INFLUENCE OF NON-EQUITY STRATEGIC ALLIANCES ON PERFORMANCE OF MANUFACTURING SMALL AND MEDIUM ENTERPRISES IN KARIOBANGI LIGHT INDUSTRIES, KENYA

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Abstract: **The fundamental goal of this inquiry was to determine the influence of non-Equity strategic partnerships on the operations of small and medium manufacturing firms in Kenya. The precise purpose of this research was to evaluate the impact of distribution agreements, outsourcing agreements, Licensing deals, and supply chain partnerships on MSMEs in the manufacturing sector in Kenya. This inquiry presumed a descriptive research design to articulate the association between the predictor variables and the dependent variable, and a selection of all the businesses wasmade. From a focus populace of 210 managers from 70 SMEs in Kariobangi Light Industries, the researcher picked a sample size of 187 managers to participate in the research as per the Krejcie and Morgan 1970 formula for calculating sample size. The inquiry used both first-hand and secondary data.The first-hand information was gathered using regulated inquiry forms. The researcher did data scrutiny using SPSS software, version 28, where the documents were amended, coded, and input into the software for analysis. The data was scrutinized for inferential and descriptive statistics where the researcher deduced measures of central tendency such asStandard deviationandmean. He used the Coefficient of determination and ANOVA to establish the study variable relationships. The researcher used tables and bar graphs to present the findings. Data results found out that Licensing Agreements, Distribution Agreements, Outsourcing agreements, and supply chain partnerships significantly and positively affect Manufacturing SMEs' performance in Kariobangi Light Industries, Kenya. The study recommends that Manufacturing SMEs in Kariobangi Light Industries embrace Licensing Agreements, Distribution Agreements, Outsourcing agreements, and Supply chain partnerships as they enhance the functioning of SMEs.**

Keywords: **Licensing agreements, Distribution Agreements, Outsourcing Agreements, Supply chain partnerships, Non-financial strategic Alliances.**

1. INTRODUCTION

Strategic partnerships are an agreement between two parties whereby they decide to pursue a given goal together while at the same time remaining an independent organization in their operations (Wakianda, 2018). The Small and Medium Enterprises manufacturing business environment has confronted several challenges. This has compelled organizations to develop strategies to maneuver the challenging environment; hence, strategic alliances are strategies that businesses have adopted (Chuang & Kelly, 2017).

The scheme to affiliate with other organizations have received overall responsiveness from experts and researchers (Cacciolatti, Rosli, Ruiz-Alba, & Chang, 2020), as well as have the exploration of its impact on enterprises' operations(Mathuki, Ogutu, Ndemo, & Pokhariyal, 2019)(George, Zahra, Wheatley, and Khan, 2001; Jiang et al., 2016; Anand and Khanna, 2016; Lavie, 2017; Martynov, 2017) given the intense development of this exercise over the last twenty years mainly in the high tech sector(Booz and Hamilton, 2017). Various corporations established that it is threatening to go it alone (Ryu, Kim, & Ryu, 2019) , devoid of any associations with other businesses that share related objectives and with which they desire for expected benefits (Akpotu & Jasmine, 2016) (Adomako, 2020).

A strategic partnershipis defined as an intentional association, from essential dealings happening between one or more individuals or independent firms to complex agreements that enable organizations to attain communal objectives about the exchange, distribution, or co-development of products, technology, or services (Osama, Gary, & Zafar, 2019). Firms are inspired to enter into certain partnerships to share new technologies and to increase voluntary knowledge transfers (Wakianda , 2018), (Wale-Oshinowo, Lebura, Ibidunni, & Jevwegaga, 2018)to commercialize innovations (Mohd , 2020)

Statement of the Problem

Kenya, like many other developing countries, has so far not built a comprehensive manufacturing industry, and expansion has been driven primarily by the agricultural production and services sectors. The country has experienced untimely economic decline, as evidenced by the manufacturing sector's 8.4 percent GDP contribution in 2017 and 9.2 percent in 2016. Economic decline has been marked by an increasing share of the services sector in GDP, fueling discourse as to whether services can substitute manufacturing as a driver of economic growth. Regardless of this discourse, improving manufacturing outcomes remains an important strategy for countries like Kenya wishing to increase financial results. And, as evidenced by the slew of proposed recommendations, this remains a top policy priority for the Kenyan government.again for manufacturing sector has evolved over time. According to projections, Kenya's MSMEs number around 7.5 million businesses, accounting for roughly 40% of Kenya's GDP. The informal sector is estimated to account for 98 percent of business in Kenya, accounting for 30 percent of jobs and 3 percent of GDP. The government recognizes the importance of the informal sector and is working to integrate it into the formal sector (KAM, 2019).

