EFFECTS OF STRATEGIC ALLIANCES ON ORGANIZATIONAL PERFOMANCE: A CASE OF SUPERMARKETS IN KENYA

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DECLARATION AND APPROVAL

DECLARATION

 I declare that this project report is my original work and has not been presented, either in part or full, in this or any other institution.

Signature _____ Date _____

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APPROVAL

This project report has been submitted with my approval as university Supervisor

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DEDICATION

To my wife Gladys Terer and my daughter Michelle Kaluki, my parents Mr. Benson Muthoka and Mrs. Loise Muthoka for their encouragement and support throughout the duration of my studies and lastly to my brothers and sisters for their unwavering support.

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ABSTRACT

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.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANP-   Analytic Network Process

APE-   American Pacific Enterprises

CAGR-   Compound Annual Growth Aggregate

CEOs-   Chief Executive Officers

CO-   Company

EABL-   East African Breweries Limited

EAM-   East African Magazine

F&B-   Food and Beverage

GAIN-   Global Agricultural Information Network

GM-   General Motors

HP-   Hewlett-Packard

IBM-   International Business Machines Corporation

IORs-   Inter-Organizational Relationships

KHDP-   Kenya Horticulture Development Program

KPMG-   Klynveld Peat Marwick Geordeler

LG-   Lawrence Graham

Ltd-   Limited

M&S-   Marks and Spencer

MSA-   Marketing strategic alliances

MSE-   Micro and Small Enterprises

NMG-   Nation Media Group

NTCC-   Nakuru Town Campus College

OECD-   Organization for Economic Co-operation & Development

P-   Performance

PSA-   Production strategic alliances

PWC-   Price Water Coopers

R-   Correlation coefficient

R&D-   Research and Development

R^2 -   Coefficient of Determination

RBV-   Resource Based View

ROA-   Return on Assets

SAB-   South African Breweries

SCA-   Sustainable Competitive Advantage

SIDA-   Swedish International Development Agency

SME-   Small and Medium Enterprises

SPC-   Standard and Poors Compustat

SPSS-   Statistical Package for Social Sciences

STAs-   Strategic Alliances

TAA-   Technology Associates and Alliances

TSA-   Technological strategic alliances

TV-   Television

UK-   United Kingdom

USA-   United States of America

VIF-   Variance of Inflation Factor

WHML-   Woolworth Holdings Mauritius Limited

CHAPTER ONE
INTRODUCTION

1.1. Background of the Study

The Kenya Economic Survey 2012 shows that the retail and wholesale sector grew by 19 per cent in five years from 2007-2012, becoming the second largest driver of economic growth after the transport and communications sector. The large volume of the sector, with more than Kshs. 300 billion turnover for both formal and informal retail ("Four global retail chains eye Kenya," 2012) makes competition in the sector intense and strategic alliances a solution to improve supermarkets' performance.

Retail trade is defined as the resale (sale without transformation) of new and used goods to the general public, for personal or household consumption or utilization (Organization for Economic Co-operation and Development (OECD), 2007). The entities that practice retail trade are referred to as retailers. The channels of retailing include hypermarkets, supermarkets, discounters, convenience stores, mixed retailers, health and beauty retailers, clothing and footwear retailers, furniture and furnishing stores, hardware stores, durable goods retailers, leisure and personal goods retailers. The retailers act as a go between from producers to consumers. Since they are many and offer similar goods and services the competition is high among them.

The Kenyan retail sector consists of 80 per cent non-formal outlets such as kiosks and small corner outlets and 20 percent formal outlets that consist of formalized stores like supermarkets, hypermarkets and convenience stores ("Four global retail chains eye Kenya," 2012). Kenya's supermarkets have increased from 206 supermarkets in 2002 to 494 supermarkets in 2008 (Riungu, *et al*., 2013). They further observed that drivers of supermarkets growth include change of lifestyles, urbanization, policies that attract foreign direct investment by most of developing countries, growing economy with an average growth rate of over 5% between 2004 and 2007, and market liberalization.

Kenya's formal retail sector is dominated by six major supermarkets and numerous other smaller retail chains spread across the country. They include Nakumatt, Tuskys, Uchumi, Naivas, Ukwala, and Chandarana ("Four global retail chains eye Kenya," 2012). The paper reported that

Wal-Mart (through its South African subsidiary, Massmart) and other South African retail chains like Game Stores and the Edcon group that has Jet and Edgars, and other smaller low end retailers had plans to open shop in Kenya by 2014. This is expected to further heighten competition in Kenya's retail market. This shows that the Kenyan market is becoming more appealing to other external firms.

