Moderating Effect of Firm Size on the Relationship between Joint Marketing Alliances and Firm Performance of Retail Firms in Nairobi County, Kenya

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Abstract: **The study investigates the Moderating effects of firm size on the relationship between joint marketing alliances and the firm performance of retail firms in Nairobi County. The aim of the study was to evaluate the direct influence of joint marketing alliances on firm performance and the moderating effects of firm size on the relationship between joint marketing alliance and firm performance Resource Dependency Theory was used to guide the study. The study adopted explanatory research design. The target population of the study consisted of 490 top management officials working in the 47 retail firms in Nairobi County, Kenya. The study used stratified and simple random sampling technique to select a sample of 216 respondents. Data is quantitative and was collected using a questionnaire. The study used both descriptive and inferential statistics so multiple regression was used as it is the most applicable in this study. Correlation analysis was used to determine the strength of linear relationship between the variables being analyzed in the research. Study findings indicated that joint marketing alliance, has significant effect on firm performance. Based on the findings creating a joint marketing enhances firm performance. In addition, findings indicated under high firm size increase on firm performance. Furthermore, the study found out that firm size has a moderating effect on the relationship between joint marketing alliance and firm performance. The study recommends that firms need to share research and development resources with its strategic partners, shares manufacturing cost to develop marketable products. Firms have to engage in joint marketing alliances with firms that have well-established customer relationships so as increase their market and thereby enhance performance. Finally, It is necessary for firms to engage in joint marketing alliances with others and joint promotion services and product with other firms in order to enhance firm performance.**

Key words: **firm size, joint marketing alliances, firm performance**

I. BACKGROUND OF THE STUDY

Firm success increasingly depends on whether organization can generate and market awareness in a timely and cost-effective manner (Hamouti, 2017). During the last decade, however, fragment markets, product diversification, and the pressure to create new functionality and product differentiation have made manufacturing industries more competitive than ever. In order to complement the weakness of the firm's inadequate infrastructure and financial resources, strategic alliances have become highly fashionable business management tools to improve their competitive advantages (Yitmen, 2013).

Firm performance can be measured in different ways and using different methods; however, one of the most widely used methods refers to financial analyses, which use profitability ratios as key measures for the overall productivity and performance of the organization (Delen *et al.,* 2013). While a large number of hypotheses have sought to justify why some companies are more successful than others, few studies have Investigated various variables that may have an effect on firm results, In the new world of intense rivalry and a relentless quest for ways to distinguish their offerings from those of their rivals, companies need to find creative ways to boost their competitive advantage; and to collaborate with each other, whether or not they are rivals, are a common way for firms to overcome some of the obstacles to their creation and growth (Mikalef *et al.,* 2019).

Joint Marketing Strategy has become increasingly popular in recent years, powered by technological advances and the rise of digital markets. Globalization and competition have led to a significant shift in the organizational structures of firms that have become more fluid and disaggregated, while the network dimension is increasingly important, and several strategic alliance partners often complement the firm 's efforts in a variety of ways (Thomaz and Swaminathan, 2015). In fact, marketing results are largely dictated by the synergistic behavior of corporate networks. (Kemper & Ballantine, 2019).

Co-marketing refers to the mechanism by which two or more partners jointly create scientific, strategic or organizational strategies to achieve marketing goals through customer satisfaction. (Cherubini, 2007). Nonetheless, the univocal meaning of co-marketing alliances is not that straightforward, because the term includes and overlaps many other more or less related phenomena, making it difficult to define the terms associated with them and their proper boundaries, since it applies to marketing activities at all levels. (Grieco & Iasevoli,

2017). The word co-marketing cover a variety of different forms of alliances, such as brand alliances, advertising alliances, co-promotion, co-development of new goods, brand alliances and online retail alliances .Marketing partnerships provide important advantages for the businesses involved, to the extent where they can be considered core components of marketing campaigns (Varelas, *et al.,* 2019). These initiatives may enhance the value of firms in a variety of main ways, such as providing a firm or its partners with access to a market or channel; providing a firm with access to complete products, product features, brands or services; or providing a firm with access to new knowledge and skills, (Woodroof *et al.,* 2019).

The firm size is seen as a significant determinant of the success of any company. It has always been the aim of firms to multiply in size in order to have an advantage over their competitors. The positive relationship between size and efficiency is clarified logically by economies of scale .However, while growing in size, many firms have poor performance on an annual basis. (Hossein *et al.,* 2018).