The informal sector and, in particular, Kariobangi light industries have provided employment, leading to 796,000 new opportunities in 2017 and 853,400 new opportunities in 2018 (KNBS, 2019) .This represents 84% of all new opportunities created in the country save for Agriculture and pastoralists activities. The informal sector contribution rose by 6% averaging to 15 million persons engaged, and this translated to 84% of the total person employed during the 2018 period under reference (KNBS, 2019).

However, this sector faces a myriad of challenges, including low invention on Product development; market access-both local and international; unfair competition from cheap imports; lack of government enforcement mechanism on Buy Kenya Build Kenya strategy; access to affordable Finance; Fragment and complex Supply chain/raw materials Management; limited access to Technology; product Innovation and patenting; inadequate knowledge and skills amongst others (KAM, 2019).

Thus, this research aimed at answering the following question: how do non-equity strategic alliances such as licensing agreements, distribution agreements, outsourcing partnerships, and supply contract agreements influence the performance of manufacturing SMEs in Kenya?

Objectives of the study

The overall goal of this inquiry was to determine the influence of non-Equity strategic alliances on the performance of small and medium manufacturing firms in Kenya.The specific Objectives were;To establish the influence of Licensing agreements on the performance of small and medium manufacturing firms in Kariobangi light industries;To determine the influence of distribution agreements on the performance of small and medium manufacturing firms in Kariobangi light industries;To ascertain the influence of outsourcing agreements on the performance of small and medium manufacturing firms in Kariobangi light industries ;To find out the influence of supply chain partnerships on the performance of small and medium manufacturing firms in Kariobangi light industries

2. LITERATURE REVIEW

Theoretical Review:

Resource-Based Theory

The Resource-based Theory stresses more on significance intensification of a firm via combining and exploiting valuable resources in divergence to the transaction cost logic theory, which stresses cost minimization.

"A firm is thought to have a competitive advantage when implementing a value creation strategy that is not being implemented by other current or potential competitors," according to Barney (1991). Other competitors may not be able to implement such a competitive strategy because they lack the necessary resources.

Therefore, the resource-based view can function under specific conditions whereby an organization prefers a strategic alliance over an M&A. As per Kogut (1988), strategic alliances are shaped by associations dependent on a company's assets like information and innovation. Kogut (1988) further expresses that associations go into strategic alliances to get the other's organizational know-how and abilities or keep up with one's expertise while profiting from another's assets. By extending out this way to deal with a wide range of firm assets, he this way proposes that there are two related, yet distinct, thought processes in associations to go into strategic alliances or M&as which are (1) to acquire others' assets; and (2) to hold and foster one's assets by joining them with others' assets Kogut's (1988).

Transaction Cost Theory

Strategic partnershipsintegrate the functionalities of internalization and market exchanges; this is done through joint ventures, for example. Notwithstanding, Contracts are still crucial to organizations, but because they are imperfect, most of the actions will be left to combined harmonization by the organizations in the strategic alliance. Researchers have thus suggested that strategic partnerships will only be desired when the business costs can be linked with an intermediary exchange and are not high enough to validate vertical combination (Gulati, 1995). Suppose strategic partnerships are viewed as replicating semi-internalization. A slightly improved notion will hold that strategic alliances can be necessary when more cost-efficient internalization, "but constraints of various other kinds prohibit full internalization" (Ramanathan, Seth, & Thomas, 1997).

Knowledge-Based Theory

According to Gravier et al. (2008), the perspectives of knowledge as a source of economic benefit have altered, emphasizing its growing relevance, justifying the development of a knowledge-centered firm theory.

Grant and Baden-Fuller (1995) sight strategic alliances as means to apply knowledge better, while According to Hamel (1991), strategic alliances are key 'platforms for learning.' Grant & Baden-fuller (2004) try to unravel the link between strategic alliances and the ability of partners to access knowledge: the stronger the alliance form (link), the more tacit knowledge can be uncovered (which may be embedded in individuals' routines, and processes). Therefore the more committal forms of alliances like licensing agreements are more facile for an organization to gain access to partner knowledge. Therefore most studies on firms that originated primarily for knowledge and the ability to access knowhow bank more on this theory.

