

# The Role of Strategic Alliances on Performance of County Assembly Wards: An Assessment of Nakuru County Government in Kenya

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#### **Abstract**

The main purpose of this study was to assess the influence of strategic alliances on the performance of the Nakuru County Government in Kenya by assessing the County Assembly Wards. The specific objectives focused on public-private partnerships, research and development, resource sharing, and risk sharing. The study was underpinned on the RBV, knowledge-based, transaction-based, and prospect theories. The study adopted descriptive research design targeting all the 55 Assembly wards in Nakuru County. A multi-stage sampling technique was used to draw out 141 respondents. Primary data was collected using a questionnaire and analyzed both as well as inferentially. The study found that there was a strong and positive relationship between publicprivate partnerships and performance and that public-private partnerships had the strongest relationship with the performance. Further, the study found that public-private partnerships positively and significantly influence the performance. Also, the study found a strong and positive relationship between resource sharing and performance. On the other hand, the study revealed that resource sharing positively and significantly influences the performance and while holding public-private partnerships, research and development sharing and risk sharing constant, resource sharing would have the most positive influence on the performance. In addition, the relationship between research and development and performance also showed a strong and positive relationship. However, the findings showed that while research and development sharing would help improve the performance, it did not have a statistically significant influence on the performance. The findings also indicated that the relationship between risk sharing and performance showed a moderate but positive relationship. On the other hand, the regression analysis revealed that risk sharing did not have a significant influence on the performance. The study hence recommended that future researcher should conduct a comparative study to understand the influence of strategic alliances on the performance of other county assembly wards in Kenya. Finally, this study hopes that these findings will be relevant for stakeholders to address opportunities and challenges that exist in the formation of strategic alliances in public sector organizations.

Keywords: Strategic Alliance; Public-Private Partnership; Resource Sharing; Risk Sharing

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# 1. Introduction

# 1.1 Background of the Study

The strategic environment in the marketplace is changing rapidly and the need for strategic alliances to keep afloat businesses continues to be felt. Therefore, organizations create a strategic vision that entails coming into agreements with other organizations to share resources, ideas, and even risks. This leads to the emergence of strategic alliances that boost the performance of the organizations for mutual benefit (He et al., 2020). According to Child, Faulkner, Tallman, and Hsieh (2019), strategic alliances breed interdependence and integration between organizations. A greater level of interdependence and integration leads to the alliance lasting longer. While this may lead to complex relationships, there are significant benefits as well as risks that have to be shared among the organizations.

Interestingly, in the public sector, Ferraris, Santoro, and Papa (2018) highlight that strategic alliances are different from the private sector. First, in the public sector, organizations do not compete with each other which presents lowered pressure to enter into alliances. Secondly, the influence of politics and bureaucratic processes affect decision-making processes and also misalign objectives with potential partners. Moreover, public sector organizations are characterized by weaker capacity absorptions which reduce their ability to profit from strategic alliances. These factors notwithstanding, in the recent past, there has been a realization that strategic alliances can benefit public sector organizations and the public tremendously. Therefore, many countries around the world have worked on public reforms which support an environment in which strategic alliances can be supported in the public sector (Ferraris et al., 2018).

In the recent past, there has been an increased focus on strategic alliances due to increased competition, technology, and globalization. Organizations enter alliances for a myriad of reasons, among others: need to enter



new markets, gaining new technologies, skills, and knowledge, legitimacy attainment, risk mitigation and achievement of economies of scale (Dhaundiyal & Coughlan, 2020). Strategic alliances involve agreements on cooperation between organizations focusing on a common project (Nkakleu & Biboum, 2019). In the public sector, organizational performance is tied to societal and organizational goals. In terms of public-private partnerships, the key drivers of the alliances are to address environmental, technological and societal problems that cannot be tackled by one organization only.

Governments are increasingly under pressure to meet their mandates amid resource constraints and rising costs. The governments are expected to provide services to their constituents and ensure that sustainable development is attained. This realization has led to public service improvements to address specific issues that fail mandate attainment (Kumalo & Scheepers, 2020). Correspondingly, public management challenges are addressed through strategic alliances which have constraints and fragmentations that are institutional, capacity-related or socioeconomic. Therefore, sharing of risks comes at the forefront in the implementation of strategic alliance projects and tasks. Noteworthy is the fact that strategic alliances work when the right tools, policies and incentives are utilized and aligned with the political and economic contexts within which the contests they operate in. This not only promotes policy legitimacy on service delivery but ultimately promotes the performance of public sector organizations (World Bank Group, 2018).

### 1.1.1 Global Perspective of Strategic Alliances

Seemingly, public sector organizations enter strategic alliances but there are differences in the mechanisms that support alliances. (Pratono & Ratih, 2019). For instance, in the USA, Mattis (2018) reviewed the National Defense Strategy and presented that the vitality and strength of their strategic alliances are actively sought after and made easier due to the institutional climate which leads to the country having a defense system that is "strategically predictable but operationally unpredictable" which helps to achieve the long-term objectives which are the backbone for ensuring security in the country. In China, Li, Ding, and Li (2019) argue that strategic alliances in the public sector are focused on achieving sustainable development. As such, the public institutions are encouraged to enter into strategic alliances which will help the administration to provide better services to the public. For example, the emergence of the mobile e-government to provide public services was a result of the alliance between internet companies and the government. The mobile e-government provides a platform for governance transformation to take place and improves organizational performance in terms of innovation and effectiveness.

A review by Saraiva (2017) on the strategic alliance between Brazil and the European Union indicates that the partnership was important in the development of foreign policies in Brazil. The partnership led to improved performance of Brazil's public sector. Resources were shared in which the European Union provided resources that were used in public sector projects and the Brazilian agencies such as the Ministry of Planning provided human resources who decided how the resources were allocated and how the projects were implemented. Interestingly, Saraiva (2017) asserts that the strategic partnership was rather complex owing to the fact that the European Union, as a supranational body, involved some of its member states in the partnership processes. Also, Brazil did not effectively consider its interactions with the European Union member states and agencies. In the same breath, Pratono and Ratih (2019) observed that strategic alliances tend to be problematic due to institutional climates which are marred with corruption, lack of transparency and accountability, and strategic action uncertainties. Uncertainty of strategic actions especially from the government challenges the process of strategic alliances. Notwithstanding, the strategic alliance helps to strengthen and improve the public sector service delivery.

### 1.1.2 Regional Perspective of Strategic Alliances

Owusu-Manu et al. (2020) opine that there has been a rise in strategic alliances in the energy sector in the form of public-private partnerships in Ghana. The aim is mainly to achieve sustainable development which will positively impact the people and communities. Whilst the strategic alliance in the Ghanaian public sector is deemed to be feasible, it is their implementation that deters them from achieving their intended strategic objectives. Mtonga and Banja (2020) posit that in Zambia, strategic alliances in the educational sector are an ideal model for institutions as they help to mutually benefit in terms of library facilities, student exchange programs, and research collaborations. The institutions can have access to resources or markets that they would normally not have access to. The performance of the institutions is improved in terms of innovation and effectiveness.

Kalibwani et al. (2018) highlight that in Uganda, strategic alliances in the public sector have been instrumental in achieving the country's developmental goals. This has been achieved mainly through multistakeholder partnerships. There have been partnerships with the public and private sectors where resources from both sectors have been mobilized. Also, strategic alliances have been able to address issues of weak markets and public administration. The government uses strategic alliances to ensure that it delivers public goods and services. Different stakeholders pool their assets and resources to solve problems while in the hindsight understanding that there are risks involved and find ways of mitigating the risks. George (2020) explains that in



the 1970s, Tanzania's government focused on nationalization as a development policy which not only did not solve underdevelopment issues, it did not bring about self-reliance. At this point, the government sought to delve into strategic alliances which would bring about socioeconomic development in the country.

### 1.1.3 Local perspective of Strategic Alliances

The adoption of a new Kenyan constitution in 2010 saw the creation of a decentralized government system with the Executive and Legislature being devolved into 47 administrative and political counties. Decentralization aimed to devolve power, representation, and resources to the grassroots level. In the newly formed counties, there was the need to identify problems, develop and implement plans and policies, finance activities, and ensure public participation in making decisions. To achieve these objectives, the counties sought collaborative approaches with different actors to ensure public services are provided to the people. The County Government Act 6(3) gives county governments the mandate to make partnerships with the aim of serving grassroots communities and bringing public services closer to them. In view of this, regional economic blocs such as the Jumuiya ya County za Pwani, Lake Region Economic block, North Rift Economic Bloc, Frontier Counties Development Council, the South Eastern Economic Bloc and the Mount Kenya Aberdare Counties Trading Bloc were created. These blocs help to bring about socio-economic growth in counties through vertical and horizontal cooperation and consultations. This implies that multisector alliances are made and issues of proper management of the alliances have to be dealt with (Alando, 2018).

Additionally, Olotch (2017) postulates that strategic alliances at the county level have been spread out in different sectors due to the devolution of functions such as health, agriculture, infrastructure and trade. These alliances can be in form of partnerships with development partners as well as the private sector. Moreover, Ngigi and Busolo (2019) explain that the counties have the County Integrated Development Plan which promotes alliances with non-state actors and this helps in making decisions, sharing resources, and knowledge and involvement in research and development. However, some projects that are implemented through strategic alliances are not always successful. For instance, Musau and Kirui (2018) found out that in Machakos, the county government has had partnerships that have helped in carrying out projects such as the construction of educational institutions, tourism projects and road construction projects, even though a report by the World Bank showed that 45% of those projects were not completed at the stipulated time or had failed. This is due to factors such as low levels of technology, poor planning leading to poor resource and risk sharing, corruption and poor stakeholder involvement. Likewise, Mulama and Muchelule (2016) found out that in Nairobi City County, partnerships are considered to enhance the development of the county however, challenges such as poor organization and planning of development projects, lack of technical capacities as well as poor institutional and legal frameworks on strategic alliances lead to failure or stalling of the projects which in turn leads to poor performance of the county government.

