	Large Extent

Source: Research Data (2019)

The average mean score as far as technological environment is concerned is 3.461, standard deviation of 0.760 and coefficient of variation of 0.22. This is a large extent mean implying that the manifestation of technological environment manifests itself largely among the surveyed firms. From the responses displayed, to a large extent (3.542 ≥Mean≥3.412 Significant SD = 0.70) it can opinionated that: technology affects operations of business within EAC; cash transfer policy and banking ICT policy was found to affect businesses in EAC market alongside the ICT literacy level that was found to be one of the key drivers of business performance. Generally, all the aspects of technological environment affected business performance to a moderate extent.

4.9.5 Ecological Environment

This study sought to ascertain the extent at which ecological environment influenced firm performance. The responses were placed on a five Likert scale ranging from 1 (to a very little extent) to 5 (to a very large extent). Standard deviation was used to indicate the variation or "dispersion" from the "average" (mean). A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. The results are as given Table 4.21.

Table 4.21: Ecological Environment

Ecological Environment	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Issues of ecology and environment affects business operations	131	3.580	.850	0.24	Large Extent
Ecological environment policy on adherence affects business decisions	131	3.565	.860	0.24	
Average Mean Score	131	3.573	0.855	0.24	Large Extent

Source: Research Data (2019)

The average mean score of ecological environment is 3.573, standard deviation of 0.855 and coefficient of variation of 0.24. This is a strong mean indicating that to a large extent (3.580 ≥Mean≥3.565 Significant SD = 0. 860) ecological environment manifests among Kenyan manufacturing firms in the EAC market. Issues of ecology and environment were found to affect business operations. Likewise, ecological environment policy on adherence also affected business decisions. The results therefore show that ecological environment is significant in determining the operations of the firms surveyed. The coefficient of variation for all the items was 0.24 implying that no variation among responses was detected.

4.9.6 Legal Environment

The study further determined how legal environment manifests in the Kenyan manufacturing firms in the EAC market. This involved developing statements that are deemed to measure legal environment within the surveyed firms and responded to in a 5-point Likert scale. Firms must adhere to legal environment for performance to be realized. The results are presented in Table 4.22.

Table 4.22: Legal Environment

Legal Environment	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Legal environ ensures good governance is adhered to	131	3.550	0.806	0.23	Large Extent
Business legal requirements of host country affects business establishment	131	3.542	0.844	0.24	
Processing of business license in host country is easy	131	3.397	0.900	0.27	
Average Mean Score	131	3.496	0.850	0.24	Large Extent

Source: Research Data (2019)

From the results indicated in Table 4.22, with the average mean scores of 3.496, could imply that the legal environment influences performance. To a large extent (3.550 ≥Mean≥3.397 Significant SD = 0. 900), it can be deduced that: the aspect of legal environment ensures that good governance was being adhered to; business legal requirements of host country affects business establishment; and on the other hand, processing business license in host country was easy to a moderate extent.

The statement with the highest CV was that processing of business license in host country is easy (27%) and that with low CV was that legal environment ensures good governance is adhered to. This range is small implying that respondents did not differ much on the statements across the firms (23%).

4.10 Firm Performance

Firm performance is based upon the idea that a firm is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose. So long as the value created by the use of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made available to the organization and the organization will continue to exist (Hayes, 2013).

Firm performance is referred to as efficiency and effectiveness in the utilization of resources to achieve desired objectives. Firm effectiveness is the measure of how successfully firms achieve their missions whereas efficiency is the cost per unit of output. There are various measures of firm performance that have been identified for both short- and long-term objectives between financial and non-financial (Kumar & Gulati, 2009).

Kaplan and Norton (1992) developed the Balanced Score Card (BSC) to evaluate performance in different perspectives namely financial, internal processes, customer focus and the learning and growth. The study adopted system to capture scores for evaluation of firm performance. For each of these indicators, respondents were presented with descriptive statements on a 5-point likert scale and were required to indicate the extent to which their firms described their performance in the last five years. The results for each performance indicator are presented in the subsequent subsections.

4.10.1 Financial Performance

Financial performance is the most used performance criterion in for profit organizations. The measure is a reflection of the shareholders' value of their investment in an organization. Different financial measures are used in depicting the financial perspective. These include return on investment (ROI), return on assets (ROA) and Dividend Yield (DY) among others (Yalcin, Bayrakdaroglu & Kahraman, 2012). Descriptive statistics results are presented in Table 4.23.

Table 4.23: Descriptive Statistics on Financial Performance

Financial Performance	N	Mean	Std. Deviation	CV
ROA 2012/2013	131	22.7107	13.81662	0.61
ROE 2012/2013	131	22.7855	10.42419	0.46
DY 2012/2013	131	1.869	1.05646	0.57
ROA 2013/2014	131	21.3641	13.18233	0.62
ROE 2013/2014	131	21.6779	10.19643	0.47
DY 2013/2014	131	1.5564	1.00207	0.64
ROA 2014/2015	131	21.4603	13.47983	0.63
ROE 2014/2015	131	21.7107	10.57355	0.49
DY 2014/2015	131	1.32	0.80027	0.61
ROA 2015/2016	131	22.8542	13.44147	0.59
ROE 2015/2016	131	22.9313	11.06593	0.48
DY 2015/2016	131	1.27	0.76207	0.60
ROA 2016/2017	131	23.842	12.98574	0.54
ROE 2016/2017	131	23.9695	10.53264	0.44
DY 2016/2017	131	1.364	0.89685	0.66
AVERAGE ROA	131	22.4463	13.27566	0.59
AVERAGE ROE	131	22.615	10.0827	0.45
AVERAGE DY	131	1.4759	0.7924	0.54
PERFORMANCE INDEX	131	15.5118	7.41396	0.48

Source: Research Data (2019)

As presented in Table 4.23, the average weighted performance index for the manufacturing firms in EAC over the years 2012 to 2017 was 15.51%. With a standard deviation of 7.413 and a coefficient of variation of 48%, there is high variability in performance amongst the firms.

The average ROA for the manufacturing firms in EAC over the years 2012 to 2017 was 22.45%. With a standard deviation of 13.27 and a coefficient of variation of 59%, there is high variability in performance amongst the firms.
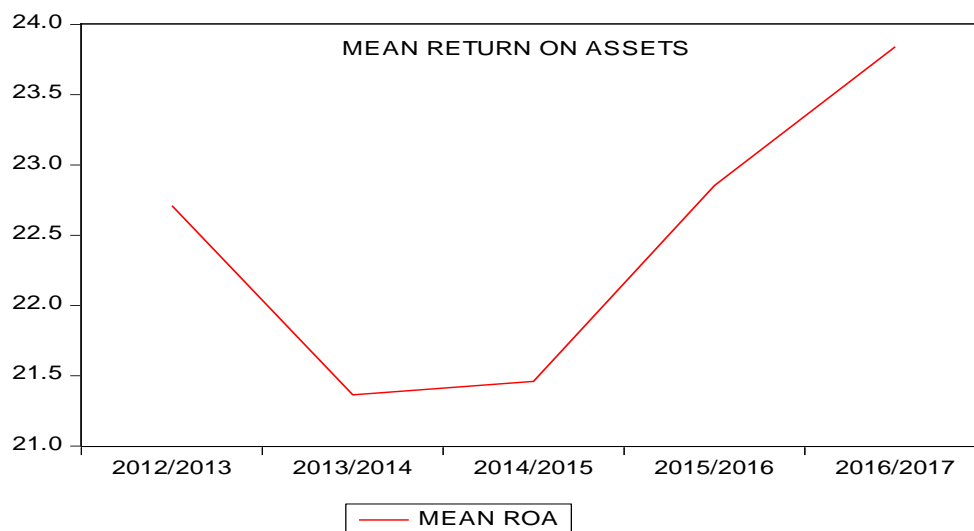
Figure 4.6: Mean Return on Assets
Source: Research Data (2019)

The average ROE for the manufacturing firms in EAC over the years 2012 to 2017 was 22.61%. With a standard deviation of 10.08 and a coefficient of variation of 45%, there is high variability in performance amongst the firms. The average Dividend yield (DY) for the manufacturing firms in EAC over the years 2012 to 2017 was 1.47. With a standard deviation of 0.79 and a coefficient of variation of 54%, there is high variability in performance amongst the firms. As presented in figure 4.6, the manufacturing firms in EAC market had a decline in the ROA in the 2013/2014 financial year.

This is majorly attributed to the political procedures and electioneering process that Kenya as a country was going through and business climate may have not been favorable. Since 2013/ 2014 financial year, there has been a gradual increase and subsequently more increase in the Return on Assets.
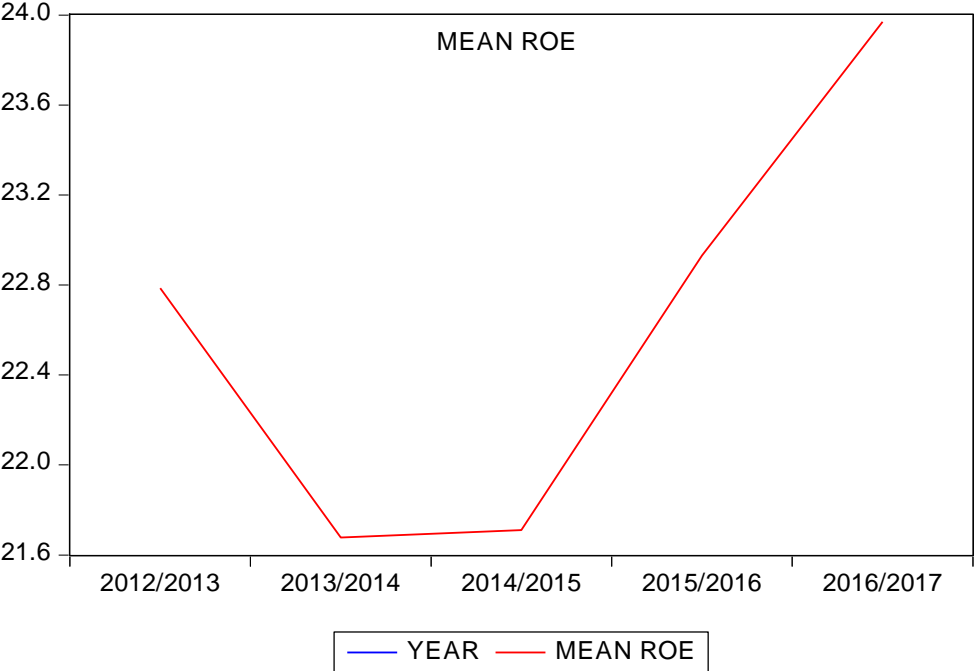
Figure 4.7: Mean Return on Equity
Source: Research Data (2019)

As presented in Figure 4.7 above, the manufacturing firms in EAC market had a decline in the ROE in the 2013/2014 financial year. This is also majorly attributed to the political procedures and electioneering process that Kenya as a country was going through and business climate may have not been favorable. Since 2013/ 2014 financial year, there has been a gradual increase and subsequently more increase in the Return on Equity.
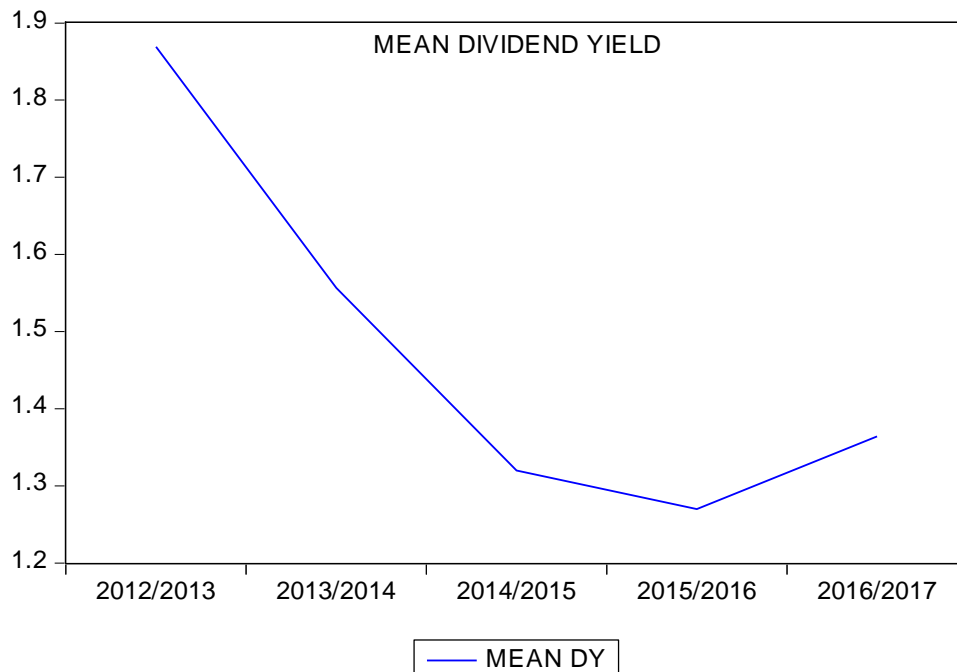
Figure 4.8: Mean Dividend Yield
Source: Research Data (2019)

As presented in Figure 4.8, the manufacturing firms in EAC market had a decline in the DY over the years from 2012/2013 financial year to 2015/2016 financial year. This is explained by the expansion initiatives into the regional markets by the manufacturing firms that requires enormous financial resources.

4.10.2 Customer Service

Customer focus perspective typically describes measures related to customer feedback, on time delivery, customers given priority during trading process, solving of customer complaints on time, quality of products and services, retention of customers by the company as well as warranty support which comes directly from customer input and linked to specific company activities and programmes. It is through customer perspective that firms would want to achieve competitive advantage.

Statements depicting these aspects were posed to respondents. Customer focus perspective

typically adds measures related to defect levels, on time delivery, warranty support that come

from direct customer input and are linked to specific company activities. It is through the

customer service focus perspectives that the firm wants to achieve a competitive advantage.

The results internal business processes are presented in the Table 4.24.

Table 4.24: Customer Service

Customer Service	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Customer loyalty has improved	131	3.580	.803	0.22	Large Extent
Repeat business in cross border is higher compared to competitors	131	3.528	.931	0.26	
Number of new customers has been increasing	131	3.504	.906	0.26	
Customer service ensures company gets a percentage of new customers	131	3.466	.871	0.25	
Customer service ensures company constantly modifies ways service is provided	131	3.458	.816	0.24	
Customer complains has dropped significantly	131	3.458	.897	0.26	
Customer service ensures customer retention	131	3.428	.832	0.24	
Average Mean Score	**131**	**3.489**	**0.865**	**0.25**	Large Extent

Source: Research Data (2019)

The results show a higher/greater moderate ranking as far as customer service is concerned.

This is depicted with an average mean score of 3.489, standard deviation of 0.865 and

coefficient of variation of 0.25. Amongst the firms, to a large extent (3.580 $\geq$ Mean $\geq$ 3.428

Significant SD = 0.832), the results revealed that: customer loyalty has improved; repeat

business in cross border is higher compared to competitors ; number of new customers has

been increasing; customer service ensures company gets a percentage of new customers;

customer service ensures company constantly modifies ways service is provided; customer complains has dropped significantly; and that customer service ensures customer retention. The findings thus supports that customer service is generally moderately good in the Kenyan manufacturing firms in the EAC market.

4.10.3 Organizational Internal Business Process

Internal business processes enable the firm to meet the expectations of customers in the market and those of the shareholders. The measure is a reflection of the firm's core competencies and areas of operational excellence. Statements depicting these aspects were posed to respondents. The findings are presented in Table 4.25.

Table 4.25: Descriptive Statistics on Organizational Internal Business Process

Organizational Internal Business Process	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Investment in research and development has intensified	131	3.580	.794	0.22	Large Extent
Number of defects been declining	131	3.519	.817	0.23	
Improved coordination with business partners	131	3.458	.777	0.23	
Large number of new products and services been introduced	131	3.450	.938	0.27	
Organizational internal business helped enhance efficiency of internal processes	131	3.389	.780	0.24	
New products developed frequently	131	3.389	.770	0.23	
Encourage reduction in material use	131	3.382	.907	0.27	
Cost reduction in firm	131	3.374	.788	0.23	
Average Mean Score	131	3.443	0.824	0.24	Large Extent

Source: Research Data (2019)

The average mean score on statements depicting internal business processes influencing firm performance was 3.443, standard deviation of 0.824 and a coefficient of variation of 0.24.

The coefficient of variation of 0.24 shows that the responses given on the statements by the respondents are valid in depicting the relationship between internal business processes and firm performance. To a large extent (3.580 ≥Mean≥3.374 Significant SD = 0. 788), the results revealed that: Investment in research and development has intensified; there is decline in the number of defects; there is improvement in the coordination among business partners; a large number of new products and services been introduced; organizational internal business helped enhance efficiency of internal processes; there is frequent development of new products; firms are now encouraged in the waste reduction in material use; and cost reduction in firm.

To remain competitive in today's global economy, it is essential for companies to boost their operational efficiency. Operational efficiency is not just about cutting the company costs and expenses but largely it is looking at how the back end of the company and the operations of the company as a whole are taking place. The approach that will ensure consistent healthy profits is not only for a firm to look at what it is doing but more so to how it is doing it, and how it is offering its goods and services to its customers.

4.10.4 Learning and Growth

To find the performance of any firm, it is essential to establish the process of learning and growth in the firm. How the employees are performing, training facilities offered to ensure that learning is a continuous process and general staff development. All these attributes are important in establishing the performance of a firm. Table 4.26 gives the results of the findings in terms of mean, standard deviation and coefficient of variation on statements relating to process of learning and growth in a firm in influencing its performance. The results on internal business processes are presented in the Table 4.26.

Table 4.26: Learning and Growth

Learning and Growth	Descriptive Statistics				Interpretation
	N	Mean	Std. Dev.	CV	
Employee morale has been growing	131	3.657	.951	0.26	Very Large Extent
Employee retention is higher than competitors	131	3.611	.916	0.25	
Employee skill development has intensified	131	3.595	.742	0.21	Large Extent
Employee productivity is low	131	3.496	1.011	0.29	
Company ensures employees perform challenging tasks	131	3.481	.862	0.248	
Employees focus energy on fulfilling collective mission	131	3.428	.765	0.22	
Learning and growth enabled staff to focus driving exceptional performance	131	3.351	.774	0.23	
Average Mean Score	**131**	**3.517**	**0.860**	**0.24**	Large Extent

Source: Research Data (2019)

The average mean score on learning and growth of employees in determining firm's performance was 3.517, standard deviation of 0.860 and coefficient of variation of 0.24. These results indicate Learning and growth level influenced the firm's performance largely.

To a very large extent (3.657 ≥Mean ≥3.611 Significant SD = 0.916), the results revealed that: employee morale has been growing; and employee retention is higher than competitors. To a large extent (3.595 ≥Mean ≥3.351 Significant SD = 0.774) the results revealed that: employee skill development has intensified; employee productivity is low; company ensures employees perform challenging tasks; employees focus energy on fulfilling collective mission; and learning and growth enable staff to focus driving exceptional performance.

In any firm, employees play a crucial role in ensuring the mission and vision of the organization is achieved. They are the action masters. For a firm to achieve success, they need to invest in their employees. That is by providing conducive environment for their working, good structures to support upward growth as well as ensure health and safety of the employees. The findings of the study indicate that law firms surveyed recognize the importance of good treatment to employees in ensuring a good working environment as well as motivation to employees.

Employee recognition is an important aspect to be taken into account for any firm to succeed. Annual employee appraisals are not just enough; employees need regular and frequent feedbacks. Where the management teams provide regular feedback, employees are normally motivated to constantly maintain good performance (Ongeti, 2014). Further, because employees are close to customers, they are able to give useful feedback from customers that will aid the firm in identifying metrics that truly evaluate performance.

This chapter presented the initial findings from the responses received and showed how the various variables manifested in the Kenyan manufacturing firms in the EAC market that were studied. The response rate was 81.88 percent which was considered as adequate and demonstrative of the study population. Measures and indicators of the study variables were also tested and interpreted using mean scores, standard deviations and coefficients of variations (CV's) were also computed to determine variability on responses on the strategic alliance, regional integration, and macro-environment attributes. Varied outcomes of the responses were noted.

For strategic alliances, Non-equity alliances and Equity alliances manifested themselves to a large extent amongst the firms. Joint venture services exists to a moderate extent. Fore regional integration indicators, political goodwill and stability as well as customs union policies are exhibited to a moderate extent. The common market protocols and monetary union policies exist to a large extent given that currently, EAC is transitioning from a common market to an envisioned monetary union.

Table 4.27: Summary Average Mean Scores for Study Variables

Variable/Indicator Average Mean Score	Descriptive Statistics					
	N	Mean	Std. Dev.	CV	Interpretation	Ranking
Custom Union Policies						
Equity alliances	131	3.600	0.836	0.23	Large Extent	1
Non-Equity Alliances	131	3.560	0.869	0.24	Large Extent	2
Joint Services and Co-operations	131	3.420	0.700	0.20	Large Extent	3
Common Market Protocol	131	3.659	0.814	0.22	Large Extent	1
Monetary Union Policies	131	3.640	0.906	0.25	Large Extent	2
Political Goodwill and Stability	131	3.499	0.864	0.25	Large Extent	3
Custom Union Policies	131	3.476	0.842	0.24	Large Extent	4
Economic Environment	131	3.696	0.878	0.24	Very Large Extent	1
Political Environment	131	3.603	0.871	0.24	Large Extent	2
Ecological Environment	131	3.573	0.855	0.24	Large Extent	3
Legal Environment	131	3.496	0.850	0.24	Large Extent	4
Technological Aspects	131	3.461	0.760	0.22	Large Extent	5
Socio-Cultural Environment	131	3.457	0.933	0.27	Large Extent	6
Performance Index	131	15.512	7.414	0.48	Very Good	1
Learning and Growth	131	3.517	0.860	0.24	Large Extent	1
Customer Service	131	3.489	0.865	0.25	Large Extent	2
Internal Business Process	131	3.443	0.824	0.24	Large Extent	3

Source: Research Data (2019)

For the macro environment attributes, the political, economic and ecological environment attributes are existent to a large extent among the firms. Socio cultural, technological and legal environment characteristics exist to a great extent. For non-financial performance indicators, there is learning and growth amongst the firms to a very large extent. Customer service indicators and internal business process indicators exist amongst the firms to a moderate extent.

For financial performance, the trend of return on assets and return on equity have exhibited a similar decline between 2012/ 2013 and 2013/ 2014 financial year which is explained by the electioneering and political initiatives in Kenya in the specified period. Subsequently, the financial performance has exhibited an increasing trend over the years. The dividend yield had been on a decline trend explained by possible retention of earnings by the manufacturing firms for purposes of expansion in the EAC market.

CHAPTER FIVE

TESTS OF HYPOTHESES AND DISCUSSION

5.1 Introduction

This section presents and discusses the results of the hypotheses as derived from the specific objectives of the study. The study determined the effect of strategic alliances on performance of Kenyan manufacturing firms in the EAC market. The study further sought to establish moderating effect of macro environment and regional integration on the relationship between strategic alliances and firm performance.

Four hypotheses formulated were tested using; simple linear regression analysis for hypothesis one, stepwise regression analysis for the moderating effect and multiple regression tested the combined effect exhibited by hypothesis four. These hypotheses were tested at 95 percent confidence level ($\alpha=0.05$), hence decision points to reject or fail to reject hypothesis were based on the p-values. Where $p<0.05$, the study failed to reject the hypotheses, and where $p>0.05$, the study rejected the hypotheses.

Interpretations of results and subsequent discussions considered correlations (R), coefficients of determinations (R^2), F-Statistic values (F) and beta values (β). R^2 indicated the percentage change in dependent variable explained by change in the independent variables. Further, the higher the F-Statistic, the more significant the model. The negative or positive effect of the independent variable on the dependent was explained by checking the beta (β) sign. The R-value shows the strength of the relationship between the variables, t-values represent the significance of individual variables. The findings are presented in various sections of this chapter along study objectives and corresponding hypotheses.

5.2 Hypothesis Testing

The study hypothesized that there is an association between strategic alliances and performance of the Kenyan manufacturing firms in the EAC market but this relationship is moderated by macro-environment and regional integration. In addition, the study hypothesized that the joint effect of the variables; strategic alliances, macro-environment and regional integration is greater that their individual effect on performance. In order to establish the statistical significance of these hypotheses, multiple regression analysis were employed. Adjusted R^2 (coefficient of determination) will be used in interpreting models where X variable is more than one. The subsections below present the findings on the regression analysis conducted.

5.2.1 Influence of Strategic Alliances on Firm Performance

The study sought to establish the influence of strategic alliances on firm performance of Kenyan manufacturing firms in EAC market. The hypothesis was:

H$_{A1}$: Strategic alliances have a significant statistical effect on the performance of Kenyan manufacturing firms in the East African Community market.

The study first tested the independent effects of strategic alliances dimensions on the overall firm performance measures before testing the sub hypotheses that sought to establish the effect of strategic alliances on financial and non-financial performance. This was through performing a regression analysis to determine and test the hypothesis for the existence of a link between individual strategic alliances (joint venture services, equity alliances and non-equity alliances) on overall firm performance. Composite mean indices derived from non-financial performance attributes.

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Composite index on financial performance was derived from the three measures of performance (ROA, ROE and Dividend Yield) before finding the overall logit firm performance index with 50:50 weighting of the non-financial composite mean and composite financial performance index. Then the first hypothesis tested through multiple regression analysis is:

Table 5.1:   Model Goodness of Fit of Strategic Alliance Attributes and Firm Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.738a	.545	.534	.64370

a. Predictors: (Constant), Non-Equity Alliances, Joint venture services, Equity Alliances

Source: Research Data (2019)

As presented in Table 5.1, 53.4% (Adjusted R^2 = 0.534) of variations in the overall firm performance is explained by variations in the strategic alliances namely Joint service contracts (JSC), Equity alliances (EA) and Non-equity alliances (NEA).

Table 5.2:   Model Overall Significance of Strategic Alliance Attributes and Firm Performance (ANOVA[a])

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	62.975	3	20.992	50.662	.000[b]
1	Residual	52.622	127	.414		
	Total	115.597	130			

a. Dependent Variable: LnFinancial Performance (Final Index)

b. Predictors: (Constant), Non-Equity Alliances, Joint venture services, Equity Alliances

Source: Research Data (2019)

Table 5.2 presents that the model is statistically significant in explaining the relationship between the strategic alliances attributes and overall firm performance, $F_{(3,127)} = 50.662$, $P > 0.05$.

As presented in Table 5.3, using standardized coefficients the joint service contracts have a weak positive effect on firm financial performance ($\beta = 0.343$, $t=5.017$, $P>0.05$), Equity alliances has a strong positive effect on firm performance ($\beta=0.541$, $t=7.541$, $P>0.05$), None equity alliances has a weak negative effect on firm performance. ($\beta=0.066$, $t= -1.001.$, $P>0.319$). The relationships derived are statistically significant.

Table 5.3: Regression Coefficients of Strategic Alliance Attributes and Firm Performance Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	2.830	.641		4.418	.000
1	Joint venture services	.694	.138	.343	5.017	.000
	Equity Alliances	1.222	.162	.541	7.541	.000
	Non-Equity Alliances	-.174	.173	-.066	-1.001	.319

a. Dependent Variable: Firm Performance

Source: Research Data (2019)

The regression equation derived was thus as follows:

$$Y_1 = 0.343JSC + 0.541EA - 0.066NEA$$

Where:

Y_1= Firm performance

JSC=Joint venture services

EA=Equity alliances

NEA= Non-equity alliances

The regression model suggests that firm performance index is constant at 2.830 and a unit increase in Joint service contracts increases financial performance by 0.343 units, a unit increase in Equity alliances increases firm performance by 0.541 units and a unit increase in non-equity alliances decreases firm performance by 0.109 units. The findings therefore confirms hypothesis 1 that strategic alliances have a significant statistical effect on the performance of Kenyan manufacturing firms in the East African Community market. H_1 is therefore supported.

The first sub hypothesis tested through stepwise regression analysis is:

H_{1a}: **Strategic alliances have a significant statistical effect on the financial performance of Kenyan manufacturing firms in the East African Community market**

Table 5.4: Model Goodness of Fit of Strategic Alliance Attributes and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518a	.268	.251	1.78553

a. Predictors: (Constant), Non-Equity Alliances, Joint venture services, Equity Alliances
Source: Research Data (2019)

As presented in Table 5.4, 25.1% (Adjusted $R^2 = 0.251$) of variations in firm financial performance is explained by variations in the strategic alliances namely Joint service contracts (JSC), Equity alliances (EA) and Non-equity alliances (NEA).

Table 5.5: Model Overall Significance of Strategic Alliance Attributes and Financial Performance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148.353	3	49.451	15.511	.000b
	Residual	404.892	127	3.188		
	Total	553.245	130			

a. Dependent Variable: LnFinancial Performance (Final Index)

b. Predictors: (Constant), Non-Equity Alliances, Joint venture services, Equity Alliances

Source: Research Data (2019)

Table 5.5 presents that the model is statistically significant in explaining the relationship between the strategic alliances attributes and firm performance, $F(3,130) = 15.511$, $P > 0.05$.