Dynamic Capability Theory

We use the dynamic capabilities approach, focusing on the four factors that drive the firm's involvement with its external, cross-border environment, namely the sensing and grabbing of new knowledge. Teece's methodology dissects dynamic capabilities into three separate components, according to Teece (2007) (1)"the capacity to identify and shape opportunities and threats, (2) the ability to take advantage of opportunities, and (3) to be able to sustain competitiveness through enhancing, combining, protecting, and, when necessary, restructure the business enterprise's intangible and tangible assets" (Teece's,2007). The strategic partnership focuses on the first two dynamic competence aspects: detecting and taking opportunities. These four competence characteristics are essential for understanding how companies become aware of and respond to opportunities in their external contexts. Using such opportunities necessitates participation in cross-border activities (Teece, 2014). By emphasizing the importance of incorporating dynamic capabilities insight into the analysis of globally running companies. In perceiving and seizing external, new-knowledge opportunities in an alliance, dynamic capabilities distinguish between firm-level capacity subsets (Matysiak et al., 2018).

Learning is an essential aspect of an organization's and its distribution channels' dynamic capacities. (Hamel, 1991; Crossan and Inkpen, 1995). Coalition partners must learn from one another to internalize complementary alliance partner core skills into a shared strategic advantage (Parkhe, 1991). Alliance partners can share their companies' expertise with other coalition partners via knowledge exchange, reinforcing and strengthening the entire coalition's primary function.
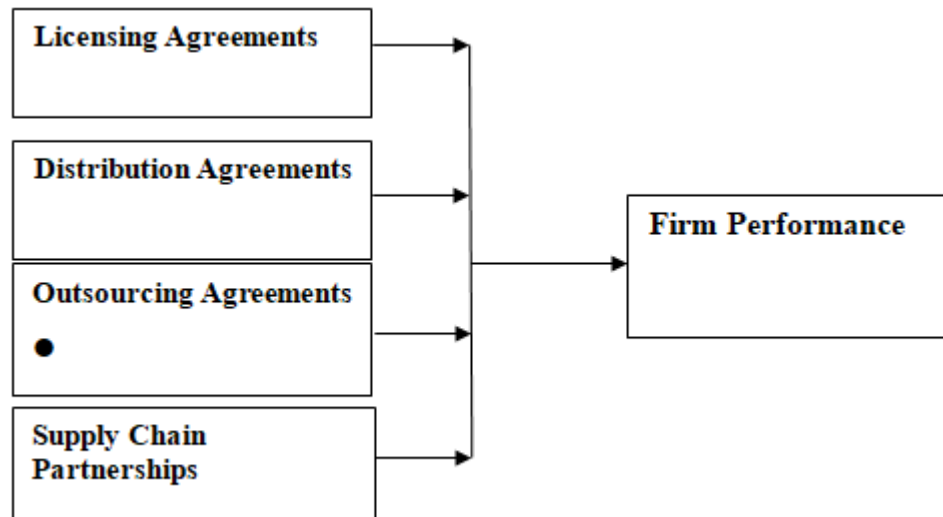
Conceptual Framework

Figure 1

Empirical Literature Review:

Licensing Agreements

B. Eric, C. Régis, and C. Camille investigated Contract Governance: Empirical Evidence on Technology Licensing Agreements in 2006. The empirical findings revealed that governance contractual clauses are created independently of one another. These findings supported the research strategy of addressing transactional, institutional, and strategic determinants of contractual features at the same time (and therefore of transaction costs). Furthermore, the discovered complementarities matched the assumption that contracts are made up in part of separate systems.

Banerjee and Sengupta(2018)enquired about research and development on licensing agreements. The study's findings reveal that research and development alliance members who sign strategic licensing contracts capitalize more on research and development and achieve greater projected returns than firms in a Research and development partnership

Distribution Agreements

Nwokocha (2021) researched how SMEs use the strategic partnership to enhance their operations. The study's findings revealed that SMEs had three distribution designs: cluster, regular, and random. This meant that the necessity of achieving cost reduction, risk reduction, and resource accessibility, rather than the physical distribution of SMEs, drove the formation of strategic alliances.