A report by the Kenya National Bureau of Statistics that was released in 2019 reviewed the economic size of the 47 Kenyan Counties. The report shows that Nakuru county's economic size is 6.1% which makes it the second-largest contributor to the Gross Domestic Product (GDP) of the country after Nairobi City County. The development trajectory of Nakuru county continues to rise making it the second richest county in Kenya (Kenya Institute for Public Policy Research and Analysis, 2020). This can be attributed to aspects of planning, service delivery and frameworks that are enacted by the county. Nakuru county has a County Integrated Development Plan (CIDP) which indicates the consideration of a collaborative framework to help provide better and quality services to the public. The framework includes strategic alliances which help to mobilize resources for funding, establish lasting partnerships, and bring about innovation through research and development. Ultimately, the strategic alliance objectives for the county are to ensure the strategic alliance measures bridge gaps in the public service provision. The county government and the assembly actively seek to ensure that strategic alliances formed with national government entities, private entities and other relevant entities are mutually beneficial for the parties involved and also to achieve sustainable development in the county (County Government of Nakuru, 2018).

#### 1.2 Statement of the Problem

Strategic alliances are important for any organization as they increase partner value. This can be attributed to the combination of efforts for mutual benefit and long-term sustainability (Gatobu & Maende, 2019). For survival in the current fast-changing global economy, strategic alliances are deemed critical (Muchangi (2019; Nkatha, 2020; Gatobu and Maende, 2019). Moreover, success is achieved when there are common goals, objectives, resources and risks between the strategy partners involved. Similarly, in the legal sector, Macharia (2018) found that strategic alliances affect performance through sharing of resources which helps to achieve core competencies which are a source of competitive advantage. In the Kenyan public sector, Beisheim, Ellersiek, Goltermann and Kiamba (2018) indicate that there are multi-stakeholder partnerships and alliances which are a source of renewed focus that results in sustainable development. However, the alliances were found to be fragmented and weak; yet, they were found to have the potential of improving performance and development.



The introduction of county governments in Kenya in 2013 increased the need for strategic alliances that ensure sustainable development for the country. Idris (2020) notes an explicit intent for strategic alliances but an increasing disquiet on the progress of the projects and the effect of the strategic alliances in terms of performance. A study by Okwaro, Chepkwony and Boit (2017) on partnerships at the Uasin Gishu county government indicates that from the perception of investors, strategic partnerships are marred by corruption, malpractices, and the need for good governance and transparency. The study did not however indicate the influence of the partnerships on the performance of the county government focusing on the county assembly wards. The existing studies in the body of knowledge have not focused on strategic alliances and the performance of county assembly wards in Kenya. This study, therefore, sought to fill this gap by studying the influence of strategic alliances on performance at the Nakuru County Assembly Wards.

### 1.3 Objectives of the Study

### 1.3.1 General Objective

The main purpose of this study was to assess the influence of strategic alliances on the performance of the Nakuru County Government in Kenya by assessing the County Assembly Wards.

### 1.3.2 Specific Objectives

- To assess the influence of public-private partnerships on the performance of the Nakuru County Assembly Wards.
- To examine the influence of resource sharing on the performance of the Nakuru County Assembly Wards.
- 3. To explore the influence of sharing research and development on the performance of the Nakuru County Assembly Wards.
- 4. To assess the influence of risk-sharing on the performance of the Nakuru County Assembly Wards.

#### 2. Literature Review

#### 2.1 Theoretical Framework

According to Varpio, Paradis, Uijtdehaage and Young (2020), both inductive and deductive research should be pegged on a theory. Accordingly, theory is a presentation of propositions that are related logically and it explains the relationships between study constructs. The reflection to use a theory leads to a theoretical framework. The theoretical framework is a logical connection of different concepts that are developed from identified theories (Varpio et al., 2020). This study was anchored on the following theories: transaction cost, resource-based view, knowledge-based and prospect theories. The transaction cost theory is used as it lays the foundation for understanding strategic alliances, especially in terms of providing links for public-private partnerships. Also, the resource-based theory is used to support the resource-sharing variable while the knowledge-based theory supports the variable of sharing research and development. Finally, the prospect theory supports the risk-sharing variable. The discussion of these theories presents a comprehensive theoretical framework upon which this study was underpinned.

# 2.1.1 Transaction Cost Theory

The transaction cost theory can be traced to Coase in 1937. The theory was shaped to include vertical integrations which include partnerships, joint ventures and alliances. According to Ketokivi and Mahoney (2017), there are two main heterogeneities presented by the transaction costs theory. The first is transaction diversity which focuses on the different types of transactions that are relevant to different entities. The second dimension looks at the diversity of organizations in which different organizations respond differently to transaction governance. Fundamentally, the transaction costs theory addresses issues of how organizations can organize their transactions with other organizations and the transaction cost of such activities. In the promotion of an organization's strategic alliance portfolio, the transaction cost theory is used to determine the type, kind and number of strategic alliances that an organization can enter into and the means by which the alliance activities are integrated into the hierarchy of an organization (Penno et al., 2021).

The theory can be used to explain circumstances under which alliances and cooperation agreements are formed in organizations (Koschatzky, 2017). There are costs incurred in the coordination of activities such as developing contracts, identifying investments, administering transactions, or developing relationships in partnerships. This requires the organizations to look for an external arrangement to help effectively carry out the activities. Nagle, Seamans and Tadelis (2020) opine that the transaction between two entities should seek to determine the organizational form which suits best the entities based on their characteristics. There should be incentives put in place to ensure that the transactions between the entities are at low costs while preserving the strength of the alliance and the services produced. However, a challenge that is present from the transaction costs perspective is that as assets increase their specialization, it becomes difficult to redeploy them and the transaction complexities increase.

By the same token, Petersen, Hjelmar and Vrangbæk (2018) assert that the underpinnings of the theory of



the transactional cost underline the specificity and measurability of alliances that are sought after in the public service sector. Therefore, public service, in this context is approached not as something that is by definition, effectively produced by the private market, but rather as different services whose characteristics are more or less favorable. Hence, the need for alliances where the private service can provide missing services in the public sector is required. The hypothesis created by transaction cost economics is that services have different characteristics and alliances can help to create favorable conditions which allow for the services to be produced effectively and efficiently. However, the transaction costs theory is critiqued for seeking to "destroy good management practices" but the critics present and demonstrate flawed logics which, even in the scholarly world, has not received adequate attention in response (Ketokivi & Mahoney, 2017). The fact that the theory explains the management, performance and strategies of organizations and continues to receive immense attention from scholars, then, its applicability in this current study in the focus on strategic alliances and the performance of organizations cannot be understated.

#### 2.1.2 Resource-Based Theory (RBT)

The resource-based theory was first proposed by Penrose in 1959 and was further advanced by Wernerfelt in 1984, and by Berner in 1991. Accordingly, the RBT focused on the growth and performance of organizations to achieve sustainable competitive advantage. Since then, the resource-based view of organizations has been used to explain the interests of businesses as well as the momentous potential to aid organizations to achieve sustainable competitive advantages (Pereira & Bamel, 2021). The RBT is a compelling theory for understanding strategic alliances and organizational performance. This assertion is supported by Steiner, Lan, Unterschultz, and Boxall (2017) who echo that research on strategic alliance can be appropriately linked to the resource-based theory which helps to understand the phenomenon of strategic alliances and how organizations can access resources from alliance partners. Principally, strategic alliances are the products of resource integration among organizations.

The RBT proposes that an organization is composed of resources that are human, intangible and tangible, which when combined, enhance the performance of an organization. Further, Odollo (2019) highlights that organizations use the RBV as a competitive advantage source which emphasizes on maximum utilization of the scarce yet critical resources. However, the difficulties faced in attaining desirable resources in an organization mean that not all resources are tradable thus, their transfer to other organizations can be a challenge and this makes their heterogeneity a sustained phenomenon (Steiner et al., 2017). The rationale for RBV is that the alliances ought to create value for all parties involved through the pooled resources. The competitive advantages presented by resources are that organizations provide strategic positions that are favorable and strong for strategic alliances to be formed. Organizations should aim to find resource boundaries that are optimal to ensure that their resource value is realized through resource combinations. This way, the integration of resources would create value because complementary resources collaborate. Moreover, the alliance portfolios should focus on the dyadic relationships between alliance organizations and the performance of the organizations (O'Dwyer & Gilmore, 2018).

Furthermore, Dzhengiz (2020) cites that cross-sector alliances create motivations that aim to attain synergy. This calls for organizations to redesign their business models to accommodate resources to achieve the well-being of the people as well as achieve the goals and objectives of the organizations. In a cross-sectoral alliance, establishing and accessing networks and markets becomes dependent on the other alliance partners which brews complexities. Nevertheless, the resource-based view of the organization presents a theoretical lens that is a rich underpinning of strategic alliances and organizational performance (Steiner et al., 2017). From this perspective, therefore, the resource-based theory is applied in this current study to explain the influence of strategic alliances in the performance of the Nakuru County Assembly Wards.

