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Strategic Alliances and Firm Competitiveness: A Survey of Supermarkets in Nairobi-Kenya

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Abstract

This study sought to examine the effect of strategic alliances on competitiveness of supermarkets in Nairobi. The study's objectives were to establish the effects of innovation, financing, and distribution strategic alliances on the competitiveness of supermarkets in Nairobi. The study used case study research design. The population of the study was 95 branch managers of the 7 major supermarkets in Nairobi. Both stratified and simple random sampling were used to pick a sample of 77 branch managers. Questionnaire was used to collect data. Data was analyzed using descriptive statistics, Pearson correlation and multiple regression analyses. Diagnostic tests were also used to test reliability of regression model. The study found that innovation alliances ($\beta = 0.790$, $p < 0.05$); distribution alliance ($\beta = 0.009$, $p < 0.05$) and financing strategic alliances ($\beta = 0.920$, $p < 0.01$) had a significant effect on the competitiveness of supermarkets. However, challenges such as lack of top management commitment derailed competitiveness. The study concluded that innovation strategy had a positive significant relationship with the competitiveness of the supermarkets. It concludes that, by entering into financing strategy, an increase in the competitiveness of the supermarkets was realized. Furthermore, it concluded that distribution strategic alliance had a positive significant relationship with the competitiveness of the supermarkets. The study concludes that despite formation of strategic alliances, various supermarkets were still exposed to a myriad of top management challenges. The study recommends that the supermarkets should ensure that innovation strategy with various partners is improved. This can be achieved through engagement with partners that have embraced modern technologies such as 'electronic point of sale' (EPOS). It is suggested that financing alliances should also be improved by engaging with partners that have stable capital. Through formation of financial strategic alliance with firms with good financial muscles, exposure to financial risks can be minimized. This research proposes that all the supermarkets should ensure that measures are put in place to improve distribution strategic alliances to minimize business differences with partners. Measures such as, knowing how partners operate, how they make certain distribution

decisions, and how they allocate resources during distribution could go a long way in enhancing product distribution. Finally, it recommends that the top management should be able to offer timely financial and administrative support to realize the dream of engaging in strategic alliances. The organizations should also be able to streamline legal and regulatory operational policies with partners so as to benefit from the formed strategic alliances.

Keywords: *Innovation Strategic Alliances, Financing Strategic Alliances, Distribution Strategic Alliances, Top Management Support & Competitiveness*

1.1 Introduction

According to KPMG (2018), in 2018, the existence of supermarkets had taken over the function of retailers as the major shopping options premise for consumers. This is due to the convenience, and the prices that affect the consumers to make a choice where to buy. With factors such as price, comfort, quality and customer relations, competition in the retail industry also increased (Refik, 2019). The world retail sector was worth 23.6 trillion US dollars and is projected to grow by 13.14% (from 2018) worth 26.7 trillion US dollars in 2022. In another study by Oberlo (2017), the global retail industry grew by 4.1% in the year 2020 which was a slight dip from 4.5 % in 2019, and 5.8% in 2018. This dip was attributed by experts on the higher unwillingness by consumers to spend amid economic uncertainty. The retail and wholesale sectors in Europe significantly contribute to the European economy, accounting in 2011 for 5.4 million businesses, of which two thirds operate in retail (3.6 million businesses) and one third in wholesale (1.8 million businesses). Overall, they represent over 22% of all active non-financial business enterprises, and as many as 30% of all European small and medium-sized enterprises (SMEs) across all sectors (Nielsen, 2007). Both sectors also generate a combined turnover of €8.3 trillion, of which €2.6 trillion is generated by retail and €5.7 trillion by wholesale.