Emmanuel *et al.,* (2019) defined the size of a business as the quantity and range of production capacity and potential of a firm, or the quantity and variety of services that a firm may make available simultaneously to its clients. The size of an organization is very significant in today's world due to the trend of economies of scale. Bigger companies, as opposed to smaller firms, may produce products at much lower costs Firms of the modern era are seeking to expand their scale in order to give their rivals a competitive advantage by reducing their cost of production and growing their market share. Kassi *et al.,* (2019) noted that the nature of the relationship between firm size and profitability is a key issue which may shed some light on the factors that increase profits.

A number of studies have been done on joint marketing alliance, firm size and firm performance. Muturi *et al.,* (2015), discussed the Strategic alliances on performance of retail firms in Nairobi County, Kenya. Corvino *et al.,* (2019), did a study on the moderating effect of firm size on relational capital and firm performance. Cacciolatti *et al.,* (2020), did a study on Strategic alliances and firm performance in startups with a social mission. Most of these studies neglected the moderating effects of size hence this research was able to fil the existing gap in literature by finding out the moderating effects of firm size on the relationship between joint marketing salliances and firm performance of retail firms in Nairobi county, Kenya.

Statement Problem

The Kenya Economic Survey 2012 shows that the retail and wholesale sector has risen by 19 per cent over the last five years, making it the second largest driver of economic growth in the transport and communications industry. The volume of the industry, with more than Kshs 300 billion turnover for both the formal and the informal retail market, makes competition in the sector intense and joint marketing alliances a solution to improve retailer's performance (Muthoka, & Oduor, 2014).

Firm size is a primary factor in assessing the competitiveness of a company due to the idea of economies of scale in the neo-classical view of the company. (Niresh & Velnampy, 2014). Akinyomi and Olagunju (2013) have shown that firm size in today's world is very critical to success due to the phenomenon of economies of scale. Essentially, this ensures that larger companies can achieve cost leadership compared to smaller firms. The size of the company is seen by businesses as a way of achieving a sustainable competitive advantage in terms of income and market share.

Studies on firm performance include; Perry *et al.,* (2004) found a positive significant relationship between participation in strategic alliances and business performance, Tebrani (2003) concludes that using strategic alliances improves performance, Jabar *et al.,* (2011) examined the Malaysian manufacturing relationship between organizations' resource availability and absorptive capacity as well as type of alliances with organizational performance. The result indicated that collaborations and partnerships is factor of consideration to enhance capabilities and performance.

The above studies suffers the weakness of neglecting as a result of the impact of firm size on firm performance, this research was able to recognize the moderating effects of firm size on the relationship between joint marketing alliances and firm performance.

II. LITERATURE REVIEW

Firm Performance

Firm performance consists of the actual production or performance of the company as calculated against its expected output. (Walker *et al.,* 2015). According to Sing *et al.,* (2016), organizational performance covers three different areas of firm output: (a) financial performance (profit, return on assets, return on investment; (b) product market performance (sales, market share); and (c) shareholder return (total shareholder return, economic value added). Specialists in a broad variety of fields are interested in organizational success, including strategic planning, logistics, accounting, legal and development. Over recent years, many companies have sought to monitor organizational success using a structured scorecard approach where success is tracked and evaluated in several dimensions, such as: financial performance of customer service, corporate responsibility and employee stewardship. Measuring organizational efficiency is not a simple task for business organizations with multiple objectives of profitability, employee satisfaction, productivity development, corporate social responsibility and adaptability. (Waiganjo, 2013). Alhawamdeh, & Alsmairat, 2019), described performance as the way an organization carries out a visa-with other similar organizations in its industry, not only on conventional performance financial indicators, but also on

important non-financial indicators, (cited in Orlandi, & Pierce, 2020).

A number of studies have followed a multidimensional approach to the evaluation of firm results. Phillips and Moutinho (2000) identified performance as an entity's accomplishments and results, warned that commonly accepted performance metrics are difficult to achieve, but added that the option to disregard performance is not feasible because performance improvement is a significant strategic objective. In an effort to resolve some of the problems, Phillips & Moutinho, 2000) has broken down essential aspects of the organizational strategy in terms of efficacy, performance and adaptability, but acknowledges that there is little consensus as to which metric is best. Elbanna (2008), suggested non-financial initiatives, including increased effectiveness in achieving strategic goals, increased engagement among line managers with mutual vision, coordination with internal and external capabilities, and consideration of potential decision-making consequences. Kaplan and Norton (2008) argue that the Balanced Score Card considers financial indications to be one of the key measures of firm performance (Kiganane, 2013).