#### 2.1.3 Knowledge-Based Theory (KBT)

The knowledge-based theory as presented by Grant in 1996 holds that knowledge assets in an organization are fundamental in the attainment of required organizational goals (Pereira & Bamel, 2021). Knowledge is seen as a source of competitive advantage as it is an input in production and the equipment and products emanating from the production process embody the existing knowledge in the organization. Stemming from the organizational learning theory, the KBT promotes learning which, in this current study, can be used to explain the motives of alliance formation for different entities. In this school of thought, Pereira and Bamel (2021) posit that organizations direct, sequence, transfer and routine knowledge in an organization of varying nature which enables the organization to produce quality goods and services.

According to Koschatzky (2017), tacit or explicit knowledge can be used in organizations to create competitive advantages. It is not enough for organizations to acquire the knowledge they must also have a good understanding of how to strategically use it. The knowledge acquired through strategic alliances is a good conduit for enhancing required behaviour change, developing new capabilities and putting together collective cognition which helps to develop mental models from a new perspective. This requires the alliance partners to co-evolve in terms of their institutional settings and ensure that there is a strategic fit of the acquired knowledge



with the organization's missions and core values (Dzhengiz, 2020). Arslan (2018) argues that when alliances are developed with ulterior motives, lead to knowledge leakage and knowledge spillover which, in the end, lead to failed organizational performance. In this view, the issues of the knowledge-based view of the organization lead to imperfect links of the alliances and such opportunistic hazards are practically inevitable. However, clear and extensive structuring of the alliance relationship contracts can help to mitigate the critiques presented on the knowledge-based theory.

### 2.1.4 Prospect Theory

The prospect theory was propagated in 1979 by Amos Tversky and Daniel Kahneman and they later advanced the theory in 1992. The theory assumes that gains and losses have different values and as such, decisions made by individuals or investors are based not on the perceived losses but the perceived gains. The certainty of gaining helps investors to look out for and avoid risks (Gonzalez-Ramirez, Arora & Podesta, 2018). Given the nature of different types of economic exchanges experienced in strategic alliances, risk management assists organizations to coordinate their activities (Stelter, 2019). In cases where there are high political risks, institutional costs are increased and this calls for risks to be shared to ensure that one entity in an alliance is not overburdened with dealing with risks experienced in the alliance. In strategic alliances between public and private entities, risk-bearing is often thought to be lower on the government's side as compared to other firms in the strategic alliance. Therefore, organizations need to ensure that risks are minimized through the allocation of risks to the entities that can be able to manage them. Moreover, institutional arrangements in strategic alliances should ensure that economic growth is attained, capital movement is enhanced, and risk transfer and information costs are reduced. This increases contract enforcement efficiency (Roumboutsos & Pantelias, 2021).

The prospect theory is deemed a normative means of analyzing decisions made under risk. Investors can make decisions based on their preferences. The prospect theory has been criticized for placing focus on decision analysis in consideration of risks but does not consider the actualities of the decision-making process. Therefore, it can be viewed as a predictor of the decision-making process (Saliya, 2020). For instance, Bolognani et al. (2017) explain that the prospect theory takes into account the behaviors of individuals which may be irrational and marred with biases that are heuristic. The probabilities of decisions made are placed on decision weights and a decision that leans towards gains for the individual is undertaken. However, the actual process of making and implementing the decision is not accounted for. Nevertheless, in strategic alliances, this criticism is countered by the use of contractual agreements which factor in risk occurrences, aversion and how best to manage the risks in the alliance. As such, this prospect theory was used in this study to assess the influence of risk-sharing on the performance of the Nakuru County Assembly Wards.

### 2.2 Conceptual Framework

In this study, the independent variable is strategic alliances which were presented by public-private partnerships, resource sharing, sharing research and development, and risk-sharing. The dependent variable was the performance of the county assemblies. The graphical representation of the conceptual framework is presented in Figure 2.1.



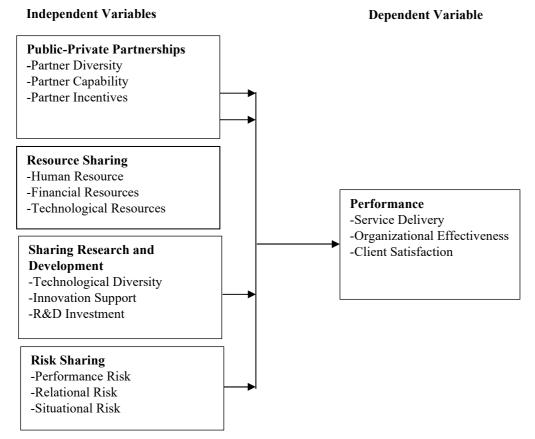


Figure 2.1: Conceptual framework showing the study variables

### 2.2.1 Public-Private Partnerships (PPPs)

Private-public partnerships involve a long-term relationship between the public and private sectors to help in the provision of public services, ensuring that a nation can create and maintain the operational level of scarce human resources (Wojewnik-Filipkowska & Węgrzyn, 2019). Agreeably, Wang, Xiong, Wu and Zhu (2018) explain that PPP has been used in many regions and countries more so in developed countries, experiencing an increasing number of PPP projects. For instance, in China, up to 2016, there had been more than 10,500 PPP projects which amounted to about 12.46 trillion Yuan. On the other hand, in developing countries, PPP projects focus on building infrastructures and is being as a new governance form where private sector actors are more involved in public policy implementation. Furthermore, the aspect of PPPs presents a powerful ethos that brings the best out of the private and public sectors. However, Hodge, Greve, and Biygautane (2018) argue that deep scepticism exists in ensuring that there are democratic processes followed in ensuring that decisions that are made in PPPs serve the interests of the public in the long term. This is due to political interference which can hinder public service delivery.

Strategic alliances require proper coordination to deal with partner differences that may occur during the partnership period. Partner diversity in public-private partnerships (PPP) is an important collaborative advantage that leads to enhanced performance. In England, Alonso and Andrews (2019) found out that partner diversity widened the interdependence within collaborations which helped to reduce transaction costs that arose due to the shared goals. Without careful management of the partner diversity and different partner capabilities, the PPPs had a possibility of failing. Diversity among partners in different sectors helped to access vital resources and capabilities which created blended value creation for different stakeholders. Partner diversity was found to orchestrate the achievement of predetermined goals and objectives with a strategic alliance.

In a comparative case study on the establishment of public-private partnerships in Italy, Villani, Greco and Philips (2017) found out that different alliances created different values for the stakeholders even when the partnerships were created in the same sector. This was attributed to the different business models of the organizations which can create different institutional complexities. The public-private partnerships were found to have conflicting institutional logics which included the business logic to make a profit, the non-profit logic, and the government logic. The diversity of the partnering organizations was viewed to be in terms of the core skills amassed in the organizations.



Additionally, in the Netherlands, Benítez-Ávila, Hartmann, Dewulf and Henseler (2018) surveyed the governance of public-private partnerships. The findings were that the contributions of the alliance partners require cooperation to deliver the required performance. The contract agreements between alliance partners require the alignment of economic incentives and hierarchical relationships. The compensation mechanisms improve the alliance results as managers find the means to collaborate day-to-day practices through a reinforced trust which leads to the success of the public-private endeavors. Kang and Zaheer (2018) studied alliance partner decisions in the pharmaceutical and biotechnical industries between 1992 and 2010 in the United States. The study found that governance mechanisms in PPP required tradeoffs between managerial incentives and monitoring of the partnerships. The managerial goals were aligned with those of the organizations and the stakeholders to ensure the success of the partnerships. It was, however, observed that when care was not taken, managerial incentives would become redundant and costly. This evoked an emphasis on monitoring the incentives provided to the managers.

In Brazil, Siaulys, da Cunha, Torloni and Kondo (2019) conducted a non-experimental study on public-private partnerships in the health sector. The study found that the main challenge in the health sector was neither access to health services nor lack of affordable and effective interventions, but the capacity of the health professionals to deliver such interventions appropriately. The partnership with private sector players led to the training of health professionals in Brazilian public hospitals. To achieve success, the partnership required commitment and strategic organization among the alliance partners. The study revealed that there was improved knowledge among professionals on maternal mortality. These positive results were also attributed to non-financial incentives that were mainly focused on increasing the professionals' knowledge and performance.

In Kenya, Okwaro et al. (2017) used a descriptive research design to study the perceptions of investors who were in PPP with the Uasin Gishu county government. The findings indicated that the perceptions of investors affected PPP and the performance of the county government. There was a lack of public confidence in the procurement processes due to aspects such as corruption which made it difficult for the county government to attain its contractual obligations. The partnerships were only deemed to be applicable to large-scale projects and the partnership process was deemed complex which led to some local investors not being interested in entering into partnerships with the county government. This led to poor organizational performance.

#### 2.2.2 Resource Sharing

Building network alliances with political and business partners help to make substantial progress in organizations. In strategic alliances, recognition of resources such as human, technological or financial resources helps in developing contractual agreements. This would inherently help in proactively seeking opportunities in which resources would provide value and capitalizing on emerging opportunities (Jiang et al., 2018). Sharing of resources aims at achieving mutual benefits for organizations which has an impact on the ability of the organizations to effectively manage the alliances for organizational growth and performance. In such relationships, competitive advantage is a core factor especially in the private sector while the delivery of services and organizational efficiencies becomes a core factor in public entities. A resource-based alliance should focus on ensuring that the resources are successfully integrated into the organization to reap maximum benefit from the alliance (O'Dwyer & Gilmore, 2018).