An inquiry on the Consequence of Distribution partnership on the Development of Hotels in Eldoret Town, Kenya, was conducted by Chemuchuk, S. (2015). According to the report, strategic collaborations have boosted customer closeness and made market entry faster and easier. It was suggested that hotels build a governance structure that governs strategic partnerships based on the inquiry's discoveries and deductions. This will aid in the reduction of issues that arise in strategic relationships.

Outsourcing Agreements

Dad, A., and Iqbal, Z. (2013) assessed how subcontracting impacted the general operations of enterprises and observed that subcontracting has become inevitable, and many corporations are outsourcing to leverage limited domestic capital.

Payam Hanafizadeh and Ahad Zare Ravasan (2017) carried out a survey on outsourcing decisions in e-banking. The statistical analysis revealed that nine of the 11 presumed aspects impact the outsourcing decision of e-banking services.

The analysis also showed that the service's nature and the client's IT abilities had no bearing on the outsourcing relationship.

Supply Chain Partnerships

Arawati, A., and Hassan Za'faran (2008) looked into the link between strategic supplier partnerships (SSP) in supply chain management (SCM) and the attributes of the product and success in business in Malaysian manufacturing. The analysis revealed that the concept and implementation of strategic supplier partnerships substantially impact product quality and performance outcomes.

Partnership-based Distribution Network Collaborative effort: Effect on Loyalty, Creativity, and Company Performance was investigated by Nina, S. et al. (2019). According to the findings, positive correlations between investment and contractual-based partnership orientation favorably contribute to partnership commitment. Nonetheless, the direct link between partnership commitment and company performance type differs depending on the partnership structure.

The Impact of Supply Chain Resilience Practices on the functioning of Foodstuff businesses in Kenya was investigated by Muli and Muricho (2021). According to the findings, the supply chain substantially impacts food stuff enterprises' functioning. They should embrace supply chain risk management, agility, supply chain collaboration, and integration.

3. METHODOLOGY

The study used descriptive as the study design for the purposes of information gathering. This design was used since it was more exact and precise. Besides, descriptive research creates measurable data about parts of a study that intrigue strategy creators.this study focused on the 70 registered enterprises in the Kariobangi light industries (Akoten,2009).The target population is SMEs in various sectors in Kariobangi. The choice of the target population was informed by the fact that most of these industries have entered into various Non-equity alliances to enable them to grow and operate effectively. Below is a summary of thesectors that were used in the study.Stratified sampling was used to determine the sample size. The target population has been divided into nine strata per the products and services. These are Fabrication & Engineering, Baking Machinery, Animal feeds, Beauty products, chemical manufacturing, paint making, soap making, shoe polish making, and other SMEs.The sample size was determined using the Krejcie, and Morgan formula from 1970.A sample size of 187 managers were selected to take part in the research as per the Krejcie and Morgan 1970 formula for calculation of sample size.Basic information was obtained using survey interviews, whereas quantitative information, notably on the dependent variable, was retrieved using a datasheet.

4. FINDINGS

The inquiry distributed questionnaires to 187 respondents were 165 of them were filled and returned for further analysis. The response rate is represented by fig 4.1.the study had a response rate of 88%.

Descriptive statistics

Licensing Agreements and performance.

The inquiry collected information on how resource integration affected SMEs' performance at Kariobangi Light Industries-Kenya. Data findings are shown in table 4.4 below

Table 1: Licensing Agreements and performance

Statements on Licensing Agreements	N	Mean	Std. Deviation
LA1: Our firm has signed a trademark license with other businesses	165	4.63	.496
LA2: Our firm has signed a patent license with other businesses	165	4.40	.495
LA3: Our firm has signed a copyright license with other businesses	165	4.68	.493
LA4: The Technology License agreement has improved our overall performance	165	4.60	.491
LA5: The Product License agreement has improved our overall performance	165	4.07	.575
Valid N (listwise)	165		

Table 1 above indicates that SMEs in Kariobangi light industries had signed trademark license agreements with other businesses, as a mean of 4.63 with a standard deviation of 0.496. A mean of 4.40 with a standard deviation of 0.495 was obtained when respondents were asked whether their firm had signed a patent license with other businesses. This was meant to ensure their penetration in the market. Additionally, the study established most SMEs had signed copyright licenses with other businesses, as shown by a mean of 4.68 with a standard deviation of 0.491. A mean of 4.60 with a standard deviation of 0.491 was established when respondents were asked whether technology license agreements had improved the overall performance of SMEs. This means that through the use of technology license agreements, SMEs at Kariobangi light industries could develop improved products, which led to improved performance. Respondents agreed that product license agreement had improved their overall performance where a mean of 4.07 with a standard deviation of 0.575 was established.