Table 5.6: Regression Coefficients for Strategic Alliance Attributes and Firm Financial Performance Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.549	1.777		5.374	.000
	Joint venture services	1.270	.384	.286	3.309	.001
	Equity Alliances	1.783	.450	.361	3.966	.000
	Non-Equity Alliances	-.667	.481	-.117	-1.388	.168

a. Dependent Variable: Financial performance

Source: Research Data (2019)

As presented in Table 5.6, joint service contracts has a weak positive effect on firm financial performance ($\beta = 0.286$, $t = 3.309$, $P > 0.001$), Equity alliances has a weak positive effect on firm financial performance ($\beta = 0.361$, $t = 3.966$, $P > 0.000$), None equity alliances has a weak positive effect on firm financial performance. ($\beta = -0.117$, $t = -1.388$, $P > 0.168$). The relationships derived are statistically significant.

The regression equation derived was thus as follows:

$$Y_{1a} = 0.286JSC + 0.361EA - 0.117NEA$$

Where:

Y$_{1a}$= Financial performance

JSC=Joint venture services

EA=Equity alliances

NEA= Non-equity alliances

Using standardized coefficients, the regression model suggests that financial performance index is constant at 9.549 and a unit increase in Joint service contracts increases financial performance by 0.286 units, a unit increase in Equity alliances increases financial performance by 0.361 units and a unit increase in non-equity alliances increases financial performance by 0.117 units.

The findings therefore confirms sub hypothesis (1a) that strategic alliances have a significant statistical effect on the financial performance of Kenyan manufacturing firms in the East African Community market. H$_{1a}$ is therefore supported.

The second sub hypothesis tested through stepwise regression analysis is:

H$_{1b}$: Strategic alliances have a significant statistical effect on the non-financial performance of Kenyan manufacturing firms in the East African Community market.

Table 5.7: Model Goodness of Fit of Strategic Alliance Attributes and Non-Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.240a	.058	.035	1.61100

a. Predictors: (Constant), Non-Equity Alliances, Joint venture services, Equity Alliances

Source: Research Data (2019)

As presented in Table 5.7, 3.5% (Adjusted R^2 = 0.035) variations in non-financial performance is explained by variations in the strategic alliances namely; Joint service contracts, equity alliances and non-equity alliances.

Table 5.8: Model Overall Significance of Strategic Alliance Attributes and Non-Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	20.110	3	6.703	2.583	.056b
1	Residual	329.607	127	2.595		
	Total	**349.717**	**130**			

a. Dependent Variable: LnNon-Financial Performance (final Index)

b. Predictors: (Constant), Non-Equity Alliances, Joint venture services, Equity Alliances

Source: Research Data (2019)

Table 5.8 shows that the model is statistically significant in explaining the relationship between the strategic alliance attributes and non-financial performance, F (3,130) =2.583, P<0.056.

As presented in Table 5.9, Joint service contracts has a weak positive effect on non-financial performance which is not statistically significant (β=0.163, t=1.660, P>0.099), Equity alliances has a positive effect on non-financial performance which is not statistically significant (β=0.143, t= 1.386, P>0.168), None equity alliances has a negative effect on non-financial performance which is statistically significant (β= -0.108, t=3.556, P<0.259).

Table 5.9: Regression Coefficients for Strategic Alliance Attributes and Non-Financial Performance Model

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.711	1.603		4.186	.000
	Joint venture services	.575	.346	.163	1.660	.099
	Equity Alliances	.562	.406	.143	1.386	.168
	Non-Equity Alliances	-.492	.434	-.108	-1.135	.259

a. Dependent Variable: LnNon-Financial Performance (final Index)

Source: Research Data (2019)

The regression equation derived was thus as follows;

$$Y_{1b} = 0.163JSC + 0.143EA - 0.108NEA$$

Where:

Y_{1b} = Non-financial performance

JSC=Joint venture services

EA=Equity alliances

NEA= Non-equity alliances

The regression model suggests that firm performance index is constant at 6.711 and a unit increase in Joint service contracts increases firm non-financial performance by 0.163 units, a unit increase in Equity alliances increases firm non-financial performance by 0.143 units and a unit increase in none equity alliances increases firm non-financial performance by 0.335 units.

The findings therefore confirm sub-hypothesis (1b) that strategic alliances have a weak positive statistical effect on the non-financial performance of Kenyan manufacturing firms in the East African Community market. H_{1b} is therefore supported.

The findings imply that strategic alliances are a good predictor of financial performance but relatively poor predictors of non-financial performance among Kenyan manufacturing firms in the EAC market. This may be because most EAC partner states are encouraging direct foreign direct investments in their respective countries as opposed to strategic alliances that are controlled from their countries of origin. Also, protectionism and mistrust among partner states may also be playing a key role in discouraging strategic alliances where most partner states are economically competing amongst themselves as opposed to complementing one another. The findings of statistically significant relationships between strategic alliances and firm performance are thus led to acceptance of sub hypothesis (H_1).

5.2.2 Influence of Regional Integration on the Relationship between Strategic Alliances and Performance

The study sought to determine the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market. A moderation or interaction effect states that the effect of regional integration on Y_2 (firm performance) depends on the magnitude of strategic alliances.

The most significant indicators of (X*Z) were *Equity Alliances*Political goodwill and stability (*new dummy variable for *Strategic Alliances * Regional Integration)*. Hence, the need to test whether the interaction effect exists where this variable gives a significant value for firm performance through stepwise regression analysis. To test this hypothesis, Baron and Kenny (1986), Norton et al., (2004) and Tofighi and MacKinnon (2011) procedures were explored in testing the main and sub hypotheses as below.

The main second hypotheses that was tested hypothesised that:

H$_{A2}$: Regional integration has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market.

Table 5.10: Model Goodness of Fit of Strategic Alliances, Regional Integration and Overall Firm Performance

	Model Goodness of Fit				ANOVAa		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Mean Square	F	Sig.
1	.674[b]	.454	.450	.69948	52.480	107.261	.000[b]
2	.736[c]	.541	.534	.64371	31.280	75.490	.000[c]
3	.763[d]	.582	.572	.61701	22.416	58.882	.000[d]
4	.772[e]	.595	.583	.60924	17.208	46.360	.000[e]

a. Dependent Variable: lnFirm Performance (Final Index)
b. Predictors: (Constant), Equity Alliances
c. Predictors: (Constant), Equity Alliances, Joint venture services
d. Predictors: (Constant), Equity Alliances, Joint venture services, Equity Alliances*Political goodwill and stability
e. Predictors: (Constant), Equity Alliances, Joint venture services, Equity Alliances*Political goodwill and stability, Monetary Union
Source: Research Data (2019)

From the results in Table 5.10, it can be observed that as one moves from stepwise model number one to four, the standard error of the estimate keeps decreasing from 0.69948 to 0.60924 as so does the F values.

The adjusted R^2 also keeps on improving from 0.450 to 0.583. Although all models are significant, the stepwise model number four is a good predicator of the significant moderating effect by regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market.

The stepwise regression model number 4 shows a moderately strong significant moderating effect by regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market, implying that the strategic alliances and regional integration explain 58.3% of the changes in overall firm performance. Although the strategic alliances alone are able to explain 53.4% of the variance in the overall firm performance, when combined with the regional integration they explain 58.3% of the variations in the overall firm performance. The magnitude of regional integration's moderating effect on the relationship between strategic alliances and overall firm performance is 4.9% (58.3% -53.4%).

The coefficients of this predicative model aimed at addressing the regional integration's moderating effect on the relationship between strategic alliances and overall firm performance in model number four of the data analysis are given in Table 5.11.

Table 5.11: Model regression Coefficients of Strategic Alliance, Regional Integration and Overall Firm Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.523	.530		6.650	.000
	Equity Alliances	1.523	.147	.674	10.357	.000
2	(Constant)	2.473	.532		4.648	.000
	Equity Alliances	1.169	.153	.517	7.634	.000
	Joint venture services	.677	.137	.334	4.932	.000
3	(Constant)	1.801	.545		3.306	.001
	Equity Alliances	1.972	.272	.872	7.256	.000
	Joint venture services	.637	.132	.315	4.825	.000
	Equity Alliances*Political goodwill and stability	.162	.046	.401	3.509	.001
4	(Constant)	2.867	.746		3.845	.000
	Equity Alliances	1.815	.279	.803	6.510	.000
	Joint venture services	.653	.131	.322	4.994	.000
	Equity Alliances*Political goodwill and stability	.126	.049	.312	2.582	.011
	Monetary Union	.282	.137	.126	2.064	.041

a. Dependent Variable: lnFirm Performance (Final Index)

Source: Research Data (2019)

The regional integration's moderating effect on the relationship between strategic alliances and overall firm performance thus can be written as:

$$Y_2 = 0.803 \; EA + 0.322 \; JSC + 0.312 \; X*Z + 0.126 \; MU$$

Where:

Y_2 = Firm performance

EA = Equity alliances

JSC = Joint venture services

X*Z = Equity Alliances*Political goodwill and stability

MU = Monetary Union

The product variable of regional integration and strategic alliances (Equity Alliances*Political goodwill and stability) is the measure of whether regional integration is a significant moderator on the relationship between strategic alliances and overall firm performance. Given that the dummy product variable of Equity Alliances*Political goodwill and stability is included in the model which has the net positive magnitude (β=0.312, t=2.582, P<0.001) of 4.9% , then study therefore accepts the hypothesis (H_2) that regional integration moderates the effect of strategic alliances on performance of Kenyan manufacturing firms in the EAC market.

The first sub hypothesis of hypothesis 2 is shown as:

H_{A2a}: **Regional integration has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market.**

Table 5.12: Model Goodness of Fit of Strategic Alliances, Regional Integration and Financial Performance

Model Goodness of Fit					ANOVAa		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Mean Square	F	Sig.
1	.447b	.199	.193	1.85300	110.308	32.126	.000b
2	.507c	.257	.245	1.79198	71.105	22.143	.000c
3	.545d	.296	.280	1.75063	54.676	17.840	.000d

a. Dependent Variable: LnFinancial Performance (Final Index)
b. Predictors: (Constant), Equity Alliances
c. Predictors: (Constant), Equity Alliances, Joint venture services
d. Predictors: (Constant), Equity Alliances, Joint venture services, Equity Alliances*Political goodwill and stability
Source: Research Data (2019)

Also from the model in Table 5.12, it can be observed that as one moves from stepwise model number one to three, the standard error of the estimate keeps decreasing from 1.85300 to 1.75063 as so does the F values from 32.126 to 17.840.

The adjusted R^2 also keeps on improving from 0.193 to 0.280. Although all models are significant, the stepwise model number three is a good predicator of the significant moderating effect by regional integration on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market.

The stepwise regression model number three shows a moderately strong significant moderating effect by regional integration on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market, implying that the strategic alliances and regional integration explain 28.0% of the changes in financial performance. Although the strategic alliances alone are able to explain 25.1% of the variance in financial performance, when combined with the regional integration they explain 28.0% of the variations in the financial performance. The magnitude of regional integration's moderating effect on the relationship between strategic alliances and financial performance is 2.9% (28.0% -25.1%).

The coefficients of this predicative model aimed at addressing the regional integration's moderating effect on the relationship between strategic alliances and financial performance in model number three of the data analysis are given in Table 5.13.

Table 5.13: Model regression Coefficients of Strategic Alliance, Regional Integration and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.044	1.404		7.156	.000
	Equity Alliances	2.208	.390	.447	5.668	.000
2	(Constant)	8.175	1.481		5.520	.000
	Equity Alliances	1.578	.426	.319	3.703	.000
	Joint venture services	1.205	.382	.272	3.152	.002
3	(Constant)	6.725	1.546		4.351	.000
	Equity Alliances	3.309	.771	.669	4.293	.000
	Joint venture services	1.119	.375	.252	2.985	.003
	Equity Alliances*Political goodwill and stability	.349	.131	.395	2.668	.009

a. Dependent Variable: LnFinancial Performance (Final Index)
Source: Research Data (2019)

The regional integration's moderating effect on the relationship between strategic alliances and financial performance thus can be written as:

$$Y_{2a} = 0.669\ EA + 0.252\ JSC + 0.395\ X*Z$$

Where:

Y_{2a} = Financial performance

EA = Equity alliances

JSC = Joint venture services

X*Z = Equity Alliances*Political goodwill and stability

The product variable of regional integration and strategic alliances (Equity Alliances*Political goodwill and stability) is the measure of whether regional integration is a significant moderator on the relationship between strategic alliances and financial performance. Given that the dummy product variable of Equity Alliances*Political goodwill and stability is included in the model which has the net positive magnitude ($\beta=0.395$, t=2.668, P<0.009) of 4.9% , then study therefore accepts the hypothesis (H_{2a}) that regional integration moderates the effect of strategic alliances on financial performance of Kenyan manufacturing firms in the EAC market.

The second sub hypothesis for the second main hypothesis is shown as;

H₂b: Regional integration has a significant moderating effect on the association between strategic alliances and non-financial performance of Kenyan manufacturing firms in EAC market.

Table 5.14: Model Goodness of Fit of Strategic Alliances, Regional Integration and Non-Financial Performance

Model Goodness of Fit					ANOVAa		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Mean Square	F	Sig.
1	.199b	.039	.032	1.61374	13.780	5.292	.023b

a. Dependent Variable: LnNon-Financial Performance (final Index)
b. Predictors: (Constant), Joint venture services
Source: Research Data (2019)

Also from the model in Table 5.14, it can be observed that only one model is significant. The adjusted R^2 is 3.2%. This is an indication that regional integration regional is not a significant moderator on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.

Although the strategic alliances alone are able to explain 3.5% of the variance in non-financial performance, when combined with the regional integration they explain 3.2% of the variations in the non-financial performance. The magnitude of regional integration's moderating effect on the relationship between strategic alliances and non-financial performance negative 0.3% (3.2% -3.5%).

The coefficients of this predicative model aimed at addressing the regional integration's moderating effect on the relationship between strategic alliances and non-financial performance are given in Table 5.15.

Table 5.15: Model Regression Coefficients of Strategic Alliance, Regional Integration and Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.579	1.050		6.268	.000
	Joint venture services	.700	.304	.199	2.300	.023

a. Dependent Variable: LnNon-Financial Performance (final Index)
Source: Research Data (2019)

The regional integration's moderating effect on the relationship between strategic alliances and non-financial performance thus can be written as:

$$Y_{2b} = 0.199JSC$$

Where:

Y$_{2b}$ =   Non-Financial Performance

JSC   =   Joint venture services

The absence of the product variable of regional integration and strategic alliances (Equity Alliances*Political goodwill and stability) with a negative increase in R^2 indicates regional integration is a weak but significant moderator on the relationship between strategic alliances and non-financial performance. The study therefore accepted the hypothesis (H$_{2b}$) that regional integration moderates the effect of strategic alliances on non-financial performance of Kenyan manufacturing firms in the EAC market.

5.2.3 Influence of Macro Environment on the Relationship between Strategic Alliances and Performance

The study sought to determine the influence of macro environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market. A moderation or interaction effect states that the effect of macro environment on Y$_3$ (firm performance) depends on the magnitude of strategic alliances.

The most significant indicators of (X*W) were *Equity Alliances*Political Environment (*new dummy variable for *Strategic Alliances * Macro environment)*. Hence, the need to test whether the interaction effect exists where this variable gives a significant value for firm performance through stepwise regression analysis. To test this hypothesis, Baron and Kenny (1986), Norton et al., (2004) and MacKinnon (2011) procedures were explored in testing the main and sub hypotheses as. The main third hypotheses that was tested hypothesized that:

H$_{A3}$: Macro environment has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market

Table 5.16: Model Goodness of fit of Strategic Alliances, Macro-Environment and overall Firm Performance

Model Goodness of Fit					ANOVAa		
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Mean Square**	**F**	**Sig.**
1	.674b	.454	.450	.69948	52.480	107.261	.000[b]
2	.736c	.541	.534	.64371	31.280	75.490	.000[c]
3	.792d	.627	.618	.58258	24.165	71.199	.000[d]
4	.819e	.671	.661	.54909	19.402	64.353	.000[e]
5	.836f	.699	.686	.52802	16.149	57.923	.000[f]

a. Dependent Variable: lnFirm Performance (Final Index)
b. Predictors: (Constant), Equity Alliances
c. Predictors: (Constant), Equity Alliances, Joint venture services
d. Predictors: (Constant), Equity Alliances, Joint venture services, Legal
e. Predictors: (Constant), Equity Alliances, Joint venture services, Legal, Equity Alliances*Political Environment
f. Predictors: (Constant), Equity Alliances, Joint venture services, Legal, Equity Alliances*Political Environment, Technological
Source: Research Data (2019)

From the results in Table 5.16, it can be observed that as one moves from stepwise model number one (1) to five (5), the standard error of the estimate keeps decreasing from 0.69948 to 0.52802 as so does the F values from 107.261to 57.923. The adjusted R^2 also keeps on improving from 0.450 to 0.686.

Although all models are significant, the stepwise model number five is a good predicator (at 68.6%) of the significant moderating effect by macro environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market.

The stepwise regression model number five (5) shows a moderately strong significant moderating effect by macro environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market, implying that the strategic alliances and macro environment explain 68.6% of the changes in overall firm performance. Although the strategic alliances alone are able to explain 53.4% of the variance in the overall firm performance, when combined with the macro environment they explain 68.6% of the variations in the overall firm performance. The magnitude of macro environment's moderating effect on the relationship between strategic alliances and overall firm performance is 15.2% (68.6% -53.4%).

The coefficients of this predicative model aimed at addressing the macro environment's moderating effect on the relationship between strategic alliances and overall firm performance in model number four of the data analysis are given in Table 5.17.

Table 5.17: Model Regression Coefficients of Strategic Alliance, Macro-Environment and Overall Firm Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.523	.530		6.650	.000
	Equity Alliances	1.523	.147	.674	10.357	.000
2	(Constant)	2.473	.532		4.648	.000
	Equity Alliances	1.169	.153	.517	7.634	.000
	Joint venture services	.677	.137	.334	4.932	.000
3	(Constant)	4.061	.564		7.202	.000
	Equity Alliances	1.241	.139	.549	8.915	.000
	Joint venture services	.683	.124	.337	5.496	.000
	Legal	-.540	.100	-.295	-5.410	.000
4	(Constant)	3.248	.567		5.727	.000
	Equity Alliances	1.804	.190	.798	9.521	.000
	Joint venture services	.772	.119	.381	6.481	.000
	Legal	-.468	.096	-.256	-4.893	.000
	Equity Alliances*Political Environment	.135	.033	.350	4.119	.000
5	(Constant)	4.347	.636		6.833	.000
	Equity Alliances	1.757	.183	.778	9.615	.000
	Joint venture services	.733	.115	.362	6.372	.000
	Legal	-.430	.093	-.235	-4.634	.000
	Equity Alliances*Political Environment	.121	.032	.315	3.829	.000
	Technological Environment	-.319	.095	-.168	-3.355	.001

a. Dependent Variable: lnFirm Performance (Final Index)
Source: Research Data (2019)

The macro environment's moderating effect on the relationship between strategic alliances and overall firm performance thus can be written as:

$$Y_3 = 0.778\ EA + 0.362\ JSC - 0.235\ LE + 0.315\ X*W + 0.168\ TE$$

Where:

Y_3	=	Firm performance
EA	=	Equity alliances
LE	=	Legal Environment
JSC	=	Joint venture services
X*W	=	Equity Alliances*Political Environment
TE	=	Technological Environment

The product variable of regional integration and strategic alliances (Equity Alliances*Political Environment) is the measure of whether macro environment is a significant moderator on the relationship between strategic alliances and overall firm performance. Given that the dummy product variable of *Equity Alliances*Political Environment* is included in the model which has the net positive magnitude (β=0.315, t=3.829, P<0.000) of 15.2% , then study therefore accepts the hypothesis (H$_2$) that macro environment moderates the effect of strategic alliances on performance of Kenyan manufacturing firms in the EAC market. Main hypothesis 3 is thus accepted.

The first sub hypothesis of hypothesis 3 is shown as:

H$_{A3a}$: Macro environment has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market

Table 5.18: Model Goodness of Fit of Strategic Alliances, Macro-Environment and Financial Performance

	Model Goodness of Fit				ANOVAa		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Mean Square	F	Sig.
1	.447b	.199	.193	1.85300	110.308	32.126	.000^b
2	.507c	.257	.245	1.79198	71.105	22.143	.000^c
3	.555d	.308	.292	1.73631	56.790	18.837	.000^d

a. "Dependent Variable: LnFinancial Performance (Final Index)
b. Predictors: (Constant), Equity Alliances
c. Predictors: (Constant), Equity Alliances, Joint venture services
d. Predictors: (Constant), Equity Alliances, Joint venture services, Equity Alliances*Political Environment
Source: Research Data (2019)

From the model in Table 5.18, it can be observed that as one moves from stepwise model number one to three, the standard error of the estimate keeps decreasing from 1.85300 to 1.73631 as so does the F values from 32.126 to 18.837. The adjusted R^2 also keeps on improving from 0.193 to 0.292. Although all models are significant, the stepwise model number three (3) is a good predicator of the significant moderating effect by Macro environment on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market.

The stepwise regression model number three shows a moderately strong significant moderating effect by Macro environment on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market, implying that the strategic alliances and Macro environment explain 29.2% of the changes in financial performance. Although the strategic alliances alone are able to explain 25.1% of the variance in financial performance, when combined with the Macro environment they explain 29.3% of the variations in the financial performance. The magnitude of Macro environment's moderating effect on the relationship between strategic alliances and financial performance is 4.1% (29.2% -25.1%).

The coefficients of this predicative model aimed at addressing the Macro environment's moderating effect on the relationship between strategic alliances and financial performance in model number three of the data analysis are given in Table 5.19.

Table 5.19: Model Regression Coefficients of Strategic Alliance, Macro-Environment and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.044	1.404		7.156	.000
	Equity Alliances	2.208	.390	.447	5.668	.000
2	(Constant)	8.175	1.481		5.520	.000
	Equity Alliances	1.578	.426	.319	3.703	.000
	Joint venture services	1.205	.382	.272	3.152	.002
3	(Constant)	11.557	1.812		6.378	.000
	Equity Alliances	1.770	.418	.358	4.237	.000
	Joint venture services	1.167	.371	.263	3.150	.002
	Equity Alliances*Political Environment	1.074	.352	.228	3.056	.003

a. Dependent Variable: LnFinancial Performance (Final Index)
Source: Research Data (2019)

The regional integration's moderating effect on the relationship between strategic alliances and financial performance thus can be written as:

$$Y_{3a} = 0.358\ EA + 0.263\ JSC + 0.228\ X*W$$

Where:

Y_{3a} =   Financial performance

EA   =   Equity alliances

JSC   =   Joint venture services

X*W   =   Equity Alliances*Political Environment

The product variable of Macro environment and strategic alliances (Equity Alliances*Political Environment) is the measure of whether Macro environment is a significant moderator on the relationship between strategic alliances and financial performance. Given that the dummy product variable of Equity Alliances*Political Environment is included in the model which has the net positive magnitude ($\beta=0.228$, t=3.056, P<0.003) of 4.1%.

The study therefore accepts the hypothesis (H$_{3a}$) that macro environment moderates the effect of strategic alliances on financial performance of Kenyan manufacturing firms in the EAC market. Sub hypothesis 3(a) is thus accepted.

The second sub hypothesis for the third main hypothesis is shown as;

H$_{A3b}$: **Macro environment has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.**

Table 5.20: **Model Goodness of Fit of Strategic Alliances, Macro-Environment and Non-Financial Performance**

Model Goodness of Fit					ANOVAa		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Mean Square	F	Sig.
1	.199[a]	.039	.032	1.61374	13.780	5.292	.023[b]

a. Dependent Variable: LnNon-Financial Performance (final Index)
b. Predictors: (Constant), Joint venture services
Source: Research Data (2019)

From the model in Table 5.20, it can be observed that only one model is significant. The adjusted R^2 is 3.2%. This is an indication that macro environment is not a significant moderator on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.

Although the strategic alliances alone are able to explain 3.5% of the variance in non-financial performance, when combined with the macro environment they explain 3.2% of the variations in the non-financial performance. The magnitude of macro environment's moderating effect on the relationship between strategic alliances and non-financial performance negative 0.3% (3.2% -3.5%).

The coefficients of this predicative model aimed at addressing the macro environment's moderating effect on the relationship between strategic alliances and non-financial performance are given in Table 5.21.

Table 5.21: Model Regression Coefficients of Strategic Alliance, Macro-Environment and Non-financial Performance

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.579	1.050		6.268	.000
	Joint venture services	.700	.304	.199	2.300	.023

a. Dependent Variable: LnNon-Financial Performance (final Index)
Source: Research Data (2019)

The macro environment's moderating effect on the relationship between strategic alliances and non-financial performance thus can be written as:

$$Y_{3b} = 0.199JSC$$

Where:

Y_{3b} =   Non-Financial Performance

JSC   =   Joint venture services

The absence of the product variable of macro environment and strategic alliances (Equity Alliances*Political Environment) with a negative increase in R^2 indicates macro environment is not a moderator on the relationship between strategic alliances and non-financial performance. The study therefore rejects the hypothesis (H_{3b}) that macro environment moderates the effect of strategic alliances on non-financial performance of Kenyan manufacturing firms in the EAC market. Sub hypothesis 3(b) is thus rejected.

5.2.4 Joint Effect of Strategic Alliances, Regional Integration and Macro-Environment on Firm Performance

The fourth study objective was to determine the joint effect of strategic alliances, regional integration and macro environment on performance and arising from this objective, the following hypothesis was formulated and tested:

H_{A4}: **There is a significant joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.**

Table 5.22: **Model Goodness of fit for Strategic Alliances, Regional Integration, Macro-Environment and Firm Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840[a]	.705	.675	.53772

a. Predictors: (Constant), Legal, Joint services and cooperation , Common Market protocol, Technological, Social-cultural, Political, Customs Union, Monetary Union, Non-Equity Alliances, Political goodwill and stability, Equity Alliances, Economic
Source: Research Data (2019)

As presented in Table 5.22, 67.5% of variations in overall firm performance are explained by variations in strategic alliance, regional integration and macro environment (Adjusted R^2=0.675).

Table 5.23 presents $F_{(12,130)}$ = 23.482, P<0.05 inferring that joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.

Table 5.23: Model Significance for Strategic Alliance, Regional Integration, Macro-Environment and overall Firm Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	81.478	12	6.790	23.482	.000b
1	Residual	34.119	118	.289		
	Total	115.597	130			

a. Dependent Variable: lnFirm Performance (Final Index)
b. Predictors: (Constant), Legal, Joint services and cooperation , Common Market protocol, Technological, Social-cultural, Political, Customs Union, Monetary Union, Non-Equity Alliances, Political goodwill and stability, Equity Alliances, Economic

Source: Research Data (2019)

As presented in Table 5.23, there is a statistically significant positive joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.

Table 5.24: Model Regression Coefficients of Strategic Alliance, Regional Integration, Macro-Environment and overall Firm Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	6.260	.831		7.535	.000
	Joint services and cooperation	.676	.126	.333	5.347	.000
	Equity Alliances	1.300	.161	.575	8.093	.000
	Non-Equity Alliances	.128	.167	.049	.765	.446
	Customs Union	-.069	.182	-.024	-.377	.707
	Common Market protocol	-.090	.099	-.051	-.909	.365
1	Monetary Union	-.043	.139	-.019	-.312	.756
	Political goodwill and stability	-.032	.172	-.013	-.185	.853
	Political	-.281	.150	-.138	-1.869	.064
	Economic	-.167	.155	-.078	-1.081	.282
	Social-cultural	.048	.122	.023	.391	.697
	Technological	-.279	.103	-.147	-2.695	.008
	Legal	-.412	.100	-.225	-4.141	.000

a. Dependent Variable: lnFirm Performance (Final Index)
Source: Research Data (2019)

As presented in Table 5.24, using standardized coefficients the joint services and cooperation have a positive effect on firm performance (β= 0.333, t=5.347, P>.000), Equity alliances has a strong positive effect on firm performance (β= 0.575, t=8.093, P>.000), Non-equity alliances have a positive effect on firm performance (β= 0.049, t=.765, P>.446), Social-cultural has a positive effect on firm performance (β= 0.023, t=.391, P>697). Customs Union has a weak negative effect on firm performance (β= -0.024, t=-.377, P>.707); Common Market protocol has a weak negative effect on firm performance (β= -0.051, t=-.909, P>.365); Monetary Union has a negative effect on firm performance (β= -0.019, t=-.312, P>.756); Political goodwill and stability has a negative effect on firm performance (β= -0.013, t=-.185, P>.853); Political Environment has a negative effect on firm performance (β= -0.138, t=-1.869, P>.064); Economic environment has a negative effect on firm performance (β= -0.078, t=-1.081, P>.282); Technological environment has a weak negative effect on firm performance (β= -0.147, t=-2.695, P>.008); and Legal environment has a weak negative effect on firm performance (β= -0.225, t=-4.141, P>.000). The relationships derived are statistically significant.