A study by Ashraf, Ahmadsimab and Pinkse (2017) investigated the sustenance of cross-sector partnerships in 1312 organizations in the carbon offset industry from 59 countries. Specifically, the government institutions focused on public good logic while the businesses focused on the market logic. These incompatibilities were found to affect the nature of resource sharing due to skewed resource dependencies. A study by He et al. (2020) showed that organizations in strategic alliances' rapid advances in technology made it difficult to share technological resources. Strategic alliances needed to strike a balance that reflected a trade-off between the resources shared as it enabled the partnerships to be more flexible and dynamic. Moreover, in Zambia, Mtonga and Banja (2020) found that the success of strategic alliances was attributed to shared human resource expertise as well as financial and technological resources. Sharing resources led to improved access to resources and played a critical role in achieving improved organizational performance for the alliance partners. The study concluded that due to challenges faced in strategic alliances, a lack of strict measures such as contractual agreements would lead to the formed strategic alliances becoming financial and operational liabilities, thereby negatively influencing the organizational performance of the organization.

In Kenya, a study by Kariuki (2017) found that when strategic alliance partners shared resources, there were no delays in the implementation of their strategies. The effective use of human and technological resources led to the involvement of the strategic partners in the formation of virtual teams which ensured information was shared horizontally across departments in the organizations which improved the organizations' performance. Furthermore, a study by Nyaboke (2017) on strategic alliances in the Kenyan telecommunications industry revealed that sharing resources among alliance partners led to the development of competitive advantages. In a descriptive case study focusing on the public sector, Onyango and Ondiek (2021) found out that in the Kenyan public sector, there were inadequate technological resources which made it difficult for administrators and



policymakers to achieve the effective implementation of such resources to improve their service delivery to the public. There were also limited human resources who did not have the appropriate skills for the implementation of public sector projects. This lack of technical skills, knowledge and capabilities was found to affect some alliances with other sectors.

#### 2.2.3 Sharing Research and Development

In alliance networks, sharing R&D is imperative as it helps to share knowledge among strategic partners which enriches each partner with an expansive external pool of knowledge. According to Zhang, Jiang, Wu and Li (2019), strategic alliances promote sharing of knowledge and the interdependence between the strategic partners including their sum dependence on each other. This indicates the potential among the partners to create value that they cannot attain individually as well as bring about collaboration. Embedded on the theory of knowledge sharing, sharing R&D encompasses the ability of the strategic partners based on their past experiences which accumulate commitment to bring together their investments to intensify sharing of R&D. In this case, the alliances become stronger and the strategic partners can benefit from their diversity which helps to acquire knowledge that improves the performance of the firms. Liu et al. (2021) note that sharing R&D can be different in local governments as compared to other sectors such as SMEs. However, in local governments, the focus on self-interest and autonomy can lead to a conflict of interests among institutional environments and regions which may pose a challenge to the performance of local government organizations. Where there is a poor institutional environment, a weak innovation foundation is created which leads to inefficiencies and a lack of knowledge management.

A study by Elia, Messeni and Piscitello (2019) revealed that in research and development alliances in multinational companies, there is a need for increased communication resources, compatible work routines, and common approaches for management. The main motivation was the desire for basic knowledge acquisition to attain desired objectives. Similarly, Fredrich, Bouncken and Kraus (2019) found out that alliances that had a strong focus on research and development intensity did not face challenges in the assimilation of new knowledge in the organizations and also learning from their alliance partners. The organizational culture in these organizations provided room or freedom to experiment, exploit and learn. This was deemed important in boosting technological alliances among the organizations.

In China, Li, Liu and Ma (2021) found that technological alliance among organizations in a strategic partnership was crucial. This is because it promoted an overflow of innovation in the organizations which helped in promoting competitive advantages. Investments in research and development were found to be affected by different transaction costs experienced in the alliance. This was an indication that the process of research and development in an alliance was non-linear among the companies. The study indicated that market reforms in China were also found to be important in promoting technological alliances among firms. Technological alliances were fundamentally important in a technological acquisition which is vital in collaborating research and development activities among firms in a strategic alliance.

A study by Banerjee and Sengupta (2019) on the role of research and development in strategic alliances focused on market composition where organizations had to compete in the product market. The study revealed that organizations in strategic alliances invested in research and development activities. The research and development structures that were present in the alliance helped to maximize profits and this required careful thought on the research and development expenditure. In Brazil, a study by Paula and Silva (2018) found a relationship between research and development in strategic alliances and the improvement of organizational performance. This relationship was affected by the type of partner that the organizations chose, the knowledge sought after, and the absorptive capacity of the organization. The successful organizations invested in the research and development process and supported the innovations that were found. This led to the organizations accessing each other's complementary assets and tacit and codified knowledge was transferred. Moreover, the organizations shared the research and development costs which increased coordination in the alliance and avoided misappropriation.

A descriptive research study conducted by Kisilu and Kinyua (2020) in Kenya on public service delivery in the Makueni County Government revealed that the county government focused on research and development where knowledge was created, retained and used in the organization. Also, knowledge was transferred through the training of the employees which helped to build the employees' confidence in their work and promote personal development. The creation of networks was useful in developing strong strategic capabilities to ensure that organizational performance improved. However, the study noted that there were limited resources for research and development to achieve optimal organizational performance. Furthermore, a study by Kiroro (2020) of the Kwale County government indicated that research and development were important for the county government to improve its performance. The county was found to have few financial resources to help in carrying out research and development activities that were innovative. Therefore, investment in research and development was limited. This led to the reluctance to acquire new technology leading to poor technological capabilities. Essentially, the county's policy was deemed to be rigid in adopting strategies that promoted research



and development activities.

#### 2.2.4 Risk-Sharing

According to Wang et al. (2018), sharing risks involves ensuring that the risks and costs incurred in strategic alliances are not all transferred to the partners in the private sector. The risks should be shared so that mutual goals are effectively attained. Right at the beginning of a strategic alliance, it is important to identify the likelihood and type of risks that can be incurred. This helps the strategic alliance partners to plan on how to mitigate and deal with the risks. Ultimately, the goal of risk-sharing should be to work closely to ensure that deviations from shared targets are recognized and shared immediately. Moreover, risk-sharing should be allocated and shared in a way that ensures that each strategic partner can handle it appropriately. This shows that risks should be shared in all phases of a strategic alliance as it helps in building the sustainability of the alliance. According to Castelblanco, Guevara, Mesa and Flores (2020), it can be challenging for risks to be shared in a uniform way as it depends on contractual arrangements and in most cases, it is the private sector that bears the burden of risks. This indicates the imbalances in risk sharing.

In a sequential mixed-method study on managing risks, a study by Keers and van Fenema (2018) found that in the public sector, strategic alliances are deemed useful yet intolerable risks are faced in these alliances, especially in the early phases of the alliance formation. The risks identified were associated with performance, agreements, and employees and they jeopardized the public sector organizations' focus on the provision of public services and related tasks. The study equally showed that risks and risk awareness were experienced at different levels of the organizations. These aspects led to the alliance partners being unable to control the alliance's performance. The study concluded that investments in internal structures before the formation of alliances would increase the chances of success of the alliance as it would ease the burden of sharing risks rather than the transfer of risks to one alliance partner.

There are idiosyncratic practices of risk management that bring to the fore the different risks that arise in the process of risk-sharing in strategic alliances. For example, a study by Benítez-Ávila et al. (2018) found out that there are relational and performance risks shared among strategic partners. With a core focus on relational risks. The study showed that the relational risks in a strategic alliance between the public and private sectors were mainly borne by the private sector entities. A study by Adyawarman (2021) found that the decentralization policy in the country led to mixed outcomes. Strategic alliances were sought after to bring about required changes in the public sector organizations. However, the strategic alliances brought about pluralist environments which led to different risks which were viewed as socially constructed aspects. Some local governments were found to have found means of mitigating risks through the adoption of practices that were innovative to bring about sustained development.

In an exploration of shared risks in strategic alliances in Saudi Arabia's health sector, Alonazi (2017) explains that the study resulted in the identification of relational and performance risks. The relational risks were encompassed in people-centeredness focus and the trustworthiness of the alliance partners. These risks were viewed through the lens of structured cooperation between the government and the private sector. The government heavily relied on the private sector for the provision of infrastructure and healthcare activities. Potentially, the risks shared between the alliance partners were ranked as low risks, substantial risks and high risks. The study concluded that increased roles among the strategic partners should be considered to ensure the effectiveness of the alliances. In South Africa, Nel (2018) used a conceptual and documentary analysis to study strategic alliances in the public sector. The study found out that strategic alliances in the public sector are driven by the private sector. The state only played a role in the regulation of energy as well as generation and distribution. In the case of a defaulter, the government was also found to play a role in offering guarantees to finance the projects. This kind of strategic alliance was deemed to support appropriate risk transfer to the party that could carry certain performance risks. Risks were also derived from uncertainties as to whether a balance of the alliance partners' interests could be struck.

A conceptual analysis of risks by Turyahikayo (2018) in Uganda reveals that when the public sector enters into strategic alliances with other sectors, different challenges emerged. This was attributed to the public sector's bureaucratic tendencies which lead to rigidities and risk aversion. The study showed that risk aversion was a risk in itself, especially in strategic positioning as the public sector workers were docile with limited power in questioning the status quo. The routinized environment in the public sector saw the employees work in a prescribed manner which inhibited creative thinking and innovation. Public entities also lacked a public regulatory mechanism to ensure that risks are balanced. Moreover, a study by Okwaro et al. (2017) indicated that in the Kenyan county governments, risk-sharing was not experienced, rather, the county government transfers risks in a strategic alliance to other alliance partners such as the private and civil society sectors. This was a contributing factor as to why the private sector was adamant in allying with the county government. This resistance led to certain negative results. For instance, it was viewed that the locals were denied access to benefitting from devolution and as such, the county government failed in its mandate to deliver some services to the public.