In Africa, according to Africa Retail Report of 2020, retail growth has dipped by 6% on average in the six months to December 2020. The trend was underpinned by retailers experiencing demand level soften on the back of a weaker economic climate which was caused by Covid-19 pandemic and restrictions on mobility. Knight Frank Africa, Retail Report on Market dynamics, Opportunity and Future Gazing (2020), painted a sharp decline in shopping mall footfall in early April of 2020 at 70% compared to the same in pre Covid-19. Data from Oxford Economics indicates that resident based retail sales in across Africa contracted by 5% on average in 2020. In Zimbabwe and South Africa, the contraction was even more at 31% and 12% respectively.

KPMG Retailing in the New Reality report (2018) has noted that Kenya has a well-developed retail sector in an African context, with formal retail market penetration rates at 25% - 30%, double that of Nigeria. The country boasts a growing and sizeable emerging middle class with the New World Wealth report for 2014 reporting that per capita wealth in Kenya has grown by 89% since 2000. The average value of a shopper’s basket has risen by 67% in five years, which makes Kenya the continent’s fastest growing retail market. The Africa Consumer Insight (2020) has also noted that you could only count seven and trend that started with Uchumi was thought to be over only for South African retailer Shoprite announcing leaving Kenya, for good. Barely two years since coming, report indicated that this has been informed by underperformance of its supermarkets. On the other side, some retailers are keeping their heads up. In a bid to tap into the retailing industry, Quickmart, Carrefour and notably Naivas Supermarket, as well as other upcoming chains have aggressively expanded across the country taking up space previously occupied by Nakumatt and Uchumi.

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According to the Kenya National Bureau of Statistics (2019), retail trade is the 5th largest contributor to Kenya's GDP and the 3rd largest contributor to private sector employment. In 2016, wholesale and retail trade employed 238,500 Kenyans and accounted for 8.4% of Kenya's GDP. Moreover, according to Nielsen, a leading global information and measurement company, shifting consumer trends has driven growth in formal retail, with 30.0% of the Kenyan population now shopping in formal retail establishments compared to 4.0% in Ghana and 2.0% in Cameroon and Nigeria. This is the second highest in Sub-Saharan Africa after South Africa, which has a formal retail penetration of 60.0%.

1.2 Statement of the problem

One current trend in retail sector in Kenya today is that Supermarkets seem to be forging alliances with other firms in the value chain in order to achieve a competitive advantage over their competitors. For example, Naivas has currently partnered with Safaricom on "Lipa Na Mpesa" platform. Quckmart has similar initiative and this has enabled customers to pay for services offered via Mpesa. These alliances are touching on areas critical to supermarkets businesses such as access to fresh products, and constant supply of stock, distribution, financing, technology interface and good customer relations, among others are sought in these alliances. Despite the alliances, Kenyan supermarkets have struggled to grow their profit margins, and some have even fallen on the way such as Uchumi, Tuskeys, and Nakumatt. Further, the Cytonn Kenya (2020) report has noted that, as some retailer pull off the market such as Uchumi Nakumatt (Kenya and Tanzania), Shoprite in Tanzania and Nigeria, and others scaling down such as Tuskys in Kenya, others have used weaker market conditions to expand. Carrefour, for example, has grown its presence in Kenya, Tanzania and Uganda, with further expansion expected in five countries in the near term. Naivas in Kenya has continued to expand in the same market Nakumatt, Ukwala, and Uchumi failed to survive (Matata, 2015). This is an interesting scenario that the current study intend to unearth by establishing the effect of strategic alliances on competitiveness.

Though in a different sector, a study by Wachiuri (2018) on the effects of strategic alliances on the performance of Commercial Banks in Kenya found out that strategic alliances in banking sector had significance influences on the performance of banks. The study further found that this performance was catalyzed by good partner match and commitment of partner firms. A study by Kibuchi, (2017) that focused on strategic responses of major supermarkets to compete in Kenya, fell short of including the formation of strategic alliances as competitive strategies that supermarkets are using to pursue competitiveness. The study also found that to deal with competition, many supermarkets have been focusing on specific market segments, use of loyalty programs to attract and retain customers and others such as Carrefour pursuing cost leadership strategies to attract customers through low prices. No research done so far on the strategic alliances being pursued by supermarkets in an attempt to answer the question as whether those alliances are significant in helping supermarket achieve their competitiveness. The reviewed literature has shown that no research had been done in Kenya to find out how strategic alliances impact on the competitiveness of supermarkets hence presenting a wide knowledge gap. It is therefore against this background that this research aimed at finding out the contribution of strategic alliances on competitiveness of supermarkets in Kenya.