The regression equation derived was thus as follows:

$$Y_4 = 0.333JSC + 0.575EA + 0.049\ NEA + 0.023SCE - 0.024CU - 0.051CMP - 0.019MU -$$
$$0.013PGS - 0.138PE - 0.078EE - 0.147TE - 0.225LE$$

Where:

JSC	=	Joint services and cooperation
EA	=	Equity Alliances
NEA	=	Non-Equity Alliances
SC	=	Social-cultural
CU	=	Customs Union
CMP	=	Common Market protocol
MU	=	Monetary Union
PGS	=	Political goodwill and stability

PE = Political Environment
EE = Economic Environment
TE = Technological Environment
LE = Legal Environment

The regression model suggests that firm performance index is constant at 5.769 and a unit increase in Joint venture services increases firm performance by 0.333 units, a unit increase in Equity Alliances increases firm performance by 0.575 units, a unit increase in Non-Equity Alliances increases firm performance by 0.049 units, and a unit increase in Social-cultural increases firm performance by 0.023 units.

A unit increase in Customs Union decreases firm performance by 0.024 units, a unit increase in Common Market protocol decreases firm performance by 0.051 units, a unit change in Monetary Union decreases firm performance by 0.019 units, a unit change in Political goodwill and stability decreases firm performance by 0.013 units, a unit change in Political Environment decreases firm performance by 0.138 units, a unit change in Political Environment decreases firm performance by 0. 078 units, a unit change in Technological Environment decreases firm performance by 0.147 units, while a unit change in Legal Environment decreases firm performance by 0.225units. The findings therefore confirms hypothesis 4 that there a statistically significant positive joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market. H_4 is therefore supported.

The first sub hypothesis tested through multiple regression analysis is:

H$_{A4a}$: There is a significant joint influence of strategic alliance, regional integration and macro environment on the financial performance of Kenyan manufacturing firms in the East African Community market

Table 5.25: Model Goodness of Fit for Strategic Alliances, Regional Integration, Macro-Environment and Firm Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.581^a	.337	.270	1.76273

a. a. Predictors: (Constant), Legal, Joint services and cooperation , Common Market protocol, Technological, Social-cultural, Political, Customs Union, Monetary Union, Non-Equity Alliances, Political goodwill and stability, Equity Alliances, Economic

Source: Research Data (2019)

As presented in Table 5.25, 27.0% of variations in firm financial performance are explained by variations in strategic alliance, regional integration and macro environment (Adjusted R^2=0.270). Table 5.26 presents F (12,130) = 5.004, P<0.05 inferring that the joint influence of strategic alliance, regional integration and macro environment on the financial performance is significant among Kenyan manufacturing firms in the East African Community market.

Table 5.26: Model Significance for Strategic Alliance, Regional Integration, Macro-Environment and overall Firm Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	186.592	12	15.549	5.004	.000b
1	Residual	366.653	118	3.107		
	Total	553.245	130			

a. Dependent Variable: LnFinancial Performance (Final Index)

b. Predictors: (Constant), Legal, Joint services and cooperation , Common Market protocol, Technological, Social-cultural, Political, Customs Union, Monetary Union, Non-Equity Alliances, Political goodwill and stability, Equity Alliances, Economic

Source: Research Data (2019)

As presented in Table 5.26, there is a statistically significant positive joint influence of strategic alliance, regional integration and macro environment on the financial performance of Kenyan manufacturing firms in the East African Community market.

Table 5.27: Model Regression Coefficients of Strategic Alliance, Regional Integration, Macro-Environment and Firm Financial Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	B		
(Constant)	13.381	2.723		4.913	.000
Joint services and cooperation	1.141	.414	.257	2.755	.007
Equity Alliances	2.069	.526	.419	3.931	.000
Non-Equity Alliances	-.404	.548	-.071	-.738	.462
Customs Union	.317	.596	.052	.532	.596
Common Market protocol	-.297	.324	-.077	-.916	.362
1 Monetary Union	-.148	.454	-.030	-.326	.745
Political goodwill and stability	-.817	.562	-.152	-1.454	.149
Political	.284	.493	.064	.576	.566
Economic	-.770	.507	-.164	-1.517	.132
Social-cultural	.170	.400	.037	.424	.672
Technological	-.209	.339	-.051	-.618	.538
Legal	.000	.326	.000	.002	.999

a. Dependent Variable: LnFinancial Performance (Final Index)
Source: Research Data (2019)

As presented in Table 5.27,   using standardized coefficients the joint service contracts have a positive effect on firm financial performance (β= 0.257, t=2.755, P>0.007), Equity alliances has a strong positive effect on firm performance (β= 0.419, t=3.931, P>0.000), Non-Equity Alliances have a positive effect on firm financial performance (β=-0.071, t=-0.738, P>0.462).

Customs Union have a positive effect on firm financial performance (β= 0.052, t=0.532, P>0.596), Political environment has a positive effect on firm financial performance (β= 0.064, t= 0.576, P>0.566), Social-cultural Environment has a weak positive effect on firm performance. (β= 0.037, t= 0.424, P>0.672), Common Market protocol has negative effect on firm performance (β= -0.077, t=-0.916, P>0.362), Monetary Union has a weak negative effect on firm performance (β= -0.030, t=-0.326, P>0.745), Political goodwill and stability has a weak negative effect on firm performance (β= -0.152, t=-1.454, P>0.149), Economic Environment has a weak negative effect on firm performance (β= -0.164, t=-1.517, P>0.132Technological Environment has a weak negative effect on firm performance (β= -0.051, t=-0.618, P>0.538). The relationships derived are statistically significant.

The regression equation derived was thus as follows:

$$Y_{4a} = 0.257JSC + 0.419EA + 0.071NEA + 0.052CU - 0.077CMP - 0.030MU - 0.152PGS + 0.064PE - 0.164EE + 0.037SCE - 0.051TE$$

Where:

JSC	=	Joint services and cooperation
EA	=	Equity Alliances
NEA	=	Non-Equity Alliances
CU	=	Customs Union
CMP	=	Common Market protocol
MU	=	Monetary Union
PGS	=	Political goodwill and stability
PE	=	Political Environment
EC	=	Economic Environment
SCE	=	Social-cultural Environment
TE	=	Technological Environment

H$_{A4b}$: **There is a significant joint influence of strategic alliance, regional integration and macro environment on the non-financial performance of Kenyan manufacturing firms in the East African Community market.**

Table 5.28: **Model Goodness of Fit for Joint Influence of Strategic Alliance, Regional Integration and Macro-Environment on the Non-Financial Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.339[a]	.115	.025	1.61971

a. Predictors: (Constant), Legal, Joint services and cooperation , Common Market protocol, Technological, Social-cultural, Political, Customs Union, Monetary Union, Non-Equity Alliances, Political goodwill and stability, Equity Alliances, Economic
Source: Research Data (2019)

In Table 5.28 and 5.29, for model one, 2.5% of variations in Non-Financial performance is explained by variations in the strategic alliance, regional integration and macro environment (Adjusted R^2=0.025, F $(12,130)$ = 1.275, P<0.05). This shows that the model is not statistically significant in explaining the relationships.

Table 5.29: **Model Overall Significance for Joint Influence of Strategic Alliance, Regional Integration and Macro-Environment on the Non-Financial Performance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.149	12	3.346	1.275	.242b
	Residual	309.568	118	2.623		
	Total	349.717	130			

a. Dependent Variable: LnNon-Financial Performance (final Index)
b. Predictors: (Constant), Legal, Joint services and cooperation , Common Market protocol, Technological, Social-cultural, Political, Customs Union, Monetary Union, Non-Equity Alliances, Political goodwill and stability, Equity Alliances, Economic
Source: Research Data (2019)

Table 5.30: Model Regression Coefficients of Strategic Alliance, Regional Integration, Macro-Environment and Non-Financial Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	7.116	2.502		2.844	.005
	Joint services and cooperation	.464	.381	.132	1.219	.225
	Equity Alliances	.771	.484	.196	1.594	.114
	Non-Equity Alliances	-.530	.503	-.117	-1.053	.295
	Customs Union	.385	.547	.079	.704	.483
	Common Market protocol	-.207	.298	-.068	-.696	.488
1	Monetary Union	-.105	.418	-.027	-.252	.802
	Political goodwill and stability	-.787	.517	-.184	-1.524	.130
	Political	.567	.453	.160	1.252	.213
	Economic	-.604	.466	-.161	-1.295	.198
	Social-cultural	.122	.367	.034	.333	.740
	Technological	.068	.311	.021	.219	.827
	Legal	.413	.300	.130	1.379	.170

a. Dependent Variable: LnNon-Financial Performance (final Index)
Source: Research Data (2019)

As shown in Table 5.30, the regression equation derived was thus as follows:

$$Y_{4b} = 0.132JSC + 0.196EA - 0.117NEA + 0.079CU - 0.068CMP - 0.027MU - 0.184PGS +$$

$$0.160PE - 0.161EE + 0.034SCE + 0.021TE + 0.130LE$$

Where:

JSC	=	Joint services and cooperation
EA	=	Equity Alliances
NEA	=	Non-Equity Alliances
CU	=	Customs Union
CMP	=	Common Market protocol
MU	=	Monetary Union
PGS	=	Political goodwill and stability
PE	=	Political Environment
EC	=	Economic Environment
SCE	=	Social-cultural Environment
TE	=	Technological Environment
LE	=	Legal Environment

5.3 Summary of Hypothesis Testing and Decisions

The following subsections provide a summary of hypothesis testing and decisions guided by the research objectives and findings.

5.3.1 Strategic Alliances and Performance

The first objective of the study was to establish the influence of strategic alliances on the performance of Kenyan manufacturing firms in the EAC market. Strategic alliances in this case essentially involve coordination of two or more partners to pursue shared objectives and satisfactory cooperation are vital to their success. This study established the strategic alliances as joint ventures, equity strategic alliances and non-equity strategic alliances.

Table 5.31: Summary of Hypothesis Testing and Decision on Influence of Strategic Alliances on the Firm Performance

Objective	Hypothesis/ Sub hypotheses	R	R^2	Adjusted R^2	F	Sig.	Decision
Objective One: To establish the effect of strategic alliances on the performance of Kenyan manufacturing firms in the East African Community market;	H_{A1}: Strategic alliances have a significant statistical effect on the performance of Kenyan manufacturing firms in the East African Community market.	.738a	.545	.534	50.662	.000b	Accept
	Sub hypotheses: H_{1a}: Strategic alliances have a significant statistical effect on the financial performance of Kenyan manufacturing firms in the East African Community market.	.518a	.268	.251	15.511	.000b	Accept
	H_{1b}: Strategic alliances have a significant statistical effect on the non-financial performance of Kenyan manufacturing firms in the East African Community market.	.240a	.058	.035	2.583	.056b	Accept

Source: Researcher (2019)

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The average mean score of the statements depicting the manifestations of joint services and co-operations among the surveyed firms is 3.420. This implies that joint services and co-operations manifests strongly among Kenyan manufacturing firms in the EAC market. The statement that manifested highly was that the Kenyan manufacturing firms enter into strategic alliances through joint services and co-operations largely because of access to knowledge and expertise, the results further revealed that to a moderate extent, joint venture services was based on changes in consumer tastes, demands and lifestyle. Similarly, the element of joint venture services tend to reduce installation costs to a moderate extent.

Nevertheless, while it's clear that idea of joint venture services enables firms to gain information, knowledge and expertise as is also the parameter on enhancing functioning and operations of firms' products it is important to note that those aspects did not have much influence and were not statistically significant. The study further revealed that the responses varied at low level with coefficient of variation implying that the manifestation of joint venture services was on equal level across the firms surveyed.

The average mean score for the statements of how equity alliances manifests among the Kenyan manufacturing firms in the EAC market is 3.60. The statement with the highest mean was that the aspect of political and regimes have influence on equity relationships across borders. Other statements were that equity alliances make it easier for firms to do businesses, equity alliances keep firms' relationships closer, and equity alliances enhance management controls and equity alliances strengthening financial links. However, the aspects of equity alliances helping businesses to save time and that of equity alliances motivating performance had the lowest mean respectively.

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Further the statement that equity alliances enhance management controls had the highest coefficient of variation implying that there was low variation of responses on the statement. Effect of equity alliances on performance was however established to be statistically significant.

The average mean score of the statements depicting non-equity alliances among the surveyed firms was 3.560. This is a relatively high mean depicting high manifestation of non-equity alliances across the firms. The findings suggest that equity alliances work well in performance of Kenyan manufacturing companies through market enhancement of information and technology.

The aspect of product licensing creating products accessibility to broader markets had the highest manifestation. This was followed by non-equity alliances based on enhancing business performance. Further, the study found out that financial regulatory regimes affected franchising relationship to a moderate extent. The study further established that the statement that showed high variation among responses was that equity alliances enhance business performance and that financial regulatory regimes affect franchising relationship. This depicts that equity alliances are common among the Kenyan manufacturing firms in the EAC market.

5.3.2 Strategic Alliances, Regional Integration and Performance

The study determined how regional integration conceptualized as a moderating variable affects the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. The effect was statistically significant.

Table 5.32: Summary of Hypothesis Testing and Decision on Regional integration Moderating the Relationship between Strategic Alliances and Performance

Objective	Hypothesis/ Sub hypotheses	R	R^2	Adjusted R^2	F	Sig.	Decision
Objective Two: To determine the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;	H_{A2}: Regional integration has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;	.772^e	.595	.583	46.360	.000e	Accept
	Sub hypotheses: H_{A2a}: Regional integration has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market; and	.545d	.296	.280	17.840	.000d	Accept
	H_{A2b}: Regional integration has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.	.199b	.039	.032	5.292	.023b	Accept

Source: Researcher (2019)

The role of regional integration increases the interactions between partner states and creates new forms of operational framework which allows organizations to adapt to the environment existing in the region, co-existing with traditional forms of framework existing at the national level. It is important to note that regional integration can be an important milestone in overcoming small country markets effects towards regional economic blocs through resource mobilization, combining markets and enabling organizations in the member countries to take advantage of bigger markets for economies of scale and enhanced competitive advantage.

In this study, regional integration was depicted by use of various indicators which included custom union policies, common market protocols, monetary union policies, as well as political goodwill and stability policies. The average mean score for the manifestations of custom union policies is 3.476. The statement that manifested highly was that customs union enabled availability of adequate information on matters of customs regulations. The other aspect that steered regional integration was through customs union enhancing liberalized intra-regional trade in goods. On the same note, through custom unions, the region is able to enjoy one stop border post facilities located in all EAC regional borders which have made movement of goods from one country to another easy and less time consuming in crossing borders and far less logistically cumbersome.

Furthermore, the aspect of standardization of quality assurance metrology and testing which promotes trade and investments was found to be a trigger on the strategic alliances, regional integration and firm performance nexus. EAC competition policy and law were found to prevent practices that affect free trade to a moderate extent.

Further there was high variation in responses on the statement that customs union enabled antidumping regulations to protect entry of substandard goods and low variation in response to the statement that custom unions enhance efficiency in processing goods. The study therefore depicts the manifestations of customs union policies within the Kenyan manufacturing firms in the EAC market.

The results show that the average mean score for the statements depicting the manifestation of common market protocol is 3.659. This is a strong mean score depicting high manifestations. The findings of the study further revealed that the highest statement with highest mean is that common market protocol helped in removal of non-tariff barriers to a great extent. This was followed by the issue of common market protocol improving transport infrastructure in the region and easing movement of goods. Common market protocol in EAC enabled organizations to enjoy ease of movement of labour to a moderate extent. Other statements also showed higher mean scores which is an indication that all the statements of common market protocol policies manifests among the surveyed firms.

The results show that the average mean score for the manifestation of monetary union policies is 3.640. The results further shows that most of the respondents acknowledged that single currency will ease and facilitate trade. The aspect of value of currency and conversion affecting transaction operations within EAC market was found to affect firms' performance to a great extent. Additionally, the policy discussions around introducing single currency which make investments and movement of people easy could contribute to firm performance to a great extent. Similarly, cooperation in monetary and fiscal policies establishing monetary stability can be given attention in the EAC market.

Further, the current monetary policies that attribute to multiple currency systems were found to slow down ease of doing businesses to a moderate extent. There was also low range of coefficient of variation indicating that there was low variation in responses. Political federation goodwill was mostly influencing performance of Kenyan manufacturing firms as bureaucratic tendencies affect trade within EAC market and political leadership positivity also significantly influence regional trade.

To a moderate extent multiplicity of membership to other RECs other than the EAC were found to affect political good will. Mistrust among partner states was as well found to affect trade of goods and services to a moderate extent. Political goodwill was found to enhance success of regional integration to a moderate extent. Furthermore, political goodwill and stability facilitate trade to a moderate extent.

5.3.3 Strategic Alliances, Macro Environment and Performance

The third objective of the study was to establish the effect of macro environment on the relationship between strategic leadership and performance of manufacturing firms in the EAC market. The study supported the hypothesis that the macro environment moderates the relationship between strategic alliances and performance and the effect is statistically significant.

Table 5.33: Summary of Hypothesis Testing and Decision Effect of Macro Environment on the Relationship between Strategic Alliance and Performance

Objective	Hypothesis/ Sub hypotheses	R	R^2	Adjusted R^2	F	Sig.	Decision
Objective Three: To determine the influence of macro environment on the relationship between strategic alliance and performance of Kenyan manufacturing firms in the East African	H_{A3}: Macro environment has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;	.836f	.699	.686	57.923	.000f	Accept

Table 5.33: Cont'd…

Objective	Hypothesis/ Sub hypotheses	R	R²	Adjusted R²	F	Sig.	Decision
Community market; and	*Sub hypotheses:* H_{A3a}: Macro environment has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market; and	.555d	.308	.292	18.837	.000d	Accept
	H_{A3b}: Macro environment has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.	.199a	.039	.032	5.292	.023b	Accept

Source: Researcher (2019)

The construct of macro environment is one of the external environmental factors that take place outside of the organization and are harder to predict and control. The construct of macro environment was operationalized in terms of political, economic, social, ecological and legal aspects. The average mean score of political environment is 3.603. The highest agreed statement was that electioneering affects business in the EAC market.

The aspect of managers focusing on stakeholders' interest in operations was found to be good for businesses. Moreover, changes of political regimes were found to influence operations of businesses within EAC market. The engagements between governments with private sectors were also found to improve business operations. To a moderate extent, political stability was found to be key issue to business operations within EAC market.

Likewise, state policies on private sector were found to moderately influence business. It was further revealed that the respondents varied less on the statements of political environment implying that it manifests to a great extent in the Kenyan manufacturing firms in the EAC market. Economic environment as a construct of macro environment was determined by the study using different attributes that are deemed to measure its manifestations in the surveyed Kenyan manufacturing firms in the EAC.

From the responses, it can be seen that changes in tax regime and policies influence business operations to a larger extent. Fluctuations in foreign exchange rates were found to affect costing and competitive strategy to a large extent. Level of country's economic development was found to be critical for business. The study as well realized that currency conversion affected businesses with EAC market. In the same way budget allocation to promote business investment motivated performance of firms to a large extent. The study therefore depicts that economic environment is a key manifestation in the Kenyan manufacturing firms in the EAC market.

Given the results, it can be argued that the aspects that stood out to be key drivers in socio-cultural environment included social cultural population of host country affecting business operations, historical issues influencing decisions, and crime acts and acts of terrorism influencing partnership choices. Furthermore, ethnic and tribal inclinations were found to assist business managers in making critical decisions to a moderate extent.

The issue of social cultural demands of host country influencing culture and norms moderately affected socio-cultural environment. To a great extent, gender issues were found to influence businesses in EAC market to a moderate extent. Generally, all the aspects measured under socio-cultural environment were found to moderately influence firm performance. The variation in the responses was also high implying that respondents varied sharply among the surveyed firms on the aspect of socio-cultural environment.

The average mean score as far as technological environment is concerned is 3.46. This is a moderate mean implying that the construct of technological environment manifests itself moderately among the surveyed firms. From the responses displayed, it can opinionated that to a large extent, technology affected operations of business within the EAC. However, cash transfer policy and banking ICT policy was found to affect businesses in EAC market to a moderate extent. Similarly, to a moderate extent, ICT literacy level was found to be one of the key drivers of business performance within EAC. Generally, all the aspects of technological environment affected business performance to a moderate extent.

The average mean score of ecological environment is 3.573. This is a strong mean indicating that ecological environment manifests highly among Kenyan manufacturing firms in the EAC market. Issues of ecology and environment were found to affect business operations to a larger extent. Likewise, ecological environment policy on adherence also affected business decisions. The results therefore show that ecological environment is of importance in determining the operations of the firms surveyed. The coefficient of variation for all the items was 0.24 implying that no variation among responses was detected.

From the results, it can be deduced that to a large extent, the aspect of legal environment ensured that good governance was being adhered to. Equally, to a large extent, business legal requirements of host country affects business establishment. On the other hand, processing business license in host country was moderately easy. With an average mean score of 3.496, it could be inferred that all the items in the legal environment influence performance to a moderate extent.

The statement with the highest coefficient of variation was that processing of business license in a host country is easy while the statement with low coefficient of variation was that the legal environment ensures good governance is adhered to. This range is small implying that the respondents did not differ much on the statements across the firms.

5.3.4 Strategic Alliances, Regional Integration, Macro-Environment and Firm Performance

The fourth objective of the study was to establish the joint effect of strategic alliances, regional integration and macro environment on performance of Kenyan manufacturing firms in the EAC market. This objective hypothesized that the joint relationships between strategic alliances, regional integration, macro environment and firm performance were significant. Stepwise regression analyses were conducted to test the relationships significance.

Table 5.34: Summary of Hypothesis Testing and Decision on the Joint Effect of Strategic Alliances, Regional Integration and Macro-Environment on Performance

Objective	Hypothesis/ Sub hypotheses	R	R^2	Adjusted R^2	F	Sig.	Decision
Objective Four: To establish the joint effect of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.	H_{A4}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.	.840[a]	.705	.675	23.482	.000b	Accept
	Sub hypotheses: H_{A4a}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the financial performance of Kenyan manufacturing firms in the East African Community market.; and	.581a	.337	.270	5.004	.000b	Accept

Table 5.34: Cont'd…

Objective	Hypothesis/ Sub hypotheses	R	R^2	Adjusted R^2	F	Sig.	Decision
	H_{A4b}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the non-financial performance of Kenyan manufacturing firms in the East African Community market.	.339[a]	.115	.025	1.275	.242b	Reject

Source: Researcher (2019)

The results reveal that regional integration and macro environment jointly have statistically significant influences on performance. These results meant that there was a considerable change in the variation in performance with the addition of regional integration and macro environment to the regression model. As explained by Baum and Usher (2000), strategic alliance along regional integration is a tactical coalition that requires a trustworthy associate to demeanor a developing partnership, where organizational resources and competencies are pooled as well as developing new ones to enhance anticipated performance.

Machuki and Aosa (2011) found that the external environment significantly influenced the performance of publicly quoted companies in Kenya. Grandori (1997) contend that there is need for gainful strategic alliances across organizations in regional integration setups for performance to be realized. It can therefore be inferred from the foregoing findings that for performance of Kenyan manufacturing firms in the EAC market to be realized, strategic alliances must be coined with a broader view on existing environmental circumstances and in consideration of the type of the strategic partnerships.

Strategic alliances fosters desirable performance if they put into consideration the elements of regional integration and the initiators scan the macro environment in a way that fits their broad strategic objectives.

5.4 Discussion of the Results

The following section discusses the results of this study in line with the research objectives and the hypotheses formulated. The results from the test of hypotheses are compared with the findings of previous studies. These were formulated based on existing literature, both conceptual and empirical, and led to the development of conceptual model, which outlined the relationships between the variables. To test the hypotheses, regression analysis was used after conducting tests for statistical assumptions. Further, the implications of the research findings of the current study for the theories on which the study was founded are explained.

5.4.1 Strategic Alliances and Firm Performance

The first objective of the study aimed at establishing the influence of strategic alliances on performance of Kenyan manufacturing firms in the EAC market. This objective had a corresponding sub hypothesis, H_1, which stated that strategic alliances have significant influence on the performance of Kenyan manufacturing firms in the EAC market. Both the effect of strategic alliances on financial and non-financial performances were tested through sub hypotheses H_{1a} and H_{1b} respectively.

In testing the overall hypothesis of the strategic alliances and performance, the results showed that strategic alliances have a significant statistical effect on the performance of Kenyan manufacturing firms in the East African Community market (Adjusted $R^2 = 0.534$; Sig. $= 0.000b$).

These results are in consistent earlier conceptual and empirical evidence by Chesang, (2012), (Douma, Bilderbeek, Idenburg and Looise, (2000) which had suggested that strategic alliances strengthens and enhances overall firm performance.

For instance, Chesang (2012) studied merger restructuring and financial performance among commercial banks in Kenya and concluded that restructuring merger is very important in enhancing the overall firm performance especially for those firms considered weak and ailing and also narrower business opportunities. Further Douma, Bilderbeek, Idenburg and Looise (2000) concluded that key resource sharing is important in enhanced performance.

The results for sub hypothesis (1a &b) confirms that strategic alliances have a significant statistical effect on the financial performance (Adjusted R^2 =0.251; Sig. = 0.000b) and a weak statistical effect on the non-financial performance (Adjusted R^2 =0.035; Sig. = 0.056b) of Kenyan manufacturing firms in the East African Community market. This implies that strategic alliances of manufacturing firms determine to some extent their financial performance and non-financial performance. Therefore, strategic alliances serve as a possible window of opportunities to be exploited and provide the means to neutralize threats (De Man, Duysters & Vasudevan, 2001). The potential of strategic alliances strategy is enormous and if implemented correctly, it can dramatically improve an organization's operations and competiveness (Brucellariaa, 1997). On the specific strategic alliances, Equity alliances are established to be statistically significant in explaining the performance of the manufacturing firms in EAC.

*S*trategic alliances and performance relate significantly, as it plays a critical role in fostering performance (Douma, Bilderbeek, Idenburg and Looise, 2000). It was established that strategic alliances constructs independently but positively plays a role of fostering performance through joint venture services, equity alliances and non-equity alliances. The findings therefore, is a reflection that for Kenyan manufacturing firms in the EAC to continuously improve on performance, their respective strategic alliances are to be evaluated and realigned to their key objectives. This is in line with the empirical conclusion that strategic alliances play a positive role in fostering performance (Chesang, 2012).

5.4.2 The Influence of Regional Integration on the Relationship between Strategic Alliances and Performance

The second objective of the study was to the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market. A moderation or interaction effect states that the effect of regional integration on Y_2 (firm performance) depends on the magnitude of strategic alliances. The most significant indicators of (X*Z) were *Equity Alliances*Political goodwill and stability (*new dummy variable for *Strategic Alliances * Regional Integration).*

The definition of regional integration (RI) follows Hettne (1999) a worldwide phenomenon of territorial systems that increase the interactions between partner states and create new forms of organization, co-existing with traditional forms of state-led organization at the national level. In order to achieve this objective, a corresponding hypothesis H_2 which states that regional integration has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market was stated and tested.

Given that the dummy product variable of Equity Alliances*Political goodwill and stability is included in the model which has the net positive magnitude (β=0.312, t=2.582, P<0.001) of 4.9% (0.583 - 0.534), then study therefore accepts the hypothesis (H_2) that regional integration moderates the effect of strategic alliances on performance of Kenyan manufacturing firms in the EAC market (Adjusted R^2=0.583; Sig. = 0.000b).

These results are in consistent with several studies and research works that have put emphasis on how regional integration is important in determining how strategic alliances can foster firm performance. Lesser and Moisé-Leeman (2009) argued that regional integration is key in determining the success of cross - border trade. This is because of organizations taking advantage of integration and forming alliances to share key factors of production and competencies necessary for performance to be boosted.

The results for sub hypothesis (2a) confirm that regional integration moderates the relationship between strategic alliances and financial performance (Adjusted R^2=0.280; Sig. = 0.000d) as opposed to sub hypothesis (2b) on non-financial performance (Adjusted R^2 =0.032; Sig. = 0.023b). The weak relationship with non-financial performance is because of the absence of the product variable of regional integration and strategic alliances (Equity Alliances*Political goodwill and stability) with a small increase in R^2 which is a clear indicator that regional integration is a weak moderator on the relationship between strategic alliances and non-financial performance. The results for sub hypothesis (2a &b) imply that the effects associated with regional integration can be well understood when analyzing the benefits derived to the member states and any other expected benefits as outlined in the policy papers (Mwasha, 2011).

It is important to note that regional integration can be an important milestone in overcoming small economic blocs through resource mobilization, combining markets and enabling organizations in the member countries to take advantage of bigger markets for economies of scale and enhanced competitive advantage.

According to McIntyre (2005), trade integration is of significance in fostering performance of firms in strategic alliances along regional integration with recommendations for organizations to take advantage of customs unions to enjoy competitive advantage and growth. It can therefore be argued that regional integration plays a key role in the relationships between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. Therefore, the study concludes that regional integration has a moderating role or effect on the relationship between strategic alliances and performance.

5.4.3 The Influence of Macro Environment on the Relationship between Strategic Alliances and Firm Performance

The study also determined how macro environment conceptualized as a moderating variable affects the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. In order to test for this influence, a corresponding hypothesis H_3 that states that macro environment moderates the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market was formulated.