The study determined that license agreements were a key factor as a non-Equity strategic alliance on the performance of Manufacturing SMEs in Kariobangi Light Industries, Kenya.

Distribution Agreements and performance.

The table below presents the findings determined after analyzing data on the second objective that pursued to determine the influence of Distribution Agreements on the performance of Manufacturing SMEs in Kariobangi Light Industries, Kenya.

Table 2: Distribution Agreements and Performance

Statements on Distribution Agreements	N	Mean	Std. Deviation
DA1: Our organization has entered into collaboration with other businesses for exclusive rights for distributorship	165	4.20	.751
DA2: Our organization has agreed with other businesses for distribution rights in specific territories and specific products	165	4.40	.494
DA3: Our organization has agreed with other businesses for commission-based distributorship	165	4.60	.491
DA4: Our organization has agreed with other businesses for developer-based distributorship (for technology-related applications).	165	4.13	.500
DA5: The distribution agreement in place has improved our performance	165	4.20	.401
Valid N (listwise)	**165**		

A mean of 2 with a standard deviation of 0.751 was determined when respondents were asked whether the organization has entered into collaboration with other businesses for exclusive rights for distributorship. Respondents agreed that the organization has agreed with other businesses for distribution rights in specific territories and products where a mean of 4.40 with a standard deviation of 0.494 was determined. In addition, a mean of 4.60 with a standard deviation of 0.491 was determined when respondents were asked whether the organization has agreed with other businesses for commission-based distributorship. Equally, a mean of 4.13 with a standard deviation of 0.500 was established when respondents were asked whether the organization has agreed with other businesses for developer-based distributorship (for technology-related applications). On whether the distribution agreement had improved the performance, respondents strongly agreed that a mean of 4.20 with a standard deviation of 0.401 was determined.

Nwokocha V.(2021) established similar results, who assessed the role of distribution agreements on Small and Medium enterprises and found that distribution agreements were a key driver of strategic partnershipsin the functioning of SMEs. Also, ChemuchukS. (2015) studied the Outcome of Distribution partnershipsin the developmentsof Hotels in Eldoret Town, Kenya. The inquiry recognized that the hotels had enhanced customer closeness and faster and simpler market permeation due to intentional alliances.

Outsourcing Agreements and performance.

The third goal of the inquiry was to ascertain the inspiration of Outsourcing Agreements on the functioning of SMEs at Kariobangi light industries, Kenya. The data findings are presented in the table below.

Table 3: Outsourcing Agreements and Performance

Statements on Outsourcing Agreements	N	Mean	Std. Deviation
OA1: Our organization has outsourced manufacturing to other entities.	165	4.40	.802
OA2: Our organization has outsourced operational functions such as security, cleaning, e.t.c; to other entities.	165	4.40	.491
OA3: Our organization has outsourced Information Technology functions to other entities.	165	3.60	1.023
OA4: Our organization has outsourced Professional functions such as accounting and human resource functions to other entities.	165	4.72	.453
OA5: The outsourced activities have seen our performance improve.	165	4.74	.449
Valid N (listwise)	165		

Regarding table 3 above, respondents agreed that the SMEs organization had outsourced manufacturing to other entities. Where a mean of 4.40 with a standard deviation of 0.802 was established. On whether the organization has outsourced operational functions such as security, cleaning, e.t.c; to other entities, respondents agreed with that statement as depicted by a mean of 4.40 with a standard deviation of 0.491.As such, SMEs organization were neutral on whether they had outsourced Information Technology functions to other entities as portrayed by a mean of 3.16 with a standard deviation of 1.023.This means that many SMEs were reluctant to outsource information technology to third parties as this was considered a delicate department to the overall running of the firm. A mean of 4.72 with a standard deviation of 0.453 was established when respondents were asked whether the organization had outsourced Professional functions such as accounting and human resource functions to other entities. Consequently, respondents agreed that outsourced activities hadimproved our performance, as depicted by a mean of 4.74 with a standard deviation of 0.449.This means that outsourcing functions to third parties led to an overall improvement of the performance of the organization as the SMEs can concentrate on their key goals

The study findings agree with Payam Hanafizadeh and Ahad Zare Ravasan (2017). They examined the effect of outsourcing agreements on the performance and determined that outsourcing had a major impact on the performance of organizations as the organization was able to concentrate on its key competencies.