A Strategic alliance is an arrangement between two or more firms to join forces and resources together to pursue a certain aim though sharing risks, returns and control while retaining their independence. Supermarkets find themselves between producers and suppliers on one end and customers on the other end of the supply chain. Supermarkets entry into alliances helps them reap the benefits of engaging in alliance relations Wheelen and Hunger (2000), Bamford (2005).

Strategic alliances have been grouped into two categories by academicians. On one hand alliances are grouped based on their areas of collaboration with examples being joint promotions, joint selling, production, design, technology, research and development collaborations. On the other hand the category is based on the level of integration resulting into a continuum of complex equity joint ventures to loose arrangements by the firms informed (Serna, 2007).

According to Rothaermel and Deeds (2006) strategic alliances are formed upstream, horizontal and downstream in the supply chain. Mellahi *et al.,* (2005) seemed to agree with these views when they argued that in search of alliance partners firms should consider vertical or horizontal integration. Vertical relationships imply that alliances are formed between suppliers and buyers that agree to use and share skills and capabilities in the supply chain. Horizontal alliances are formed between rival firms selling the same or similar goods and services hence collaborative alliances.

Firms including supermarkets usually seek alliances for a number of reasons namely; cost saving, market penetration and retention, financial injection, infrastructure constraints, circumventing institutional constraints and maintaining market stability (Button *et al*., 2008). Supermarkets in their choice of alliance partners always seek to achieve these benefits upstream with customers, downstream with producers and horizontally with competitors. This concurs

with Barney's observations that the long term goal of firms in competitive markets is improving or defending their competitive position and gaining advantages over competitors (Barney, 2002).

By the turn of this century many of the world's largest companies had over 20% of their assets, and over 30% of their annual research expenditures, tied up in alliance relationships (Ernst, 2004). A study by Partner Alliances Company reported that over 80% of Fortune 1000 CEOs believed that alliances would account for almost 26% of their companies' revenues in 2007–2008 (Kale *et al*., 2009). From the foregoing it is evident that STAs have been increasing in appeal to most firms in various industries. More managers also seem to have accepted STAs' contribution to their firms' profitability.

Alliances management is vital to the success of the alliance relationship. Dussauge *et al*., (2000) identified the alliance management matrix as a key determinant to the success of alliances between and among firms. Their view of alliance management matrix consists of the three Rs, the two Cs and knowledge gateway. The 3 Rs represent how the results are shared among the alliance partners, how resources are contributed to the alliance and how responsibilities are shared between partners. The 2 Cs represents how the alliance implementation and functioning is coordinated and how new resources are created to enhance the alliance capabilities and capacity for growth.

Supermarkets have enhanced their competitive capacity to offer greater advantages to their customers as they improve their margins. The competitive moves adopted by supermarkets span within production, distribution and handling of the customers. This implies that a supermarket, as the point of contact between a product and consumers, should be able to have a hand in the production, packaging, distribution, and after sales service. The interrelations between a supermarket and its suppliers and stakeholders are of a strategic nature acting as a liaison between producers and customers. To lower their item acquisition cost supermarkets have tended to partner with producers and importers in the supply chain (Lewis, 2007).

1.2. Statement of the problem

According to Jacobs *et al*. (2007), the need to rapidly provide products that are configured to the customer's requirements is increasingly important. In spite of this, scanty information is available linking the strategic alliances and performance of organizations in developing countries. Gomes-Casseres (2003) observed that the field of strategic alliances is broad and not yet well understood. He further pointed out that pioneering firms have experimented with alliance constellations in many industries, but there are yet no solid conclusions about what works and what doesn't. Supermarkets seem to be forging alliances with other firms in the value chain in order to achieve a competitive advantage over their competitors. The ample parking space, fresh products, constant supply of stock, and good customer relations are sought in these alliances. Despite the alliances, Kenyan supermarkets have struggled to grow their profit margins, with a 2012 research by Kestrel Securities showing that in the full year 2011, Uchumi had a profit margin of 3.6 per cent, Tuskys 1.3 while both Nakumatt and Naivas had a profit margin of 0.8 per cent each. The literature reviewed showed no research had been done in Kenya showing the effect of strategic alliances on performance of supermarkets. With these knowledge gaps and low performances, this study sought to determine the effects of strategic alliances on the performance of supermarkets in Kenya.