# 3 Research Methodology

### 3.1 Research Design

This study adopted a descriptive research design. The descriptive research design, according to Emilien, Weitkunat and Lüdicke (2017) describes the characteristics of the study phenomenon and helps in determining the proportion of individuals behaving in a certain way, and aids in making predictions that are specific. The design allowed the researcher to collect data from the identified target audience in a non-experimental manner. The design helped the researcher to broaden the phenomena's scope and identify the link between the independent and dependent variables.

### 3.2 Population

Bougie and Sekaran (2019) explain that a target population is a universe or a group of objects, elements, items or individuals from which a sample to participate in a given study is drawn. The target population for this study was the fifty-five wards in the Nakuru County Assembly. This population was chosen due to its familiarity, understanding and involvement in strategic alliances in the county.

### 3.3 Sample and Sampling Techniques

The study used a multi-stage sampling technique to select the individuals who participated in the study. First, the researcher used a stratified sampling technique to arrange the respondents according to their homogenous categories to gain control over variances in standard errors. The strata that were used in this study were based on their managerial positions. A simple random sampling technique was hence used to select the respondents. The simple random sampling gave a chance to all individuals to participate in the study, eliminating any form of biases in the selection of the respondents (Emilien et al., 2017). Yamane's (1967) formula was used to obtain a sample size of 141 as follows:

n=N/1+N(e)2, where: n=sample size; N=population size; e= margin of error.

Therefore,

n=220/1+220(0.05) 2 = 141

A proportionate sampling process was then adopted to help provide better precision of the sample size. The formula used is as follows:

(n/N)Ni

Where, n = sample size; N = Total Population.; Ni = Population of each stratum

part in the study. Units of observation were drawn from top level, middle level and junior level of the county staff.

### 3.4 Data Collection Instruments

The primary data in this study was collected using semi-structured questionnaires. The questionnaire measurement items were presented on a Likert scale of five points which ranged from strongly agree to strongly disagree. The questions were presented in six sections where Section A focused on the background information of the respondents, Section B focused on public-private partnerships, Section C focused on resource sharing, Section D focused on research and development, Section E focused on risk-sharing, and final section focused on performance.

### 3.5 Pilot Test

A pilot test was conducted to assess the reliability and validity of the questionnaire. According to Weiten (2021), a pilot study is a replica of the main study and helps researchers to attain data that helped to understand whether the questions in the questionnaire helped to obtain the required results. For this study, the pilot test was conducted in assembly wards in Nyandarua County due to its proximity to Nakuru County. Additionally, both Nakuru and Nyandarua County Assembly wards have similarities in terms of their agenda for strategic alliances which is stipulated in the counties' integrated plans.

# 3.5.1 Reliability of Research Instrument

This study used Cronbach's Alpha Coefficient to determine the reliability of the study's questionnaire. Emilien et al. (2017) explain that reliability is a concept that assesses the extent to which a questionnaire measures the consistency of the factors that it intends to measure. When measured, the factors ought to produce similar results every time the test is carried out. A minimum threshold of 0.7 of Cronbach's coefficient was adopted as the reliability index. In this current study, using Cronbach's alpha coefficient, the researcher was able to measure the internal consistency of the study's questionnaire. This helped to ascertain that the items within a scale in the questionnaire measured similar constructs.

### 3.5.2 Validity of Research Instrument

The validity of the questionnaire assesses the degree to which the results actually represent the phenomena being studied (Weiten, 2021). For this study, content, construct and face validities were used. To assess content validity,



the researcher assessed the content of the questionnaire to ascertain whether concepts of the construct are represented. This covered all relevant parts of strategic alliance and performance. To attain Construct validity, the factor loading approach was used where the minimum acceptable factor loading of the construct measurement items was 0.4. Validation of the questionnaire helped to accordingly address any ambiguities or challenges presented by the questions.

### 3.6 Data Processing and Analysis

The study utilized primary data in which both quantitative and qualitative data were collected. Qualitative data were organized and analyzed thematically and the data was presented in form of narratives. The quantitative data was then entered into the Statistical Package for Social Sciences computer software (Version 24) which helped in data analysis. Quantitative approaches were used to analyze the data. Descriptively, means and standard deviations were used in the analysis. Inferentially, correlation and multiple linear regression were used. The findings were presented in form of tables. Before inferential statistics, various assumptions of the Regression Model were tested for their appropriateness and relevance to the study.

#### 4 Results, Findings and Discussions

### 4.1 Response Rate

In the data collection process, 141 questionnaires were given out to the respondents and 136 questionnaires were returned and duly filled. Table 4.1 indicates that this presented a response rate of 96.5%. According to Mugenda and Mugenda (2013), when a response rate is at 50% then it is adequate for a study to be conducted, but the response rate is very good when it is more than 70%. In this study, a response rate of 96.5% was deemed to be excellent and it was attributed to the constant follow-ups to the respondents to fill in and return the questionnaires.

**Table 4.1: Response Rate** 

Details	Number of Questionnaires	Percentage (%)	
Duly Filled and Returned	136	96.5	
Unreturned or Incomplete	5	3.5	
Total	141	100	

# 4.2 Background Information

### 4.2.1 Education Level of the Respondents

To assess the education level, the respondents were required to indicate the highest level of education that they had completed. The study assumed that the education level would help in ascertaining the extent to which the respondents comprehended the questionnaire. The information on the highest education level that the respondents had completed is presented in Table 4.2.

These findings imply that all the respondents had attained a post-secondary school level of education which is an indication that they were able to read and understand the questions on the questionnaire and well as respond effectively. This is supported by the findings by Olson, Smyth, and Ganshert (2019) who found that education levels of respondents were indicators of their cognitive abilities with higher levels of education being associated with higher understanding of the questions and provision of substantive answers.

**Table 4.2: Education Level of Respondents** 

Education Level	Frequency	Percentage (%)
College Certificate	2	1.4
College Diploma	25	18.4
Bachelor's Degree	93	68.4
Master's Degree	16	11.8
Total	136	100

# 4.2.2 Management Level of the Respondents

This study assumed that the management level was important in understanding the level at which the respondents participated in the strategic alliance processes in the organization. There was also an assumption that the management levels would help to address any issues of biased responses on strategic alliance processes in the county assembly wards. The information on the management level of the respondents is presented in Table 4.3. These findings imply that all the management levels were well represented in the study. This, according to Lasater et al. (2019), is an important aspect as it helps to get the responses from the perceptions of different management levels.



**Table 4.3: Management Level of Respondents** 

Management Level	Frequency	Percentage (%)
Top Level	32	23.5
Middle Level	47	34.6
Junior Level	57	41.9
Total	136	100

# 4.2.3 Years worked in the Organization

This study sought to understand the number of years that the respondents had worked in the county assembly wards. This was based on the premise that the more the number of years, the better the understanding of the organization's processes and performance over the years. The information on the number of years the respondents had worked in the county assembly wards is presented in Table 4.4. It can be deduced from the study results that that most of the respondents had worked for more than five years in their county assembly ward and therefore, had a good understanding of aspects of strategic alliances in the organization.

Table 4.4: Years worked in the County Assembly Ward

Number of Years	Frequency	Percentage (%)
0-5	51	37.5
6-11	64	47.1
More than 11 Years	21	15.4
Total	136	100

### 4.2.4 Years worked in the Current Position

The study the number of years that the respondents had worked in the current position in the county assembly wards. The study assumed that the length of service in the current position leads to high competence and understanding of the intricate details of strategic alliances and the performance of the county assembly wards. The information on the number of years the respondents had worked in the current position in the county assembly wards is presented in Table 4.5. It can be deduced that most of the respondents had worked for more than five years in their current position and therefore, would be a good source of information on strategic alliances and the performance of the organization.

**Table 4.5: Years worked in the Current Position** 

Number of Years	Frequency	Percentage (%)
0-5	58	42.6
6-11	63	46.3
More than 11 Years	15	11.1
Total	136	100

# 4.3 Descriptive Statistics of Study Variables

# 4.3.1 Public-Private Partnerships

Based on the first objective of public-private partnerships on the performance of the Nakuru County Assembly Wards. Data on public-private partnerships were analyzed and are as presented in Table 4.6. These findings align with those of Alonso and Andrews (2019) who found out that when there was a diversity of skills among the partners, there was a high likelihood of the success of the public-private partnership in a strategic alliance. Partner capabilities referred to organizational productive activities which were well coordinated to ensure that problems were solved and that the predetermined goals and objectives within the strategic alliance were attained. Similarly, Villani et al. (2017) found that the different skills, experiences, and knowledge that the strategic partners brought on board helped to create value for all the stakeholders. This was true when the skills, experiences and knowledge brought on board complemented each other.

Equivocally, Kang and Zaheer (2018) found that managerial incentives such as training helped to ensure that there were balanced trade-offs in the strategic alliances. This helped to ensure that stakeholder goals were aligned with the goals of the strategic alliance. It was also found that there was a need to ensure that managerial incentives were not costly or redundant as they would have a negative effect on the strategic alliances. Contradictions are however presented with the findings of Okwaro et al. (2017) who found that in the procurement processes, the public did not have confidence in the county government as there were perceptions of corruption which made it difficult for contractual obligations to be attained especially in large-scale projects. This led to poor organizational performance.