Supply chain partnership and performance.

The fourth intent of this study was to find out the influence of supply chain partners on the performance of Manufacturing SMEs in Kariobangi Light Industries, Kenya. The outcomes of this study are shown below;

Table 4: Supply Chain Partnership and Performance

Statements on supply chain partnership	N	Mean	Std. Deviation
SC1: Our organization has entered into a collaboration with main suppliers along the value chain to plan	165	4.40	.491
SC2: Our organization has entered into a collaboration with main suppliers for process Redesign	165	4.20	.751
SC3: Our organization has entered into collaboration with the business along the value chain for information sharing through the internet and EDI	165	4.73	.444
SC4: Our organization has entered into collaboration with the business along the value chain for Transaction Integration through the internet and EDI	165	4.27	.774
SC5: Supply chain partnerships we have created has improved our performances	165	4.20	.401
Valid N (listwise)		165	

Regarding the table above, respondents approved that their organization has entered into a collaboration with main suppliers along the value chain to plan where a mean of 4.40 with a standard deviation of 0.491 was established. Similar results were noted when respondents agreed organization has entered into a collaboration with main suppliers for process Redesign, where a mean of 4.20 with a standard deviation of 0.751 was determined. Respondents also agreed that their

organization had entered into collaboration with the business along the value chain for information sharing through the internet and EDI, where a mean of 4.73 with a standard deviation of 0.444 was established. Respondents agreed that their organization has entered into collaboration with the business along the value chain for Transaction Integration through the internet and EDI, where a mean of 4.27 with a standard deviation of 0.774 was established. The SMEs were found to use the Supply chain partnerships we have created had improved our performances as depicted by a mean of 4.20 with a standard deviation of 0.401.

Inferential statistics

ANOVA Test

The importance of the model was established by carrying out the Analysis of Variance. The study results are presented in the table below;

Table 5: ANOVA Test

ANOVA Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	64.494	4	16.124	5737.922	.000[b]
	Residual	.450	160	.003		
	Total	64.944	164			
a. Dependent Variable: TransPerf						
b. Predictors: (Constant), TransSC, TransOA, TransLA, TransDA						

The table above shows a p-value of 0.000, which shows that the overall model is significant in explaining the variation in Non-equity strategic partnerships on the functioning of SMEs in Kariobangi Light industries Kenya. Data was processed at a 95% confidence level, and thus a statistic of less than 0.05 shows the significance of the model.

Model Summary

The table below shows the findings for the model summary obtained on data analysis.

Table 6: Model Summary

Model Summary				
Model Summary[b] Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.925[a]	.855	.849	.05301
a. Predictors: (Constant), TransSC, TransOA, TransLA, TransDA				

The table above shows R, R^2, and adjusted R^2. R is the correlation between the dependent variable and predictors. R^2 is the coefficient of determinations that describes how the predictor influences variations of independent variables. In contrast, adjusted R^2 describes the extent of influence between the variables on adding variables in the equation.

The R of 0.925 shows a strong correlation among the variables. The R^2 of 0.855 shows that 85.5 % of variations in performance are influenced by changes in License Agreements, Distribution Agreements, Outsourcing Agreements, and Supply chain Partnerships. This means that other factors account for 14.5 % of variations in performance among Manufacturing SMEs in Kariobangi Light Industries, Kenya.

Regression Model

The table below shows the coefficient's findings that show the magnitude and personality of the connection among the variables.