A moderation or interaction effect states that the effect of macro environment on Y_3 (firm performance) depends on the magnitude of strategic alliances. The most significant indicators of (X*W) were *Equity Alliances*Political Environment (*new dummy variable for *Strategic Alliances * Macro environment)*. The study finding established that macro environment significantly (Adjusted R^2 =0.686; Sig. = 0.000f) moderate the relationship between strategic alliances and firm performance and thus the hypothesis that macro environment moderates the relationship between strategic alliances and performance was supported. The relationship of the interaction term of strategic alliance and macro environment on one hand and firm performance on the other hand are statistically significant. These findings are supported by (Ezzi & Jarboui, 2016; Adeoye & Elegunde, 2012; Baruch, 1999; Dickson & Weaver, 1997; Dess & Beard, 1984).

Organization and environment therefore permeate one another both cognitively and relationally – that is both in the minds of actors and in the process of conducting relationships between the two as asserted by Baruch, 1999. Ezzi and Jarboui (2016) and Dess and Beard (1984) who found support for the moderating effects of environment on the strategy-performance relationship.

Adeoye and Elegunde (2012) noted that the business environment is a key determinant by a firm for making decisions towards high performance. Dickson and Weaver (1997) pointed that relationship between strategic alliances and performance needs to consider environments as moderators of that relationship.

The results for sub hypothesis (3a) confirm that macro environment moderates the relationship between strategic alliances and financial performance (Adjusted R^2 =0.292; Sig. = 0.000d) as well as to sub hypothesis (3b) which confirms that macro environment moderates the relationship between strategic alliances and non-financial performance ((Adjusted R2 =0.032; Sig. = 0.023b).). The relationship between strategic alliances with both financial and non-financial performance is positive because of the presence of the product variable of *Equity Alliances*Political Environment (*new dummy variable for *Strategic Alliances * Macro environment).*

The results for sub hypothesis (3a&b) implies that the macro environment can be conceptualized to mean all those elements existing beyond the limits of the organization that may influence it directly or indirectly (Hall, 2004) or from the perspective of the open system approach that one should attach great importance to the idea that since organizations exist in a dynamic environment their resources are strongly affected by the forces of their environment (Lumpkin & Dess, 2001). These consist of the political, economic, socio-cultural, technological, ecological, legal (PESTEL) factors that directly or indirectly affect the operations of the company (Ülgen & Mirze, 2007; Yüksel, 2012). The macro environmental factors present firms with opportunities, threats and constraints, but rarely does a single firm exert any meaningful reciprocal influence (Pearce et al., 2008).

Kenyan manufacturing firms' success in the EAC market will depend on how they understand the dynamics of the regional market and their ability to strategically manage change and macro environment factors in relation to their strategic alliances. The combination effect of the two creates a framework that positively affects performance.

Success of these firms depends partly on a proper match or balance between macro environment dimensions and strategic alliances and this match is expected to have a positive impact on their performance. Therefore, best scan of macro environment is very crucial for Kenyan manufacturing firms in the EAC market in pursuit to their individual performance goals.

5.4.4 Joint Effects of Strategic Alliances, Regional Integration and Macro-Environment on Performance

The study also sought to determine the joint effect of strategic alliances, regional integration and macro environment on performance. A corresponding hypothesis, H_4 stating that the joint effect of strategic alliances, regional integration and macro environment on performance of Kenyan manufacturing firms in the EAC market was formulated and tested. The study found that the results of the joint effect were statistically significant implying that the variables jointly influence overall firm performance ($H_{4)}$ where 67.5% of variations in overall firm performance are explained by variations in strategic alliance, regional integration and macro environment (Adjusted $R^2 = 0.675$; Sig. = 0.000b).

The results for sub hypothesis (4a) confirms that 27.0% of variations in firm financial performance are explained by variations in strategic alliance, regional integration and macro environment (Adjusted $R^2 = 0.270$; Sig. = 0.000b) as well as to sub hypothesis (4b) which confirms that 2.5% of variations in Non-Financial performance is explained by variations in the strategic alliance, regional integration and macro environment (Adjusted $R^2 = 0.025$, Sig. = 0.242b).

This shows that the sub hypothesis 4a model is statistically significant in explaining the joint effect of strategic alliance, regional integration and macro environment on financial performance but not in explaining the non-financial performance; financial performance therefore becomes key purpose of any firm seeking strategic alliance through regional integration in any macro-economic environment. The non-financial dimensions of firm performance might not be the real motivation when seeking strategic partnerships in regional market blocks as evidenced in sub hypothesis 4b. Strategic alliances, regional integration and macro environment support manufacturing firms in the EAC market in their pursuit for financial performance outcomes.

Alhorr, Boal and Cowden (2012) and Bertalanffy and Bickis (1956) pointed out that relationship between strategic alliances and performance needs to consider environments and integration initiatives in relation to firm performance in addition to strategic alliances. The growing importance of strategic alliances as a critical resource in regional integration has encouraged organizations to pay greater attention to the macro environmental factors such as political, economic, social, ecological and legal circumstances that may affect changes in the competitive forces of an organization (Fahey & Narayanan, 1986).

From the above three scenarios concerning the relationship strategic alliance, regional integration and macro environment on firm performance; Baum and Usher (2000) jointly refer to strategic alliance along regional integration as a tactical coalition that requires a trustworthy associate to demeanor a developing partnership, where organizational resources and competencies are pooled as well as developing new ones to enhance anticipated performance.

Machuki and Aosa (2011) found that the external environment significantly influenced the performance of publicly quoted companies in Kenya. Grandori (1997) contend that there is need for gainful strategic alliances across organizations in regional integration setups for performance to be realized. It can therefore be depicted to mean that for performance of Kenyan manufacturing firms in the EAC market to be realized, strategic alliances cannot only foster the desire performance without considering regional integration element and scan macro environment in a way that fits the performance objectives.

The findings in this chapter focused tests of the four main hypotheses and eight sub hypotheses that were corresponding to the four main objectives. Simple and stepwise regressions were used in the analysis. The study results indicated that all the main hypotheses confirmed and one-sub hypotheses (H_{4b}) rejected. Hypothesis one (H_1) with regard to influence of strategic alliances on performance of Kenyan manufacturing firms in in the EAC market was confirmed. The second hypothesis (H_2) which was to test the significance of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in in the EAC market was also confirmed.

Influence of macro-environment on the relationship between strategic alliances and Kenyan manufacturing firms in the EAC market was the third hypothesis (H_3), had statistically significant influence on firm performance, and was thus confirmed. The fourth hypothesis was the joint effect of strategic alliances, regional integration and macro environment and Kenyan manufacturing firms in the EAC market was also confirmed.

The chapter also presented hypothesis testing and discussion of the results. The discussions laid focus on the results and whether they were consistent or contradicted other empirical studies. It also covered suggestions on areas of keen interest and what to pay attention to in their firms for sustained competitive advantage in cross border strategic alliances. The next chapter presents summary of findings, conclusion and recommendations.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The purpose of the study was to critically determine the effect of regional integration and macro environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. In this chapter, a summary of the major findings of the study are presented, conclusions as well as the recommendations. The chapter further discloses the proposed areas for future research.

The specific objectives of the research were; to establish the influence of strategic alliances on the performance of Kenyan manufacturing firms in the EAC market, to determine the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market, to determine the influence of macro environment on the relationship between strategic alliance and performance of Kenyan manufacturing firms in the EAC market and to establish the joint influence of strategic alliance, regional integration, macro environment on the performance of Kenyan manufacturing firms in the EAC market.

The chapter is thus vital since implications of the study are useful to different stakeholders in determining the role that strategic alliances, regional integration and macro environment have towards performance and possibly determine other strategies arising from the study findings towards strengthening the key study variables interactions in influencing performance for future reference. The key findings were used to come up with key subsections as indicated.

6.2 Summary of Results and Hypothesis Testing

The main objective of the study was to establish the influence of regional integration and macro-environment on the relationship between Strategic alliances and the Performance of the Kenyan manufacturing firms in the East African Community Market. Four specific objectives were formulated and pursued by four corresponding hypotheses. The population of the study comprised of the Kenyan manufacturing firms in the EAC market. A descriptive cross-sectional survey design was adopted in data collection and analysis. Primary data was collected from respondents using structured questionnaire, while secondary data was collected from published firm's financial reports.

First, the results indicate that most of manufacturing firms serve a wide range of market in the EAC and beyond, hence they do not only limit themselves in serving local markets. Generally, a firm that serves a wide range of market has an opportunity to grow and make huge profits as opposed to opportunities available to firms that are only limited to markets within its geographic location. Further, the study established that majority of the firms under study were fully locally owned. Other ownership structure includes fully foreign owned and both local and foreign ownership.

It can be deduced further that the number of years Kenyan firms have been in operation varied from four (4) years to 60 years with majority having operated in EAC market between 11-20 years. It should be noted that the firms joining of the regional market could be due to the establishment of the EAC regional bloc with its benefits like reduced tariffs, free movement of labour and services and even common market policies.

The findings therefore imply that majority of these Kenyan manufacturing firms have consistently existed in the EAC market and therefore able to manifest and inform the purpose of this study on strategic alliances, macro environment, regional integration and how they influence their performance. The study further shows that most of the firms belong to the sub sectors of food, beverages and tobacco. There were also those dealing with metal and allied, chemical and allied as well as rubber and plastics. Others were found to fall in paper and board sector, building, construction and mining; motor vehicle and accessory; pharmaceutical and medical; energy, electrical and electronics; textile and apparels; leather and footwear; and timber, wood and furniture were found to have a limited representation in EAC market.

This implies that although all sectors are represented in the EAC regional market, majority of the firms deal with consumer products possibly reflecting the household consumption as the main key driver of growth in the EAC regional market. This could serve as a pointer to help the prospective manufacturing investors in making decisions on potential areas of investment.

A summary of the four hypotheses and their respective sub hypotheses that were tested and the results are presented in Table 6.1.

Table 6.1: Summary of the Results of the Hypothesis

Objective	Hypothesis/ Sub hypotheses	R	R^2	Adjusted R^2	F	Sig.	Decision
Objective One: To establish the effect of strategic alliances on the performance of Kenyan manufacturing firms in the East African Community market;	H_{A1}: Strategic alliances have a significant statistical effect on the performance of Kenyan manufacturing firms in the East African Community market.	.738a	.545	.534	50.662	.000b	Accept
	Sub hypotheses: H_{1a}: Strategic alliances have a significant statistical effect on the financial performance of Kenyan manufacturing firms in the East African Community market; and	.518a	.268	.251	15.511	.000b	Accept
	H_{1b}: Strategic alliances have a significant statistical effect on the non-financial performance of Kenyan manufacturing firms in the East African Community market.	.240a	.058	.035	2.583	.056b	Accept
Objective Two: To determine the influence of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;	H_{A2}: Regional integration has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;	.772e	.595	.583	46.360	.000e	Accept
	Sub hypotheses: H_{A2a}: Regional integration has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market; and	.545d	.296	.280	17.840	.000d	Accept
	H_{A2b}: Regional integration has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.	.199b	.039	.032	5.292	.023b	Accept

Table 6.5: Cont'd…

Objective	Hypothesis/ Sub hypotheses	R	R^2	Adjusted R^2	F	Sig.	Decision
Objective Three: To determine the influence of macro environment on the relationship between strategic alliance and performance of Kenyan manufacturing firms in the East African Community market; and	H_{A3}: Macro environment has a significant moderating effect on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the East African Community market;	.836f	.699	.686	57.923	.000f	Accept
	Sub hypotheses: H_{A3a}: Macro environment has a significant moderating effect on the relationship between strategic alliances and financial performance of Kenyan manufacturing firms in the East African Community market; and	.555d	.308	.292	18.837	.000d	Accept
	H_{A3b}: Macro environment has a significant moderating effect on the relationship between strategic alliances and non-financial performance of Kenyan manufacturing firms in the East African Community market.	.199a	.039	.032	5.292	.023b	Accept
Objective Four: To establish the joint effect of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.	H_{A4}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the performance of Kenyan manufacturing firms in the East African Community market.	.840a	.705	.675	23.482	.000b	Accept
	Sub hypotheses: H_{A4a}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the financial performance of Kenyan manufacturing firms in the East African Community market.; and	.581a	.337	.270	5.004	.000b	Accept
	H_{A4b}: There is a significant joint influence of strategic alliance, regional integration and macro environment on the non-financial performance of Kenyan manufacturing firms in the East African Community market."	.339a	.115	.025	1.275	242b	Reject

Source: Researcher (2019)

Results for H_{A1} established that the influence of strategic alliances on performance of Kenyan manufacturing firms in the EAC market was positive and statistically significant (Adjusted R^2 =0.534; Sig. = 0.000b). The results for sub hypothesis (1a) confirms that strategic alliances have a significant statistical effect on the financial performance (Adjusted R^2 =0.251; Sig. = 0.000b) and a weak statistical effect on the non-financial performance (1b) (Adjusted R^2 =0.035; Sig. = 0.056b

The results therefore support the strategic alliances and firm performance and the main anchoring theory, The resource dependency which posits that no firm has all the necessary resources in order to be self-sufficient and but to survive in a competitive environment you look at what is there externally . It was established that there is a statistically significant moderating effect of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market.

Results for hypothesis H_{A2} established that there is a statistically significant moderating effect of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. (Adjusted R^2 =0.583; Sig. = 0.000b). Given that the dummy product variable of Equity Alliances*Political goodwill and stability is included in the model which has the net positive magnitude (β=0.312, t=2.582, P<0.001) of 4.9% (0.583 - 0.534).

The results for sub hypothesis (2a) confirm that regional integration moderates the relationship between strategic alliances and financial performance (Adjusted R^2 =0.280; Sig. = 0.000d) as opposed to sub hypothesis (2b) on non-financial performance (Adjusted R^2 =0.032; Sig. = 0.023b). The results therefore support the strategic alliances concept and the regional integration theory.

The study finding for hypothesis H_{A3} established that macro environment significantly (Adjusted R^2 =0.686; Sig. = 0.000f) moderate the relationship between strategic alliances and firm performance and thus the hypothesis that macro environment moderates the relationship between strategic alliances and performance was supported. The change of (0.686-0.534) =15.2% was the interaction effect. The most significant indicators of (X*W) were *Equity Alliances*Political Environment (*new dummy variable for *Strategic Alliances * Macro environment).*

The results for sub hypothesis (3a) confirm that macro environment moderates the relationship between strategic alliances and financial performance (Adjusted R^2 =0.292; Sig. = 0.000d) as well as to sub hypothesis (3b) which confirms that macro environment moderates the relationship between strategic alliances and non-financial performance ((Adjusted R2 =0.032; Sig. = 0.023b). The relationship between strategic alliances with financial is highly significant because of the presence of the product variable of *Equity Alliances*Political Environment (*new dummy variable for *Strategic Alliances * Macro environment).* There is weak but positive relationship with non-financial performance explain. This supported the strategic alliances concept and the Open system theory which holds that it's critical to scan the environment before making key business decisions.

The study found that the results of the joint effect were statistically significant implying that the variables jointly influence overall firm performance (H4) where 67.5% of variations in overall firm performance are explained by variations in strategic alliance, regional integration and macro environment (Adjusted R^2 =0.675; Sig. = 0.000b).

The results for sub hypothesis (4a) confirms that 27.0% of variations in firm financial performance are explained by variations in strategic alliance, regional integration and macro environment (Adjusted R^2 =0.270; Sig. = 0.000b) as well as to sub hypothesis (4b) which confirms that 2.5% of variations in Non-Financial performance is explained by variations in the strategic alliance, regional integration and macro environment (Adjusted R^2=0.025, Sig. = 0.242b).

6.3 Conclusion

The main objective of the study was to test the influence of regional integration and macro environment on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. A model to test these relationships was conceptualized and data was collected using a prepared questionnaire on the aspects to be tested. It was established that the influence of strategic alliances on performance of Kenyan manufacturing firms in the EAC market was positive and statistically significant. The study also reported statistically significant independent effects of the strategic alliances dimensions on indicators of performance.

The results therefore support the strategic alliances concept and the anchoring theory. The resource dependency view support alliances as no firm has all the necessary resources in order to be self-sufficient and survive in a competitive environment. It was established that there is a statistically significant moderating effect of regional integration on the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market.

The findings imply that regional integration strengthens the effect of strategic alliances on performance. The interaction between strategic alliances and regional integration had an influence on performance to support the moderating relationship. The results indicate that strategic alliances and regional integration have significant influence on performance. This implies that strategic alliances depend on regional integration in determining the performance of Kenyan manufacturing firms in the EAC market. These findings inform firms that for the confirmed hypotheses, they need to be keen on the influence of the levels and stages of regional integration.

Lastly, it was established that macro environment also moderates the effect of strategic alliances on performance of Kenyan manufacturing firms in the EAC market and the interaction relationship is statistically significant thereby accepting the hypothesis, that macro environment moderates the effect of the relationship between strategic alliances and performance of Kenyan manufacturing firms in the EAC market. The findings therefore inform firms that for the confirmed hypotheses, they need to be keen on the influence of the external environmental attributes.

The study established the synergistic and joint effect of the strategic alliances, regional integration, macro environment and financial firm performance of the Kenyan manufacturing firms in the EAC market. Non-financial performance from the findings of the study didn't have any motivation on the relation between all joint variables of the study. This conclusion lends credence to the postulation that financial firm performance is not only determined by firm strategic decisions but regional integration and macro environment factors also come into play.

6.4 Implications to Knowledge

The broad objective of this study was to establish the relationship between strategic alliances, regional integration, macro environment and performance of Kenyan manufacturing firms in the EAC market. Regional integration and macro environment were hypothesized as moderating variables respectively. Strategic alliances attributes were the independent variables and firm performance was the dependent variable.

Macro-Environment has greatest impact on Firm Performance, followed by Regional Integration, while Strategic Alliance is the Independent Variable, has the least impact on Firm Performance in case of manufacturers in the EAC market. Macro-Environment and Regional Integration significantly moderates relationship between Strategic Alliances and Firm Performance. This study has contributed in different areas including implications to theory, policy, management practice and methodological contributions. Each of these is discussed in the subsequent sections.

6.4.1 Implications on Theory

This study has advanced frontiers of knowledge from the study findings. It lends support to strategic management theories that strategic alliances, regional integration and macro environment concepts influence firm performance (Wiklund & Shepherd, 2005). This study has confirmed the contributions by the various theories and lends support for the hypothesized relationships. These are Resource Dependence Theory (Pfeffer & Salancik, 1978) augmented by Resource Based Theory (Penrose, 1959) and (Peteraf & Barney, 2003) and further by Transaction Cost theory (Coase, 1937; Williamson, 1979), the integration theory (Schmitter, 1970) and Open society theory (Bertanlanffy, 1956).

The result contributes to the strengthening of the literature by confirming the postulations of these theories including the transaction cost theory that supports the economic pillar of common markets integration. The results indicate that macro-environment and regional integration contributes more to performance by supporting the strategic alliances dimensions.

The findings of this study demonstrate that the approach on the variables is important in a developing country and that it helps in identifying theories unique to Kenyan manufacturing firms in the EAC market and increase the strategic alliances validity of theories developed in industrialized countries. The study has demonstrated that Kenyan manufacturing firms in the EAC market do operate in competitive environments and their performance is subject to strategic alliances, regional integration and macro environment aspects as postulated in the various paradigms.

The dimensions of regional integration and firm performance as used in this study also supports the transaction cost theory that the study findings indicated the moderating effect of regional integration on the relationship between strategic alliances and firm performance. This study sought to establish this relationship and how other variables influence its performance as a strategic management concept. Other empirical research studies have proposed that strategic alliance has a positive relationship with firm performance. These study findings confirmed and support the proposition of a statistically significant effect.

6.4.2 Implications on Policy

Manifestation of strategic alliances dimensions had varied and mixed results on firm performance. The findings of this study offer suggestions that are beneficial to policy makers in the manufacturing sector in Kenya. Kenyan manufacturing firms have previously lacked best strategic management practices and hence with proper understanding of the EAC market and regional dynamics, the study helps to bridge the gap. The sector is very crucial to Kenya's economic development and contribution to the gross domestic product.

It guides policy makers to develop strategies, promotion of assistance schemes and education programs appropriate to the firms operating in this sector in order to enhance their performance and efficiency. It supports the need for partner states to encourage complementarity approach policies as opposed to competition approach which may adversely affect existence of the EAC as a regional economic bloc.

Kenyan manufacturing firms will have better understanding of the EAC regional market. It informs governments which kind of REC to join and for what reason. Further, it informs that financial motivations as opposed to non-financial are critical in when joining the regional market. For new firms keen to join the regional market will have a better understanding of the regional market and how to adjust to a regional environment. The results of the study show that regional integration has significant influence on the strategic alliances that a firm can adopt. The findings that regional integration and macro environment positively influence firm performance suggest what areas firms need to focus on.

The need for manufacturing firms to strengthen their technologies, marketing and above all human capital capacities across the borders is critical. It creates a clear road map and competitive advantage differences by managers on which regional integration and macro environment dimensions to be pursued. The results of this study may assist policy makers to ensure that Kenyan manufacturing firms in the EAC market give clear focus to dynamic regional and global environmental dynamics and timely adjustments to ensure wrong information does not affect policy drafting and policy decisions.

These results could serve as guide to document that the level and type of alliances used in the Kenyan manufacturing firms in the EAC market could determine their performance. The information shall be a useful guide to current and potential investors as well as useful to policy formulators. These results further guides the government and its state agencies to develop policies for addressing the constraints that affect performance of Kenya's manufacturing firms in the EAC regional market. Kenyan manufacturing firms in the EAC market require a stable and predictable policy environment in order to plan for strategic growth and expansion.

6.4.3 Implications on Management and Practice

Strategic alliances dimensions manifest differently in the Kenyan manufacturing firms in the EAC market sector. Some dimensions are significant while others are not on the different indicators of firm performance. It is therefore prudent for Kenyan manufacturing firms in the EAC market to understand the strategic alliances dimensions in the regional context in order to carry out frequent analysis and develop strategic approaches relevant to their firms' performance.

Investors and their managers who are responsible for cross border investments and keen on developing strategic alliances may have to either adapt to changing external environment conditions or to proactively influence policy dimensions on the external macro-environment and hence finding the results of this study useful.

The findings that regional integration and macro environment positively influence the relationship between strategic alliances and performance, certainly shall be useful in making key managerial and operational decisions. The positive effects have higher contributions to the performance and this implies that investors and their strategic managers should concentrate not only on monitoring the strategic behavior and culture but also on building on the areas that impact on performance. This should form the basis of how decisions related to regional integration has to be observed by the firm. They should not pay excessive attention to one factor as the performance is imperative.

The focus on identifying and developing macro environment and regional integration significantly related to performance in their strategic alliances dimensions and adjust their focus and strategies accordingly. The management has to note that performance is a constellation of factors.

The Kenyan manufacturing firms in the EAC market are highly encouraged to take advantage of regional integration in relation to the changes in the strategic behavior and environment. This allows them to benefit more from their unique resources and processes in order to improve its performance to achieve a competitive advantage.

The results of this study are helpful to management practitioners in making long term strategic alliances and to address constraints faced by the Kenyan manufacturing firms in the EAC market that could have led to low capacity utilization and productivity in the sector. They could be able to source funds for research and development for better quality products. The managers may also be able to address their internal weakness for example, the inefficient and capacity to assess use of strategic alliances.

6.4.4 Implications on Methodological

The results of this study had statistically significant results from the hypothesized relationships from the four objectives. It was to explore and establish the causal relationships on the variables. Lenz (1980) proposed that any relationship must be directly or indirectly caused by the other and there is need to explore further interactions. It therefore calls for the need to look at the operationalization of the research variables in this study and test their interactions.

The design was formed on the basis for generalization of the study findings. However, case by case study would advance the study findings. From the conclusions, there were varied results from the study on the statistical significance and the relationships of the independent variables on the dependent variables. Data collection and operationalization of the study variables, the study instrument was tested for validity and reliability. This was to ensure the data collected would give positive results and eliminate any errors. Based on this, the ground has been set for replication. Questionnaires were used as a useful tool for data collection, which allowed the respondents privacy and chance to express themselves freely without fear, and shyness. This is therefore a methodological contribution compared to the commonly used interviews and lab experiments.

Any studies involving large samples, a drop and pick later method is mostly appropriate. The choice of analytical tools was mainly regression analysis. It is a very powerful analytical technique more especially on studies whose conceptualization has cause effect relationships between and among variables. The approach was able to give various statistical reports that guided this study on statistical significance to support or not support the various hypotheses. It allows drawing of conclusions based on verifiable empirical evidence. If another choice of analytical tool was to be used, the statistically significant results may change to be statistically not significant.

6.5 Limitations of the Study

The main aim of the study was to establish the relationship of the variables that have an impact on the Kenyan manufacturing firms in the EAC market. However, the study had a number of limitations. A cross sectional survey approach method was used for the study and data was collected at only one point in time which may bias the findings and given that the study was done within a certain sector which has certain peculiarities. A single respondent in each firm under study was used in data collection which may bias or determine the nature of responses.

One issue that might have affected the response is the requested respondent in the organization in order to ensure that the answers are provided by individuals that are familiar and well-grounded with the operations of the firm. The research aimed towards people in management who might not always be available and have the time to respond. This brings in individual perception on the variables rather than a uniform generalization of the overall Kenyan manufacturing firms in the EAC market.

The use of aggregated statistics for measures of the conceptualized variables on performance was with the assumption that those measures had not changed and that performance reflected the outcome of strategic alliances dimension adopted. The implementation of regional integration dimensions by the individual Kenyan manufacturing firms in the EAC market was another limitation due to the uniqueness in their structures and priorities hence the varied responses.

The corporate governance within the Kenyan manufacturing firms in the EAC market takes different shapes and the conceptualization of these variations was a limitation and had to take a general view on how to incorporate all their views. Kenyan manufacturing firms in the EAC market were the focus of the study which are many in number. The main challenge was lack of proper criteria of classification of the firms into unit of analysis. Other empirical studies both foreign and local on the same context were used as a guide to define the Kenyan manufacturing firms in the EAC market.

A sample of 160 firms was targeted for the study to fill the questionnaires. These firms are widely dispersed across the country and required a lot of resources and time to reach all of them. 131 fully filled questionnaires were received back. This was a response rate of about 81.88% percent which was considered acceptable. The response rate was comparable to other studies with similar response rate.

The other limitation was the study's focus which was only on Kenyan manufacturing firms in the EAC market. The study did not consider other sectors or startups in manufacturing like SMEs as part of the context. The data that was being sought was through questionnaires and only one respondent was targeted on voluntary basis. The respondents were not obligated to provide the data and this led to delays and affected the response rate. The information was for a five (5) year period and some respondent's length of service was less than the five-year period.

The other limitation was capturing of the study variables. It was mainly on quantitative aspects and limited on the qualitative which most respondents were hesitant to fill and this did not negatively affect the findings of the study. The study operationalized firm performance as financial and non-financial performance measures. Non-financial performance was established in customer service, internal business process, learning and growth. These performance indicators are highly business specific. Financial performance was operationalized by a weighted average of ROE, ROA and Dividend yield.

The study did not consider strategic leadership and social aspects as performance drivers. These would cover aspects like legality and freedom of action among others which are exposures on environmental and social in nature. The study did not take into consideration the effect of the moderating variables like manufacturing firms' resources possession and organization capabilities on the impact of strategic alliances.

6.6 Suggestions for Further Research

This study used regional integration and macro environment as moderating variables respectively, strategic alliances as independent variable and firm performance as dependent variable. Future research should therefore focus on applying longitudinal approaches in future empirical studies. Although costly, difficult and time-consuming, this is more likely to provide additional insights into the dynamic aspects of the strategic alliances and firm performance than cross-sectional studies.

The other suggestion for further research is examining the direct role of regional integration on firm performance in Kenyan firms in other sectors in the EAC market. Future research efforts should also extend the scope of this study by including important contextual variables such as, resources, and/or strategy to the research framework, which may help explain some of the insignificant findings in this study. One direction for future research is to investigate the non-tariff barriers and other barriers to trade that hinder firms' commitment to resource constraint as to lack of human, financial and technological resources.

Future research should also focus on firms outside the EAC market and asses other African RECs and how they motivate firms within their respective regions. This will determine whether the conclusions reached in this study are applicable in the context of other geographical in Africa and how they relate to Kenya's business environment vis-avis the EAC market. Future research should also include to cover firms in the EAC market with focus in other diverse sectors of the economy which include; trade in services, services include air transport, insurance, health and tourism.

The researcher suggests future research to focus on other sectors of the economy such as trade in services, agribusiness, SMEs, energy and infrastructure in the EAC market which all contribute critically to the country's GDP. This will indicate how those other sectors respond to the effects of regional integration. Again, further research is encouraged on aspects of SMEs in the region and their contribution to the EAC integration agenda. Another future research area would be firms' adaptation and change management particularly for new entrants in the EAC market in the wake of managing regional dynamics and cross border geo-economics. Study on implications of AfCFTA to the EAC economies would be useful in identifying possible opportunities and challenges.

The present study relies on a single informant who had knowledge of the firms' activities and their level of commitment. However, the use of multiple respondents from each firm is preferable and would cure aspects of bias and possibly provide fairly more credible data. Multiple respondents could be chosen from several departments (marketing, finance) and from various management levels, so that the analysis could be extended to assess how employees in separate departments and at various management levels perceive with respect to the major variables in the study.

Finally, despite using multivariate analysis to test this study's propositions, perhaps future studies could use different statistical techniques (e.g. path analysis, structural equation modeling - SEM) that can provide better insights and understanding of the relationships among the core factors in the study. Also, future studies should consider utilizing multiple methodologies (i.e. quantitative and qualitative) to help identify the key factors behind firms' commitment to the internet. The aim behind using different statistical techniques and /or plural methodologies is to validate and further strengthen the existing research findings.