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1.3 Objectives of the study

The study was guided by the following specific objectives:

i. To establish the effects of innovation strategic alliances on competitiveness of supermarkets in Nairobi.
ii. To establish the effects of financing strategic alliances on the competitiveness of supermarkets in Nairobi.
iii. To determine the effects of distribution strategic alliances on the competitiveness of supermarkets in Nairobi.
iv. To determine the intervening effects of challenges (top management support) on the relationship between strategic alliances and competitiveness of supermarkets in Nairobi

1.4 Hypotheses

In order to achieve the above research objectives, the study addressed the following hypothesis:

H_{01}: There is no significant relationship between innovation strategic alliances and competitiveness of supermarkets in Nairobi.

H_{02}: There is no significant relationship between financing strategic alliances and competitiveness of supermarkets in Nairobi.

H_{03}: There is no significant relationship between distribution strategic alliances and competitiveness of supermarkets in Nairobi.

H_{04}: There is no significance intervening effect of Challenges (top management support) on the relationship between strategic alliances and competitiveness of supermarkets in Nairobi.

2.0 Literature Review

2.1 Theoretical review

2.1.1 Resource dependence theory

This theory was developed by Emerson (1963) and later progressed by Pfeffer and Salancik (1978), who held the view that control over critical resources by one organization can make other firm dependence on it. Resource dependence theory has emerged as an important explanation for the persistent firm level performance by emphasizing firm's ability to create and sustain competitive advantage by acquiring defending advantageous resources positions (Leiblein, 2003). According to this theory organizations are often not self-sufficient for all the resources that they need that can enable them remain competitive in the market. Firms in therefore need to engage in some exchanges with other organizations in one way or the other in order to gain necessary resources for survival. According to Gray and Yan (1992), this argument makes strategic alliances a viable form of inter-organizational structure that can minimize uncertainties thus enhancing access to much needed resources. The application of resource dependence theory will deepen our understanding of what resources parent firms prefer to control and how they control them. This

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theory is used in this study to explain the effects of partnership of firms (strategic alliance) on competitiveness of Naivas supermarket.

2.1.2 Resource based view of strategic alliances

Resource-based view (RBV) is a managerial framework used to determine the strategic resources a firm can exploit to achieve sustainable competitive advantage. Largely anchored in the work of Barney's 1991 article titled Firm Resources and Sustained Competitive Advantage, is widely cited as the major study in the emergence of the resource-based view. According to Dicksen (1996), resource-based view takes an ‘inside-out’ view or firm-specific perspective on why organizations succeed or fail in the market place. Barney (1991) also noted that the resources that are valuable, rare, inimitable and non-substitutable, make it possible for businesses to develop and maintain competitive advantages, to utilize these resources and competitive advantages for superior performance. According to resource-based view, an organization can be considered as a collection of physical resources, human resources and organizational resources (Barney, 1991; Amit & Shoemaker, 1993). Resources of organizations that are valuable, rare, imperfectly imitable and imperfectly substitutable are main source of sustainable competitive advantage for sustained superior performance (Barney, 1991). The resource-based theory of competitive advantage is about exploiting differences in the resource base of the firms.