Table 7: Regression Model

Coefficients Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-6.596	.255		-25.867	.000
TransLA	.714	.030	.419	23.615	.000
TransDA	.778	.042	.460	18.588	.000
TransOA	.588	.008	.697	76.612	.000
TransSC	.379	.026	.242	14.629	.000
a. Dependent Variable: TransPerf					

The table above shows the coefficients of the regressions model that were deduced. The regression model is interpreted as follows;

$$Y= -6.596 + 0.714X_1 + 0.778X_2 + 0.588X_3 + 0.379X_4 + e$$

-6.596 is the Non-equity strategic alliance of Manufacturing SMEs in Kariobangi light industries in the absence of the study variables,+0.714 is the increase in Non-equity strategic alliance of Manufacturing SMEs in Kariobangi light industries to a unit increase in License Agreements, +0.778 is a unit increase in Non-equity strategic alliance of Manufacturing SMEs in Kariobangi light industries as a result of a unit increase in Distribution Agreements,+0.588 is the increase in Non- strategic equity alliance of Manufacturing SMEs in Kariobangi light industries as a result of a unit increase in Outsourcing Agreements and +0.379 is a unit increase in Non-equity strategic alliance of Manufacturing SMEs in Kariobangi light industries in response to a unit increase in Supply chain partnership.

5.   CONCLUSIONS

These inferences are informed from the data analyzed so far presented under the study's findings. Therefore, a conclusion is made for each intent as learned from the result of data analysis.

Influence of Licensing Agreements on performance

The study concluded that Licensing Agreements as a non-equity strategic alliance aspect enhanced the performance of Manufacturing SMEs in Kariobangi Light Industries, Kenya. In addition, the influence of licensing agreements is statistically significant and positive. Additionally, it was concluded that licensing agreements help manufacture SMEs enter into agreements with other firms, leading to enhanced performance. This suggests that licensing Agreements as a strong Non-equity strategic alliance helps organizations enhance their performance. Therefore, if well applied and used by SMEs, it can help them grow and expand their operations.

Influence of DistributionAgreements on performance

The inquiry determined that Distribution Agreements are a strategy that influences the performance of manufacturing SMEs in Kariobangi Light Industries, Kenya. In addition, Distribution Agreements were revealed to be statistically significant and capable of enhancing the performance of firms. Distribution agreements help organizations enter into collaboration with other businesses for exclusive rights for distributorship. This enables the organization, especially SMEs, to sell their products to a wider market, leading to enhanced functioning.

Influence of Outsourcing Agreements on performance

The research concludes that Outsourcing Agreements as a non-equity strategic alliance influence the performance of manufacturing SMEs in Kariobangi Light Industries, Kenya. In addition, the influence of Outsourcing Agreements on performance is statistically significant and positive. Additional insight led to the conclusion that outsourcing agreements among SMEs were important in enhancing the operations of various entities. Therefore, outsourcing Agreements, if utilized adequately by manufacturing SMEs, can increase efficiency and thus enhance the performance in the market.

Influence of Supply chain partnerships on performance

The study concludes that supply chain partnership is a factor that influences the performance of Manufacturing SMEs in Kariobangi Light Industries, Kenya. Additionally, Supply chain Partnership positively influences the performance of Manufacturing SMEs in Kariobangi Light Industries, Kenya. Consequently, Supply chain partnership was a statistically significant factor of strategic alliance. This is because a good supply chain partnership can assure a maximum return on investment and enhance the organization's performance.

6. RECOMMENDATIONS

Concerning licensing agreements, we recommend that Manufacturing SMEs embrace it in their operations as a strategic alliance strategy as it assists SMEs in enhancing their operations in the market. In the study, it was established that licensing agreements enable SMEs to have improved performance compared to SMEs without licensing agreements.

Secondly, the manufacturing SMEs in Kariobangi light industries should enter into distribution agreements with strategic partners to ensure that they realize maximum return on their investments. This is because, from the study, it was discovered that distribution agreements provided SMEs with an advantage of selling their products to a wider market.

Thirdly, manufacturing SMEs in Kariobangi light industries should continuously outsource various services to third parties to focus on their core business. This enables them to keep deploying all their resources and expertise to enhance their operations as their other services are undertaken by other experienced firms.

Lastly, the study recommends that Manufacturing SMEs enter into supply chain partnerships with other firms. This is because the study determined that being in a supply chain partnership enables a firm to collaborate with other firms, thus leading to enhanced performance.

Areas for Further Studies

The overall objective of this study was to determine the influence of Non-equity strategic alliances on the performance of manufacturing SMEs in Kariobangi light industries, Kenya. Results of the study showed that licensing agreements, distribution agreements, outsourcing agreements, and Supply chain partnershipspositively influenced the performance of Manufacturing SMEs in Kariobangi light industries. Another study can be undertaken using the same variables but on a different locality to compare the result.

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