The theory of resource dependence and transaction cost theory offer complementary and, in some ways, competing explanations as to why new ventures would choose to form strategic alliances and how best to organize them**.**

Joint Marketing Alliances

Marketing partnerships are formalized joint agreements between two or more entities that concentrate on downstream value chain activities (Rindfleisch and Moorman, 2001). In line with recent research impact of marketing practices on firm interest (Sorescu *et al.,* 2017), Investigators have argued that marketing alliances can increase firm value in a number of ways, this access may increase the level and speed of firm cash flows. Marketing partnerships provide a company with exposure to full products, product attributes, brands or services (Kalaignanam *et al.,* 2007). Such exposure will allow the firm to build better services that can improve customer growth, loyalty, and retention and related cash flows. Marketing alliance provides a company with access to new knowledge and skills (Swaminathan & Moorman, 2009), such access means that firms do not need to develop them internally. As a result, cash flow rates improve due to lower costs and cash flow volume, as the firm is using existing capital, thereby increasing its output.

Grieco, (2017) defined co-marketing as (i) the presence of two or more partners, clearly perceived from customers; (ii) the aim to generate synergic advantages and benefits for all the involved partners; (iii) the development of a typical managerial process, where activities are organized, planned and assessed; (iv) the possibility to implement alliances in all marketing activities (analytical, strategic, operative); and (v) the increased and delivered value for customers. According to this definition, the term "co-marketing" refers to a wide range of alliances, since it specifies that the objective of the alliance can be set at any level of marketing (analytical, strategic or operational). This includes other strategies such as brand alliances, advertising alliances, co-promotion, co-development of new products, cause-to-brand alliances and online retail alliances.

However, some scholars have proposed a narrower set of criteria for defining co-marketing. (Bucklin and Sengupta (1993), define co-marketing only as lateral alliances between firms at the same value chain level, excluding all forms of vertical alliances. Walsh, (2016), exclude branding strategies from co-marketing alliances, although Li *et al.,* (2015). claims that co-marketing alliances can only develop between producers and retailers as forms of trade promotion. Agostini, (2013), comprise three specific types of co-marketing alliances: co-development of goods or production processes, joint promotion of existing products, or co-branding. Taek *et al.,* (2010) list a set of forms that can be included in terms of co-marketing: brand partnerships, promotional partnerships, co-promotion and co-development of new products, brand alliances and online shopping alliances.

Firm Size

The size of an organization plays a significant role in deciding the type of partnership that the firm enjoys inside and outside its operating environment. The bigger the company, the greater the impact it has on its stakeholders, the corporate environment. The increasing impacts of conglomerates and multinational companies in today's global economy (and in the local economies where they operate) are representative of the scale of their position in the global economy, reflecting on the value of scale in corporate discourse (Babalola, 2013).

According to scholars in the fields of industrial economics, market organization and finance, Scale is perceived to be one of the most important characteristics of firms to understand efficiency (Isik and Tasgin, 2017). However, the question of whether a higher or lower firm size optimizes the firm's efficiency continues to be discussed in theoretical and empirical literature. The relationship between size and performance has been dealt with in theoretical literature through a variety of firm theories such as institutional, organizational and technological. However, despite the ideal size of the company, these concepts have different consequences for the size-performance relationship. (Kalsie, & Shrivastav, 2016). Likewise, there is no consensus between researchers as to whether size is related to profitability in previous empiric studies, some studies indicate that the relationship between size and profitability is either positive. (Liu *at al.,* 2014; Çelikyurt and Dönmez, 2017; Isik and Tasgin, 2017).

Investigators have argued that large companies have advantages over small firms as large firms leverage their size and could have simpler and cheaper access to public debt markets to meet their funding needs Since large companies are perceived to have a lower risk of default, borrowing more at a

lower cost due to their size is likely to help them benefit from the tax shield (Nzioka, 2013).

However, the fact that large corporations are more diversified, have greater market power and employ better technology will make a significant contribution to the competitiveness of the company. (Voulgaris and Lemonakis, 2014). Nevertheless, larger and more diversified firms can face major inefficiencies and are less competitive due to bureaucratic processes, higher agency costs and other costs associated with managing larger firms. (Pattitoni *et al.,* 2014; Voulgaris and Lemonakis, 2014).

Effects of Joint Marketing Alliances on Firm Performance

Kwok *et al.,* (2019), suggests that joint venture marketing is an arrangement between two firms in which both entities merge marketing strategies to raise their market share and increase their revenues. Schmidt & Deshmukh, 2010) argues that a marketing cooperation or alliance is a partnership of at least two companies at the marketing value chain level with the aim of utilizing the full potential of the market by pooling specific competences or resources.

Kohlbrenner, & Dorozala, 2008), noted that businesses consider collaborations as an important way the misuse of growth potentials that they cannot understand on their own. The researcher also noted that, in the major merger and acquisition wave at the end of the 1990s, it became apparent that partnership (especially at the marketing value chain level) frequently provided a much more flexible option with a more immediate growth impact than the merger or acquisition of entire business entities.