1.3. Objectives of the study

The main objective of this study was to investigate the effects of strategic alliances on the performance of supermarkets in Kenya. The study was guided by the following objectives:

i. To determine the effect of technological strategic alliances on the performance of supermarkets in Kenya

ii. To establish the effect of production strategic alliances on the performance of supermarkets in Kenya

iii. To determine the effect of marketing strategic alliances on the performance of supermarkets in Kenya

iv. To determine the combined effect of technological, production and marketing strategic alliances on the performance of supermarkets in Kenya.

1.4. Hypotheses

In order to achieve the above objectives, the study addressed the following hypotheses;

H_01: Technological strategic alliances do not have a statistical significant effect on the performance of supermarkets in Kenya

H_02: Production Strategic alliances do not have a statistical significant effect on the performance of supermarkets in Kenya

H_03: Marketing strategic alliances do not have a statistical significant effect on the performance of supermarkets in Kenya

H_04: The combined effect of technological, production and marketing strategic alliances does not have a statistical significant effect on the performance of supermarkets in Kenya

1.5. Significance of the study

The study has provided empirical data on effects of strategic alliances on the performance of supermarkets and their alliances in Kenya. The findings will enable supermarket owners and managers to know how strategic alliances affect their performance. It is also expected that the results of the study will help supermarket managers harmonize their strategies in order to reap maximum benefits from their alliances. The study has contributed to the scientific discourse on strategic alliances and supermarket performance, providing a framework for a better understanding of the effect of the strategic alliances on the performance.

1.6. Scope of the study

The study was confined to supermarkets in Kenya and their strategic partners. The leading five supermarkets by trade volume and branch network and 95 of their strategic partners participated in the study. The study targeted supermarket managers and their strategic partners' top management staff. The study sought to examine the effects of technological, production and marketing strategic alliances on performance of the supermarkets and their partners.

1.7. Limitations of the Study

The study sampled five leading supermarkets and 95 of their strategic partners. This limited generalization of the results to entire populations of the supermarkets and their alliances. In addition self-report measures were used, which relied upon the sincerity of the respondents and their emotional state at the time of filling the questionnaire. Lastly the study data was collected at one point in time; hence the long term effect of strategic alliances on performance of supermarkets and their alliances could not be established. Future studies can attempt to a similar research using longitudinal research designs.

1.8. Operational Definition of Terms

In this study, the following terms will be used as follows.

Alliance management- this involves the governance of the relationship between the parties involved

Co-opetition- is a business strategy based on a combination of cooperation and competition, derived from an understanding that business competitors can benefit when they work together.

Effect – a change that is a result or consequence of firms engaging in strategic alliances

Homoscedasticity- The variability in scores for variable X should be similar at all values of - variable Y.

Linearity- The relationship between the two variables should be linear. This means that when you look at a scatter plot of scores you should see a straight line (roughly), not a curve.

Market share- The proportion of industry sales of a good or service that is controlled by a company

Organizational culture- it is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations.

Organizational Performance- The accomplishment of organizational goals measured against preset known standards of rate of return on assets, sales growth rate and market share increase.

Organizational structure- The hierarchical arrangement of lines of authority, communications, rights and duties of an organization

Production alliances – This refers to collaboration by firms to carry out activities ranging from acquisition of raw materials to actual production of finished products.

Productivity performance- The rate at which the resources of a store are converted to outputs.

Return on assets (ROA) - is a financial ratio that shows the percentage of profit that a company earns in relation to its overall resources (total assets).

Sales growth rate- The percentage increase of quantity or number of goods sold or services sold in the normal operations of a company in a specified period in this case one year.

Standard and Poor's Compustat – is a database of financial, statistical and market information on active and inactive global companies throughout the world.

Strategic alliances- is a relationship between two or more parties to pursue a set of agreed upon goals or to meet a critical business need while remaining independent organizations

Strategy- tactics used by supermarkets to gain competitive advantage over their competitors

Supermarket- a large shop/store that sells food, drinks and goods used in the home. People choose what they want from the shelves and pay for it as they leave

Technological alliances – These are alliance which often involves technology transfer (access to knowledge and expertise), economic specialization, and shared expenses and risk.

CHAPTER TWO
LITERATURE REVIEW

2.1 Theoretical Perspectives of Strategic Alliances

Several writers have brought forth explanations of the existence of strategic alliances. Among these we have the resource dependence theory, the resource based view (RBV) and knowledge accessing view of strategic alliances.