2.1.3 Knowledge based theory

The knowledge-based theory of the firm considers knowledge as the most strategically significant resource of the firm. Its proponents argue that because knowledge-based resources are usually difficult to imitate and socially complex, heterogeneous knowledge bases and capabilities among firms are the major determinants of sustained competitive advantage and superior corporate performance. Following the words of Nanoka (1991), “the only lasting competitive advantage is knowledge. Denisi (2003) also concurs that knowledge-based capabilities are considered to be the most strategically important one to create and sustain competitive advantage.

2.2 Empirical review

2.2.1 Strategic alliances

A strategic alliance can be referred to as an agreement where two or more firms/ partners share the commitment to reach a common goal by pooling resources together and activities coordination (Zirulia, 2015). According to Gari (2018), more and more companies are entering into alliances to gain competitive advantage because strategic alliances especially vertical ones have proven to offer high probability for creating sustainable competitive advantage(s). He further noted that strategic alliances are meant to help firm cope with competition, reduce uncertainty and provide the firm with competitive advantage. Banford (2013) sees strategic alliances as formal and mutually agreed upon commercial collaboration between companies, Inkpen *et al*. (2011) sees advantages that comes with strategic alliances such as new markets, material and technology, acquisitions of needed proprietary resources –which is an alternative to merger in order to get economies of scale and scope. According to Ladki and Shatila (2017), alliances vary with the nature of and size of the firm involved. They also noted that strategic alliances may differ based on needs, capabilities and objectives of partner firms involved. Strategic alliances can be used to fill the gap on capacity, acquire critical resources in order to be at par or ahead of competition, acquire distribution means, overcome regulations barriers, pool resources together, reduce risk,

achieve competitive advantages and generate innovations in areas that were not possible if operating alone (Wangui, 2019).

2.2.2 The effect of innovation strategic alliances on competitiveness

In today's world, environmental demands change over time so capabilities may lose their value if they are not constantly renewed. As the environment changes, organizations need to adapt (O'Reilly & Tushman, 2008; Lewin, Long & Carrol, 1999; Anderson & Tushman, 1990) by changing their strategy, their structure and thereby also their capabilities. As Lewin et al. (1999) have pointed out; organizations and their environment co-evolve over time. Environmental conditions determine organizational forms and simultaneously organizations try to mold the environment. An upcoming trend is firms in recognizing the importance of collaboration between them for innovation purposes (De Man & Duysters, 2005). By making it possible for organizations to integrate external sources, innovation strategic alliances positively influence the innovation performance of organizations (Chen & Challagher, 2002). Joint ventures, joint development programs and various types of technology sharing agreements have replaced traditional internal innovation practices. According to Pavitt (2005), large R&D investments can be shared by forming alliances. Koza and Lewin, (1998) had earlier on noted that innovation strategic alliances can be done by splitting the costs and risks, and secondly, these alliances can serve as a radar function which can spot new innovations in the market even though the effects of these strategic alliance on competitiveness remain scanty. Rogers (2003) describes diffusion of innovation and technology as the process which innovation is communicated through certain channels over time among the members of social system. In today‘s rapidly changing world, a company that cannot position itself quickly misses important opportunities

2.2.3 The effect of financing strategic alliances on competitiveness

Firms have employed strategic alliances with other firms to effectively manage costs, overcome resource and technology constraints, and enhance competitive position (Gallardo, 2006). According to Onchwari (2017), financing strategic alliance is a venture whereby the proprietorship fraction of each organization varies, as two or more organizations own shares of the newly formed organization in proportion to what each has contributed in terms of resources and capabilities having the one key goal of yielding a competitive advantage.

Onchwari (2017) further noted that key among the reasons why companies find themselves walking towards forming strategic alliances is the need to eliminate the weaknesses that come with financial instability. Smaller organizations forming alliances with larger ones seek access to capital. More capability is generally the cropping of apportioned resources. Alliance relationships allow partners to share the financial risks associated with developing new products and entering into new markets. Ultimately the benefit to developing strategies alliances with others is for solutions through mutually beneficial efforts. Together firms can solve their problems, those of their customer‘s suppliers and employees. Companies should know what they want to get out of the alliance relationships they establish. Alliances will get the company much closer to their goals than without these valuable relationships. These will in turn lead to improved quality, productivity and profitability through cooperation and collaboration of the companies involved and therefore growth in its sales, market and products (Koigi, 2002).