Sarkar (2019), claims that the value of a joint marketing agreement can be measured by facts such as the proper reward of production; it also offers storage facilities for its members. The resources of the society will be adequate to provide this facility, builds and/or strengthens brand / image / traffic by implementing joint or exchange communication measures ,increased exposure to new markets / customers is accomplished by direct communication with the partners' customers or through the use of their distribution points, increase customer satisfaction by approaching a partner's own value-added customers-often useful for community building and reducing marketing costs by bundling or sharing marketing steps. These factors increase the performance of a firm thereby making an organization more profitable.

A valuable resource in joint marketing alliances is the company's experience in managing alliances, which includes the company's overall experience in forming and managing strategic alliances (Hoang and Rothaermel, 2005; Sampson, 2007) The investigators claim that companies vary in their organizational know-how or willingness to maintain alliances. Through past alliances, partner firms accumulate valuable knowledge about alliance management (Hagedoorn and Duysters, 2002). Kale and Singh (2007) found out that marketing partnerships provide fantastic learning opportunities for companies to improve their capabilities.

Other research has shown that firms learn to manage marketing alliances more effectively over time (Anand and Khanna, 2000). Gulati *et al.,* (2012) reports that the greater the experience and ability of a marketing alliance, the more likely it will be to form a new alliance in the future and thus continue to enhance its performance.

When firms develop collaborative know-how in alliances, the need for more equity-based governance structures tends to decline. The argument here is that firms need more equity-based governance structures (such as marketing alliances) to align the interests of partner firms when inter-firm trust is inadequate. Trust is crucial to marketing partnerships because it is directly related to the daunting issues of partnerships – broken contracts and opportunism (Krishnan *et al.,* 2006). Since inter-firm trust gives confidence that opportunistic behavior is unlikely, trust effectively reduces the need for contractual safeguards and thus reduces transaction costs and improves the performance of the organization (Dyer and Chu, 2003; Lui and Ngo, 2004).

Moderating impact of firm size on the relationship between joint marketing strategy and firm performance

According to Niresh&Velnampy, (2014), in the neo-classical view of the company, firm size is the primary factor in determining the profitability of the company due to the concept of economies of scale. Ramasamy *et al.,* (2005) noted that the association between firm performance and firm size was ambiguous and warned of the need for specific industry considerations while advising researchers to proceed on a case-by - case basis and avoid a tendency to generalize. Babalola, (2013) concluded that the size of the company, both in terms of total assets and in terms of total revenues, had a positive effect on the competitiveness of manufacturing companies in Nigeria, Olawale *et al., (*2017). Ali, (2017), noted that the nature of the relationship between firm size and profitability is a key issue which may shed some light on the factors that increase profits in firms.

The relationship between firm size and performance has been contentious since Gibrat (1931) argued that the company's growth rate is independent of its size. Palangkaraya *et al.,* (2005) found in their analysis that both larger and older companies were less successful, but the evidence was less than conclusive. However, in more recent studies, a positive relationship has been established between the size of the company and the income. Akinyomi *et al.,* (2013) found that firm size had a positive effect on the profitability of Nigerian manufacturing companies, both in terms of total assets and in terms of total sales.

In their study of Portuguese manufacturing firms, Cabral and Mata (2003) therefore validated the view that the availability of a more accurate and comprehensive data set was a reason for the conflict between what had previously been seen as an independent relationship between firm size and growth and new findings that there is a positive relationship. Ali (2017)

argued that larger firms are more competitive than smaller firms because of their superior access to resources.

Ali *et al.*, 2016) explored the role of firm size as moderator in the relationship between functional integration and firm performance, concluding that firm size does not regulate the relationship between functional integration and firm performance. In the same way, Kannadhasan, (2009) examined the role of firm size as moderator in the performance and strategy relationship and found that there is a statistically significant relationship between the strategy, firm size and performance of Indian automotive companies Firm size has been recognized as a moderating role for relatively smaller firms. In the study, the firm size was examined as a moderator in the relationship between joint marketing alliances and firm performance of retail firms in Nairobi County, Kenya.