2.1.1 Resource Dependence Theory

Resource dependence theory (RDT) is the study of how the external resources of organizations affect the behavior of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Davis and Cobb (2009) observed that this theory has three core ideas: social context matters; organizations have strategies to enhance their autonomy and pursue interests; and power (not just rationality or efficiency) is important for understanding internal and external actions of organizations. Managers are advised to select the least constraining options to govern their relations with their partners that would allow them least uncertainty and dependence so as to maximize their autonomy. From this perspective a less constraining choice is to form an alliance or joint venture with the source of one's constraint so as to neutralize the constraint by accessing what an organization lacks.

In view of this theory firms whose competitors resources are enormous than theirs; makes the firms behavior adaptive to cope with any move that the resourceful firm might make in the competition arena. To learn firm's strategies and amount of resources that they have firms, choose to co-operate with their competitors with the view of understanding their source or level of production, technological, or financial muscle. Knowledge of a competitor's source of competitive advantage creates ease in governing the relationship between (Pfeffer, 2003).

2.1.2 A Knowledge Accessing Theory of Strategic Alliances

Grant and Baden-Fuller (2004) observed that the knowledge-based literature identifies two conceptually distinct dimensions of knowledge management. They first identify those activities

that increase an organization's stock of knowledge – what March (1991) referred to as 'exploration', and Spender (1992) called 'knowledge generation'. Secondly they point out those activities that deploy existing knowledge to create value – what March (1991) referred to as 'exploitation', and Spender (1992) called 'knowledge application'. In relation to strategic alliances, this distinction between knowledge generation and knowledge application corresponds to a key distinction in the ways in which knowledge is shared among alliance partners.

Firms which do not have the technological knowhow in production, marketing or technology capacity gain advantage in partnering with other firms that have the knowledge that they lack. This helps them learn quickly and achieve the desired results without learning on their own. In support of this view Grant and Baden-Fuller (2004) argued that knowledge generation points to alliances as vehicles of learning in which each member firm uses the alliance to transfer and absorb the partner's knowledge base. Knowledge application points to a form of knowledge sharing in which each member firm accesses its partner's stock of knowledge in order to exploit complementarities, but with the intention of maintaining its distinctive base of specialized knowledge.

Madhok (1997) observed that collaborations are useful vehicles of enhancing knowledge in critical areas of functioning an organization lacks and cannot be developed within an acceptable timeframe. From an organizational learning perspective, organizations seek to partner with others so as to elongate their learning curve in a short time. Since firms' learning is a source of competitive advantage then combined knowledge by partnering firms expedites the realization of competitive advantage in production, technological and marketing areas.

2.1.3 Resource Based View of Strategic Alliances

The RBV theory is based on the idea that the effective and efficient applications of resources that the company can muster helps determine its competitive advantage. The resources that the management of any firm can gather may include those owned by other firm and getting to a position of using them requires forging of an alliance with the firm owning the resources. Focusing exclusively on the resource-based view of strategic alliances, Eisenhardt and Schoonhoven (1996) found essentially that alliances are more likely to be formed when both

firms are in vulnerable strategic positions (i.e., in need of resources) or when they are in strong social positions (i.e., possess valuable resources to share). Therefore organizations would be motivated to accept overtures for alliances formation based on their position of vulnerability or possession. Organizations are likely to accept the offers to enter into alliances if it is tailored to suit their resource requirements at a time.

Production, technological and marketing framework and facilities are a major factor in determining a firm's capability to excite and meet a firm's demand for its products. Assembling theses resources for the firm's efficiency is the manager's work. Management of firms informed by this theory seek to form alliances with firms owning such resources as they require. From a resource-based perspective, Eisenhardt and Schoonhoven (1996) viewed alliances as "cooperative relationships driven by logic of strategic resource needs and social resource opportunities." This view is supported in the words, maximizing firm value through gaining access to other firms' valuable resources (Madhok, 1997; Ramanathan *et al*., 1997). From these observations organizations would analyse alliances' intentions from their resource needs to aid the attainment of their goals as individuals.

The three theories discussed are relevant to this study since the variables under study are vital at production, marketing and running of the firms and their availability for use by a firm affects the bottom line of a firm. The assembling of the resources could be in response to the competitors positioning in terms of resources (resource dependence theory Davis and Cobb, 2009), acquisition or generation of certain critical knowledge necessary for running the business (knowledge accessing theory Grant and Baden-Fuller, 2004) or building an alliance for competitive advantage based on resource availability (Resource Based View Eisenhardt and Schoonhoven, 1996).

