Effects of Strategic Alliances On Organizational Performance: A Case Of Supermarkets In Kenya

Matata Muthoka

A Research Project Submitted to the Graduate School in Partial Fulfillment of the Requirements for the Award of Master of Business Administration Degree of Egerton University

EGERTON UNIVERSITY

MAY, 2015
This study sought to examine the effect of strategic alliances on performance of supermarkets and their alliances in Kenya. The objectives of the study were to establish the effects of technological, production and marketing strategic alliances on the performance of supermarkets in Kenya. The study employed a cross sectional correlational research design. The sample of the study entailed a study of all the five leading supermarkets in Kenya (Nakumatt, Ukwala, Naivas, Tuskys and Uchumi) and 95 of their strategic partners. Data for this study was collected from the head offices of the firms by use of a questionnaire. The data was analyzed using correlation analysis and multiple regression models in order to test the hypothesis. ANOVA test and t-test were used to determine the level of significance. Data was presented using figures and tables.

The correlation coefficient (R) value for supermarket alliances and performance was 0.017. This means that there is a weak insignificant relationship between strategic alliances and performance. The correlation coefficient (R) value showed that there is a strong significant relationship between strategic alliances and supermarkets’ performance. The overall significance of the strategic alliances and supermarket performance model was 0.002 with an F value of 0.95. This means that there is a statistical significant relationship between strategic alliances and supermarkets’ performance. This study, therefore, concluded that strategic alliances have a positive effect on supermarkets’ performance. The overall significance of the strategic alliances and supermarket alliances’ performance model was 0.657 with an F value of 0.539. This means that there is no statistical significant relationship between strategic alliances and supermarket alliances’ performance. This study, therefore, concluded that strategic alliances have an effect on supermarkets’ performance but do not have an effect on the performance of supermarkets’ alliances. The study recommended that for supermarkets to improve on their performance they need to engage in alliances downstream (production strategic alliances), upstream (Marketing strategic alliances) and facilitative (Technological strategic alliances). Considering the design the study adopted, it is recommended that a longitudinal study be carried out to find the effect of strategic alliances on performance of supermarkets over a longer period of time.
# TABLE OF CONTENTS

**DECLARATION AND APPROVAL** ............................................................................................................II

**ACKNOWLEDGEMENT** ........................................................................................................................V

**ABSTRACT** ............................................................................................................................................2

**TABLE OF CONTENTS** ........................................................................................................................3

**LIST OF TABLES** ....................................................................................................................................X

**LIST OF FIGURES** ...................................................................................................................................XI

**LIST OF ABBREVIATIONS AND ACRONYMS** ....................................................................................XII

**CHAPTER ONE** .....................................................................................................................................1

**INTRODUCTION** ..................................................................................................................................1

1.1. Background of the Study ..................................................................................................................1

1.2. Statement of the problem ................................................................................................................4

1.3. Objectives of the study ......................................................................................................................4

1.4. Hypotheses .......................................................................................................................................5

1.5. Significance of the study ...................................................................................................................5

1.6. Scope of the study .............................................................................................................................5

1.7. Limitations of the Study ....................................................................................................................6

1.8. Operational Definition of Terms .....................................................................................................6

**CHAPTER TWO** ....................................................................................................................................8

**LITERATURE REVIEW** .........................................................................................................................8

2.1 Theoretical Perspectives of Strategic Alliances .................................................................................8

2.1.1 Resource Dependence Theory ....................................................................................................8

2.1.2 A Knowledge Accessing Theory of Strategic Alliances .............................................................8

2.1.3 Resource Based View of Strategic Alliances ..............................................................................9

2.2 Strategic Alliances in the Retail Sector .............................................................................................10

2.3 Competition in the Retailing Sector in Kenya ..................................................................................12

2.4 Organizational Performance .............................................................................................................13
2.5 Strategic Alliances and Organizational Performance ........................................................... 14
2.6 Empirical Studies .................................................................................................................. 17
2.7 Conceptual Framework ........................................................................................................ 20

CHAPTER THREE .................................................................................................................... 22
RESEARCH METHODOLOGY ............................................................................................... 22
  3.1 Research Design ................................................................................................................ 22
  3.2 The Location of the study ................................................................................................. 22
  3.3 Target Population ............................................................................................................. 22
  3.4 Sampling Procedures and sample size ............................................................................ 22
  3.4.1 Calculation of Sample Size of Supermarket Alliances .............................................. 23
  3.5 Research Instruments ..................................................................................................... 24
    3.5.1 Validity of the Instrument ......................................................................................... 25
    3.5.2 Reliability of the Instrument ....................................................................................... 25
  3.6 Data Collection Procedures ............................................................................................ 25
  3.7 Data Analysis .................................................................................................................. 25
  3.8: Data Presentation ........................................................................................................... 27

CHAPTER FOUR .................................................................................................................... 28
RESULTS AND DISCUSSION ............................................................................................... 28
  4.1 Gender of Respondents ................................................................................................. 28
  4.2: Period Worked in the Organization .............................................................................. 28
  4.3: Level of Education of Respondents ............................................................................. 29
  4.4: Descriptive Statistics ................................................................................................... 30
    4.4.1: Descriptive Statistics for Supermarket Variables .................................................... 30
    4.4.2: Descriptive Statistics for Supermarket Alliances Variables Summary .................. 32
  4.5: Correlation Analysis ................................................................................................... 33
  4.6: Test of Hypothesis ...................................................................................................... 35
  4.7: Regression Analysis .................................................................................................... 36
  4.8: Regression Coefficients ............................................................................................... 37

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ................................................. 38