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APPENDICES
Appendix I: Researcher Letter of Introduction

University of Nairobi

Peter Mutuku Mathuki

c/o Dean, School of Business ,University of Nairobi
P.O Box 30197-00100
Nairobi, Kenya
Email:petermathuki@gmail.com
Cell:+254722782585

Date---

The Chief Executive Officer
P.O Box---
-------------------------------,Kenya

Dear Sir/Madam,

RE:RESEARCH ON STRATEGIC ALLIANCES,REGIONAL INTEGRATION,MACRO-ENVIRONMENT AND PERFORMANCE OF KENYAN MANUFACTURING FIRMS IN THE EAST AFRICAN COMMUNITY MARKET

I introduce myself as a PhD candidate at the school of Business, University of Nairobi. As part of the requirements for the award of the Doctor of Philosophy in Business Administration, I am required to collect data for the research study. The main purpose of this questionnaire is to collect data to *establish the influence of Regional integration and Macro environment on the relationship between Strategic alliances and the Performance of the Kenyan manufacturing firms in the East African Community Market".*

Kindly, I therefore request you take part in this study by answering all questions as provided in the attached questionnaire. This research work once completed will be useful to those in the industry, academia and policy realm. The data collection will target the **CEO or the Manager responsible for the cross-border or EAC market**. The research results will be solely used for academic purposes and will be treated with strict confidentiality that it deserves. Should you require the summary of the research findings, please indicate at the end of the questionnaire. Your cooperation is highly appreciated.

Yours sincerely,

Peter Mutuku Mathuki
Doctor of Philosophy Candidate.

Appendix II: University Letter of Introduction

UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES & SOCIAL SCIENCES
SCHOOL OF BUSINESS

Telephone: 4184160-5 Ext 215	P.O. Box 30197
Telegrams: "Varsity" Nairobi	Nairobi, KENYA
Telex: 22095 Varsity	

13th June, 2018

TO WHOM IT MAY CONCERN
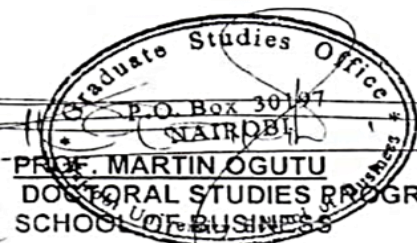
INTRODUCTORY LETTER FOR RESEARCH
PETER MUTUKU MATHUKI – REGISTRATION NO. D80/8347/2001

The above named is a registered PhD candidate at the University of Nairobi, School of Business. He is conducting research on *"Strategic Alliances, Regional Integration, Macro-Environment and Performance of Kenyan Manufacturing Firms in the East African Community Market".*

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the thesis. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence.**

Your co-operation will be highly appreciated.

Thank you.

PROF. MARTIN OGUTU
DOCTORAL STUDIES PROGRAMME COORDINATOR
SCHOOL OF BUSINESS

Appendix III: Graduate School Letter of Intent to Submit PhD Thesis

UNIVERSITY OF NAIROBI
GRADUATE SCHOOL

Telephone: 3318262
Fax Number: 243626
Telegrams: "Varsity of Nairobi"
Email: gs@uonbi.ac.ke
Our Ref: D80/8347/2001

P. O. Box 30197, 00100
Nairobi, Kenya

11th June 2019

Mr. Peter Mutuku Mathuki
C/o Dean,
School of Business

Dear Mr. Mathuki,

NOTICE OF INTENT TO SUBMIT YOUR PH.D THESIS

We acknowledge receipt of your letter dated 5th April 2019 giving intent to submit your PhD thesis for examination entitled; **"Strategic Alliances, Regional Integration, Macro-Environment and Performance of Kenyan Manufacturing Firms in the East African Community Market ."** We also wish to acknowledge receipt of the abstract of the thesis.   Please submit 4 copies of theses to the Director, Graduate School together with your progress report and cleared fee statement from Finance Office (G3).

In addition, you should run and submit an anti-plagiarism test on your thesis which must be endorsed by your supervisor and Dean/Director whose similarity index should be **15% or below.**

You will also be required to provide evidence of 2 publications or 2 letters of acceptance from peer reviewed journals from your PhD work before the oral defence. The publication should be co-authored with the supervisors.

We look forward to receiving four copies of your thesis **within 3 months** from the date of this letter **subject to having received and approved the Board of Examiners from the Dean/Director.**

Yours sincerely,

PROF. CHARLES MULEI
DEPUTY DIRECTOR, GRADUATE SCHOOL

c.c.   Dean, School of Business
         Associate Dean, GBS
         Co-ordinator, Doctoral Studies Programme – SOB
         Chairman, Department of Business Administration

CMM/mv

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Appendix IV: Research Permit from NACOSTI

CONDITIONS

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
6. This Licence does not give authority to transfer research materials.
7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.

REPUBLIC OF KENYA

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No.A 19160

CONDITIONS: see back page

THIS IS TO CERTIFY THAT:
MR. PETER MUTUKU MATHUKI
of UNIVERSITY OF NAIROBI, 3008-506 Nairobi,has been permitted to conduct research in All Counties

on the topic: **STRATEGIC ALLIANCES REGIONAL INTEGRATION MACRO ENVIRONMENT AND PERFORMANCE OF KENYAN MANUFACTURING FIRMS IN THE EAST AFRICAN COMMUNITY MARKET**

for the period ending:
28th June,2019

Permit No : NACOSTI/P/18/90278/23681
Date Of Issue : 28th June,2018
Fee Recieved :Ksh 2000

....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation

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Appendix V: Questionnaire

Dear Respondent,

The main purpose of this questionnaire is to collect data to from the Kenyan manufacturing firms in the EAC market. The information will be used to establish the influence of Regional integration and Macro-environment on the relationship between Strategic alliances and the Performance of the Kenyan manufacturing firms in the East African Community market. The data shall be used for academic purposes only, and will be treated with strict confidence. Your kind participation in facilitating the study is highly appreciated. All information in this questionnaire will remain absolutely confidential."

PART A: General Information

Please (tick) as necessary

Information of the firm

1. (a) Name of your organization

    _____

2. Scope of operation of your organization
    a) National   [   ]
    b) Regional (Within East Africa)   [   ]
    c) Continental (Within Africa)   [   ]
    d) Global (Outside Africa)   [   ]

3. Ownership structure
    1) Fully locally owned   [   ]
    2) Fully foreign owned   [   ]
    3) Both locally and foreign owned   [   ]

4. How many years has the firm been in EAC Market? (in years)

    _____

5. To which sub-sector(s) does your firm belong? Please tick as appropriate.

1)	Building, construction & Mining		8)	Paper and board sector	
2)	Chemical and allied products		9)	Pharmaceutical and Medical	
3)	Energy, electrical & electronics		10)	Plastic and Rubber	
4)	Food, Beverages and Tobacco		11)	Fresh produce	
5)	Leather and Footwear		12)	Textile and Apparels	
6)	Metal and Allied		13)	Timber, wood and Furniture	
7)	Motor Vehicle and Accessories		14)	Others (Specify)	

PART B: STRATEGIC ALLIANCES

6. The following statements describe one aspect of the study which is strategic alliance relationships and manifestations of the Kenyan manufacturing firms in the EAC market. Please indicate the extent to which they apply to your organization. Rate the statements using the scale where 1 -"To a very little extent", 2 - "To a little extent", 3 -"To a moderate extent", 4 – "To a large extent" and 5 – "To a very large extent".

S/NO	STRATEGIC ALLIANCES	1	2	3	4	5
	Joint venture services					
1	Strategic alliances through joint venture services have enhanced our production functions and operations					
2	Our strategic alliances through joint venture services have been based on changes in consumer taste, demand and lifestyle					
3	Forming a strategic alliance through joint services in our organization has allowed ready access to knowledge and expertise.					

4	The information, knowledge and expertise that our firm has gained through joint services has enhanced our performance					
5	Our organization has reduced the installation costs through joint venture services in strategic alliances.					
	Equity Alliances					
6	Strategic alliances through equity motivates performance					
7	Equity alliances relationship enhances management controls					
8	Political and regulatory regimes affect our equity relationship with our cross border partners					
9	Our equity relationship with our partners keeps our relationship closer					
10	Equity alliances strengthens financial links amongst our partnership					
11	Equity alliances makes it easier to do business with our partners					
12	Equity alliances helps our business save time when doing cross border transactions					
	Non-Equity Alliances					
13	Non-equity alliances enhances decision making without delays of unnecessarily consulting our partners					
14	Product licensing makes our products access broader markets in the EAC market.					
15	Non-equity alliances partnership enhances our business performance.					
16	Market information and technology sharing enhances our performance					
17	Financial regulatory regimes in the host country of our partners affect our franchising relationship					

PART C: REGIONAL INTEGRATION

7. The following statements describe one aspect of the study which is Regional Integration manifestations in the Kenyan manufacturing firms in the EAC market. Please indicate the extent to which they apply to your organization. Rate the statements using the scale where 1 - To a very little extent , 2 - To a little extent , 3 - To a moderate extent , 4 – To a large extent and 5 – To a very large extent

S/NO	REGIONAL INTEGRATION	1	2	3	4	5
	Customs Union Policies					
1	Our organization enjoys the harmonized tariffs within EAC market					
2	There is efficiency in processing of goods at the borders of EAC partner states					
3	Our organization has enhanced cross-border investments with the EAC region					
4	There is liberalized intra-regional trade in goods within the region					
5	There is adequate information on matters related to customs and trade within the region					
6	There is harmonized system to facilitate the sharing of information on trade within the EAC					
7	There is anti-dumping regulations within the EAC region to protect entry of substandard goods in the region					
8	The EAC competition policy and law helps to prevent any practice that adversely affect free trade within the community					
9	There is standardization, quality assurance, metrology and testing of goods promote trade and investment and consumer protection					
10	One stop border post(OSBP) facilitates ease of movement of goods in the EAC market for our organization					

	Common Market Protocol Policies					
11	EAC common market offers an opportunity for wider market of our products					
12	There is ease of operation for our organization within the region as a result of EAC common market protocol					
13	The regional common market offer opportunity for free movement of services for our organization in EAC region					
14	The removal of non-tariff barriers will improve movement of goods in EAC region for our organization					
15	EAC offer opportunity to our organization to enjoy ease of movement of labour and capital which facilitates doing business in the region.					
16	The right of residence and establishment within the EAC region facilitate ease of doing business					
17	Improved transport infrastructure in the region has helped ease of movement of goods					
	Monetary Union Policies					
18	The multiple currency system in EAC region slows up ease of doing business					
19	The cooperation in monetary and fiscal policies in EAC region establishes monetary stability					
20	Time is consumed in currency exchange to facilitate payments within the EAC region					
21	Value of currency and conversion affects our transaction operations within EAC region					
22	The single currency will ease and facilitate trade within the EAC region					
23	The introduction of single currency will make investments and movement of people more viable					

	Political goodwill and stability policies					
24	There is political stability within the EAC to facilitate trade					
25	There is political good will for the success of regional integration					
26	Political leadership support regional trade within the EAC					
27	Bureaucracy affects trade within the EAC region					
28	Multiplicity Membership of EAC Partner states in regional blocs affects political goodwill					
29	Mistrust among partner states of EAC affect trade of goods and services					

PART D: MACRO ENVIRONMENT

8. One aspect of the study is Macro environment. ME is part of the wider external environment where organization operates and consists of factors beyond the organizational control. On the basis of the implications of the macro environment to your organization, please answer the questions below.

Please indicate the extent to which they affect your organization. Rate the statements using the scale where 1 - To a very little extent , 2 - To a little extent , 3 - To a moderate extent , 4 – To a large extent and 5 – To a very large extent.

S/NO	MACRO ENVIRONMENT	1	2	3	4	5
	Political					
1	The Political stability of the country is critical to our operations					
2	Change of political regime influences our operations					
3	Electioneering period affects our business					
4	Government pronouncement on policy changes from time to time brings uncertainty in our decision making process					
5	Stakeholders interest in our operations is good for our business					
6	Government engagement with private sector improves how we do business					
7	State policies on private sector influence our business.					

	Economic					
8	Government changes in fiscal and monetary policies influences our operations					
9	Stability of Inflation trends in the country affects our pricing policy.					
10	Fluctuations in foreign exchange rates affects our costing and competitive strategy					
11	Changes in tax regimes and policies influences our business operations					
12	Budget allocation to promote Business investment in the host country motivates our business					
13	Level of country's overall economic development is critical for our business decisions.					
14	Currency conversion affects pricing					
15	Corruption in the host country effect on how we do business					
16	Products from outside EAC market affect business in the region					
	Social-cultural					
17	Demands of host communities influenced by culture and norms affects our business strategies					
18	Population of the host country influences our decisions on business operations.					
19	Crime acts and acts of terrorism influences our partnership choices					
20	Ethnic and tribal inclinations helps us making critical decisions on our operations					
21	Gender issues influences our business strategies on products and policy					
22	Historical issues influences our decisions and choices of partnership					
	Technological					
23	ICT Government policy affects our operations in business					
24	ICT literacy level in the organization is key in how we do business					

25	Cash transfer policy and Banking ICT policy affects our operations					
	Ecological					
26	Environmental policy on adherence affects our choice of business decisions					
27	Issues of ecology and environment affect our business operations					
	Legal					
28	Good governance is adhered					
29	Business legal requirements in the host affect our business establishment.					
30	Processing for business license in the host country is easy.					

PART E: FIRM PERFORMANCE

9. Please indicate with a tick (√) the extent to which you agree with the following statements **Key:** 1 - To a very little extent , 2 - To a little extent , 3 - To a moderate extent , 4 – To a large extent and 5 – To a very large extent.

	STATEMENT	1	2	3	4	5
	Customer Service					
1	Customer retention in cross border market is higher compared to our competitors					
2	Customer loyalty has improved overtime					
3	The company constantly modifies the way it provides its services based on response it gets from customers					
4	Number of new customers has been increasing					
5	Repeat business in cross border is higher compared to our competitors					
6	The company get a percentage of new customers through customer referral					
7	Customer complains has dropped significantly					

	Organisational Internal Business Process					
8	Efficiency of internal processes have increased significantly					
9	There has been cost reduction in our firm					
10	There has been improved coordination with business partners/Suppliers					
11	New products are developed frequently					
12	Our investment in research and development has intensified					
13	The number of defects has been declining					
14	We encourage reduction in material use than our competitors					
15	large number of new products and services have been introduced compared to our competitors in the EAC market					
	Learning and Growth	1	2	3	4	5
16	Staff consistently demonstrate behaviour focused on driving exceptional performance					
17	Employees focus their energy on fulfilling our collective mission.					
18	Employee retention is higher than our competitors					
19	Employee morale and has been growing					
20	Employee productivity is low					
21	Employee skill development has been intensified					
22	The company ensures that employees perform task that are challenging					

Appendix VI: Secondary Data Collection Sheet

Constructs considered	Annual growth or decline as a percentage (%)						Overall Annual growth
	2012/2013 =100%	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	
Financial performance (ROA, ROE, dividend yield)							

Appendix VII: List of Kenyan Manufacturing Firms in the EAC Market as at December, 2017(160)

	Name	Contacts / Address
1.	Acme Container Ltd	Red Hill Road, 254-066-76078,Nairobi Cell phone: 254-0722205927 Email: info@acmecontainers.com
2.	Africa Kaluworks (Aluware) Division K(DONE)	Address (Physical Location): Kitui Road, Off Kampala Road, Industrial Area. Telephone: +254 (020) 6531480/3 Mobile: +254 722 485550 / +254 733 677888 Email: aluware@kaluworks.com
3.	Africa Oil Kenya B.V	Telephone: +254-20-4456173, Nairobi Cell phone: +254-712445303 Email: africaoilcorp@namdo.com
4.	African Cotton Industries Ltd	254 (020) 826177 / 824959,Mombasa Road,Nairobi Cell phone: +254-0722692778 Email: info@kenyacompanies.com
5.	AllPack Industries Ltd	Mlolongo +254 722 205512
6.	Alpha Dairy Products Ltd	Industrial Area,Off Enterprise Road,Road 'A',Nairobi Telephone: 254-020-651256,530335,534486 Email: affl@alphafinefoods.com
7.	Alpha Fine Foods Ltd	Road A off Enterprise Rd, Industrial Area, Nairobi Telephone: +254-20-651251 Cell phone: +254-733786202 Email: amir@alphafinefoods.com
8.	Alpharama Ltd	Off Namanga Road, Kenya Town : Athi River Town | Landline Numbers : +254 045 262255, 020 3597040,020 3597041 | Mobile Numbers : +254 733 609947
9.	Apex Steel Ltd	Funzi Road, Off Enterprise road Industrial Area +254 (20) 3540101/2/3, 651107/8, 558004, info@apex-steel.com
10.	AquaSanTec	Embakasi Office Off Airport North Rd,Nairobi Telephone: (254)-(20) 2519098/99 Email: info@aquasantec.com
11.	Artech Agencies (KSM) Ltd	Tom Mboya Street,Nairobi
12.	Ashut Quality Products	Lokitaung Road off Likoni Road. (K.I.E.),Nairobi Telephone: +254 20 552225 / 552292 / 556985 /651166 / 556870 / 535715 Email: info@ashut.com
13.	ASL Ltd – HFD	Ramco Group Industrial Park, Mombasa Rd,Nairobi Telephone: +254 20 809 1077, 205 4137 Cell phone: +254 733 922 929, +254 727 228870 Email: infohfd@asl.ramco-group.com
14.	Athi River Mining Ltd(DONE)	Rhino House, Chiromo Rd, Westlands,Nairobi Telephone: +254203752241
15.	Atlas Copco Eastern Africa Ltd	North Airport Rd, Embakasi, Nairobi Telephone: +254-20-6605000 Cell phone: +254-721265778 +254-733333201 Email: info.acea@ke.atlascopco.com
16.	Bamburi Special Products Ltd(DONE)	Kitui Road, Off Kampala Road, Industrial Area, Nairobi, Kenya Telephone: +254 20 554598, 554572, 350578, 350579 Cell phone: 0722-632289, 0733-632145 Email: bsp.info@bamburi.lafarge.com
17.	Bata Shoe Co K Ltd	C.D. Outlet, Gr Flr Limuru Rd, Limuru, 23-00217 Limuru +254-202041317

18.	Beiersdorf EA Ltd	Viwandani,Serem-Sasio Rd,Nairobi +254-206530051
19.	Beta HealthCare	Mogadishu Road off Lunga Lunga Road Industrial Area Telephone: +254 20 6530106Contacts Email: info@ke.betasheyls.co
20.	BIDCO Oil Refineries Limited	Thika Town, Kenya Telephone: +254 67 2821000, +254 722 278 777, +254 733 655 777 Email: thika@bidco-oil.com
21.	Bilco Engineering	Baba Dogo Road, Ruaraka Telephone: +254 (020) 8563484 / 2128220 / 4764543 Email: salesinfo@bilcoengineering.com
22.	Biodeal Laboratories Ltd	Lunga Lunga Rd, 32040-00600 Ngara Rd, Nairobi, Kenya +254-20557808
23.	Blowplast Limited(DONE)	Location : funzi road , industrial area,Nairobi Phone : +254558649/558792
24.	Bobmil Industries Limited	Bobmil Complex, Mombasa Road Tel: +254-020-2032120/1 Cell: +254-722205387, 0770242970, +254-(0)770-242970/1,+254-(0)770127948/69 Email: info@bobmilgroup.com
25.	BOC Kenya Ltd	Kitui Road, Off Kampala Road, Industrial Area,Nairobi Telephone Number: 531384
26.	British American Tobacco Kenya Ltd	Lunga lunga Rd,Nairobi
27.	Broadway Bakery	Factory Rd, Thika, Kenya +254-6724098
28.	Brookside Dairy Ltd	Off Thika/Nairobi Rd, Thika, Kenya +254-6725044
29.	Car & General Kenya Ltd	New Cargen House Lusaka Road/Dunga Road, Industrial Area +254 020 6943000 or +254 020 6943100 +254-722 209872 /3 /6 and +254-735 353503/66 Email: info@cargen.com
30.	C. Dormans Ltd	Head Office, 17 Milimani Rd.,Nairobi Telephone: +254 (020) 2718834 Email: info@dorman.co.ke
31.	Central Glass Industries Ltd	Kasarani Rd Off Thika Rd, 49835-00100 GPO, Nairobi, Kenya +254-208564681
32.	Chandaria Industries Limited	Baba Dogo Rd, Ruaraka, Nairobi Telephone: +254-20-8563252 Cell phone: +254-8563253 Email: info@chandaria.com
33.	Chemplus Holdings LTD	Kabansora Road off North Airport Road, Godown No 14,Nairobi Telephone: +254 020 6823208, +254 020 821948 Cell phone: 0713 739999 / 0738739999 Email: info@chemplus.biz.
34.	Chevron Kenya Ltd	Chevron Plaza, Limuru Road Telephone: +254 (20) – 3668000 Cell phone: 0733620627, 0733620628 Email: info@chevron.com
35.	Chloride Exide Kenya Limited	OFF DUNGA ROAD INDUSTRIAL AREA Telephone: (+254 – 020) 532211/48/49 Email: info@chlorideexide.com
36.	Coastal Bottlers Limited	Mombasa, Kenya (254) 41 31 18 80
37.	Coca Cola EA Ltd	Coca-Cola East and Central Africa Ltd

		Street/Road : Junction of Mara - Kilimanjaro Road, Nairobi, Kenya Locality : Upper Hill +254 020 3253331, 020 3253000, 020 2712271 +254 0734 109000
38.	Colgate-Palmolive(East Africa) Ltd	Telephone: +254 20 3748901,Nairobi Email: info@colpal.com
39.	Cosmos Limited	Rangwe road, Off Lunga Lunga rd, Industrial Area Telephone: +254 (020) 550700-9,Cell No: +254 (0) 722 864 000/ +254 (0) 733 666 834 Email: info@cosmos-pharm.com
40.	Corrogated Sheets Ltd	Mikindani, along Mombasa-Nairobi Road,Mombasa, Kenya | Mobile Numbers : +254 722 204848,0727 605899,0733 615465
41.	Crown-Berger (K) Ltd.(DONE)	Likoni Rd, Industrial Area,Nairobi Telephone: +254 (020) 533603 Email: sales@crownberger.co.ke
42.	Delmonte Kenya Ltd(DONE)	Thika. +254 202141600 nanasi@delmonte.co.ke
43.	Devki-Steel Mills Ltd	Mombasa Rd, Athi River +254-456622816
44.	Dodhia Packaging Industries Ltd	KAMPALA ROAD,INDUSTRIAL AREA,+(254) (721/734) 295 101 sales@dplkenya/Jigar@dplkenya.com
45.	Doshi Group of Companies	Mombasa Rd Telephone: +254-20-2743000 Cell phone: +254-722718553, +254-733637377, +254-203537384 Email: info@doshigroup.com
46.	DT Dobie Kenya Ltd(DONE)	Lusaka Rd, Industrial Area,Kenya +254206977000+254722202467
47.	East African Breweries Limited	Telephone: +254 020 864 4000, 8563701-9, 8564421-4 Email: eablinfo@eabl.com
48.	East African Cables Ltd. (DONE)	Addis Ababa Road, Industrial Area Telephone: 254-020- 6607000 Cell phone: 254 710 555544, 254 733 624491. Email: info@eacables.com
49.	East African Packaging Industries Ltd(DONE)	Kitui Rd Off Kampala Rd Nairobi, Kenya +254-202099008
50.	East African Portland Cement - Blue Triangle Cement	+254 722- 203 078/80 Airtel: +254733- 333212/14 E-Mail: Customercare@eapcc.co.ke
51.	East African Sea Foods Ltd(DONE)	
52.	Eastern Chemical Industries Ltd	Mombasa, Haile Sellasie Ave Telephone: +254 (020) 2222254 Email: echemical@africaonline.co.ke
53.	Eco Consult LTD	Off JUJA ROAD, 2nd Avenue, Eastleigh-SABATIYET STREET. Phone : +254 724 491 788
54.	Eveready East Africa Limited(DONE)	Standard Bldg, Wabera Street Telephone: +254-020-216139 Cell phone: +254 (733) 655556, 604062; (722) 205469 Email: info@Eveready.co.ke
55.	Excel Chemical Ltd.	+254 020 823306/7/9, 2099255/6, 3540061 Cell phone: +254 0728 024 174, +254 0733 626 Email: info@excelkenya.com
56.	Fairdeal Upvc, Aluminium and Glass Ltd	Jomo Kenyatta AveCoast Gen Hsp, Mombasa +254-202136552
57.	Farmers Choice Ltd(DONE)	Kahawa Station Rd, Off Kamiti Rd, Ruaraka, Nairobi,Telephone: +254-20-8711722,Email: sausage@farmerschoice.co.ke

58.	Flexoworld Ltd	Ramco Group Industrial Park, Mombasa Road Telephone: +254 (20) 8067552 / 0172 861479 Email: flexoworld@marketpower.co.ke
59.	Foam Mattress Ltd.	KISUMU Cell phone: +254-0733614247 Email: foamatt@gmail.com
60.	Frigoken Ltd	254 (0) 20 2391717/21 P.O.BOX 30500–00100 Nairobi, Kenya
61.	Furmart furnishers	Location : North Aiport Road. opp SDV Transami. Phone : 0722247873
62.	Gahir Engineering Works Ltd	Pate Rd off Lunga Lunga Rd. Tel: +25420535921/3, +254203540428,Email: gahir@net2000ke.com
63.	General Motors EA Ltd(ISUZU)-DN	Mombasa Rd
64.	General Plastics Ltd	Enterprise Road, Nairobi, Kenya 020-552113 556935
65.	General Printers Ltd	Homa Bay Road, Industrial Area,Nairobi 020-532600
66.	Goldrock international enterprises	Babadogo Road, Ruaraka Phone : +254 729 575411
67.	GoldCrown Foods (epz) Ltd	Mombasa, Kenya. +254 41 2223404.
68.	Glaxo Smithkline Kenya Ltd	Likoni Rd, Nairobi, Kenya +254-206933200 +254-724255402+254-724255409+254-736902550
69.	Greenforest Foods Ltd(DONE)	Lokitaung Rd, Industrial Area, Nairobi, Kenya +2542022390306
70.	Haco Tiger Brands EA Ltd	Kasarani Rd, Nairobi, Kenya +254-208642000
71.	Ibera Africa Power EA Ltd	Laxcon House, 6th floor, Limuru Road P.O. Box: 32431, Nairobi, 00600 Telephone Number: 3654000 Email Address: power@iberafrica.co.ke
72.	Insteel limited	Ol kalou Rd,Ind.Area,Nairobi info.insteel@safalgroup.com (254) 734 333 163 / (254) 722 207 666 / (254) 20 214 6545/6
73.	Interconsumer Products Ltd	Mombasa Rd,opp.JKIA,Nairobi Tel:+254202326716/9,0713065586,0713065582 Email:info@interconsumer.co.ke
74.	JamesFInlay K Ltd	Chepkembe,Kericho 052 201559. 052 201559.
75.	JET Chemicals (Kenya) Ltd	Homa Bay Rd,Nairobi Telephone: +254 (020) 554902 Email: jetchem@wananchi.com
76.	Kapa Oil Refineries Limited	+254 –20-6420000, info@kapa-oil.com
77.	Kenbro Industries	KENBRO Bldg Behind Saj Ceramics Off Mombasa Rd Tel: +254-20-2433383,Mobile: (+254) 722848585
78.	Kenya Fluorspar Company Ltd (KFC)	Kimwarer, Kerio Valley Eldoret,Tel: +254 53 22460/1 Email: info@kenyafluorspar.co.ke