2.2 Strategic Alliances in the Retail Sector
In an increasing number of businesses, alliances between firms are transforming the nature of competition and strategy. Scot and Davis (2007) viewed alliances as agreements between or among firms to pursue joint objectives through coordination of activities and sharing of resources. It may be a formal structure or a loose arrangement of companies accustomed to

working together (Starkey *et al.,* 2000). From the aforesaid, therefore, retailers faced with competition assess their ability to cope with it and in their realization of deficiencies seek to strengthen their weaknesses by assessing other firms' resources. The self assessment by supermarkets informs the choice of partners in terms of how the partner helps a firm to face the competition or achieve a goal.

While in support of these sentiments Wisnieski (2001) observed that the resource dependency literature suggests that alliances often represent one of three forms. The first alliance is a horizontal alliance between organizations that compete for the same resources, such as customers or suppliers and usually represent exchanges in one direction. In this arrangement, the organizations exchange or pool their resources toward some goal, such as research consortia or trade unions. The second is a vertical alliance which is an alliance between a firm and those organizations supplying inputs or using its outputs, such as suppliers, buyers, financial institutions, or the labor pool. Vertical alliances also usually represent exchanges in one direction. The third type of alliance is reciprocal, where firms exchange both inputs and outputs and the exchanges flow in both directions. In reciprocal alliances, firms exchange ideas, people and equipment, share lab space and pass designs back and forth such as in joint R&D projects.

To contextualize this to the Kenyan perspective competition in the Kenyan retail sector is expected to increase further. Foreign players are taking keen interest in the country's growing population and positive economic outlook is overriding. With the planned entries of South African retailers Massmart, Game, Jet and Edgars the competition will rise. The United Kingdom's (UK) retail giants, Marks & Spencer and Clarks, opened shop in Kenya at Thika Road Mall (Gibendi, 2013).

Adding to this competition is Marks and Spencer entry into the Kenyan market. Marks & Spencer (M&S) has 766 stores in the UK and 420 stores in over 50 countries in Europe, the Middle East and Asia. They buys over Sh13.8 billion worth of goods per year from Kenya including flowers, tea and coffee which represents 10 per cent of the Sh138b worth of annual trade between the UK and Kenya. Clarks, a British footwear company develops and sells a wide range of footwear. It has already opened its first store in East Africa at the Thika Road Mall. The company intends to open a second store at the Nakumatt Westgate Mall. This shows that UK

retailers are using alliances with local retailers to gain entrance into the Kenyan market (Gibendi, 2013)

2.3 Competition in the Retailing Sector in Kenya

Kenyan-based Nakumatt Holdings operates an up-market concept that appeals to urban consumers. The company is the largest modern grocery retailer in Kenya, accounting for an estimated 35% value share of sales in 2011. To deal with competition Nakumatt and Uchumi have had to adopt 24 hour operating models in some of their branches. Uchumi Supermarkets Ltd, Tusker Mattresses and Naivas supermarket have progressively gained market share in Kenya thanks to their economy positioning and presence in city centers as opposed to Nakumatt's out-of-town superstores (Bra, 2012).

Euromonitor International (2013b) report showed that Nakumatt Holdings Ltd, Tusker Mattresses and Uchumi Supermarkets Ltd led sales in grocery retailers, with a value share of 5%, 4% and 3%, respectively, in 2012. These equated to shares of 24%, 22% and 15%, respectively, in the modern grocery retailers channel. These companies have expanded their outlet numbers over the review period, although no new branches were opened in 2012. They are expanding to more rural locations, although they are largely concentrated in urban areas. They are stocked with a wide variety of brands positioned in different price segments, while a key element of their position is the offer of a modern customer service ethos.

This expansion could be due to the positive outlook of the Kenyan market. According to Knight Frank consulting firm (2013) the World Bank estimates that about 40 per cent of Kenya's population consists of the middle class, living on a daily consumption level of between Sh170 – Sh850 per person, per day. The firm further projects that; Kenya's population will be over 60 million by 2030 and thus enlarging the size of the market. This positive projection of the Kenyan consumers is driving competition in the retail sector. Evidence of this can be gleaned from the number of local retailers increasing their outlets and the number of foreign firms seeking partnerships in the country. "Four global retail chains eye Kenya", (2012) reported that the retailing outlook in Kenya continued to be positive. It indicated that an average Gross Domestic Product of 5.1 per cent is expected through to 2014 hence making Kenya an appealing choice for retailers.