**Table 4.6: Public-Private Partnerships** 

Statement		SD
Activities of all involved parties in the partnerships are well-coordinated.	4.06	0.84
All involved parties contribute to the completion of projects under the partnership	3.70	0.96
Economic incentives such as cash rewards help to support partnerships		0.80
Managerial incentives such as training help to support partnerships		0.65
Overall Mean	4.04	

#### 4.3.2 Resource Sharing

Based on the second objective of resource sharing on the performance of the Nakuru County Assembly Wards, and the study findings presented in Table 4.7. Most of the respondents indicated that human resources were mainly shared in strategic alliances. One of the respondents indicated that the most shared resources are human resources because, without the human factor, strategic alliances would fail regardless of the financial and technological resources that are available for the alliance. Human resources can make or break the organization's performance and when they are well taken care of, then, the strategic alliance is successful. Although the ward's human resources may not have the required skills and knowledge for some projects, this was perhaps the main reason why the ward enters into strategic alliances. But financial resources are not really shared as the ward is mainly in need of financial assistance and it is difficult to share such resources.

In contrast, the findings by Ashraf et al. (2017) showed that strategic alliances are formed by partners who have different institutional logics which make the resources incompatible and this affects the way the resources are shared due to skewed resource dependencies. Therefore, there are power imbalances in strategic alliances. Poor resource sharing was found to attribute to the failure of strategic alliances. Also, Onyango and Ondiek (2021) found that in the Kenyan public sector, inadequate resources challenged the extent of resource sharing with strategic alliances. The human resources were found to be limited with a lack of appropriate technical skills, knowledge and capabilities for the implementation of public sector projects.

On the other hand, based on the resource-based view of strategic alliances, Mtonga and Banja (2020) found that technological, financial and human resources contributed to the success of strategic alliances. There was voluntary resource sharing which improved service delivery and improved organizational performance. However, reaching the point of sharing resources was deemed difficult and it was controlled through the use of contractual agreements to deal with financial and operational liabilities.

**Table 4.7: Resource Sharing** 

Statement	Mean	SD
This county assembly ward always shares its resources with other parties in a	4.07	0.80
strategic alliance		
Experiences and skills of the human resources are shared with other parties in a	3.94	0.76
strategic alliance		
This county assembly ward shares its financial resources with other parties in a	3.26	1.14
strategic alliance		
This county assembly ward shares its technological resources with other parties in a	3.96	0.76
strategic alliance		
Overall Mean	3.81	

# 4.3.3 Research and Development Sharing

The third objective of sharing research and development on the performance, data on research and development sharing was analyzed. The study findings presented in table 4.8. The opinion of the respondents was sought on the extent to which research and development were utilized in the county assembly ward's strategic alliances and there was an agreement that the county assembly wards did not quite share research and development. One of the respondents indicated that research and development are not shared in their ward because they do not have enough resources to carry out research and development. Moreover, the employees are not very qualified to undertake research and development activities. In this case, it is the strategic partners that share their research and development capabilities

These findings corroborate with those of Kiroro (2020) who found that research and development was an important strategic alliance factor that helped to improve the performance of the Kwale county government. However, there was a limited investment in research and development as well as unqualified personnel to carry out the research and development activities. The county government was also found to have poor technological capabilities due to reluctance to new technology acquisition and rigid research and development policies. Differing results emanated from the study by Kisilu and Kinyua (2020) who found that in the Makueni County government, there was a keen focus on research and development which helped in creating, retaining and sharing the knowledge which was vital for strategic alliances and organizational performance. The employees were extensively trained in research and development and this helped in network creation which was important for the development of strategic capabilities. Even though there were limited resources for research and development



activities, there was effort placed on the importance of sharing research and development in strategic alliances which would help to attain optimal organizational performance.

**Table 4.8: Research and Development Sharing** 

Statement	Mean	S.D	
Technological diversity among strategic partners helps to improve the service	4.52	0.59	•
delivery of this county assembly ward			
This county assembly ward provides an environment that supports innovation in the	3.68	0.99	
strategic alliances			
The employees have the capacity to effectively undertake research and development	3.59	1.03	
in strategic alliances			
This county assembly ward invests in research and development activities in a	3.99	0.80	
strategic alliance			
This county assembly ward does not bear the costs of research and development in a	4.65	0.61	
strategic alliance			_
Overall Mean	3.81		

# 4.3.4 Risk Sharing

The fourth objective of risk sharing on the performance of the Nakuru County Assembly Wards, data on risk sharing was analyzed and the findings presented in Table 4.9. The opinions of the respondents indicated that the risks that were mainly shared were operational and performance risks. One of the respondents indicated that the risks that are mainly shared have to do with the operational activities in the strategic alliance such as risks associated with poor communication and coordination of activities. Also, depending on how the alliance is introduced among the strategic alliance actors, there can be a lack of cooperation between the alliance actors. For example, employees from the ward may not want to cooperate with employees from another party because they have poor induction and communication processes.

Equivalently, the findings of the study by Benítez-Ávila et al. (2018) found that risk sharing was important and this involved inclusive decision-making for all strategic alliance actors. The main risks that were shared were relational risks such as communication and performance risks such as financial risks. Establishing trust was found to be difficult and this further propelled the instances of increased risks in the strategic alliances. Also, Zhang and Qian (2017) found that risk sharing helped to transfer risks from strategic alliances. For state-owned institutions, there was more risk transfer to business organizations. Therefore, factors such as financial risk transfer led to the business organizations bearing the cost of risks. Similarly, Okwaro et al. (2017) found that the focus of public sector institutions to pass risks to public or civil society sectors led to adamancy to ally with the public sector institutions.

Table 4.9: Risk Sharing

Statement	Mean	S.D
All the partners in a strategic alliance are involved in the decision-making processes	3.82	0.87
Financial risks are shared among the partners in a strategic alliance	3.73	0.82
Technological risks are shared among the partners in a strategic alliance	3.61	0.94
There is always trust among the alliance partners		1.14
This county assembly ward transfers risks accumulated in the alliance to the strategic		0.65
partners.		
Overall Mean	3.71	

## 4.3.5 Performance

The dependent variable of this study focused on understanding the performance of the Nakuru County Assembly Wards. Data on performance was analyzed and the findings are shown in Table 4.10. Further, the respondents' opinion was sought on how strategic alliances affected the effectiveness of their county assembly wards. One of the respondents indicated that their ward does not have all the resources needed to ensure that the ward's mandate is properly carried out. For example, they do not have adequate finances and the employees need more skills and knowledge in the implementation of some of the ward's projects. That is why strategic alliances are important to ensure that for what they lack, other partners in the public sector or the churches can provide. On how strategic alliances affect client satisfaction in the county assembly wards, respondents replied that they believed that when strategic alliance partners provide technical skills, technology and finances, then, in their ward, it becomes easier to provide services that the public requires. This is important to ensure public satisfaction. If a strategic alliance leads to the building of a hospital, then the public has access to health services which is important for sustainable development and they are satisfied with the administration in the ward.

These findings align with those of Wang et al. (2018) who found that before entering into any strategic alliance, it was important to establish the skills of a strategic partner. This helped to identify whether a public sector institution needed the skills and resources brought on board. This improved the performance of the public sector institution. Also, Liu et al. (2021) found that in local governments, there was increased self-interest in how



a strategic alliance would help in developing public sector institutions. This led to a conflict of interest among the strategic partners but it also led to the satisfaction of the public as they receive the services they require.

**Table 4.10: Performance** 

Statement	Mean	St Dev
The skills of partner organizations affect this county assembly ward's service delivery	4.37	0.73
Sharing resources in a strategic alliance helps to improve this county assembly ward's service delivery	4.18	0.75
Performance risks such as financial risks affect the service delivery of this county assembly ward	4.08	0.72
Strategic alliances help to improve service provision to the public which improves this county assembly ward's effectiveness	4.25	0.67
Overall Mean	4.22	

# 4.4 Diagnostic Test Results

To establish the influence of strategic alliances on the performance of the Nakuru County Assembly Wards, this study conducted inferential analysis consisting of correlations and multiple regression. Therefore, diagnostic tests were conducted to test the assumptions held for the study, and they are presented in the subsequent subsections.

### 4.4.1 Linearity

The linearity test aimed to establish whether a linear relationship existed between strategic alliances and the performance of the Nakuru County Assembly Wards. As shown in Figure 4.1, the distribution of data is linear and although there is a small deviation, the linearity of the data is upheld as the deviation is not drastic. As such, the linearity assumption of the data was upheld in this study.

# 1.1 Dependent Variable: Performance

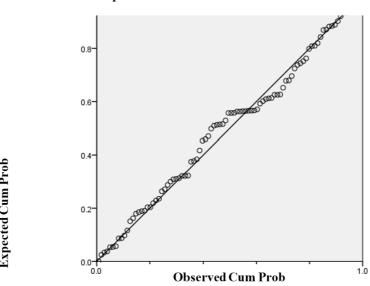
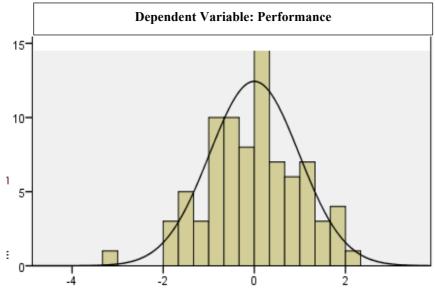


Figure 4.1: Test of Linearity

### 4.4.2 Normality

The normality of the distribution was conducted to ensure that there were no significant outliers in the way data is distributed. This was done using a histogram chart and as shown in Figure 4.2, there was a normal distribution of data and the bell-shaped curve is symmetric. Also, the minimum threshold of the standard deviation of 1 and a mean of 0 was met.