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2.2.4 The effect of distribution strategic alliances on competitiveness

Distribution partnership and strategic alliances can make a successful relationship in distribution strategy. In the mid-1980s, the Austin Rover car manufacturing company had almost 1000 suppliers with whom it had arm's-length, often adversarial, relationships. Ten years later a transformed company now called the Rover group, had its preferred suppliers reduce to fewer than 500 and only those it had the closest possible relationships (Ismail & Alsadi, 2010). According to Ibrahim (2011), Starbucks and Kraft had identified a successful Strategic alliance where the only distribution of Starbucks coffee was to be done through Kraft. In the end benefits accrued to both companies. Starbucks gained quick entry into 25,000 supermarkets in the USA, a move that was supported by over 3,500 Kraft distribution staff and Kraft topped off its coffee line with the best-known premium brand and gained quick entry into the fast-growing premium coffee segment. This alliance clearly leads to market penetration, brand recognition and profitability for both partners hence the development of competitive advantage. This success story was evidence enough proving that knowledge and RBV theories working for both parties. Mbau (2016) has noted that distribution partners are an example of a strategic alliance that supports an aggressive growth strategy, whose benefits includes: shared risk, speed to market, costs, access to markets and resources and economies of scale. An alliance with a company that already has established distribution channels is mutually beneficial for both organizations. With planning a great distributor becomes a strong strategic partner (Mbau, 2016).

2.2.5 The challenges encountered in formation of strategic alliances.

According to Marura (2014), more and more companies enter into strategic alliances in order improve their competitiveness but equally more fail. He further noted that there is need to identify risk and challenges they may lead to failure of a strategic alliance with their partners. These challenges may range from risk sharing, trust and commitment and organizational culture. A study by Warui, (2014) on challenges of strategic alliances in Kenya commercial Group, concluded that companies faced impediments when formulating a strategic alliance such as lack of trust , different priority interest of the companies, failure by top management to be committed towards strategic alliance and failure by management to allocate sufficient resource towards strategic alliance formulation, legal and regulations for commercial undertakings, different priorities of companies that were seen as competitors, poor relationship between companies and failing to properly understand the values and assumptions of formation of strategic alliance also hindered formulation and hence growth strategic alliance between banks and mobile telecommunication companies

Further study by Mundia (2015) on challenges of implementing strategic alliances at Kenya Power LTD, established that the major challenges of implementation of strategic alliance are either the "hard" or "soft challenges. The hard challenges are organizational based and includes; management coordination, management control and implementation, structure and organizational culture. The soft challenges includes; human resource skills and competencies, opportunistic tendencies and conflict. Challenges of implementing strategic alliances were also noted to impact strategy implementation. The study established that management control impacts or the strategies of power cost, power distribution and transmission loss; management control impacts or strategic fit between partners; structure and culture impacts on customer care and responses between Kenya Power and alliance partners.

3.1 Research Methodology

The study used case study research design. The population of the study was 95 branch managers of the 7 major supermarkets in Nairobi. Both stratified and simple random sampling were used to pick a sample of 77 branch managers. Questionnaire was used to collect data. Data was analyzed using descriptive statistics, Pearson correlation and multiple regression analyses.

4.1 Results and Findings

The researcher distributed 77 questionnaires, out of which 49 dully filled and returned questionnaire. This gave a percentage return rate of 64%. According to Mugenda and Mugenda (2003), a response rate of 50% from the sample size is acceptable and adequate for data analysis purposes.

4.2 Pearson correlation analysis

The study conducted a correlation analysis to determine the association between the independent, the intervening variables and the independent variable. The results are shown in Table 1.