79.	Kenya Grange Vehicle Industries Ltd	Kitui Rd, Off Kampala Rd,Nairobi Telephone: +254 (020) 555259 Cell phone: +254-0722203813
80.	Kenya Petroleum Refineries Ltd	Refinery Rd, Changamwe,MOMBASA Telephone: +254-41-3433511 Cell phone: +254-724257102 Email: refinery@kprl.co.ke
81.	Kenya Seeds Company ltd(DONE)	
82.	Kenya United Steel Co (2006)	Miritini, Mombasa, Kenya (254) 41 - 3433601
83.	Kenya Wine Agencies(DONE)	Enterprise Rd,Nairobi
84.	Kenafric Industries Ltd(DONE)	
85.	KenBlest Ltd	Garissa Road, Thika, Kenya +254-20 2055591.+254 - 20 2055592 +254-725 490800,+254- 734 490800
86.	KenChic Ltd	(254) 20 557765 / (254) 20 554856 / (254) 20 555009 E-mail: info@kenchic.com
87.	KenSalt Ltd	Off Refinery Rd, Changamwe, Mombasa, Kenya (254) 41 - 3433004
88.	Kenya Trading EPZ Ltd	Sameer Industrial Park, Nairobi Tel. (+254) 724758127,737915546 Email: gci2468@yahoo.com / info@kenya-trading.com Contact person: Chairman: Eddie Ben Adrey
89.	Kim-Fay E.A Limited	Off Mombasa RD, Behind Libra House, Maasai Rd Nairobi. Telephone: +254 020 650016, 3512819, 3512825 Cell phone: +254 0710-600 979, +254 0736-407 223 Email: rajpreet@kimfay.com, customercare@kimfay.com
90.	King Source Plastic Machinery Co.,Ltd.	kingsourcesales@163.com
91.	Krystaline Salt Ltd	Kay Complex, Mombasa Road ,Nairobi 020-824903
92.	Libya oil Kenya ltd(DONE)	OiLibya Plaza, Muthaiga Road,Nairobi +254 20 362200 / 3622300,+254 719 020000
93.	London Distilllers K Ltd	LDK Hse Dunga Rd Nairobi, Kenya +254-206531007 +254-206531008 +254-206531009 +254-206531010
94.	Mabati Rolling Mills Ltd	Athi River, Kenya Tel: + 254 (020) 6427000 + 254 722 205164, + 254733 622068, + 254 788 202020 Email: marketing.mrmroofing@safalgroup.com
95.	Magadi Soda Company	Postal Address: 1 – 00205 Telephone: +254 (20) 6999000 Fax Email: info@magadisoda.co.ke,Nairobi
96.	Manzil Glass & Hardware Ltd	Jekima Centre, Grnd Flr, Jogoo Rd Telephone: +254 (020) 555564 Cell phone: +254 – 0721222294 Email: manzilglass@gmail.com
97.	Mastermind Tobacco K Ltd	Mombasa Road, Nairobi, Kenya +254 020 2798000, 020 3542400 +254 0737 337881, 0722 209906
98.	Maweni Limestone Ltd	Mombasa Telephone: (045) 20631, 20247,22221/7,20235 Email: info@armkenya.com
99.	Metal Crown Ltd	Nanyuki Rd Industrial Area,Nairobi Telephone: +254) 20 532419/421, 535804/5/6/7/8 Email: ContactUs@metalcrowns.com

100.	Menengai Oil Reffineries ltd	NAKURU, KENYA : +254 5122122355 : info@menengaigroup.com George Morara Avenue, Opposite Eveready Batteries Ltd
101.	Metsec Ltd.	Telephone: +254 (020) 823401,Mombasa road Nairobi Cell phone: +254 – 0722718555 Email: metsec-sales@doshigroup.com
102.	Mini-Bakeries NBI Ltd	Kangundo Road, Nairobi, Kenya +254 020 2122199 +254 731 999905/6
103.	Mount Kenya Bottlers Limited	
104.	Mumias Sugar Company Ltd	
105.	Nation Media Group Ltd	
106.	Nairobi Bottlers Limited	
107.	Nestle Foods K Ltd	
108.	Nutro Manufacturing Epz ltd	
109.	Orbit Chemical Industries Ltd	Telephone: +254 (20) 2338200-2/+254 (20) 2338306-8/+254 (20) 3541025-6 /+254 (20) 3506114-5/+254 (20) 821623/25 Cell phone: +254 722 205505/ +254 733 333938 Email: orbit@orbitchem.com,Nairobi
110.	Osho Chemicals Industries Ltd(DONE)	
111.	Orpower 4, Inc	Hells Gate, Naivasha Telephone: +254-50-50664 Email: orpower4office@ormat.com
112.	Packaging Industries Ltd	Nairobi-Limuru Rd, Opp. Tumaini High School Telephone: +254 (020) 51319Cell phone: +254-0722740707, Email: info@acmecontainers.com
113.	Pan African paper Mills EA Ltd	
114.	Patco Industries Ltd	Kisumu Telephone: +254 (057) 2020126 Cell phone: +254-0722624867 Email: info@kenyacompanies.com
115.	Plastcon(Sadolin Paints EA Ltd)(DONE)	
116.	Platinum Packaging Limited	Mombasa Road,Nairobi Telephone: +254 (20) 820620/25 Cell phone: +254 (734) 903113, (722) 399111 Email: info@ppl.co.ke
117.	Polly Propelin Bags Ltd	
118.	Polythene Industries Ltd	Ramco Group Industrial Park, Mombasa Road,Nairobi Telephone: +254-20- 3517940 – 3 Email: info@polythene.co.ke
119.	Procter n Gamble East Africa Ltd	
120.	Pudlo Cement Company (PCC)	Location : OFF THIKA ROAD babadogo lane,Nairobi Phone : 0203538951,0724701778,0720283481
121.	Pwani Oil products Limited	Wahunzi St. , Near Railway Station , Mombasa , Kenya Telephone: 254 41 2495563/2493137 Cell phone: 254 722-207886, 254 734-495563 Email: info@pwanioilproducts.com
122.	PZ Cussons East Africa Ltd.	Baba dogo Rd. Ruaraka – Nairobi Email: info@pzcussonskenya.com Website: www.pzcussons.com
123.	Rai Plywood(Kenya) Ltd	
124.	Rupa Cotton Mills EPZ Ltd	Telephone: +254-45-6622799,Nairobi Email: tinu@mgnent.com
125.	Sameer Group	Riverside Drive, Nairobi Telephone: +254-020-4449450, 4449872 Email: info@sameer-group.co.ke

126.	Sanpac Africa Ltd	Next to Nation Media Printing Plant Off Mombasa Rd, Embakasi, Nairobi Telephone: +254-20-2112100 Email: info@sanpac.com
127.	Sara Lee Kenya Ltd	Sara Lee, Wambui Rd, Ruaraka, Box 30457-00100, Nairobi, Kenya +254203635544
128.	Savanna Cement Ltd(DONE)	Kitengela,Namanga road
129.	Simlaw Seeds Company Ltd(DONE)	
130.	Slumberland Kenya Ltd	Kampala Rd, Off Enterprise Rd, Ind. Area Telephone: +254 (020) 535021 Cell phone: +254 – 0722204310 Email: info@slumberland.co.ke
131.	Spinknit Dairy (Ltd)	
132.	Spinners & Spinners Ltd	
133.	Stainless Steel Products Ltd	Shimo La Tewa Rd Off Lusaka Rd, Industrial Area, Nairobi Telephone: +254-20-6533223 Cell phone: +254-771457169+254-206533119, 6533106, 6533242
134.	Stamet Products (K) Ltd	Mombasa Rd, Opp Mabati Rolling Mills Ltd,Nairobi Telephone: +254 (020) 3540135 Cell phone: +254 – 0733607899 Email: sales@stametkenya.com
135.	Standard Media Group Ltd	
136.	Standard Rolling Mills Ltd	
137.	Statpack Industries Limited	North Airport Road Embakasi,Nairobi Telephone: 254.20. 821404/5/6, 820875/6, Email: info@statpack.co.ke
138.	Steel makers Ltd	
139.	Steel Structures Limited	Telephone: 254 20 7781479 254 20 7781489 , 254 20 7781787 ,254 2 7788073/115/132/163 Cell phone: 254 733 517700 , 254 722 517700 Email: info@steelstructureskenya.com,Nairobi
140.	Strategic Industries Ltd	Raiply Complex, Lunga Lunga Road, Industrial Area, Box 30682-00100, Nairobi, Kenya
141.	Sudi Chemical Industries Limited	Lunga Lunga Rd, Industrial Area,Nairobi Telephone: +254 (020) 554294 Email: sudichem@gmail.com
142.	Superfit Steelcon Ltd	Masai Rd, Off Mombasa Rd,Nairobi Telephone: +254-20-6535487 Fax: Email: superfit@wananchi.com
143.	Syngenta EA Ltd	Next to Donbosco Church, Upper Hill, Matumbato Road, off kIAMBERE rOAD, nAIROBI 020-2714862
144.	Synresins Ltd (DONE)	
145.	Tata Chemicals Magadi Ltd	P.O. BOX 1-00205, Magadi, Kenya +254 (0)20 6999000 info-magadi@tatachemicals.com
146.	Tetra Pak Ltd	
147.	Top Tank	Parkside Towers, Mombasa Telephone: +254 20 3939000 Email: mail@tilecentre.com
148.	Tononoka steel ltd	
149.	Toyota EA Ltd	
150.	Tripac Chemical Industries Ltd	Bobmil Complex Mombasa Rd Ind Area, Industrial Area, Nairobi Telephone: +254-20-6554064 Cell phone: +254-722205387 +254-733618574 +254-770242970 +254-202032120 Email: info@viro.bobmilgroup.com

151.	Twiga Stationers & Printers Ltd(DONE)	
152.	Umoja Rubber Products Ltd	
153.	Unga Group Ltd.(DONE)	Ngano House, Commercial St., Industrial Area,Nairobi Telephone: 254 20 393 3000
154.	Unighir Ltd.	Road C, off Enterprise Rd Industrial Area, Nairobi, Kenya Telephone: +254 (0) 20 534682/533749 /536397-8 Cell phone: +254 (0) 722 236428 or (0) 733 974870 Email: info@unighir.com
155.	Unilever Kenya Limited	Watermark Business Park, Ndege Road, Karen
156.	Uniplastics Limited	Off Baba Dogo Rd, Nairobi, Kenya +254-208561611
157.	Welfast Kenya Ltd	Location : Lusaka Close, Nairobi, Kenya Phone : 0736666100 / 0722521199 / 077019292
158.	Welrods Limited	Wundanyi Rd, Off Lunga Lunga Rd, Industrial Area,Nairobi Telephone: +254 20 54507, 559482 Email: welrods.co.ke
159.	Williamson Power Ltd	24 Kunde Rd Opp Danjay Apartment Valley Arc, Jamuhuri, Nairobi Telephone: +254-20-3875025 Cell phone: +254-722203007 +254-733666075 +254-203866665 +254-203875032 Email: willpower@williamson.co.ke
160.	Wringleys East Africa	infokenya@wrigley.com Call Us: +254-20-3952000 Address: The Wrigley Company East Africa 19 Bamburi road industrial area

Appendix VIII: Factor Analysis Results

Strategic Alliances

KMO and Bartlett's Test[a]		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.666
Bartlett's Test of Sphericity	Approx. Chi-Square	447.835
	Df	136
	Sig.	.000
a. Based on correlations		

Communalities	Raw		Rescaled	
	Initial	Extraction	Initial	Extraction
Joint venture services have enhanced our product functions and operations	.344	.189	1.000	.551
Joint venture services is based on changes in consumer taste, demand and lifestyle	.461	.176	1.000	.383
Joint venture servicess has allowed ready access to knowledge and expertise	.632	.319	1.000	.504
Joint venture services enabled firms to gain, information, knowledge and expertise	.527	.281	1.000	.533
Joint venture services reduced installation costs	.507	.244	1.000	.481
Equity alliances motivate performance	.636	.331	1.000	.520
Equity alliances enhance management controls	.590	.324	1.000	.550
Political and regimes affect equity relationships across boarders	.792	.635	1.000	.802
Equity alliances keeps our relationships closer	.649	.470	1.000	.724
Equity alliances strengthen financial links	.718	.530	1.000	.738
Equity alliances make it easier to do business	.658	.389	1.000	.591
Equity alliances helps business save time	.867	.653	1.000	.753
Non-equity alliances enhance decision making without delays	.755	.525	1.000	.695
Product licensing makes products access broader markets	.701	.366	1.000	.523
Non-equity alliances enhance business performance	.835	.635	1.000	.760
Market information and technology enhances performance	.620	.357	1.000	.576
Financial regulatory regimes affect franchising relationship	.806	.620	1.000	.769
Extraction Method: Principal Component Analysis.				

Scree Plot
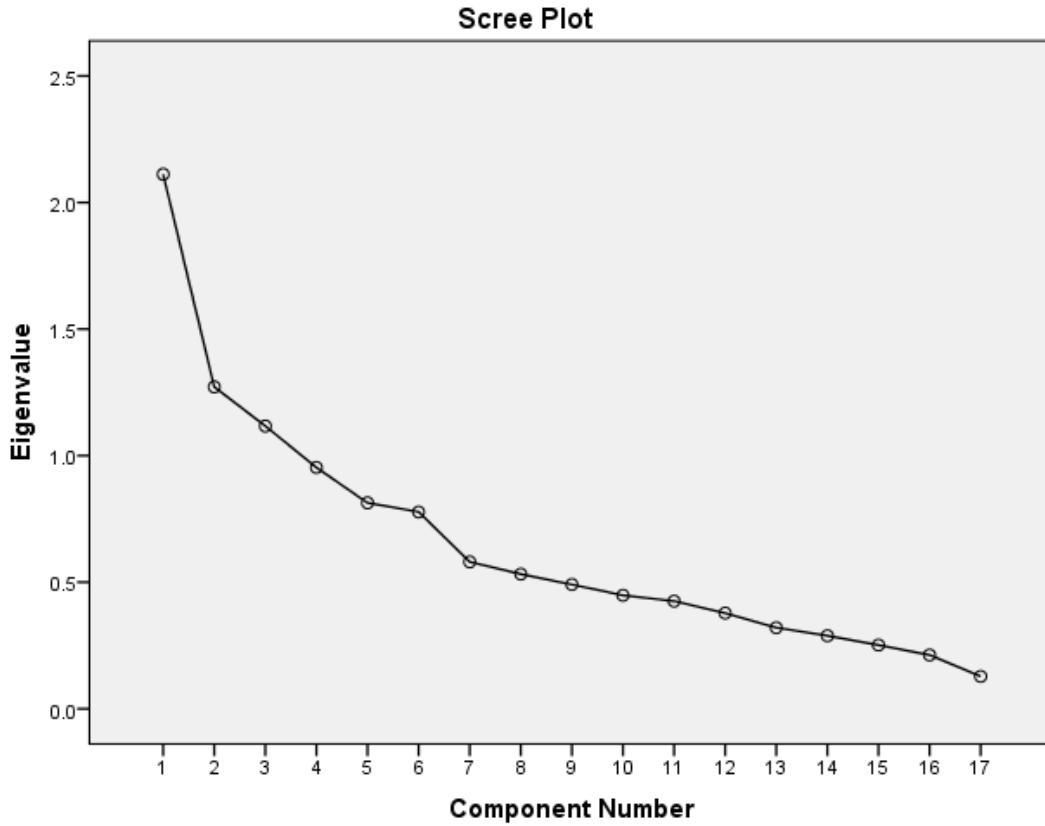
Component Transformation Matrix						
Component	1	2	3	4	5	6
1	.649	.494	.308	.436	.221	.026
2	.054	.405	-.798	.173	-.324	.246
3	.231	-.255	-.238	-.244	.633	.604
4	.495	-.558	-.376	.183	.018	-.518
5	.388	-.325	.260	-.083	-.663	.479
6	.357	.331	-.045	-.824	-.068	-.277
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.						

Regional Integration

KMO and Bartlett's Test[a]

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.534
Bartlett's Test of Sphericity	Approx. Chi-Square	636.430
	Df	378
	Sig.	.000

a. Based on correlations

Communalities

	Raw		Rescaled	
	Initial	Extraction	Initial	Extraction
Custom union enables organizations enjoy harmonized tarrifs within EAC market	.524	.242	1.000	.462
Custom unions enhance efficiency in processing goods	.381	.131	1.000	.345
Custom union enhanced cross border investments	.632	.210	1.000	.333
Custons union enhanced enabled liberalized intra regional trade in goods	.884	.640	1.000	.724
Customs union enabled availability of adequate information on matters of customs and trade	.832	.575	1.000	.691
Custom unions harmonization enhanced sharing of information on trade	.682	.352	1.000	.516
Customs union enabled antidumping regulations to protect entry of substandard goods	.878	.542	1.000	.617
EAC competition policy and law prevent practices that affect free trade	.817	.399	1.000	.488
Standardization quality assurance metrology and testing promote trade and investments	.775	.227	1.000	.293
One stop boarder stop facilitates movement of goods	.787	.405	1.000	.515
Common Market Protocol offers opportunity for wider market products	.690	.302	1.000	.438
Common Market protocol eased operations of organizations	.498	.223	1.000	.448
Common Market Protocol offers opportunity for free movement of services	.666	.200	1.000	.300
Common market Protocol helped removal of non tarrif barriers	.838	.533	1.000	.635
Common Market Protocol in EAC enabled organizations enjoy ease of movement pf labour	.712	.307	1.000	.431
Right of residence in EAC facilitates ease of doing business	.759	.382	1.000	.504
Improved transport infrastructure in the region eased movement of goods	7.366	7.358	1.000	.999
Monetary union multiple currency system slows up ease of doing business	.806	.338	1.000	.420
Cooperation in monetary and fiscal policies to establish monetary stability	.769	.307	1.000	.399
Time is consumed in currency exchange facilitates payments	.783	.292	1.000	.373
Value of currency and conversion affects transaction operations within EAC	.786	.392	1.000	.499
Single currency will ease andfacilitate trade	.920	.597	1.000	.649
Introdcution of single currency will make investments and movement of people	.870	.314	1.000	.361
Poltical good will and stability facilitate trade	.540	.177	1.000	.328
Political good will enhances success of regional integration	.555	.333	1.000	.600
Political leadership support regional trade	.884	.616	1.000	.697
Bureacracy affects trade within EAC market	.837	.336	1.000	.401
Multiplicity of membership of EAC affects political good will	.790	.479	1.000	.606
Extraction Method: Principal Component Analysis.				

Scree Plot
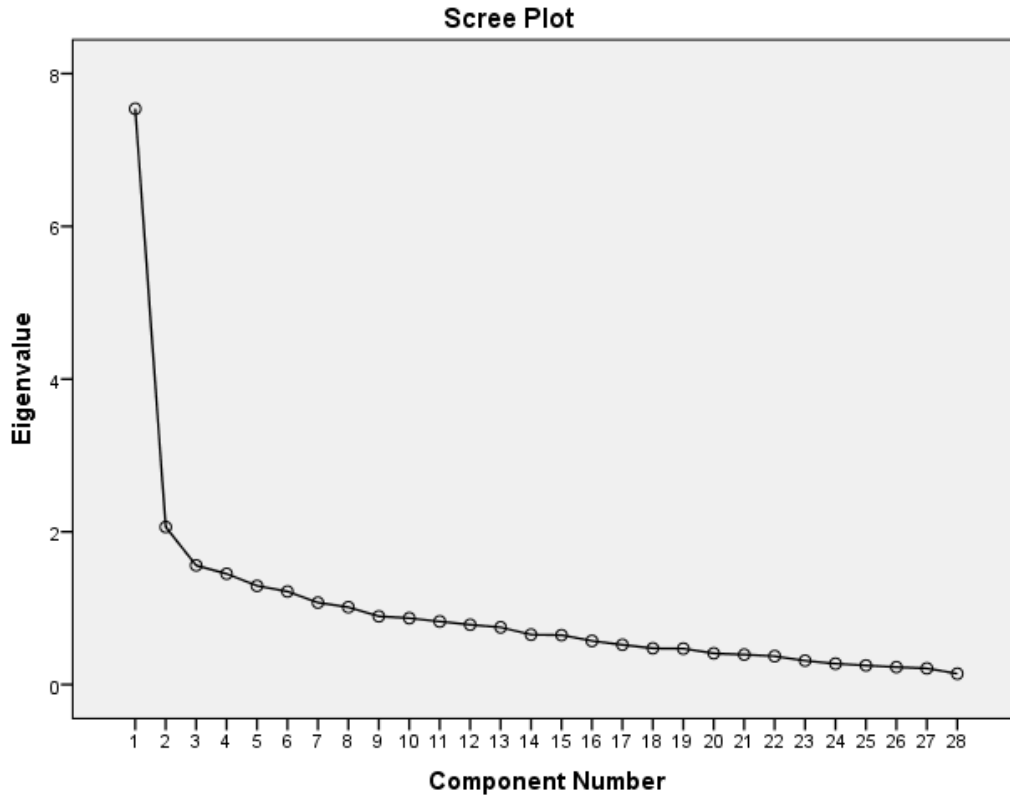
Component Transformation Matrix								
Component	1	2	3	4	5	6	7	8
1	.044	.078	-.025	.005	-.021	.077	-.059	.991
2	.650	.410	.221	.102	.251	.414	.335	-.063
3	.220	-.330	-.193	.640	.477	-.032	-.410	-.004
4	.168	.314	-.831	-.109	-.240	.221	-.237	-.089
5	-.234	.661	.012	-.117	.525	-.423	-.200	-.009
6	-.625	.149	.082	.209	.127	.716	-.074	-.040
7	.220	-.136	.308	-.543	.085	.255	-.685	-.047
8	.073	.376	.347	.465	-.593	-.127	-.381	-.051
Extraction Method: Principal Component Analysis.								
Rotation Method: Varimax with Kaiser Normalization.								

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Macro environment

KMO and Bartlett's Test[a]		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.646
Bartlett's Test of Sphericity	Approx. Chi-Square	915.695
	Df	435
	Sig.	.000
a. Based on correlations		

Communalities				
	Raw		Rescaled	
	Initial	Extraction	Initial	Extraction
Political stability is critical to operations	.867	.639	1.000	.737
Change of political regimes influence operations	.555	.270	1.000	.486
Electioneering affects business	.843	.697	1.000	.827
Government pronouncements on policy brings uncertainty in decision making	.856	.537	1.000	.628
Stakeholder interest in operations is good for business	.804	.447	1.000	.556
Government engagement with private sector improves business	.940	.770	1.000	.820
State policies on private sector influences business	.503	.273	1.000	.542
Economic changes in fiscal and monetary policies influences operations	.553	.253	1.000	.458
Stability of inflation trends affecting pricing theory	.675	.392	1.000	.581
Fluctuations in foreign exchange rates affect costing and competitive strategy	.725	.530	1.000	.731
Change in tax regime and policies influence business operations	.828	.576	1.000	.696
Budget allocation to promote business investment motivates our business	.770	.551	1.000	.715
level of country's economic development is critical for business	.835	.599	1.000	.717
Currency conversion affects business	.897	.654	1.000	.730
Corruption in host countries affects business	.844	.568	1.000	.673
Products from outside EAC market affects business in the region	.849	.563	1.000	.663
Social Cultural demands of host country influences culture and norms	.701	.445	1.000	.634
Social cultural population of host country affects business operations	.666	.411	1.000	.617
Crime acts and acts of terrorism influence partnership choices	.744	.409	1.000	.550
Ethnic and tribal inclinations help make critical decisions	1.066	.820	1.000	.769
Gender issues influence business	.912	.654	1.000	.717
Historical issues influences decisions	1.205	1.130	1.000	.937
Technology affects operations of business	.681	.402	1.000	.591
ICT literacy level is key on business performance	.490	.166	1.000	.338
Cash transfer policy and Banking ICT policy affects business	.570	.127	1.000	.222
Ecological environment policy on adherence affects business decisions	.740	.518	1.000	.700
Issues of ecology and environment affects business operations	.722	.486	1.000	.672
Legal environ ensures good governance is adhered to	.649	.427	1.000	.658
Business legal requirements of host country affects business establishment	.712	.335	1.000	.471
Processing of business license in host country is easy	.810	.542	1.000	.669
Extraction Method: Principal Component Analysis.				

Scree Plot
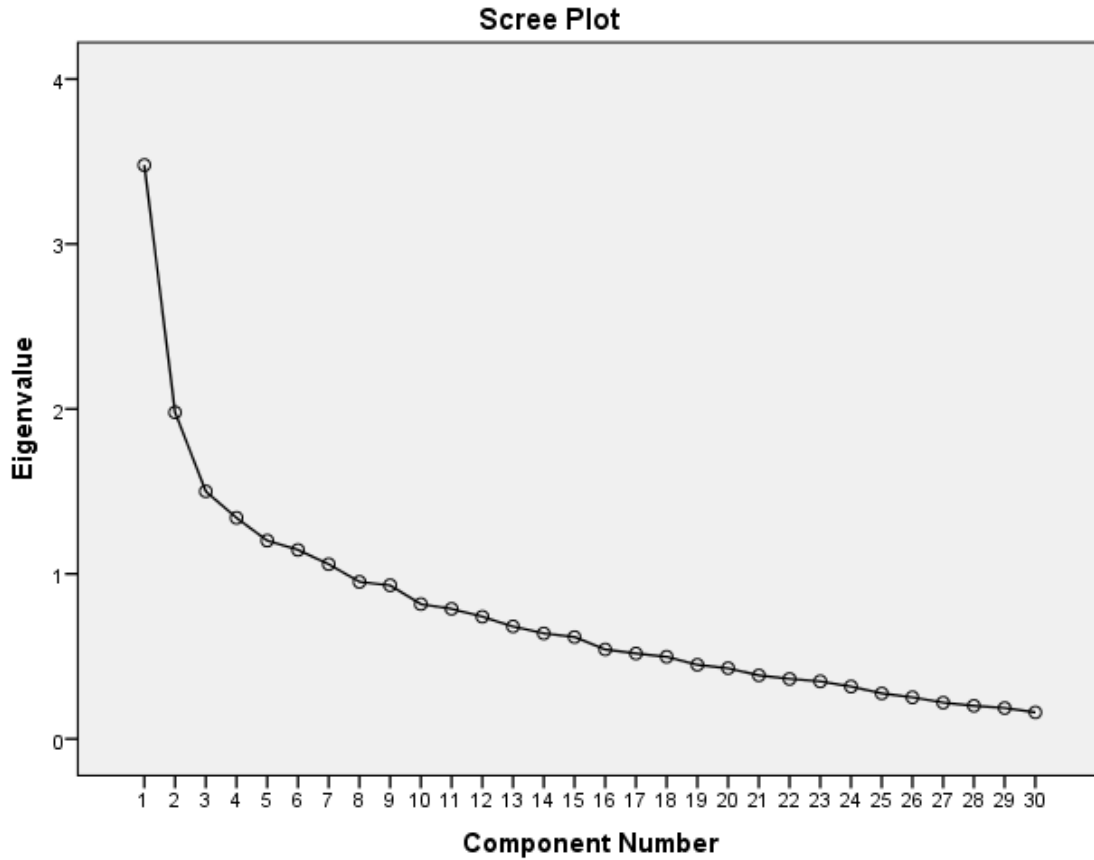
Component Transformation Matrix											
Component	1	2	3	4	5	6	7	8	9	10	11
1	.651	.504	.137	-.213	.210	.314	.127	.089	.198	.227	.021
2	-.083	.116	.612	.671	.101	-.106	.102	.156	.027	.126	.287
3	-.052	-.232	.003	-.142	.711	-.223	.511	.128	-.229	.061	-.186
4	.219	-.041	.263	.211	-.149	.027	-.027	.136	-.028	-.336	-.825
5	-.117	-.309	.569	-.342	-.158	.277	.061	-.426	-.123	.370	-.103
6	-.087	-.122	.234	-.210	.299	.426	-.448	.392	-.260	-.379	.206
7	.128	-.282	.233	-.336	-.067	-.519	-.247	.403	.461	.161	.025
8	-.060	-.380	-.125	.077	-.239	.484	.503	.367	.375	-.047	.092
9	.558	-.255	.039	-.028	-.348	-.211	.209	.053	-.529	-.176	.314
10	.060	-.011	.217	-.122	.142	-.104	.175	-.465	.406	-.671	.202
11	.403	-.527	-.203	.380	.318	.145	-.345	-.285	.162	.162	.006

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Performance

KMO and Bartlett's Test[a]		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.590
Bartlett's Test of Sphericity	Approx. Chi-Square	459.112
	Df	231
	Sig.	.000
a. Based on correlations		

Communalities	Raw		Rescaled	
	Initial	Extraction	Initial	Extraction
Customer service ensures customer retention	.693	.480	1.000	.692
Customer loyalty has improved	.645	.298	1.000	.462
Customer service ensures company constantly modifies ways service is provided	.666	.262	1.000	.394
Number of new customers has been increasing	.821	.638	1.000	.777
Repeat business in cross boarder is higher compared to competitors	.867	.644	1.000	.743
Customer service ensures company gets a percentage of new customers	.758	.591	1.000	.779
Customer complains has dropped significantly	.804	.534	1.000	.665
Organizational internal business helped enhance efficiency of internal processes	.640	.335	1.000	.524
Cost reduction in firm	.621	.294	1.000	.474
Improved coordination with business partners	.604	.332	1.000	.550
New products developed frequently	.593	.384	1.000	.647
Investment in research and development has intensified	.630	.378	1.000	.599
Number of defects been declining	.667	.410	1.000	.615
Encourage reduction in material use	.822	.638	1.000	.776
Large number of new products and services been introduced	.880	.781	1.000	.888
Learning and growth enabled staff to focus driving exceptional performance	.599	.289	1.000	.483
Employees focus energy on fulfilling collective mission	.585	.281	1.000	.480
Employee retention is higher than competitors	.840	.633	1.000	.753
Employee morale has been growing	.904	.736	1.000	.814
Employee productivity is low	1.021	.886	1.000	.867
Employee skill development has intensified	.550	.225	1.000	.409
Company ensures employees perform challenging tasks	.744	.440	1.000	.591
Extraction Method: Principal Component Analysis.				