Mean=0.139 Std. Dev. =1.239 N=136

Figure 4.2: Normality Test

### 4.4.3 Homoscedasticity

To test homoscedasticity, scatter plots were used and the findings as shown in Figure 4.3, there is equal distribution of points below and above zero on the X-axis which is the strategic alliances, and to the right and left of zero on the Y axis which is the performance of the County Assembly Wards. Therefore, this study met the homoscedasticity assumption of equal distribution of data points across the regression line.

# **Dependent Variable: Performance**

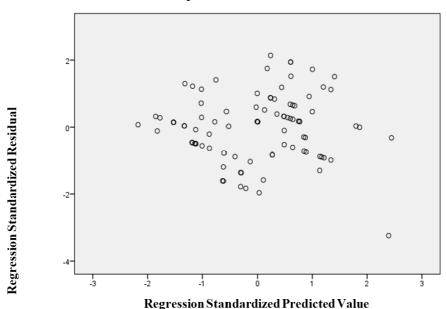


Figure 4.3: Homoscedasticity Test

### 4.4.4 Multicollinearity

A multicollinearity test was conducted to establish whether the predictor variables were closely related to one another since a close relation would lead to high levels of standard error which would negatively affect the regression process. Therefore, multicollinearity was tested using the Variance Inflation Factor (VIF) and tolerance, and the findings are shown in Table 4.11. The findings in Table 4.11 indicate that all predictor variables had a tolerance value of less than 0.1 and a VIF value of more than 10. This is an indication that there was no multicollinearity among the variables which meant that the variables met the minimum threshold allowing for the regression test to be undertaken.



**Table 4.11: Multicollinearity Test** 

Strategic Alliances Variables	Collinearity	Statistics	
	Tolerance	VIF	
Public-private partnerships	.917	1.090	
Resource sharing	.904	1.107	
Research and Development sharing	.950	1.053	
Risk sharing	.900	1.101	

# 4.5 Inferential Statistics Results

#### 4.5.1 Correlation Analysis

A Pearson correlation analysis was conducted to establish the relationship between strategic alliances and the performance of the Nakuru County Assembly Wards. The findings in Table 4.12 show a strong and positive relationship between public-private partnerships and performance with a Pearson correlation value of 0.925. There was a strong and positive relationship between resource sharing and performance with a Pearson correlation value of 0.901. The relationship between research and development and performance also showed a strong and positive relationship with a Pearson correlation value of 0.897. The relationship between risk sharing and performance showed a moderate but positive relationship with a Pearson correlation value of 0.640. Therefore, these findings imply that public-private partnerships had the strongest relationship with the performance of the Nakuru County Assembly Wards.

These findings are supported by those of Siaulys et al. (2019) who found that there was a strong relationship between public-private partnerships and the performance of public-sector organizations. Partnering with private organizations helped public sector organizations to meet their mandates such as service delivery to the public. The partnerships helped to improve the skills and knowledge of employees in public sector organizations which improved organizational performance. Additionally, on resource sharing, He et al. (2017) found that sharing resources had a strong relationship with the performance of organizations. The study showed that sharing resources in strategic alliances made it easier for organizations to achieve their goals and objectives. The organizations attained the human, technological and financial resources they were missing. Mtonga and Banja (2020) also found that when expertise and skills were shared, service delivery was enhanced in public sector organizations.

There was also a strong relationship between sharing research and development and the performance of organizations in a study by Banerjee and Sengupta (2019). Organizations in strategic alliances were found to invest in research and development activities which helped to maximize profits and enable access to homogenous technologies which would lead to increased innovations and this improved organizational performance for all involved strategic alliance partners. The findings of Turyahikayo (2018) also align with the findings of this study which show that there is a moderate relationship between risk sharing and the performance of public sector organizations. The study found that when public sector organizations enter into strategic alliances, there was a high tendency of risk aversion and the organizations often transferred risks to the strategic alliance players and the risk-sharing component was rarely balanced. Therefore, risk sharing was moderately related to the performance of the public sector organizations.

**Table 4.12: Correlation Analysis** 

	-	Public-Private	Resource	Research and	Risk	Performance
		Partnerships	sharing	development sharing	sharing	
Public-Private Partnerships	Pearson Correlation Sig. (2-tailed)	1				
Resource sharing	Pearson Correlation	.483**	1			
	Sig. (2-tailed)	.000				
Research and development	Pearson Correlation	.900**	.630**	1		
sharing	Sig. (2-tailed)	.000	.000			
Risk sharing	Pearson Correlation	.929**	.632**	.924**	1	
	Sig. (2-tailed)	.000	.000	.000		
Performance	Pearson Correlation	.925**	.901**	.897**	.640**	1
	Sig. (2-tailed)	.000	.000	.000	.007	
	N	136	136	136	136	136

\*\*. Correlation is significant at the 0.01 level (2-tailed).



### 4.5.2 Regression Analysis

The regression analysis aimed to make inferences based on the regression model for this study. This study aimed to study the influence of strategic alliances and the performance of the Nakuru County Assembly Wards. The model summary results indicate that R and R2 were 0.952 and 0.907 respectively. This means that the regression model's explanatory power was 90.7% and this shows that the predictor factors of public-private partnerships, resource sharing, research and development sharing, and risk sharing determined 95.2% of the performance of the Nakuru County Assembly Wards. This implies that the link between strategic alliances and the performance of the Nakuru County Assembly Wards is positive and linear. These findings support those of Clarke and Crane (2018) who found out that there was an association between strategic alliances and organizational performance. In the public sector, performance is tied to organizational and societal goals which are key drivers of the strategic alliances adopted. This brings about organizational, systemic and macro-level changes that address organizational and societal problems. This transformational change inculcates operational efficiencies which brings about the needed public service delivery.

**Table 4.13: Model Summary** 

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.952ª	.907	.904	1.991	

a. Predictors: (Constant), Public-Private Partnerships, Resource sharing, Research and development sharing, Risk sharing

The ANOVA results are shown in Table 4.14. Table 4.14 indicates that the F-Statistic value is 319.756 and the p-value<0.05). This implies that statistically, strategic alliances predictors which are public-private partnerships, resource sharing, research and development sharing, and risk sharing significantly influence the performance of the Nakuru County Assembly Wards. On the contrary, Muteshi and Awino (2018) found that strategic alliances had no significant relationship with organizational performance. However, Umar (2020) found that strategic alliances have a positive and significant influence on organizational performance.

**Table 4.14: ANOVA Results** 

ANOVA <sup>a</sup>								
Model		Sum of Squares	Df	Mean Square	F	Sig.		
	Regression	5096.347	4	1267.337	319.756	$.000^{b}$		
1	Residual	519.212	131	3.963				
	Total	5588.559	135					

a. Dependent Variable: Performance

The regression coefficients table 4.15 helped to understand which among the predictor variables of public-private partnerships, resource sharing, research and development sharing, and risk sharing had the most influence on the performance of the county assembly wards in Nakuru County. The findings show that public-private partnerships positively and significantly influence the performance of the Nakuru County Assembly Wards. ( $\beta$  = 0.421, p value=0.000). This is an indication that a unit change in public-private partnerships would improve the performance of the Nakuru County Assembly Wards by 42.1% while holding resource sharing, research and development sharing and risk sharing constant. These findings align with those of Caldwell et al. (2017) who found out that public-private partnerships in a strategic alliance were crucial in improving organizational performance because they involved different actors in the public and private sectors and these actors brought on board skills, experience and knowledge that was diverse and improve the well-being of public sector organizations.

Additionally, the findings in Table 4.15 show that resource sharing positively and significantly influences the performance of the Nakuru County Assembly Wards ( $\beta$  = 2.099, p value=0.000). This indicated that a unit change in resource sharing would improve the performance of the Nakuru County Assembly Wards by 200.9%. This is an indication that while holding public-private partnerships, research and development sharing and risk sharing constant, resource sharing would improve the performance of the Nakuru County Assembly Wards by 200.9%. In agreement with the findings of this study, the study by Kariuki (2017) found that resource sharing was the most important component of strategic alliances. The sharing of human, technological and financial resources led to the formation of teams that ensured information sharing among the strategic partners. This led to successful alliances that improved the organizational performance of all stakeholders. Also, Nyaboke (2017) found that sharing resources was important for the development of competitive advantages as there was access to skills and knowledge as well as revenue enhancement and cost savings.

Moreover, the findings in Table 4.15 show that a unit change in research and development would improve the performance of the Nakuru County Assembly Wards by 10.0% while holding public-private partnerships,

b. Predictors: (Constant), Public-Private Partnerships, Resource sharing, Research and development sharing, and Risk sharing



resource sharing and risk sharing constant. However, the influence of research and development sharing on the performance of the Nakuru County Assembly Wards was found to be insignificant. These findings confirm study result by Kiroro (2020) who found that few financial, human and technological resources inhibited sharing of research and development activities which negatively affected public sector organizations. On the other hand, Paula and Silva (2018) found that sharing research and development had a strong influence on the performance of organizations. The organizations were found to invest in research and development processes and this supported the sharing of innovations leading to the access and transfer of complementary assets as well tacit and codified knowledge.