2.4 Organizational Performance

Store performance is a consequence of environmental factors and the extent to which the store is patronized by consumers, which in turn is a consequence of how well store attributes like location, open hours, merchandise, store layout, service, and the retailer's decision on store attributes, are influenced by underlying factors such as local competition and local demand characteristics. This implies that supermarket branches have some discretion in the strategies they adopt to fight competition in their location (Hernant, 2009).

While supporting this view Kumar and Karande (2000) observed that the usefulness of studying all types of store performance measures because these measures of store performance are mutually exclusive. They gave an example of stores with high dollar sales that might not ensure a high productivity-based performance that is sales per square foot or a high profitability-based performance like gross margins. This means that different store performance measures when utilized give a holistic picture of how supermarkets or their branches perform.

A different view of the holistic study of stores was presented by Dunne and Lusch (1999) who suggested a model of integrating the effects from various proposed antecedents on market based performance, productivity and financial performance. They classified store performance in terms of economic results into three broad categories: market-based performance, which captures how well a store succeeds in the competition for shoppers in the local market where it operates (measured by variables like sales volume and market share), productivity performance, (like sales per square meter floor area, sales per labor hour), and financial performance which captures revenues, costs, profits, and profitability of the store.

A similar holistic approach to store performance was applied by Hernant (2009) by operationalizing store performance by adopting a comprehensive description of the performance of each supermarket, comprising three measures of market based performance (Sales volume, Number of shoppers per week and Average transaction per shopper), three measures of productivity (Sales per inventory investment, Sales per square meter floor area, Sales per labor hour) and four measures of financial performance (Gross profit performance, Operating cost performance, Operating profit Performance, Profitability performance)

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Organizational economic performance has been measured using a three-item scale: return on assets (ROA), sales growth and increase in market share. Available literature shows the use of these indicators to measure changes in knowledge, competencies and learning of organizations. Shrader (2001) and Stuart (2000), among others, have adopted sales growth; Goerzen and Beamish (2005), ROA; and Dussauge, Garrette & Mitchell (2004), increase in market share. The average of the three indicators which are the observable variables serves to measure economic performance. When conducting a study that involves stores and non store firms it's vital to adopt a common measure for both set of firms. This could be applied to non store performance.

To draw a conclusion on the effect of alliance portfolio Yamakawa *et al*., (2011) studied exploration versus exploitation in alliance portfolio looking at performance implications of organizational, strategic, and environmental fit. They used Firm performance as a dependent variable using return on assets (ROA) obtained from the year-end report in Standard and Poor's Compustat (SPC) to capture the magnitude of firms' economic performance. They found out that firms forming more exploitation alliances (as opposed to exploration alliances) tend to have higher performance in the near term. This suggests that exploitation alliances may bring more direct and immediate benefits to the parent firm when compared with exploration alliances, which supports March's (1991) original contention that returns to exploitation are "positive, proximate, and predictable".

2.5 Strategic Alliances and Organizational Performance
There is evidence suggesting organizations forming alliances will experience enhanced organizational performance (Nielsen 2007; Lee 2007 and Gorzen, 2007). A broad stream of research claims that cooperation is an interesting organizational model, regardless of the conditions of the industry and the environment. Perry *et al*., (2004) found a positive significant relationship between participation in strategic alliances and business performance. Tebrani (2003) concluded that using strategic alliances improves performance regardless of the type of competitive strategy used, the country of origin, or the industry in which the alliances are established. The conviction surrounding this line of thought was so prevalent for so long that

empirical analysis of the relationship between strategic alliances and performance received little attention (Stuart, 2000).

Another study supporting the positive outcome of firms in alliances was conducted by Camison *et al*., (2007) who studied the effect of participation in technological strategic alliances on business performance by considering the knowledge-based distinctive competencies as a mediating variable using a sample of Spanish firms. Results from their findings prove that the relationship between research and development (R&D), innovation strategic alliances, and performance is mediated by the generation of knowledge-based distinctive competencies; and that the contribution of the participation in alliances to the growth of the firm's knowledge stock depends on its creation of innovation competencies. This implies that R&D managers should enhance the development of this kind of competencies in order to achieve superior performance.

Technological strategic alliances as a variable gathers the total number of strategic alliances that a firm has developed in R&D, innovation and staff training in new technologies over a period of time. This variable is operationalized by summing the various agreements the firm has developed. Since the impact of alliances on firm performance should be assessed after they have ended. (Camison *et al.*, 2007) only measured the alliances that had been completed at the time of the survey.