Table 1: Correlation Analysis

	Innovation	Financing	Distribution	Top M Support	Competitiveness
Innovation	1				
Financing	.979** 0.021	1			
Distribution	.916** 0.000	.950** 0.001	1		
Top management support	-.731** 0.000	-.687** 0.003	-.516** 0.000	1	
Competitiveness	.969** 0.000	.986** 0.000	.935** 0.011	-.682** 0.020	1

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

Source: Author, (2021)

As shown in Table1, innovation alliance had strong positive association with competitiveness as shown by a Pearson correlation of 0.969 and statistically significant at 0.000. This can be interpreted to imply that an increase in innovation alliances by 96.9 promotes competitiveness of the supermarkets. The results also show that financing strategic alliance has a strong positive correlation with competitiveness as revealed by a Pearson correlation of 0.986 and also significant (p-value = 0.000) at the 1% significance levels. The results could be interpreted to mean that increase of financing strategy leads to increased competitiveness of the supermarkets. Further, it was established that distribution alliance had a strong Pearson correlation of 0.935 with competitiveness of supermarkets and also statistically significant, an indication that an increase in formation distribution alliances could increase competitiveness of supermarkets by 93.5%. However, challenges had a negative correlation with competitiveness with a Pearson correlation of -0.682. This is an indication that a decrease in strategic alliances' challenges could lead to improved competitiveness of the supermarkets.

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4.3 Regression analysis

The regression analysis was done to establish the relationship among intervening, independent, and the dependent variables. The results are shown in Table 2.

Table 2: Regression analysis

Dependent variable = Competitiveness of supermarkets				
Variables	**Standardized Coefficient (Beta)**	**Standard errors**	**t-value**	**p-value**
Constant	1.793	0.625	2.871	0.006
Innovation	0.790	0.072	0.600	0.012
Financing	0.920	0.139	5.599	0.000
Distribution	0.009	0.105	0.095	0.025
Top management support	-0.003	0.064	-0.069	0.046
Model summary:				
R	.986[a]			
R square	0.973			
ANOVA:				
F-statistic (p-value)	395.595 (0.000[b])			

Significance level = 0.05

Source: Author, (2021)

The results in Table 3 reveal that coefficient of correlation (R) is about 98.6% while coefficient for determination is about 97%. The high R and R square is an indication that the variables explains about 98% and 97% of variation in competitiveness of supermarkets within Nairobi. The model is thus good fit. The ANOVA also show that the model is statistically and significantly reliable as shown by the p-value of 0.000.

Regarding the regression coefficients, the study found that innovation alliance was positively and significantly related to competitiveness at the 5% significant level (β = 0.790, p-value = 0.012). Therefore, the null hypothesis of no significant relationship between innovation strategic alliances and competitiveness of supermarkets in Nairobi is rejected and the alternative hypothesis is accepted. Further, financing alliance was determined to be positively and significantly related to competitiveness at the 5% significant levels (β = 0.920, p-value = 0.000). Thus, the null hypothesis of no significant relationship between financing strategic alliances and competitiveness of supermarkets in Nairobi is rejected. Again, it was found that distribution alliances had positive and statistical significant relationship with competitiveness (β = 0.009, p-value = 0.025). This means that, the null hypothesis of no significant relationship between financing strategic alliances and competitiveness of supermarkets in Nairobi is rejected. Challenges was found to have negative statistical significant relationship with competitiveness as shown by a β coefficient of -0.003 and p-value of 0.046. Therefore, the null hypothesis no significance relationship between the challenges faced by supermarkets during strategic alliances in Nairobi is rejected.

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Based on the regression results, it can be said that an increase in the formation of innovation, financing, and distribution alliances could lead to increased competitiveness of the supermarkets by 79%, 92%, and 9%, respectively. However, a reduction in the challenges experienced by supermarkets as a result of formation strategic alliances by 3% could promote competitiveness of the supermarkets.