Objectives of the study

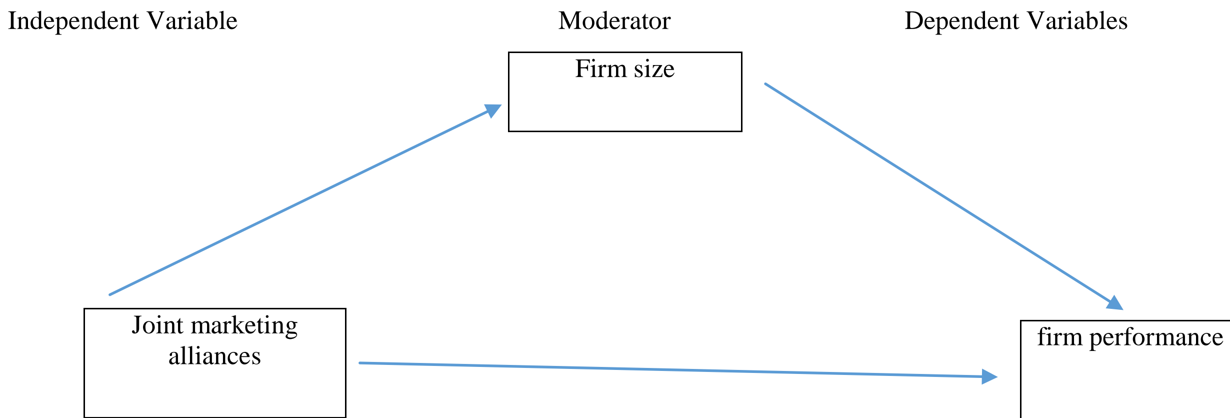
1. To determine the effects of joint marketing strategy on firm performance
2. To evaluate the moderating effects of firm size on the relationship between joint marketing strategy and firm performance

Hypothesis

H_{01} Joint marketing partnership has no major impact on the firm's results.

H_{02} Firm size does not have a moderating effect on the relationship between joint marketing alliances and firm performance

III. CONCEPTUAL FEME WORKS



IV. RESEARCH METHOD

Explanatory research design was used in this study. The study included the top management of 47 retailers in Nairobi County .The target population of the study consisted of 490 senior management officers working in 47 retail firms in Nairobi County. The study unit of analysis was Managers Assistant managers, Supervisors, General Secretaries and assistant general secretaries. The sample size for the study was 216. The researcher used closed ended questionnaire to collect the data.

Table 1: Summary of Management Population and Sample Taken

Key Sectors	Population/Strata	Sample Size	Percentage
Managers	25	12	48
Assistant managers	50	22	44
Supervisors	240	105	44
General secretaries and assistant general secretaries	175	77	44
Total	490	216	

Source: Ministry of Trade, Nairobi County, (2020)

V. MEASUREMENTS OF VARIABLES

Joint Marketing Alliances

Measurement scale of 1 to 5 was be used, 1 for strongly disagree and 5 for strongly agree, first introduced by Likert (1932). Some of the questions that were asked include; *our firms engages in joint marketing alliances with others, our firm engages in joint promotion services and product with other firms, our firm jointly demonstrate similar marketing values with others firms, our firm engages in joint marketing alliances with firms that have well-established customer relationships, Our alliances are based on fast and cost-effective ways to build market awareness and sales interest*.

Firm performance

Measurement scale of 1 to 5 was be used, 1 for strongly disagree and 5 for strongly agree, first introduced by Likert (1932). Some of the questions that were asked include; *growth in sales in relation to your expectations, growth in sales in relation to your expectations, growth in sales in relation to your competitors, increased market size in new markets in*

relation to your competitors, Growth in profits in relation to your expectations.

Firm size

The size of the firm is determined by the number of employees in the firm

The study conducted initial data analysis using descriptive statistics, correlation analysis and inferential statistics.

The following multiple regression equation that was utilized

$$y = \alpha + \beta_1 x_1 + \varepsilon$$

$$y = \alpha + \beta_1 x_1 + x_1 * Z + \varepsilon$$

Where, Y = firm performance

Cronbach alpha = Constant

β1… β3= the slope

X_1= Joint marketing alliances

$x_1 * Z$ =Joint marketing alliances*firm size

ε = error term

The above statistical tests were analyzed using SPSS software

Ethical Considerations

The study adhered to ethical issues that are the baseline of any research. The researcher informed the respondents that they had a right not to participate in the study if they so wished. The study maintained the confidentiality of the identity of each participant. The findings of the research were used for research purposes and were not to be used elsewhere without the consent of management of the firms.

VI. RESULTS AND DISCUSSION

Results were reported for descriptive statistics on demographic information of respondents and variables; additional inferential statistics, including Pearson and multiple regression and moderated multiple regression.

Demographic Information and Response Rate

Two hundred and sixteen questionnaires were issued to managers of retail firms within Nairobi County. Therefore, 216 questionnaires were distributed to the respondents. Out of 216, 202 questionnaires were returned. 5 questionnaires returned were not considered useable. The unusable questionnaires were either blank without a note attached explaining why the respondents would not be able to complete the questionnaire, or only partially complete with major portions of the questionnaire blank, or in one case the respondent created and revised categories such that the data could not be entered without serious interpretation and alteration. With 202 returned and useable questionnaires out of 216, the response rate was 93%.