Positive performance was also achieved by Jabar *et al*., (2011) who 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 are factors of consideration in enhancing capabilities and performance. This means that firms planning to improve their performance need to consider alliances with other firms especially those in the manufacturing sector.

More companies today are partnering with other members of the supply chain as alliances to improve the performance of the customer value-delivery network. Christopher *et al.,* (2002) gave the example of Toyota Company which he says knows the importance of building close relationships with it suppliers. In fact, it even includes the phrase "achieve supplier satisfaction"

in its mission statement. Suppliers' satisfaction means that they can rely on suppliers to help them improve their own quality, reduce cost, and develop new products quickly.

Other forms of Partnership and strategic alliances are the "suppliers" and "alliance" markets. They both need to be viewed as a partnership since they can make a successful relationship marketing strategy. In the mid-1980s, the Austin Rover car manufacturing company had well over 1000 suppliers with whom it had arm's-length, often adversarial, relationships. Ten years later a transformed company now called the Rover group, had fewer than 500 preferred suppliers with whom it had the closest possible relationships (Ismail and Alsadi, 2010).

Ibrahim (2011) identified a successful Strategic alliance in Starbucks and Kraft where Starbucks coffee was to be distributed through Kraft only. In the end both companies benefited. Starbucks gained quick entry into 25,000 supermarkets in the USA, supported by the marketing muscle of 3,500 Kraft salespeople 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 appears to prove the knowledge and RBV theories working for both parties.

The application of the knowledge accessing theory can be gleaned from Hewlett-Packard (HP) and Disney long-standing alliance, dating back to 1938, when Disney purchased eight oscillators to use in the sound design of Fantasia from HP founders Bill Hewlett and Dave Packard. When Disney wanted to develop a virtual attraction called Mission: SPACE, Disney Imagineers (people who devise and implements new concepts) and HP engineers relied on HP's IT architecture, servers and workstations to create Disney's most technologically advanced attraction (Czaja, 2013). This partnership has helped Disney gain the technology it required from HP hence enhancing its competitive advantage.

Not all alliances have brought positive performances to the partners. Dockers and American Pacific Enterprises (APE) had an alliance where APE was to sell towels and bed accessories with Dockers' name on them. The benefits to Dockers were very little except for their branded towels,

but APE needed a strong brand image. This unbalanced alliance led to a big disaster for Dockers eventually as their brand image was severely damaged due to this awkward partnering with unrelated products. These imbalances led to the strategic alliance ultimately collapsing (Ibrahim, 2011). From the forgoing, the alliance between Dockers and APE led to a competitive disadvantage for Dockers' position rather than competitive advantage which they sought. This strategic alliance brought skewed benefits to the participants leading to its collapse.

Another strategic alliance gone badly is presented by Arndt (2009) who observed that; Cisco had had two failed alliances with Motorola and Ericsson. The partners had turned into competitors because of acquisitions. Acquisitions had turned allies into adversaries. With insider knowledge of each other they sought to use the information they had against each other. This was detrimental to the alliance but appears consistent with the external control of organizations theory. The theory sees organizations seeking to control their rivals.

Closer home in Africa in 2001 South African brewing giant, SAB Miller ceded the production of its key beer brands to Nairobi-based East African Breweries Limited (EABL) – its main challenger in the Kenya beer market following a bruising battle in which consumer hostility was spewed at Castle Lager. EABL later stopped the production of Castle Lager, effectively killing the presence of South Africa's beer in Kenya (Kenyan market a hard egg to crack," 2010). Castle Lager is reportedly working to replace EABL as Kenya national football team sponsors hence seeking to revive its presence in Kenya by 2014 (Mabuka, 2013). This appears to rhyme with the external control theory of firms to fight off competition in a company's territory.

Media24 a South African firm trading by the name East Africa Magazines Limited (EAM), started joint operations with Nation Media Group (NMG) in 2005 to publish popular southern African titles the Drum, True Love and Move in Nairobi. The coexistence lasted only four years as NMG, East Africa's largest media company, pulled out of the deal, taking with it some of the journalists and salespeople. This left Media24 vulnerable (Kenyan market a hard egg to crack," 2010).