4.4 Discussion of the findings

4.4.1 Effects of innovation strategic alliances on competitiveness of supermarkets

It was found that various supermarkets entered into innovation strategic alliances to achieve and improve competitiveness as reported by 43% and 24% of the respondents who strongly agreed and agreed respectively. This means that supermarkets entered into alliances to be more competitive. In agreement, O'Reilly and Tushman (2008) found that those firms that formed strategic alliances obtained competitive advantage over competitors. It was also found that 47% and 16% respondents strongly agreed and agreed respectively that supermarkets acquired more innovations through strategic alliances to apply in their operations. This means that supermarkets believed the improved innovation through strategic alliances increased firm operations and consequently, competitiveness. The results are supported by a study by De Man and Duysters (2005) that established that by engaging in innovation alliances, firms are able to improve their operations. It was also found that the performance of supermarkets are better today after forming innovations strategic alliances than before as reported by 49% and 18% of the respondents who strongly agreed and agreed respectively. This could be interpreted to mean that, indeed innovation alliances improve performance of firms.

4.4.2 Effects of financing strategic alliances on competitiveness of supermarkets

The results indicated that the supermarkets have entered into financial strategic alliances to raise more capital as reported by 55% and 24% of the respondents who strongly agreed and agreed respectively. The results can be interpreted to mean that, the supermarkets believed through formation of financing strategic alliances, they are able to raise more capital to finance their business activities. In agreement, another research by Onchwari (2017) found that through financial alliances, smaller firms also benefits and enhances their capital adequacy by engaging bigger firms during such partnerships. Again, it was revealed that the financial position of supermarkets are better today than before the formation of financial strategic alliances as reported by 59% and 20% respondents who strongly agreed and agreed, respectively. This means that engaging into financing strategic alliances improved competeiveness of these firms

4.4.3 Effects of distribution strategic alliances on competitiveness of supermarkets

It was found that the supermarkets have partnered with various strategic partners for the sake of products distributing and services delivery as strongly agreed by 76% of the respondents. This can be interpreted to mean that these firms were aware that formation of distribution strategic alliances increased service and product delivery. In the contrary, a study by Ismail and Alsadi (2010) established that small firms have somewhat failed to obtain competitive advantage even after engaging in the formation of distribution strategic alliances. It was also found that by partnering with strategic partners, supermarkets have been able to reach customers they could not reach before as observed by 63% and 24% of the respondents who strongly agreed and agreed respectively. This means that formation of distribution alliances increased customer base. In agreement, Dorlein

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(2010) observed that, strategic alliances verily promotes customer access consequently improving client base. Again, the results reveal that formation of distribution strategic alliances have led to increase in sales as indicated by 69% and 16% of the respondents who strongly agreed and agreed, respectively. This could be interpreted to imply that distribution strategic alliances improved sales of products.

4.4.4 Challenges facing due to strategic alliances

As revealed by the study, 35% (strongly agreed) that supermarkets' strategic alliances have experienced lack of trust between strategic partners while another 35% agreed with the statement. This means that despite the benefit of strategic alliances, there exist lack of business trust among the partners. In support of these result, Nzengya (2013) revealed that, in many strategic alliances, partners often develop a lack of mutual trust during partnership while others tends to get along so well hence increasing their competitiveness. It was also found that, the supermarket strategic alliances are experiencing legal challenges as reported by 37% (agreed) and 22% (strongly agreed). This means that the supermarkets encountered several legal challenges during alliances and this could derail competitiveness. Furthermore, the supermarkets' strategic alliances were found to be experiencing regulatory challenges as indicated 41% who agreed while 33% strongly agreed with the statement. This imply that the business regulatory challenges that were in place somehow affected competitiveness of the firms. The results are in support of another study by Warui (2014) who found that, legal and regulations for commercial undertakings somewhat offers challenges to alliance partners.