The demographic information helps the researcher understand the general view of the respondents on the basis of the research objectives. The researcher sought to establish the general information of the respondents, which forms the basis under which the interpretations were made. Among the characteristics regarding the respondents includes: the highest level of education, tenure, age of the firm, number of alliances and years in alliances.

The study sought to establish the highest level of education among respondents. From the findings, majority 52.5% (106) had post-secondary education, 36.6% (74) had secondary education and 10.9% (22) of the respondents had no formal education. It appears therefore that respondents were in a better position to establish the effects of strategic alliance on firm performance. Precisely, most of the respondents were post-secondary education hence they were reliable to give relevant information as sought by the study.

In terms of tenure, 35.6 per cent (72) of respondents were 3-4 years of age, 21.3 per cent (43) of respondents were 4-5 years of age, and 18.3 per cent (37) of respondents were 1-2 years of age. Similarly, 18.3 per cent (37) of respondents had a tenure of more than 6 years, 4 per cent (8) had a tenure of less than one year and the least 2.5 per cent (5) had a tenure of 2-3 years. As a result, the majority of respondents were experienced and had the capacity to make comprehensive decisions, leading to greater innovation. Moreover, they have higher information-processing capability and the ability to establish the effects of strategic alliance at their firm. As regards the age of the company, 39.6 percent (80) of firms have been in operation for 11-16 years, while 29.7 percent (60) of firms have been in operation for 6-10 years, 17.8% (36) of the firms have been operating for 1-5 years and 12.9% (26) were found to be in operation for over 16 years. From the above findings, majority of the firms have been in operation for over 6 years thus they are more likely to conform to industry performance norms.

It was also evident from the research findings that the firms had made a number of alliances. From the findings, 32.2 percent (65) of the firms had 6-10 alliances, 8.4 percent (17) of the firms had 11-16 alliances, 7.9 percent (16) of the firms had more than 16 alliances, and 51.5 percent (105) of the firms had fewer than 5 alliances. Further findings have shown that a majority of 70.3 per cent (142) of firms has been in alliance for more than 3 years, 11.9 per cent (24) of firms have been in alliance for a year, 9.9 per cent (20) of firms for 3 years, and 7.9 per cent (16) of firms have been in alliance for 2 years. Since most of the firms have been in operation for more than 3 years, they have an essential source of resource sharing, learning and therefore competitive advantage in the competitive business world.

Table 2: Demographic Information

		Frequency	Percent
Highest level of education	No formal education	22	10.9
	Secondary	74	36.6

	post-secondary education	106	52.5
	Total	202	100
Tenure	less than one year	8	4
	between 1-2yrs	37	18.3
	between 2-3yrs	5	2.5
	between 3-4yrs	72	35.6
	between 4-5yrs	43	21.3
	over 6 yrs.	37	18.3
	Total	202	100
Age of the firm	1-5yrs	36	17.8
	6-10yrs	60	29.7
	11-16yrs	80	39.6
	above 16yrs	26	12.9
	Total	202	100
No. of alliances	less than 5	104	51.5
	6-10	65	32.2
	11-16	17	8.4
	above 16	16	7.9
	Total	202	100
Years in alliances	1 yrs.	24	11.9
	2 yrs.	16	7.9
	3 yrs.	20	9.9
	above 3 yrs.	142	70.3
	Total	202	100

Source: Survey Data (2020)

Firm Size

The firm size was measured by the assessment of the number of employees in firms as shown in the table below. Findings indicated that most 67.3% (136) of the firms had more than 500 employees; followed by 24.3% (49) had 350-499 employees**.** However, there were firms with 50- 199 employees as indicated by 6.9%.

Table 3: Firms Size (No. of Employees)

	Frequency	Percent
500 And Above	136	67.3
350-499	49	24.3
200-349	3	1.5
50-199	14	6.9
Total	202	100

Source: Survey Data (2020)

Joint Marketing Alliances

This section focused on joint marketing alliances. From the findings, 43.6% (88) of the respondents agreed that their firm engages in joint marketing alliances with others. Similarly, 47% (95) of the respondents also agreed that their firm engages in joint promotion services and products with other firms. Further, 51% (103) of the respondents affirmed that their firm jointly demonstrates similar values with other firms. In addition, 51% (103) of the respondents agreed that their firm engages in joint marketing alliances with firms that have well-established customer relationships. Nonetheless, 17.8 % (36) of the respondents neither agreed nor disagreed on whether their alliances are based on fast and cost-effective ways in order to build market awareness and sales interest.