Finally, the findings in Table 4.15 show that while holding public-private partnerships, resource sharing and research and development sharing constant, a unit change in risk sharing decreased the performance of the Nakuru County Assembly Wards by 8.3%. This implied that if risk sharing were to be increased, the performance of the Nakuru County Assembly Wards would decrease. However, it was insignificant. Therefore, risk sharing had insignificant influence on the performance of the Nakuru County Assembly Wards ( $\beta$  = -0.083, p value=0.225). These findings oppose the findings by Keers and van Fenema (2018) who found that in strategic alliances, risks were associated with public sector organizations as they jeopardized service provision to the public. There was widespread awareness of risks at different organizational levels and it was deemed important for balances to be drawn on risk sharing. Therefore, it was concluded that risk sharing had an influence on the public sector organizations' performance.

**Table 4.15: Regression Coefficient** 

Coefficients <sup>a</sup>								
Model		<b>Unstandardized Coefficients</b>		Standardized Coefficients	T	Sig.		
		В	Std. Error	Beta				
1	(Constant)	.213	.421		.505	.614		
	Public-Private Partnerships	.421	.045	.789	9.438	.000		
	Resource Sharing	2.099	.332	.244	6.325	.000		
	Research and development	.100	.055	.138	1.810	.073		
	sharing Risk sharing	083	.068	114	-1.220	.225		

a. Dependent Variable: Performance

Therefore, from the coefficient findings, the study adopted a regression equation in the form:

Performance =  $0.213 + 0.421X_1 + 2.099X_2 + 0.100X_3 - 0.083X_4$ 

## 5. Summary of Findings, Conclusion and Recommendations

### 5.2 Summary of Findings

### 5.2.1 Performance of the Nakuru County Assembly Wards

The dependent variable for this study was the performance of the Nakuru County Assembly Wards. The findings on this variable showed that the respondents strongly agreed the skills of partner organizations affect service delivery at the wards. Also, there was a strong agreement that strategic alliances help to improve service provision to the public which improves the effectiveness of the wards and the satisfaction of the public.

#### **5.2.2 Public-Private Partnerships**

The first objective of this study was to understand the influence of public-private partnerships on the performance of the Nakuru County Assembly Wards. The findings showed that managerial incentives such as training help to support partnerships. Also, the activities of all involved parties in the partnerships are well-coordinated. The respondents indicated that the understanding of partners' capabilities is important in upholding public-private partnerships. However, the managerial incentives provided were found to be costly and redundant. Moreover, the inferential statistics revealed that there was a strong and positive relationship between public-private partnerships and performance). The findings also showed that public-private partnerships had the strongest relationship with the performance at the Nakuru County Assembly Wards. On the regression analysis, this study found that public-private partnerships positively and significantly influence the performance of the Nakuru County Assembly Wards.

# 5.2.3 Resource Sharing

The second objective of this study was to understand the influence of resource sharing on the performance of the Nakuru County Assembly Wards. The findings revealed that the assembly wards always share their resources with other parties in a strategic alliance. These resources include human, technological and financial resources. Most of the respondents indicated that human resources were mainly shared in strategic alliances by the wards



while financial resources were the least shared resources in strategic alliances by the wards. However, human resources sometimes lacked skills and knowledge for the implementation of some public sector projects.

In addition, the correlation tests revealed that there is a strong and positive relationship between resource sharing and performance. On the other hand, the regression analysis revealed that resource sharing positively and significantly influences the performance of the Nakuru County Assembly Wards. This indicated while holding public-private partnerships, research and development sharing and risk sharing constant, resource sharing would have the most positive influence on the performance of the Nakuru County Assembly Wards.

### 5.2.4 Research and Development Sharing

The third objective of this study sought to understand the influence of sharing research and development on the performance of the Nakuru County Assembly Wards. The findings revealed that most respondents strongly agreed that the assembly wards do not bear the costs of research and development in a strategic alliance. Also, there was a strong agreement that technological diversity among strategic partners helps to improve the service delivery of the assembly wards. The respondents also indicated that research and development were not extensively used in the wards although they were important for the success of any strategic alliance. The employees were found to be unqualified in how to conduct research and development. Additionally, there were no policies on research and development and how they could be shared in strategic alliances.

In addition, the relationship between research and development and performance also showed a strong and positive relationship. However, the regression analysis findings showed that while research and development sharing would help improve the performance of the Nakuru County Assembly Wards, it did not have a statistically significant influence on the performance.

# 5.2.5 Risk Sharing

The final objective of this study sought to understand the influence of risk sharing on the performance of the Nakuru County Assembly Wards. The findings indicated that the respondents strongly agreed that the assembly wards transfer risks accumulated in the alliance to the strategic partners. The respondents also agreed that all the partners in a strategic alliance are involved in the decision-making processes. Interestingly, the respondents strongly disagreed that there is always trust among the alliance partners. The respondents indicated the performance and operational risks were mainly shared among the strategic alliance partners. Financial risks were not shared among the strategic alliance actors.

On the correlation analysis, the findings indicated that the relationship between risk sharing and performance showed a moderate but positive relationship. On the other hand, the regression analysis revealed that risk sharing did not have a significant influence on the performance of the Nakuru County Assembly Wards.

### 5.3 Conclusion

### 5.3.1 Performance of the Nakuru County Assembly Wards

On the performance of the Nakuru County Assembly Wards, this study concludes that when it comes to service delivery, the skills of the partner organizations are important factors that should be prioritized. Also, strategic alliances help to improve service provision to the public which improves the effectiveness of the wards.

# **5.3.2 Public-Private Partnerships**

On public-private partnerships, this study concludes that managerial incentives such as training help to support partnerships. There is also good coordination of the activities of all involved parties in the partnerships. To uphold public-private partnerships, the capabilities of the partners should be assessed carefully and understood. Managerial incentives such as training are deemed costly and redundant in the county assembly wards. Moreover, there is a strong and positive relationship between public-private partnerships and performance and among the strategic alliance factors of this study, public-private partnerships have the strongest relationship with the performance of the Nakuru County Assembly Wards. Also, public-private partnerships positively and significantly influence the performance of the Nakuru County Assembly Wards.

### **5.3.3 Resource Sharing**

On resource sharing, this study concludes that the assembly wards always share their resources with other parties in a strategic alliance. These resources include human, technological, and financial resources; with human resources being the most shared resources in strategic alliances while financial resources were the least shared resources. However, human resources sometimes lack the required skills and knowledge for the implementation of public sector projects. It is also concluded that there is a strong and positive relationship between resource sharing and performance. Additionally, resource sharing would have the most positive and significant influence on the performance of the Nakuru County Assembly Wards as compared to other factors of strategic alliance in this study.

### 5.3.4 Research and Development Sharing

Additionally, on research and development sharing, this study concludes that the assembly wards do not bear the costs of research and development in a strategic alliance. Also, technological diversity among strategic partners helps to improve the service delivery of the assembly wards. However, research and development sharing are not



extensively used in the wards although they are important for the success of any strategic alliance. There are also no policies that guide research and development activities in the wards. There is a strong and positive relationship between research and development sharing and performance but it does not significantly influence the performance of the Nakuru County Assembly Wards.

### 5.3.5 Risk Sharing

Finally, on risk sharing, this study concludes that the assembly wards transfer the risks that are accumulated in the alliance to the strategic partners and all the strategic alliance partners are involved in the decision-making processes. Performance and operational risks were found to be the main risks shared among the strategic alliance actors. Financial risks are not shared among the strategic alliance partners and there exists distrust among the alliance actors. Moreover, a moderate but positive relationship exists between risk sharing and performance but risk sharing does not have a significant influence on the performance of the Nakuru County Assembly Wards.

### 5.4 Recommendations

# 5.4.1 Public-Private Partnerships

On public-private partnerships, this study recommends that it is important to ensure that the capabilities of the strategic partners should be carefully assessed and understood. Also, managerial incentives such as training should be evaluated to ascertain the areas of cost and redundancy. This would help to save costs for the county assembly wards as well as ensure that the actors involved in the PPP gain the required skills and knowledge. This would reduce redundancy and further improve the performance of the Nakuru County Assembly Wards.

### 5.4.2 Resource Sharing

On resource sharing, this study recommends that the Nakuru County Assembly Wards should ensure that there are strict measures of control in sharing resources such as contractual agreements. This would increase the extent of financial resources shared in alliances as financial and operational liabilities would be covered in the contractual agreements. Moreover, since human resources are the most shared resources in the strategic alliances, the Nakuru County Assembly Wards should consider capacity-building activities for all employees to ensure that they have skills and knowledge which would help in the implementation of projects in strategic alliances.

### 5.4.3 Research and Development Sharing

On sharing of research and development, this study recommends that there is a need for the employees at the Nakuru County Assembly Wards to be trained on research and development activities. This would help to improve the extent of involvement in sharing research and development in the wards. Also, there is a need to develop policies on research and development in the wards which would help to guide the institution of research and development. This would be important in the success of the strategic alliance and would be influential in improving the performance of the Nakuru County Assembly Wards.

#### 5.4.4 Risk Sharing

On risk sharing, this study recommends that there is a need for risks to be shared among strategic alliance actors at the Nakuru County Assembly Wards. Trust should be reinforced in the alliances to ensure their success. Also, financial risks should be shared to ensure that one strategic partner does not bear all the risk burden. This can lead to optimal organizational performance for all the strategic alliance actors.

# 5.5 Areas for Further Studies

For future researchers, this study recommends that a similar study can be conducted to understand how other strategic alliance factors such as leadership affect the performance of county assembly wards in Kenya. Future researchers should also consider other factors of risk sharing and whether they would affect performance in county assembly wards. Also, a comparative study can be conducted to understand the influence of strategic alliances on the performance of other county assembly wards in Kenya.

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