Scree Plot
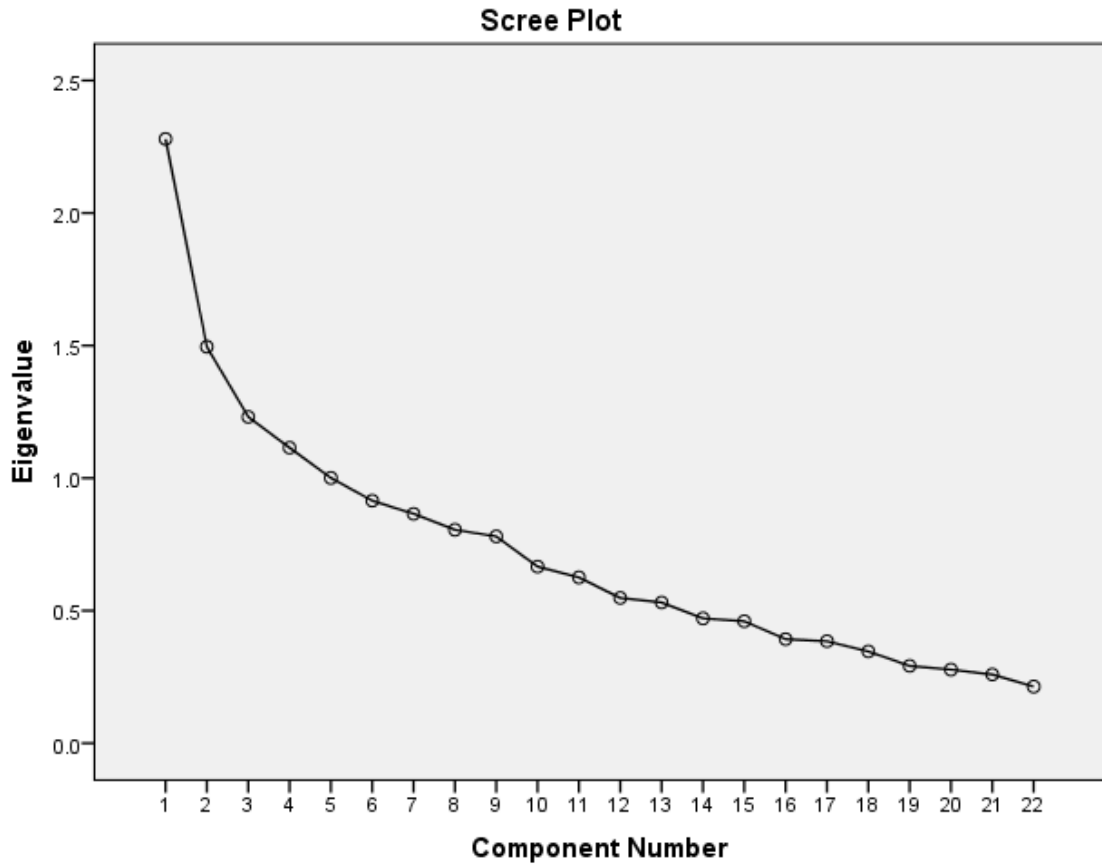
Component Transformation Matrix

Component	1	2	3	4	5	6	7	8	9
1	.546	.334	.520	.190	.354	.281	.086	.266	.043
2	-.471	.303	.051	-.288	.489	-.324	.277	.237	.352
3	-.025	.511	.017	.472	-.252	-.430	.370	-.251	-.258
4	-.084	-.229	.069	.642	.250	-.309	-.474	-.047	.372
5	.109	.041	-.387	.225	-.174	.371	.407	-.078	.668
6	-.036	.421	.335	-.309	-.299	.041	-.412	-.461	.375
7	-.607	.190	.049	.293	.167	.629	-.087	-.116	-.249
8	-.287	-.389	.650	.085	-.427	-.001	.314	.193	.139
9	-.091	.342	-.188	.080	-.424	.002	-.336	.734	.037

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Appendix IX: Weighted Average Firm Performance

	FINANCIAL PERFOMANCE																			
	2012/13 %			2013/14 %			2014/15 %			2015/16 %			2016/17 %			Average			Performance Index
S.N	ROA	ROE	DiY	ROA	ROE	DiY	ROA	ROE	DiY	ROA	ROE	DiY	ROA	ROE	DiY	ROA	ROE	DiY	
1	13.5	20.5	4	13	17	2	11.3	15	1.5	10.3	12	2.3	8.5	12.2	1.5	11.32	15.38	2.26	9.65
2	15	11	1	15	10	0.5	13	11	1	12	13	0.8	22	24	1	15.3	13.8	0.84	9.98
3	7	12	0.9	8.5	11	0.8	6.5	12	0.7	6	7.7	0.5	24	26	1	10.4	13.74	0.762	8.30
4	17	18.5	2.3	19	19	0.8	15	11	0.6	14	10	0.7	17.5	19	0.8	16.4	15.5	1.01	10.97
5	14	8	1.5	16	9.5	1	13	8	1	12	13	0.9	15	16.5	1	13.9	11	1.07	8.66
6	16	17	1	18	18	0	14	16	0	17	18	0.5	18.5	20.5	1.2	16.6	17.9	0.54	11.68
7	12	13	1.5	14	15	0.8	10	12	0	13	14	0.8	15.4	17	1	12.78	14.1	0.802	9.23
8	11.2	12	1.3	12	13	1	9	12	1	11	12	1	11.5	13	1	10.84	12.2	1.06	8.03
9	10.5	6	1.2	9	7	0	8.5	6	1	10	12	0.5	11	8	1	9.8	7.8	0.74	6.11
10	13.2	14	0.9	12	8	0.9	12	14	0.5	14	15	1	18.5	20	1.3	13.94	14.1	0.89	9.64
11	7.7	8.5	1.2	5	7	1	7	7.5	0.5	7.7	8	1	11	13.5	1.2	7.68	8.9	0.97	5.85
12	15.5	9	2	14	8	2	13	9	1	15	16	1	16	17.5	0	14.7	11.9	1.19	9.26
13	17.2	18	0.8	15	15	0.6	15.5	18	0.5	15	16	1	18.5	19	1	16.24	17.2	0.76	11.40
14	20.5	23.5	0.7	19	20	0.5	18.5	24	0.8	20.5	24	0.5	21	22.5	0.9	19.9	22.6	0.65	14.38
15	11	12	0.6	13	11	0.4	10	12	0.5	13	15	1	13	13.5	0.7	11.9	12.6	0.6	8.37
16	20	22	1.3	22	23	0.9	18	19	0.8	21	22	1	15	17	0.9	19.2	20.5	0.94	13.55
17	7.5	8	1	6	8	0.6	6	15	0.7	8	10	1	8	9	0	7.1	10	0.65	5.92
18	8.2	10.5	2	9	11	1	8	11	1	9	10	0.5	11	13	0.9	9.04	11	1.08	7.04
19	11.5	11	2.1	13	10	1.2	11	11	1	10	11	1.5	13	11	1.2	11.6	10.8	1.4	7.93
20	8	9.5	0.4	7	9	0.4	6.5	9.5	0.2	7	8	0.5	9	11	1	7.5	9.4	0.508	5.80
21	9.5	10.5	3.1	7	9.5	3	6	11	2	8	10	1	12.5	11	1	8.6	10.3	2.02	6.97
22	31	33	1.6	29	35	1.1	29.5	33	1	30	32	1	32	34	1.3	30.3	33.4	1.19	21.63
23	25	21	1	23	23	1	24	21	1	26	27	1.5	22	25	1	24	23.4	1.1	16.17
24	52	56	3.6	49	34	4	48	33	3	50	54	5	55	58	7.1	50.8	47	4.54	34.11
25	51	35	2.5	50	32	2	50	55	2	49	51	1	51	50	2.3	50.2	44.6	1.96	32.25
26	55	33	2.2	53	30	1.6	52	33	1.5	54	55	1.8	52	35	2	53.2	37.2	1.82	30.74
27	32	30	1.7	29	28	1.2	31	30	1	32	34	1.5	36	37	1.3	32	31.8	1.33	21.71
28	29	25	2.5	27	23	2	30	25	1.5	28	25	1.8	33	26	1	29.4	24.8	1.76	18.65
29	35	30	3	34	36	3.5	34	30	1	37	39	3	40	41.5	3.9	35.9	35.3	2.87	24.69
30	29	25	1.7	28	30	1.4	27	25	1	30	32	1.5	28.5	30	1.3	28.4	28.4	1.37	19.39
31	27	29	1	26	31	0.8	26	29	1	29	30	1	26	27	1.3	26.7	29.2	1.01	18.97
32	53	52	1.6	52	50	1.2	50	53	1	55	40	1.5	54	52	1	52.7	49.4	1.26	34.45
33	18.5	21	1	20	22	0.8	18	21	0.7	22	24	0.9	18	20	0.9	19.2	21.6	0.82	13.87
34	19.5	15	1	18	16	0.8	18.5	15	0.5	20	22	0.5	20	22	1	19.2	18	0.746	12.65
35	79	16	3	75	14	3	78.5	16	4	79.5	16	4.5	70	20	4.8	76.4	16.4	3.85	32.22
36	51	17	2.5	49	16	1.5	50	17	2	50	51	2	47	28	2	49.3	25.8	2	25.70

37	22	16	1.6	21	15	1	20	16	2	25	27	2.5	26	25	2.2	22.7	19.8	1.86	**14.79**
38	22.9	49	5.3	22	47	5	22	49	1	23	50	2	23.5	50	2.8	22.58	48.9	3.21	**24.90**
39	18.5	21	3.1	17	20	3	16.5	21	2	20	21	2.5	23	25.8	1.8	19	21.75	2.47	**14.41**
40	21.5	24	4.1	20	24	3.8	20	24	2.2	22	25	2	21	23	2.5	20.8	23.8	2.92	**15.84**
41	20.5	23	2.1	19	21	2	19	23	2	20.5	23	2	11.5	12.5	2.2	18	20.5	2.06	**13.52**
42	26	25	2.9	24	26	2.1	24	25	2	27	29	2	26.5	24	2	25.4	25.7	2.2	**17.77**
43	19.5	25	0.9	17	23	0.8	18	22	1	21	23	0.6	25	26	1	20.1	23.8	0.824	**14.91**
44	22	29	0.7	21	30	0.5	21	29	0.4	24	27	1	21	26	1.3	21.7	28.2	0.752	**16.88**
45	31	36	1	29	35	0.8	28	36	0.5	30	33	0.5	29	31	0.5	29.3	34.2	0.648	**21.38**
46	12	16	3	11	15	3.1	11.5	16	2.5	14	15	2	15	16	0	12.7	15.6	2.12	**10.14**
47	15	17	1.1	14	18	1	14	17	1	16	17	1	15.5	16	1	14.8	16.9	1.01	**10.90**
48	15	18	1	15	20	1	14	18	1	17	19	1	19	20	0.9	15.9	18.8	0.96	**11.89**
49	23	27	0.6	22	27	0.5	22	27	1	25	27	1	25	26	0.9	23.3	26.6	0.784	**16.89**
50	25	27	1.4	24	26	1.2	24	28	1	26	28	1	27	29	1	25.1	27.6	1.12	**17.94**
51	21	23	0	20	23	0	20	24	0	21	23	0	22	15	0	20.7	21.6	0	**14.10**
52	22	26	1.7	20	25	1.3	21	23	1	23	25	1.5	29	30	1	23	25.7	1.3	**16.67**
53	22.5	23	1.5	20	23	1	21	22	1	22	24	1	21	23	0.9	21.3	22.9	1.08	**15.09**
54	18.5	24	2	18	23	1.7	18	24	2	18	22	1	26	27	1.3	19.6	23.9	1.59	**15.03**
55	31	25	1.3	29	21	1.1	29	23	1.5	30	32	1	31.5	35	1	30	27.2	1.18	**19.46**
56	55	60	1.3	54	62	1.1	54	60	1.2	50	55	1.5	50	56	1.5	52.5	58.6	1.32	**37.47**
57	45	49	2.2	43	48	2	43	49	1	45	47	1.5	45	48	1.3	44.1	48.1	1.59	**31.26**
58	22	22	3.1	21	21	3	21	22	2	23	23	2	26	27	2.3	22.5	22.9	2.47	**15.96**
59	29	31	1	28	33	0.8	27	31	1	30	31	1.5	31	32.5	1	28.9	31.7	1.054	**20.55**
60	21	24	2.1	19	25	1.6	20	24	1	21	22	1.5	20	24	0.8	20.1	23.7	1.39	**15.06**
61	26	25	2	24	25	1.5	25	25	2	26	27	1	26.5	26.9	1	25.5	25.57	1.5	**17.52**
62	31	34	2	29	37	1.3	30	34	2	35	36	2	25	27.7	2	30	33.64	1.86	**21.83**
63	22	30	2.1	20	30	2	21	30	1.5	25	26	1.9	26	28	1	22.8	28.7	1.69	**17.73**
64	28	32	2	29	30	1.5	27	29	1	27	32	1.5	29	31	1.3	28	30.7	1.45	**20.05**
65	79.5	35	2	74	32	1.6	73	31	1.2	74	38	1.5	77	18	2.5	75.5	30.8	1.756	**36.02**
66	65	33	2.1	60	34	1.6	61	34	1.3	65	33	1.3	60	36	1.8	62.2	33.9	1.604	**32.57**
67	55	40	0.8	53	42	0.6	53.5	41	0.7	47	44	0.8	54	56	1	52.5	44.5	0.742	**32.58**
68	54	33	0.9	52	35	0.5	54	34	0.8	53	39	1	58	36	0.5	54.2	35.3	0.74	**30.08**
69	25	33	0.7	23	31	0.5	25	32	0.6	26	28	1.1	27	29	1	25.1	30.6	0.74	**18.81**
70	28	39	0.8	26	32	0.7	27	35	0.6	28.5	40	1	31	35	1	28.1	36.22	0.79	**21.70**
71	15	16	3	14	15	3	13.5	15	2.8	16.5	17	2	21	22	3	16	16.9	2.76	**11.89**
72	13	18	0	13	16	1.5	12	14	1.1	14	16	1	16	18.5	1	13.6	16.5	0.92	**10.34**
73	14.5	17	1	13	15	1	14	16	1	12	14	1	15	18	1.1	13.6	15.9	1.024	**10.17**
74	31.5	29.5	1.5	29	30	1.1	30	33	1	30	33	1.1	33	35	1	30.6	32.1	1.14	**21.28**
75	32	30	1.3	29	30	1	30	31	1.1	35	37	1	29	30	1	31	31.5	1.08	**21.19**
76	34	33	1.6	32	31	0.9	33	32	1.3	34	33	1	38	35	1.6	34.2	32.8	1.27	**22.76**
77	31	33.9	2.1	30	36	1.5	29	32	0.9	33	35	1	33	36	1	31.2	34.58	1.3	**22.36**

78	21	22.5	2.5	20	21	1.7	20.5	20	1.9	22	21	1.5	22	24	1.9	21.1	21.7	1.9	**14.90**
79	22	22.5	1.5	20	20	1.2	21	22	1.3	21.5	23	1	23	25	1.1	21.4	22.5	1.224	**15.04**
80	22	25.5	5.5	20	22	5	20	24	4.5	22.5	23	1	23	24.5	1.5	21.4	23.8	3.5	**16.23**
81	24	26.5	4.5	23	26	4	22.5	24	3.7	25	27	4	22	26	3.3	23.3	25.8	3.9	**17.67**
82	17.5	19	2.1	17	18	2	17	18	1.8	16	17	1	18.5	19	2	17.1	18.14	1.78	**12.34**
83	-5	0	0	-3	0	0	-4	0	0	-4	0	0	-6	0	0	-4.4	0	0	**-1.47**
84	18.5	19	4.8	16	19	4	17	18	3.6	17	19	2	17.2	19	1.5	17.14	18.6	3.18	**12.97**
85	15.4	20	2	14	19	1.5	14	17	1	17	18	1	20.5	21	0.8	16.18	18.9	1.25	**12.11**
86	11.5	14	2.3	11	13	2	11	13	1.5	10	13	1	11	13	1	10.82	13	1.56	**8.46**
87	45.5	50	3.2	44	51	3	45	51	2.8	43	45	2.1	40	45	2	43.54	48.42	2.62	**31.53**
88	18.5	19	1.5	17	20	1	17	17	1	19	21	1.1	15	20	1.5	17.24	19.2	1.21	**12.55**
89	11	15	1.2	9.6	17	1	10	16	1	9	10	0	19.5	18	1	11.82	15.14	0.83	**9.26**
90	22.5	25.5	0	21	24	0	22	23	0	21	22	0	20	22	1.3	21.34	23.2	0.25	**14.93**
91	40.6	52.5	3.5	38	49	3	40.6	49	2.7	41	43	1.7	43	46	2.5	40.72	47.7	2.68	**30.37**
92	35	40.5	0	34	37	0	34	35	0	35.5	10	0	36	40	0	34.86	32.5	0	**22.45**
93	13	15.5	1.9	12	13	1	14	12	1	14	12	1	16	17	1	13.76	13.9	1.18	**9.61**
94	15	19.5	2.6	14	17	1.8	13.5	18	1.5	15	20	1.1	17	18.5	1	14.8	18.5	1.6	**11.63**
95	14	12.5	2.5	13	11	2	13	12	2	14	13	1.8	21	20.5	1.8	14.92	13.6	2.01	**10.18**
96	11	18.5	0.7	8.5	17	0.8	10	15	0.7	9	10	0.5	17	19	0.6	11.1	15.8	0.638	**9.18**
97	11.5	13.5	2.3	9.7	12	1.8	10.5	13	1.5	13	10	1.1	13.5	14	1	11.64	12.4	1.544	**8.53**
98	16.5	21	0	14	18	0	14	16	0	16.5	21	0.5	20	21	0.5	16.16	19.3	0.2	**11.89**
99	12.5	16	0.9	11	16	0.9	12	14	0.8	13	14	0.3	7.5	9	0	11.28	13.62	0.55	**8.48**
100	12	15	2.7	11	11	2	11	13	1	14.5	16	2	8.2	9	2	11.28	12.78	1.93	**8.66**
101	22	25	2	19	20	1.7	20	21	1.5	12.5	15	1	22.5	21	1.5	19.12	20.3	1.54	**13.65**
102	11	10.5	1.9	8.7	8	1.5	10	11	1.3	9.7	10	1	9	11	1	9.68	10	1.33	**7.00**
103	18	20.5	2.2	17	17	2	16	18	1	19	21	1.2	19.5	20	1	17.9	19.3	1.48	**12.89**
104	15	20	2.1	14	16	1.8	14	17	1.4	14.6	17	1	16	18	0.8	14.72	17.52	1.41	**11.22**
105	16	15	2.9	15	12	2.5	14	13	2	16	15	2.1	19	20	2.5	15.9	14.9	2.4	**11.07**
106	19	20	2.1	18	21	2	17	18	2	19.5	21	2.1	21	23	1.8	18.8	20.64	1.99	**13.81**
107	15	22	2.8	14	19	2.5	14.5	16	1.5	16.5	17	1	16.5	18	1.3	15.24	18.3	1.81	**11.78**
108	18.5	25	2.9	17	22	2.5	17	24	2	19	21	1.4	18	22	2.5	17.98	22.7	2.26	**14.31**
109	18.5	24	3.9	17	23	3	18	23	2.5	16	18	2	17	16	2	17.3	20.7	2.68	**13.56**
110	16	18	2.1	15	17	1.8	15	17	1.3	18	20	1	19	22	2.8	16.54	18.7	1.78	**12.34**
111	18	19	2.2	17	17	2	17.5	18	1.9	20	21	1.2	16	17.5	2.1	17.6	18.5	1.88	**12.66**
112	20	25	1.2	18	23	1.2	18	22	1	22	23	1.1	29	30	1.3	21.38	24.6	1.15	**15.71**
113	20.9	25	2.9	22	21	2.6	20.9	22	2	20	22	1	22	23.5	2	21.16	22.6	2.1	**15.29**
114	29.5	24	3.1	28	21	3	27	22	2.5	28	29	1	30	32	2	28.5	25.5	2.32	**18.77**
115	11.5	15.5	2.2	10	14	2	11	13	1.5	10	12	0.9	13.5	16	1.3	11.24	14.06	1.57	**8.96**
116	10.8	12	1.2	10	12	1.3	10.5	11	1	9	11	0.5	11.5	12	0.5	10.36	11.42	0.9	**7.56**
117	12	14	2	13	16	2	11	14	1.5	12.5	15	1	12	13	1	12	14.38	1.5	**9.29**
118	21	19.5	1	20	18	0.9	20	21	1	23.5	25	1	23	24	0.8	21.58	21.4	0.91	**14.63**

119	11.5	16	2	9.5	16	2.1	10	12	1.5	9.5	11	0	13	14	1.8	10.7	13.7	1.47	**8.62**
120	26	29	2.2	24	27	2	27	30	2.1	21.5	22	1	27	31	2.3	25	27.7	1.92	**18.21**
121	21	22	1.8	20	20	1.6	20.5	21	1.5	26	22	1.8	18.5	19	1.6	21.2	20.8	1.66	**14.55**
122	15	21	1.3	14	18	1.2	14	15	1	15.5	17	1.5	21.5	23	1.3	15.9	18.8	1.25	**11.98**
123	11	16	1.2	11	15	1.1	12	9	1	11.5	14	1.1	15.5	16	1.3	12.16	13.9	1.13	**9.06**
124	11.5	12.5	1.3	11	12	1	11	13	0.5	13	15	0.5	13	15	1	11.8	13.5	0.85	**8.72**
125	12.5	17	1.3	14	19	1	12	13	1	16	17	1.3	13.5	14	1.3	13.5	15.8	1.15	**10.15**
126	11.5	12	3.3	13	15	3	12	14	2.5	16.6	18	1.5	13.5	14	1.3	13.22	14.3	2.31	**9.94**
127	16	18.5	2.1	15	17	1.9	15	16	1.5	25.5	26	1.9	18	21	1	17.8	19.74	1.66	**13.07**
128	25	20.5	1.3	24	23	1	24	22	1.1	26	27	1.8	28	31	1	25.3	24.5	1.23	**17.01**
129	21	22.5	1.7	21	19	1.5	20	21	1.5	23	23	1.5	20	22	1	20.9	21.42	1.44	**14.59**
130	17	16.5	2.1	17	14	2	16	16	1	19.5	21	1.3	19	21	0.8	17.6	17.5	1.42	**12.17**
131	19.5	20.5	3.3	19	23	3	16.5	18	2.5	20.5	21	2.5	21	24	2	19.26	21.2	2.66	**14.37**

Appendix X: Panel Data for Hypotheses Testing

oint services and	Equity Alliances	Non-Equity	Customs Union	Common Market protocol	Monetary	Political goodwill and	Political	Economic	Social-cultural	Technological	Legal	Customer Service	Organisational	Learning and Growth	LnFinancialPerformance	Equity	Equity Alliances*Politi	Firm Fin.	Average NonFinacial	Weighted Non Financial	Weighted Financial	Composite Performance	LnFinancial Performance	LnNon-Financial	lnFirm Performance
3.80	3.75	3.6	3.4	4	3.5	3.17	4.00	3.78	3.00	4.00	3.67	4.00	4.13	3.37	63.00	11.88	15.00	2.71	3.83	1.92	1.36	3.27	19.26	11.28	7.98
2.20	2	3	2.5	3	2.83	2.67	4.00	4.44	2.50	4.67	4.67	4.29	4.50	3.63	41.00	5.33	8.00	2.41	4.14	2.07	1.21	3.27	12.52	7.91	4.61
3.40	3.375	3.2	2.8	2.571429	2.67	2.50	2.71	2.89	3.17	2.67	2.67	3.29	2.88	2.49	58.00	8.44	9.16	2.41	2.88	1.44	1.21	2.65	21.92	11.94	9.98
3.80	2.625	2.2	2.7	2.428571	2.17	1.83	1.57	1.78	2.83	1.67	2.33	2.29	2.88	2.37	50.00	4.81	4.13	2.94	2.51	1.26	1.47	2.73	18.35	8.45	9.90
1.60	3.375	2.4	2.7	2.857143	3.17	3.67	3.86	3.89	4.17	4.00	2.00	3.29	2.88	2.47	45.00	12.38	13.02	2.65	2.88	1.44	1.33	2.76	16.29	8.48	7.81
1.00	1	3.2	4.6	4.714286	4.83	3.33	3.29	4.56	2.17	5.00	3.67	4.57	4.63	3.80	24.00	3.33	3.29	2.41	4.33	2.17	1.21	3.37	7.12	4.57	2.54
3.60	3.875	3.2	3.1	4.428571	4.17	3.67	4.14	4.67	3.33	3.67	3.00	3.29	3.25	2.53	63.00	14.21	16.05	3.71	3.02	1.51	1.86	3.37	18.72	8.40	10.32
3.80	3.625	3.6	3.5	4	4.00	2.83	4.00	4.33	3.17	3.67	3.67	3.14	3.38	3.06	63.00	10.27	14.50	3.71	3.19	1.60	1.86	3.45	18.26	8.44	9.81
4.00	3.625	3.4	3.1	3.571429	3.67	3.33	3.71	4.22	3.33	3.33	3.33	3.29	3.75	3.09	63.00	12.08	13.46	3.71	3.37	1.69	1.86	3.54	17.79	8.47	9.32
3.80	3.375	3.2	3.2	3.571429	4.17	3.33	4.00	4.33	3.00	3.67	3.00	3.14	3.50	2.76	60.00	11.25	13.50	2.53	3.13	1.57	1.27	2.83	21.19	11.72	9.47
1.80	2.875	3.4	3.9	4.571429	4.33	2.50	2.43	3.33	4.17	3.00	4.33	2.86	3.75	3.32	46.00	7.19	6.98	2.71	3.31	1.65	1.36	3.01	15.28	8.40	6.88
4.00	2.625	3.4	3	4	3.33	3.17	4.57	4.11	2.67	3.33	2.33	3.14	2.88	3.18	55.00	8.31	12.00	3.24	3.07	1.53	1.62	3.15	17.45	8.48	8.96
3.60	4.375	3.6	3.2	3.714286	3.67	4.17	4.29	4.33	3.67	4.00	2.67	3.57	3.75	3.24	67.00	18.23	18.75	4.94	3.52	1.76	2.47	4.23	15.84	6.59	9.25
3.60	3.5	3.4	3.4	4.571429	3.83	3.83	4.00	3.67	2.50	2.67	3.00	4.00	3.88	3.60	59.00	13.42	14.00	3.47	3.83	1.91	1.74	3.65	16.18	8.48	7.69
3.60	4.125	4	3.8	4	3.83	3.67	4.00	4.11	3.33	3.67	3.33	3.29	3.38	3.23	67.00	15.13	16.50	3.94	3.30	1.65	1.97	3.62	18.52	8.44	10.08
3.80	3.875	3.8	3.6	4.285714	4.00	3.50	3.86	4.44	3.50	3.67	3.33	3.71	3.75	2.94	65.00	13.56	14.95	4.82	3.47	1.73	2.41	4.14	15.68	6.56	9.12
3.40	3.625	3.4	3.7	3.857143	3.50	3.33	3.14	4.22	2.67	3.67	3.67	2.71	3.38	2.91	61.00	12.08	11.39	3.59	3.00	1.50	1.80	3.30	18.51	8.43	10.08
3.60	3.75	3.8	3.9	3.857143	3.67	4.00	3.43	3.89	4.00	3.67	4.00	3.86	3.75	3.13	64.00	15.00	12.86	2.76	3.58	1.79	1.38	3.17	20.19	11.40	8.79
4.20	3.5	3.6	3.2	4.285714	4.33	4.33	4.29	4.22	2.83	3.00	3.67	4.29	4.00	3.39	64.00	15.17	15.00	3.76	3.89	1.95	1.88	3.83	16.73	8.51	8.22
4.60	3.75	3.6	2	3	4.67	3.50	5.00	4.33	3.00	4.33	3.67	4.71	3.75	3.49	70.00	13.	18.75	4.	3.98	1.99	2.06	4.05	17.28	8.49	8.78