Table 4: Joint Marketing Alliances

		SA	A	N	D	SD	Mean	Std. Deviation
Our firm engages in joint marketing alliances with others	f	27	88	15	55	17	2.74	1.232
	%	13.4	43.6	7.4	27.2	8.4		
Our firm engages in joint promotion services and products with other firms	f	27	95	25	47	8	2.57	1.105
	%	13.4	47	12.4	23.3	4		
Our firm jointly demonstrates similar values with other firms	f	19	103	10	57	13	2.71	1.162
	%	9.4	51	5	28.2	6.4		
Our firm engages in joint marketing alliances with firms that have well-established customer relationships.	f	27	103	17	38	17	2.58	1.183
	%	13.4	51	8.4	18.8	8.4		
Our alliances are based on fast and cost-effective ways to build market awareness and sales interest	f	14	100	36	38	14	2.69	1.072
	%	6.9	49.5	17.8	18.8	6.9		
Joint Marketing Alliances							2.76	0.7111

Cronbach Alpha= 0.788

(SD) Strongly Disagree = 1, (D) Disagree = 2, (N) Neutral = 3, (A) Agree = 4, (SA) Strongly Agree= 5

Source: Survey Data (2020)

Firm Performance

The study also sought to establish firm performance. From the findings, 47.5% (96) of the respondents agreed that there has been an increased market size in new markets in relation to competitors. Similarly, 62.9% (127) of the respondents also agreed that there has been growth in sales in relation to competitors. Likewise, 46% (93) of the respondents agreed that there has also been a growth in profit level in relation to competitors. Additionally, 58.4 % (118) of the respondents affirmed that there has also been growth in sales in relation to their expectations. Moreover, 59.4 % (120) of the respondents agreed that there has been growth in profits in relation to their expectations. Besides, 42.6 % (86) of the respondents affirmed that there has been an increase in the number of employees.

In addition, 60.4% (122) of the respondents confirmed that there has been an increase in market size in relation to expectations. There has also been growth in capital from operations as evidenced by 73.3% (148) of the respondents. Similarly, 61.9% (125) of the respondents affirmed that there has been improvement in efficiency and successful creation of positive reputation as reported by 67.3% (136) of the respondents. Additionally, 77.2 % (156) of the respondents agreed that there has been an increase in perception of customer satisfaction. Likewise, 76.2% (154) of the respondents also agreed that there has been high level of customer loyalty. Similarly, 60.4 per cent (122) of the respondents reported that there was a high level of new customers and 48 per cent of the respondents reported that there was a high capacity to develop new products.

Table 5: Firm Performance

		SA	A	N	D	SD	Mean	Std. Deviation
Increased market size in new markets in relation to your competitors	*F*	16	96	46	14	30	2.51	1.235
	%	7.9	47.5	22.8	6.9	14.9		
Growth in sales in relation to your competitors	*F*	16	127	26	14	19	2.47	1.056
	%	7.9	62.9	12.9	6.9	9.4		
Growth in profit level in relation to your Competitors	*F*	16	93	63	21	9	2.39	0.881
	%	7.9	46	31.2	10.4	4.5		
Growth in sales in relation to your expectations	*F*	27	118	12	17	28	2.57	0.939
	%	13.4	58.4	5.9	8.4	13.9		
Growth in profits in relation to your expectations	*F*	16	120	48	8	10	2.57	1.073
	%	7.9	59.4	23.8	4	5		
Increase in number of employees	*F*	24	86	65	7	20	2.42	0.923
	%	11.9	42.6	32.2	3.5	9.9		
Increased market size in new markets in relation to your expectations	*F*	16	122	35	21	8	2.73	1.179
	%	7.9	60.4	17.3	10.4	4		
Growth in capital from operations	*F*	21	148	11	9	13	2.23	0.931
	%	10.4	73.3	5.4	4.5	6.4		
Improvement in efficiency	*F*	46	125	31	0	0	1.93	0.614
	%	22.8	61.9	15.3	0	0		
Successful creation of positive reputation	*F*	46	136	20	0	0	1.87	0.558
	%	22.8	67.3	9.9	0	0		
Increase in perception of customer satisfaction	*F*	38	156	8	0	0	1.85	0.455
	%	18.8	77.2	4	0	0		
High level of customer loyalty	*F*	33	154	15	0	0	1.91	0.48
	%	16.3	76.2	7.4	0	0		
High level of new customers	*F*	34	122	46	0	0	2.06	0.628
	%	16.8	60.4	22.8	0	0		
High ability to develop new products	*F*	36	97	48	21	0	2.27	0.874
	%	17.8	48	23.8	10.4	0		
Firm Performance							2.6733	0.88256

Cronbach alpha = 0.758

(SD) Strongly Disagree = 1, (D) Disagree = 2, (N) Neutral = 3, (A) Agree = 4, (SA) Strongly Agree= 5

Source: Survey Data (2020)

Correlation Analysis

Table 6: Correlation Results

	Firm performance	Joint marketing alliance
Firm performance	1	
Joint marketing alliance	.329**	1
** Correlation is significant at the 0.01 level (2-tailed).		