4.4.5 Competitiveness (cost leadership, differentiation, and focus strategies)

The operational costs of the supermarkets were found to be on the downward trend as supported by 61% (strong agreement) and 29% (agreement). This could be interpreted to means that due to strategic alliances, cost of doing businesses had decreased. In congruence, another study by Tebrani (2003) realized that using strategic alliances lowers business operation cost thereby improving competitiveness. It was established that products and services are cheaper than those of competitors, due to declining costs of operations as reported by 57% and 22% of the respondents who strongly agreed and agreed, respectively. This can be interpreted to mean that strategic alliances lowers cost of business operations. In yet another study, Wangui (2019) established that, strategic alliances reduces cost of doing business thus improves profitability. Further, strategic alliances have enabled supermarkets to focus on new customer segment as indicated by 51% and 24% of the respondents who strongly agreed and agreed respectively. This implies that focus strategy formation improve access to new customers. The results are supported by another study by Inkpen et al. (2011) who sees advantages that comes with strategic alliances such as, entrant into new markets for new customers. Again, it was revealed that, focus strategy has enabled supermarkets to align products and marketing with targeted customers as supported by 47% (strong agreement) and 29% (agreement). This imply that supermarkets ensured that customer taste and preferences are prioritized during production.

5.1 Conclusion

The study concludes that, innovation strategic alliances improve competitiveness thus most supermarkets that embraced were better off than those that ignored it. The results were affirmed by both correlation and regression results that concluded that innovation strategy had a positive significant relationship with the competitiveness of the supermarkets. Meaning; an increase in the

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use of innovation alliances improves competitiveness. It conclude that, by entering into financial strategic alliances, supermarkets have been able to raise more capital to strengthen their financial position thereby obtaining a competitive advantage over business rivals. This is supported by both Pearson correlation and regression results that also concluded that financing strategy had a positive relationship with the competitiveness of the supermarkets, thus its increase leads to improved competitiveness.

Furthermore, it concluded that the supermarkets partnered with various strategic partners for the sake of products distribution so as to reach more customers thereby increasing their sales. The findings were corroborated by the inferential statistics result that concluded that distribution strategic alliance had a positive and significant relationship with the competitiveness of the supermarkets. The study concludes that despite formation of strategic alliances such as innovation, distribution, and financial, various supermarkets within Nairobi were still exposed to a myriad of challenges such as; lack of trust, legal challenges, regulatory, differences in priorities between partners, poor relationship, and lack of top management commitment.

6.1 Recommendations

The study recommends that the supermarkets should ensure that innovation strategy with various partners is improved. This can be achieved through engagement with partners that have embraced modern technologies such as 'electronic point of sale' (EPOS) that could help monitoring and controlling of stock, improves sales analysis and also helps in gathering customer data to promote competitiveness.

The study recommends that financing alliances should also be improved by engaging with partners that have stable capital. Through formation of financial strategic alliance with firms with good financial muscles, exposure to financial risks such as; liquidity risks, credit risks, legal risks, operational risk and market risks among others may be minimized or prevented to improve their competitiveness.

It also recommends that all the supermarkets within Nairobi should ensure that measures are put in place to improve distribution strategic alliances so as to minimize business differences with partners. For example, all strategic partners should ensure that they operate as if they were employed by one firm so that any differences could be amicably resolved for the benefit of all parties. Therefore, measures such as, knowing how partners operate, how they make certain distribution decisions, how they allocate resources during distribution and timely sharing of distribution information could go a long way in enhancing distribution and sales of products.

The study recommends that the top management should be able to offer timely financial and administrative support to realize the dream of engaging in strategic alliances. The organizations should also be able to streamline legal and regulatory operational policies with partners so as to benefit from the formed strategic alliances. Such measures would limit the poor working relationship among partners thereby improving competitiveness.

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