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Joint services and	Equity Alliances	Non-Equity	Customs Union	Common Market protocol	Monetary	Political goodwill and	Political	Economic	Social-cultural	Technological	Legal	Customer Service	Organisational	Learning and Growth	LnFinancialPerformance	Equity	Equity Alliances*Politi	Firm Fin.	Average NonFinacial	Weighted Non Financial	Weighted Financial	Composite Performance	LnFinancial Performance	LnNon-Financial	lnFirm Performance
															13	12								
2.40	3.25	3.2	3.7	3.571429	4.33	4.50	4.57	4.56	4.17	3.00	3.33	3.43	2.50	2.76	50.00	14.63	14.86	12.9	2.90	1.45	1.47	2.92	17.13	8.50	8.63
3.40	3.25	3.4	3.5	3.571429	3.83	3.33	4.00	4.44	4.00	3.00	3.33	4.00	3.63	3.09	57.00	10.08	13.00	3.35	3.57	1.79	1.68	3.46	16.47	8.50	7.97
3.60	3.75	3.2	2.6	3.285714	4.50	4.17	5.00	4.89	3.67	2.33	5.00	3.86	3.13	3.17	60.00	15.63	18.75	3.53	3.38	1.69	1.77	3.46	17.35	8.49	8.86
4.00	3.5	2.6	3	4	4.33	3.83	4.57	3.89	2.83	2.67	3.67	3.86	3.25	3.09	59.00	13.42	16.00	3.47	3.40	1.70	1.74	3.43	17.18	8.50	8.68
3.60	3.75	3.8	3.5	4.285714	4.00	3.50	3.86	4.00	4.00	3.33	3.00	2.86	2.88	2.89	63.00	13.13	14.46	2.71	2.88	1.44	1.36	2.79	22.56	11.61	10.95
4.00	4.125	4.4	3.4	4.142857	4.17	3.83	4.43	4.22	3.33	3.67	3.33	3.29	3.25	3.09	71.00	15.81	18.27	4.18	3.21	1.60	2.09	3.69	19.22	8.35	10.88
3.80	2.625	2.8	3.7	3.428571	3.67	3.17	4.00	2.22	1.67	3.33	3.33	2.71	3.63	2.88	52.00	8.31	10.50	2.06	3.07	1.54	1.03	2.57	20.26	12.13	8.13
3.60	3.5	3	3.3	3.428571	3.00	3.33	3.29	3.56	3.33	3.00	2.67	3.57	3.25	2.88	59.00	11.67	11.50	3.47	3.23	1.62	1.74	3.35	17.60	8.49	9.11
3.20	3.5	3.4	3.7	3.571429	3.67	3.50	3.57	3.56	3.67	4.33	3.00	3.57	2.88	2.70	58.00	12.25	12.50	3.41	3.05	1.52	1.71	3.23	17.96	8.48	9.48
3.20	3.75	3.2	3.6	3.571429	3.50	4.00	3.86	3.33	3.67	4.00	3.33	3.29	3.75	2.97	59.00	15.00	14.46	3.47	3.34	1.67	1.74	3.40	17.34	8.50	8.84
3.40	3.375	3.8	3.4	3.571429	3.33	3.00	3.86	3.4	3.17	3.33	3.67	3.71	3.13	3.07	60.00	10.13	13.02	4.53	3.30	1.65	2.27	3.92	15.32	6.46	8.86
3.20	3.375	3.4	3.6	3.571429	3.50	3.50	3.43	3.4	3.50	3.33	3.33	3.57	3.75	2.98	57.00	11.81	11.57	2.35	3.43	1.72	1.18	2.89	19.71	11.70	8.01
3.40	3.625	3.2	3.3	3.285714	3.83	3.33	3.43	3.4	3.50	3.00	4.00	2.71	3.38	3.18	59.00	12.08	12.43	3.47	3.09	1.54	1.74	3.28	17.99	8.47	9.52
3.40	3.5	3.4	3.5	3.285714	3.00	3.67	3.00	3.78	3.17	3.00	3.33	2.71	3.25	3.09	57.00	12.83	10.50	3.35	3.02	1.51	1.68	3.18	17.91	8.48	9.42
3.60	3.625	3.2	3.9	3.857143	3.67	3.67	3.86	3.78	4.17	3.33	4.33	4.14	3.38	3.63	65.00	13.29	13.98	3.82	3.72	1.86	1.91	3.77	17.25	8.51	8.75
3.60	3.5	3.2	3.5	3.857143	3.00	3.67	3.00	3.33	3.50	4.00	4.00	3.43	2.88	3.20	59.00	11.83	10.50	3.47	3.17	1.58	1.74	3.32	17.78	8.48	9.29
3.60	3.5	3.6	3.6	3.714286	3.83	3.67	3.86	3.78	4.00	3.67	3.67	3.71	3.38	3.26	61.00	12.83	13.50	3.59	3.45	1.72	1.80	3.52	17.33	8.49	8.84
4.00	4.125	3.8	3.8	3.714286	4.00	4.00	3.71	3.67	3.83	4.00	3.33	3.71	3.75	3.51	69.00	16.50	15.32	3.06	3.66	1.83	1.53	3.36	20.54	11.18	9.35
4.00	4	3.6	4	4	4.00	4.00	4.14	4.11	4.00	3.67	4.00	4.00	3.38	3.66	67.00	16.00	16.57	3.94	3.68	1.84	1.97	3.81	17.59	8.49	9.10
3.60	3.375	3.4	3.8	3.714286	3.17	3.33	3.86	3.89	4.00	3.67	3.00	3.57	3.75	3.08	61.00	11.25	13.02	3.59	3.47	1.73	1.80	3.53	17.28	8.49	8.79

oint services and	Equity Alliances	Non-Equity	Customs Union	Common Market protocol	Monetary	Political goodwill and	Political	Economic	Social-cultural	Technological	Legal	Customer Service	Organisational	Learning and Growth	LnFinancialPerformance	Equity	Equity Alliances*Politi	Firm Fin.	Average NonFinacial	Weighted Non Financial	Weighted Financial	Composite Performance	LnFinancial Performance	LnNon-Financial	InFirm Performance
3.60	3.375	4	3.6	3.571429	4.33	3.50	3.71	3.78	3.67	3.00	4.00	3.57	4.00	3.09	61.00	11.81	12.54	3.59	3.55	1.78	1.80	3.57	17.08	8.50	8.59
3.80	4.125	4.2	3.7	3.714286	3.67	3.33	3.71	3.78	3.67	3.67	4.00	3.57	3.88	3.39	70.00	13.75	15.32	3.12	3.61	1.81	1.56	3.37	20.79	11.16	9.64
4.20	3.875	3.6	3.7	3.428571	3.67	3.67	3.43	3.44	3.80	4.00	4.00	3.43	3.25	3.21	67.00	14.21	13.29	2.94	3.30	1.65	1.47	3.12	21.49	11.36	10.13
3.20	3.5	3.8	3.5	3.428571	3.50	3.17	3.29	3.11	3.00	3.33	3.00	3.43	3.13	3.08	60.00	11.08	11.50	3.53	3.21	1.61	1.77	3.37	17.80	8.48	9.32
3.40	3.5	3.4	3.4	3.571429	3.17	3.33	4.00	3.56	3.30	3.00	3.00	3.43	3.13	3.00	59.00	11.67	14.00	3.47	3.18	1.59	1.74	3.33	17.73	8.49	9.25
3.20	3.25	3.2	3.5	3.285714	3.17	3.17	3.43	3.22	3.67	3.00	3.33	3.43	3.25	3.14	55.00	10.29	11.14	3.24	3.27	1.64	1.62	3.26	16.89	8.49	8.40
3.20	3.5	3.8	3.4	3.142857	3.17	3.17	3.29	3.44	3.17	3.33	3.33	3.29	3.25	3.06	60.00	11.08	11.50	3.53	3.20	1.60	1.27	2.87	20.94	11.70	9.25
3.80	3.75	3.8	3	3.857143	4.17	3.50	3.29	3.56	4.83	2.67	3.33	3.29	3.63	3.51	65.00	13.13	12.32	3.82	3.47	1.74	1.91	3.65	17.83	8.49	9.34
3.40	3.625	3.6	3.5	3.571429	4.00	3.67	3.57	3.67	3.67	3.67	3.00	3.71	3.63	3.00	61.00	13.29	12.95	2.59	3.45	1.72	1.30	3.02	20.21	11.54	8.67
4.00	3.75	4	3.7	3.714286	3.50	3.67	3.71	3.67	3.83	3.33	3.33	3.57	3.63	3.24	66.00	13.75	13.93	3.88	3.48	1.74	1.94	3.68	17.94	8.48	9.46
3.40	3.5	3.4	3.6	3.857143	3.33	4.00	3.71	3.67	3.33	3.67	4.00	3.14	3.25	3.34	59.00	14.00	13.00	3.47	3.25	1.62	1.74	3.36	17.57	8.49	9.08
3.40	3.25	2.8	3.3	3.428571	3.17	3.33	3.71	3.33	3.50	4.00	3.33	3.29	3.25	2.90	54.00	10.83	12.07	4.18	3.15	1.57	2.09	3.66	14.74	6.33	8.41
3.20	3.75	3.6	3.6	3.571429	3.33	3.83	3.57	4.00	3.50	3.33	3.00	3.29	3.13	2.89	61.00	14.38	13.39	3.59	3.10	1.55	1.80	3.35	18.23	8.45	9.78
3.40	3.375	3.4	3.8	3.285714	3.67	3.83	3.57	3.22	4.00	3.33	3.67	3.00	3.00	2.59	58.00	12.94	12.05	3.41	2.86	1.43	1.71	3.14	18.49	8.44	10.05
4.20	3.375	3.4	3.4	3.714286	4.17	3.50	4.14	3.67	4.00	4.00	4.33	4.29	4.00	2.89	62.00	11.81	13.98	2.65	3.72	1.86	1.33	3.19	19.45	11.37	8.09
3.60	4	3.2	3.9	3.428571	3.00	4.00	3.57	4.00	3.67	3.33	3.67	3.86	3.75	2.60	64.00	16.00	14.29	2.76	3.40	1.70	1.38	3.08	20.77	11.47	9.30
3.00	3.25	3.6	3.3	3.142857	3.50	3.83	3.57	3.67	3.67	3.33	3.33	3.43	3.38	3.46	56.00	12.46	11.61	2.99	3.42	1.71	1.65	3.36	16.69	8.51	8.18
3.80	3.75	3.2	2.9	3.285714	3.00	3.33	3.14	3.33	3.17	3.67	2.67	3.00	3.63	2.89	62.00	12.50	11.79	2.65	3.17	1.59	1.83	3.41	18.18	8.45	9.72
3.40	3.75	3.4	3.3	3.714286	3.83	3.67	3.43	3.33	3.50	3.00	3.67	3.29	3.38	2.61	61.00	13.75	12.86	3.59	3.09	1.54	1.80	3.34	18.27	8.45	9.82
3.20	3.375	3.4	3.6	3.428571	3.17	3.67	3.71	3.33	3.00	3.33	3.00	3.43	3.00	3.03	57.00	12.38	12.54	2.43	3.15	1.58	2.18	3.75	15.20	6.38	8.81
3.40	3.5	3	3.2	3.571429	3.17	3.50	3.86	4.33	3.67	4.00	4.00	3.71	3.38	3.03	57.00	12.25	13.50	3.35	3.37	1.69	1.68	3.36	16.95	8.51	8.45

Joint services and	Equity Alliances	Non-Equity	Customs Union	Common Market protocol	Monetary	Political goodwill and	Political	Economic	Social-cultural	Technological	Legal	Customer Service	Organisational	Learning and Growth	LnFinancialPerformance	Equity	Equity Alliances*Politi	Firm Fin.	Average NonFinacial	Weighted Non Financial	Weighted Financial	Composite Performance	LnFinancial Performance	LnNon-Financial	lnFirm Performance
3.40	3.625	3.6	3.4	3.428571	3.50	3.17	3.71	3.56	4.00	3.33	3.67	3.29	3.25	3.32	62.00	1.48	13.46	3.65	3.29	1.64	1.83	3.47	17.88	8.47	9.41
3.40	3.625	3.8	3.9	3.714286	3.83	3.33	3.00	3.67	3.83	3.33	3.33	3.71	3.75	3.48	61.00	2.08	10.88	4.59	3.65	1.82	2.30	4.12	14.81	6.56	8.25
3.20	3.625	3.8	3.6	3	3.50	3.00	3.43	3.11	3.33	3.33	2.67	3.00	3.50	3.03	61.00	0.88	12.43	3.59	3.18	1.59	1.80	3.38	18.03	8.46	9.57
3.60	3.25	3.2	3.3	3.285714	3.17	3.33	3.14	3.33	2.83	4.00	3.00	3.00	3.75	3.17	57.00	0.83	10.21	3.35	3.31	1.65	1.68	3.33	17.12	8.51	8.61
4.00	3.625	3.8	3.8	3.571429	3.50	3.50	2.86	3.33	3.83	3.33	3.33	3.57	3.13	2.90	65.00	2.69	10.36	3.82	3.20	1.60	1.91	3.51	18.53	8.44	10.08
2.80	3.25	3.2	3.2	3	3.50	3.33	3.71	3.00	3.00	3.00	3.33	3.29	3.13	2.47	53.00	0.83	12.07	2.12	2.96	1.48	1.06	2.54	20.86	12.16	8.71
3.00	3.625	3.4	3.6	3.571429	3.50	3.17	3.00	2.89	3.33	3.33	3.67	3.57	3.13	2.75	58.00	1.48	10.88	3.41	3.15	1.57	1.71	3.28	17.69	8.49	9.20
3.20	3.75	3.2	3.5	4	3.17	3.67	4.29	3.44	3.50	2.67	3.33	3.43	3.50	2.89	59.00	3.75	16.07	3.47	3.27	1.64	1.74	3.37	17.50	8.49	9.01
3.40	3.375	3.4	3.6	3.571429	3.00	3.17	3.86	3.67	3.33	3.00	3.00	3.14	3.25	2.89	58.00	0.69	13.02	3.41	3.09	1.55	1.71	3.25	17.83	8.48	9.35
3.80	3.375	3.4	3.5	3.571429	3.33	3.17	3.71	3.78	4.00	3.33	3.67	3.57	3.13	3.18	60.00	0.69	12.54	2.53	3.29	1.65	1.27	2.91	20.61	11.65	8.95
3.40	3.375	3.6	3.7	3.285714	3.67	3.67	3.29	3.44	3.33	3.33	2.67	3.14	3.38	2.89	59.00	2.38	11.09	3.47	3.14	1.57	1.74	3.30	17.87	8.48	9.39
3.40	3.375	2.8	3.7	3.142857	3.00	3.17	3.71	3.56	3.33	3.00	3.67	3.14	3.13	2.89	55.00	0.69	12.54	3.24	3.05	1.53	1.62	3.15	17.48	8.48	9.00
3.20	3.625	3.2	3.6	3.571429	3.83	3.67	3.29	3.67	3.17	3.33	3.33	3.57	3.25	3.32	58.00	3.29	11.91	3.41	3.38	1.69	2.21	3.89	14.89	6.46	8.43
2.80	3.375	3.2	3.4	3.571429	3.33	3.50	3.14	3.22	3.33	3.67	3.33	3.29	3.63	2.75	54.00	1.81	10.61	3.18	3.22	1.61	1.59	3.20	16.88	8.49	8.39
3.00	3.625	3.4	3.4	3.571429	4.00	3.83	3.29	3.56	3.83	3.33	3.33	3.86	3.38	3.03	58.00	3.90	11.91	3.41	3.42	1.71	2.21	3.92	14.81	6.47	8.34
3.40	3.25	2.8	3.3	3	3.83	3.50	3.00	3.33	2.67	4.33	2.67	3.00	3.63	2.88	55.00	1.38	9.75	3.24	3.17	1.58	1.62	3.20	17.16	8.49	8.67
4.00	3.375	3.6	3.4	3.571429	3.33	3.50	3.29	3.22	3.33	3.67	3.67	3.57	3.25	3.04	62.00	1.81	11.09	4.65	3.29	1.64	2.33	3.97	15.62	6.47	9.15
3.40	3.125	3.4	3.2	3.142857	3.33	3.50	3.14	3.22	3.67	3.67	3.33	3.00	3.13	2.90	56.00	0.94	9.82	3.29	3.01	1.50	1.65	3.15	17.78	8.49	9.29
3.40	3.375	3.4	3.5	3.142857	3.33	3.67	3.71	3.67	3.67	3.00	3.33	3.71	3.50	3.32	58.00	2.38	12.54	3.41	3.51	1.76	1.71	3.46	16.76	8.50	8.26
3.20	3.625	3.6	3.5	3.571429	3.50	3.50	3.43	3.33	3.00	4.33	3.33	3.43	3.75	2.74	60.00	2.69	12.43	3.53	3.31	1.65	1.77	3.42	17.55	8.49	9.07
3.20	3.5	3.2	3.6	3.714286	3.33	3.67	3.57	3.67	4.17	3.00	4.00	3.57	3.25	3.04	57.00	2.83	12.50	3.35	3.29	1.64	1.18	2.82	20.22	11.79	8.43

oint services and	Equity Alliances	Non-Equity	Customs Union	Common Market protocol	Monetary	Political goodwill and	Political	Economic	Social-cultural	Technological	Legal	Customer Service	Organisational	Learning and Growth	LnFinancialPerformance	Equity	Equity Alliances*Politi	Firm Fin.	Average NonFinancial	Weighted Non Financial	Weighted Financial	Composite Performance	LnFinancial Performance	LnNon-Financial	InFirm Performance
3.60	3.625	4.2	3.8	4.142857	3.50	3.33	3.43	3.56	3.67	3.67	4.33	3.57	3.75	3.46	64.00	12.08	12.43	3.76	3.59	1.80	1.88	3.68	17.41	8.51	8.90
3.00	3.625	3.6	3.5	3.142857	3.67	3.67	3.71	3.33	3.50	3.67	3.33	3.00	3.00	3.19	59.00	12.29	13.46	3.47	3.06	1.53	1.74	3.27	18.06	8.47	9.59
3.40	3.375	3.8	3.4	3.571429	3.83	3.33	3.43	3.33	3.83	3.00	3.33	3.43	3.25	2.74	60.00	11.25	11.57	2.53	3.14	1.57	1.27	2.84	21.16	11.72	9.44
3.20	3.125	3.4	3.3	2.857143	3.33	3.17	3.29	3.67	3.33	3.67	4.00	3.57	3.50	3.32	55.00	9.90	10.27	2.24	3.46	1.73	1.12	2.85	19.29	11.71	7.57
2.80	3.75	3	3.4	3.571429	3.50	3.67	3.00	3.33	3.33	3.33	3.33	4.00	3.00	2.61	56.00	13.75	11.25	3.29	3.20	1.60	1.65	3.25	17.25	8.51	8.74
3.40	3.5	3.4	3.4	3.428571	3.67	2.83	3.00	3.44	3.83	3.33	3.33	3.29	2.88	3.05	59.00	9.92	10.50	2.47	3.07	1.54	1.24	2.77	21.30	11.80	9.50
3.40	3.375	3.4	4	3.571429	4.00	3.50	3.14	3.78	3.50	3.67	3.00	3.57	3.00	3.32	58.00	11.81	10.61	3.41	3.30	1.65	1.71	3.35	17.30	8.50	8.80
3.20	3.25	3	3.5	3.428571	3.50	3.17	3.00	3.22	2.83	2.33	2.67	3.00	2.88	2.60	54.00	10.29	9.75	3.18	2.83	1.41	1.59	3.00	17.98	8.46	9.52
3.20	3.375	3.4	3.4	3.428571	3.67	3.50	3.43	3.33	3.33	3.00	3.67	3.43	3.38	3.33	57.00	11.81	11.57	3.35	3.38	1.69	1.68	3.36	16.95	8.51	8.44
3.40	3.25	3.6	3.5	3.428571	3.33	3.83	3.43	3.78	3.67	3.67	4.00	3.71	3.50	3.33	58.00	12.46	11.14	3.41	3.52	1.76	1.71	3.46	16.75	8.50	8.25
3.20	3.5	3.6	3.4	4	3.50	3.50	3.43	3.67	3.33	3.33	3.67	3.57	3.38	3.17	59.00	12.25	12.00	2.47	3.37	1.69	1.24	2.92	20.20	11.66	8.54
3.00	3.5	3.6	3.1	3.285714	2.67	2.83	3.57	3.56	3.50	3.33	2.33	3.14	3.50	2.76	58.00	9.92	12.50	3.41	3.13	1.57	1.71	3.27	17.72	8.49	9.23
3.00	3	3.2	3.3	7.857143	3.83	3.00	2.86	2.89	3.17	3.33	3.00	3.29	3.00	3.03	52.00	9.00	8.57	3.06	3.11	1.55	1.53	3.08	16.87	8.50	8.37
3.80	4.125	3.4	3.4	3.714286	4.00	3.83	3.86	3.78	3.50	3.67	3.33	3.57	3.75	3.02	66.00	15.81	15.91	3.88	3.45	1.72	1.94	3.66	18.01	8.48	9.54
3.40	4	4	4	4.142857	3.83	3.67	3.43	3.78	3.33	4.00	2.33	3.71	3.38	3.05	66.00	14.67	13.71	3.88	3.38	1.69	1.94	3.63	18.18	8.46	9.72
3.20	3.75	3.8	3.6	3.857143	4.17	3.67	3.14	3.78	3.17	3.33	4.00	3.43	3.25	2.89	62.00	13.75	11.79	4.65	3.19	1.59	2.33	3.92	15.82	6.43	9.38
3.00	3.875	3.2	3.8	4.142857	3.67	3.67	3.57	3.89	3.67	3.00	3.67	3.86	3.50	3.02	60.00	14.21	13.84	3.53	3.46	1.73	1.77	3.49	17.17	8.50	8.67
3.60	3.625	4.2	3.6	3.714286	3.33	3.67	3.43	3.44	3.17	4.00	3.67	3.43	3.38	3.19	63.00	13.29	12.43	3.71	3.33	1.67	1.86	3.52	17.89	8.47	9.43
3.20	3.875	3.4	3.5	3.428571	3.17	4.00	3.29	3.33	3.17	4.00	4.00	3.57	3.38	2.88	62.00	15.50	12.73	2.65	3.28	1.64	1.33	2.96	20.93	11.57	9.36
3.00	4	3.8	4	4	3.17	4.00	3.86	4.33	3.33	4.33	4.33	3.57	3.63	3.47	62.00	16.00	15.43	2.65	3.56	1.78	1.33	3.10	19.98	11.45	8.53
3.00	4.125	3.8	3.8	3.714286	3.67	3.50	3.71	3.56	3.50	3.00	4.00	3.00	3.63	3.31	62.00	14.44	15.32	3.65	3.31	1.66	1.83	3.48	17.81	8.47	9.33

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Joint services and	Equity Alliances	Non-Equity	Customs Union	Common Market protocol	Monetary	Political goodwill and	Political	Economic	Social-cultural	Technological	Legal	Customer Service	Organisational	Learning and Growth	LnFinancialPerformance	Equity	Equity Alliances*Politi	Firm Fin.	Average NonFinancial	Weighted Non Financial	Weighted Financial	Composite Performance	LnFinancial Performance	LnNon-Financial	lnFirm Performance
4.00	3.75	3.8	3.9	3.428571	3.33	3.67	4.00	3.67	3.83	3.33	4.0	3.43	3.50	3.33	66.00	13.75	15.00	4.88	3.42	1.71	2.44	4.15	15.90	6.55	9.35
3.80	4	3.8	3.8	3.571429	3.17	4.00	3.57	3.56	4.00	4.33	3.67	3.29	3.25	3.03	66.00	16.00	14.29	3.88	3.19	1.59	1.94	3.53	18.68	8.42	10.25
3.20	3.75	3.6	3.7	4	3.83	4.00	3.43	3.78	3.50	3.33	3.3	3.00	3.38	3.18	61.00	15.00	12.86	3.59	3.19	1.59	1.80	3.39	18.01	8.47	9.54
3.40	3.875	3.4	3.5	4	3.50	3.00	3.43	3.78	3.83	4.00	3.0	3.43	3.50	2.46	62.00	11.63	13.29	2.65	3.13	1.56	1.33	2.89	21.46	11.62	9.84
3.40	3.625	3.2	3.1	4.285714	3.67	4.00	4.00	4.00	3.67	4.00	3.3	3.71	3.00	2.91	59.00	14.50	14.50	3.47	3.21	1.60	1.74	3.34	17.67	8.49	9.18
3.20	3.75	3.4	3.7	4.142857	3.83	3.67	3.43	3.33	3.67	3.33	3.3	3.00	3.25	3.03	60.00	13.75	12.86	3.59	3.09	1.55	1.77	3.31	18.11	8.46	9.65
3.60	4.375	3.4	3.5	4	4.00	3.83	3.86	3.56	3.00	3.67	4.3	4.00	3.50	3.31	66.00	16.77	16.88	3.88	3.60	1.80	1.94	3.74	17.64	8.49	9.14
3.20	4.125	3.2	3.7	4.428571	2.83	3.33	3.71	3.78	4.17	3.33	3.67	3.71	3.38	3.33	62.00	13.75	15.32	3.65	3.47	1.74	1.83	3.56	17.41	8.49	8.92
3.60	3.625	3.8	3.7	4	3.17	3.67	3.71	3.78	3.00	2.67	3.0	3.57	3.38	3.32	63.00	13.29	13.46	2.71	3.42	1.71	1.36	3.07	20.54	11.47	9.08
3.80	4.125	4.2	3.3	3.285714	4.17	3.67	3.86	3.89	3.67	3.33	3.3	3.71	3.88	3.16	69.00	15.13	15.91	4.06	3.58	1.79	2.03	3.82	18.05	8.46	9.59
3.60	3.625	3.8	3.7	3.714286	3.50	4.00	3.71	4.11	3.83	4.00	3.3	3.71	3.63	3.18	63.00	14.50	13.46	4.71	3.51	1.75	2.36	4.11	15.33	6.54	8.79
3.40	3.75	3.8	3.6	3.428571	3.83	4.17	3.71	3.89	4.00	3.33	3.67	4.14	3.63	3.03	63.00	15.93	13.93	3.71	3.60	1.80	1.86	3.65	17.24	8.49	8.75
3.40	3.5	3.8	3.7	3.571429	3.83	3.83	3.71	3.00	3.00	3.00	3.0	3.00	3.63	3.04	61.00	13.42	13.00	3.59	3.22	1.61	1.80	3.41	17.91	8.47	9.44
3.20	4	4.2	3.9	4	3.67	4.00	4.00	3.67	3.50	3.33	3.67	4.00	3.63	3.19	65.00	16.00	16.00	4.82	3.60	1.80	2.41	4.21	15.43	6.60	8.83
3.40	3.875	3.6	3.9	4	3.83	4.00	3.29	3.56	3.67	3.33	3.67	3.29	3.75	2.75	62.00	15.50	12.73	3.65	3.26	1.63	1.83	3.46	17.94	8.47	9.47
3.60	4	3.6	3.7	3.714286	3.83	3.83	4.00	3.22	3.33	2.67	4.0	3.43	3.25	3.04	65.00	15.33	16.00	2.82	3.24	1.62	1.41	3.03	21.45	11.47	9.98
3.60	3.625	3.4	4	3.857143	3.67	3.67	3.71	3.89	3.83	4.00	4.3	3.43	3.88	3.31	62.00	13.29	13.46	3.65	3.54	1.77	1.83	3.59	17.25	8.49	8.76
3.60	4.375	3.4	3.8	4	3.83	3.67	4.14	3.89	3.83	4.33	3.67	3.57	4.00	3.46	66.00	16.04	18.13	2.88	3.68	1.84	1.44	3.28	20.13	11.29	8.84
3.60	3.625	3.2	3.7	3.571429	3.33	3.83	3.71	3.78	3.50	4.00	3.3	3.57	3.75	3.17	60.00	13.90	13.46	3.59	3.50	1.75	1.77	3.51	17.08	8.50	8.58
3.60	4	3.6	3.8	3.714286	4.17	4.00	4.00	4.00	4.00	4.00	4.67	3.29	4.00	3.18	65.00	16.00	16.00	2.82	3.49	1.74	1.41	3.15	20.61	11.40	9.22
4.00	3.875	4	3.7	3.857143	3.67	3.67	3.86	4.11	3.33	3.67	3.67	3.71	3.63	3.48	67.00	14.21	14.95	2.94	3.61	1.80	1.47	3.27	20.47	11.28	9.20

oint services and	Equity Alliances	Non-Equity	Customs Union	Common Market protocol	Monetary	Political goodwill and	Political	Economic	Social-cultural	Technological	Legal	Customer Service	Organisational	Learning and Growth	LnFinancialPerformance	Equity	Equity Alliances*Politi	Firm Fin.	Average NonFinacial	Weighted Non Financial	Weighted Financial	Composite Performance	LnFinancial Performance	LnNon-Financial	lnFirm Performance
3.60	3.875	3.4	3.6	3.571429	3.67	3.67	4.43	3.78	3.50	3.33	3.00	3.29	3.50	3.17	63.00	14.21	17.16	27.1	3.32	1.66	1.36	3.01	20.91	11.51	9.40
3.60	4	3.8	4	3.714286	3.50	3.67	3.71	3.56	3.83	4.00	4.00	4.14	3.75	3.60	65.00	14.67	14.86	3.82	3.83	1.92	1.91	3.83	16.99	8.51	8.48
3.20	4	3.4	3.8	4	3.33	3.67	3.86	3.44	3.67	3.33	3.33	3.71	3.38	3.04	62.00	14.67	15.43	2.65	3.38	1.69	1.33	3.01	20.58	11.53	9.05
3.60	3.5	3.8	3.5	3.428571	3.67	3.83	3.71	3.78	4.17	4.00	3.00	3.71	3.50	3.31	61.00	13.42	13.00	3.59	3.51	1.75	1.80	3.55	17.19	8.49	8.69
3.00	3.75	3.6	3.5	3.571429	3.50	3.17	3.57	3.78	3.33	3.00	3.33	3.29	3.88	3.18	59.00	11.88	13.39	4.47	3.45	1.72	2.24	3.96	14.90	6.49	8.42
3.40	3.625	3.6	3.4	3.714286	3.67	3.17	3.57	3.56	4.00	3.33	3.33	4.14	3.50	3.59	62.00	11.48	12.95	4.65	3.75	1.87	2.33	4.20	14.77	6.59	8.18
3.60	3.75	3.6	3.5	3.285714	3.67	3.67	3.71	3.89	3.50	3.33	4.00	3.57	3.50	2.75	64.00	13.75	13.93	2.76	3.27	1.64	1.38	3.02	21.21	11.51	9.70
3.419847	3.579198	3.490076	3.50916	3.669575	3.599237	3.53944	3.625954	3.667515	3.482188	3.468193	3.455471	3.483097	3.437977	3.086041	60.09924	#REF!	13.0277	3413.282	3.3357052	1.66785259 9	1.706641	3.374494	17.94552	8.972045	8.973475