Source: Survey Data (2020)

Pearson Correlations results in table above showed that joint marketing alliance was positively and significantly correlated to firm performance (r=0.329, ρ<0.01). Thus joint marketing alliance had 32.9% positive relationship with firm performance. Findings provided enough evidence to suggest that there was linear relationship between joint marketing alliances with firm performance.

Hypothesis Testing

Hypothesis 1 (H_{o1}) revealed that joint marketing alliance has no significant effect on firm performance.

However, research findings showed that joint marketing alliance had coefficients of estimate which was significant based on β_1= 0.172 (p-value = 0.003 which is less than 0.05) implying that we reject the null hypothesis stating that joint marketing alliance has no significant effect on firm performance. This indicates that for each unit increase in the positive effect of joint marketing alliance, there is 0.172 units increase in firm performance. Furthermore, the effect of joint marketing alliance was stated by the t-test value = 3.034 which implies that the standard error associated with the parameter is less than the effect of the parameter.

Table 6: Regression Model for Beta Coefficients

	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta	t	Sig.	Tolerance
(Constant)	0.801	0.123		6.509	0	
Joint marketing alliance	0.097	0.032	0.172	3.034	0.003	0.871
Dependent Variable: firm performance						

Source: Survey Data (2020)

Hypothesis 2 states that Firm size has no moderating effect on relationship between marketing alliances and firm performance

The results in the table below revealed that there is a positive and significant moderating effect of firm size on the relationship between marketing alliance and firm performance (β = 0.141, ρ<0.05), thus the study rejected hypothesis 2 and conclude that under high firm size, marketing alliances increases firm performance. Joint marketing alliances and explains (R^{2} = 46.5) effects on firm performance while 63.5 is explained by the error term.

The Durbin Watson Test is a measure of autocorrelation (serial correlation), a *rule of thumb* is that test statistic values in the range of 1.5 to 2.5 are relatively normal. Values outside of this range could be cause for concern. Field (2009) suggests that values under 1 or more than 3 are a definite cause for concern. In table 7 the value is 1.467 which shows autocorrelation is not a concern since the value is within the rule of thumb of 1.5 to 2.5.

Table 7: Moderating Effect of Firm Size on the Relationship between Marketing Alliances and Firm Performance

	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta	t	Sig.	Tolerance
(Constant)	0.816	0.122		6.705	0	
Joint marketing alliance	0.064	0.034	0.114	1.867	0.063	0.734
Interaction						
Firm size * marketing	0.025	0.01	0.141	2.398	0.017	0.791
Model Summary						
R Square	0.465					
Adjusted R Square	0.452					
F	34.094					
Sig.	.000					
Durbin-Watson	1.467					
a Dependent Variable: firm performance Source :Survey Data, (2020)						

VII. CONCLUSION

The findings of this study show that the joint marketing alliance has a significant impact on the firm's performance. Likewise, the firm size was found to have a moderating effects on the relationship between joint marketing alliance and firm performance. In most cases, joint market alliances helps the firm in creating stronger offering which can increase customer acquisition, satisfaction and retention . It is evident that markets/customers by addressing the customers of the cooperation partner directly, increasing customer loyalty by addressing their own customers with value-added offers from the partner and also useful for community building and reducing marketing costs by bundling or exchanging marketing measures. As a result, firm performance is enhanced. Thus, indicating a gap between joint marketing alliance and customer satisfaction. Joint marketing alliances provide a firm with access to entire products, product features, brands, or services hence contributing to improved firm performance.

The study indicated that under high firm size, marketing alliances increases firm performance.

VIII. RECOMMENDATIONS

From the study findings it was deduced that joint marketing alliance has a positive and significant effect on firm performance. Similarly the researcher found out that firm size moderates the relationship between joint marketing alliance and firm performance. The study recommends that firms to engage in joint marketing alliances with others and joint promotion services and product with other firms in order to enhance firm performance. Additionally, firms have to engage in joint marketing alliances with firms that have well-established customer relationships so as increase their market and thereby enhance performance.

Recommendations for Further Research

This study has evaluated the moderating effects of firm size the relationship between joint marketing alliance and firm performance. The sample was only drawn from retail firms in Nairobi County, Kenya. Thus, this study may be limited in its generalizability of the findings. So, future researchers should have to draw sample of respondents on a larger sample for the sake of generalizing the results of the study. A further study needs to be conducted using more variables. Future authors can use different variable as a moderator other than firm size.

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