2.6 Empirical Studies
To investigate the antecedents of response strategies in strategic alliances Tjemkes & Olivier (2010) conducted a study analyzing the two factors. They sought to understand how alliance

managers respond to adverse situations by examining the influence of four exchange variables on response strategies. They employed a scenario-based experiment that provided empirical support for a typology consisting of seven conceptually and empirically distinct response strategies: exit, opportunism, aggressive voice, creative voice, considerate voice, patience, and neglect. They concluded that economic satisfaction, social satisfaction, alliance-specific investments, and the availability of attractive alternatives differentially and interactively affect response strategies of alliance managers.

On his part Lowensberg (2010) presented a "new" view on "traditional" strategic alliances' formation paradigms. The study argued that managers need to apply a holistic and long-term approach in their understanding of strategic alliances' paradigms to inform decisions. The study suggested six widely used motivational paradigms in the formation of inter-organizational relationships. These are transaction cost economics, resource dependence, strategic choice, stakeholder theory, organizational learning, and institutional theory. These can be used not only during the formation stages of alliances but also during an alliance's life cycle to help in decision making. The study concluded by explaining how and why motivational paradigms could be viewed as an interrelated web of issues throughout a strategic alliance's entire life cycle and not just at their formation stage when, often, they are used singly and in isolation of one another. The study proposed that their continuous and holistic use contributes to a manager's awareness of possible issues and helps his/her strategic management and decision taking.

To reconcile gaps in strategic alliance theories Papadopoulos *et al.,* (2008) sought to organize the theoretical landscape surrounding explanations of the impact asymmetry and heterogeneity on inter-firm relationships, especially alliances. They integrated the resource-based view, transaction cost economics and industrial organization to better understand asymmetry and heterogeneity in alliances. They concluded that low asymmetry and low heterogeneity are best addressed from an industrial organization perspective. Transaction cost economics best explains alliances in high asymmetry and low heterogeneity situations while the resource-based view is most appropriate for high heterogeneity and low asymmetry alliances. In the case of high asymmetry and high heterogeneity, the tension between the resource-based view and transaction costs economics is reconciled.

With a gap of whether firms in alliances can still compete against each other Kock *et al.,* (2010) did a study seeking to explain "co-opetition" (the combination of cooperation and competition) as a source of international opportunities in Finnish SMEs. They conducted in-depth case studies in four SMEs in order to achieve the purpose. The study revealed that co-opetition provides international opportunities for the case companies, though to varying degrees and character. The study showed that international opportunities can be found in strong and weak cooperation-dominated relations as well as in equal relations between competitors. Notably the different levels of co-opetition influence the characteristics of the international opportunities in terms of continuity and scope.

Kinra & Antai (2010) conducted a study on emerging logics of competition as a paradigm shift, fantasy, or reality check. They sought to bring out the progressive shift in institutional interaction with its rivals within a competitive framework. The study conceptualized extant literature into distinct themes of organizational and institutional analysis, both micro and macro. The study seems to suggest that the micro-macro theme of competition and competitiveness remains dominant in mainstream literature. Results from the analysis also support the notion of emergent logics of competition and competitiveness, which could then imply that a paradigm shift may well have begun within the area of competition and competitiveness.

While focusing on the supply chain Gellynck *et al.,* (2011) conducted a study on the influence of relationship quality on the innovation capacity in traditional food chains. They sought to examine quantitatively how the perceived relationship quality among three relational linked chain members affects the innovation capacity in traditional food chains beyond the partners. Evidence was drawn from a survey of 90 triplets of firms (three interlinked chain members), with each triplet belonging to a single individual traditional food chain. They identified and interpreted three distinct clusters as reflecting three levels of innovation capacity: high, medium, and low. They defined relationship quality through characteristics such as trust, social satisfaction, non-coercive power, and reputation. Results suggest that the characteristics of the chain relationship quality may be important factors for the improvement of the innovation capacity in chains. This seems to support the alliance matrix by Dussauge *et al*., (2000).

Using the knowledge based view Mansor (2013) sought to establish the elements promoting learning from a strategic partner using Malaysia as a case study. The study discussed how

learning can be promoted via alliance arrangement. The study used an in-depth case study method, where a child business was set up upon the signing of a strategic alliance agreement between a parent partner in Malaysia with a foreign parent partner from the United Kingdom, and the partnership had included learning as one of their main objectives. Based on the findings, it can be suggested that strategic alliance partners re-organize their organizational structure, strategy and system in line with achieving the specific learning objectives.

On the contrary firms may not always reorganize their structure to fit a certain alliance for learning if they have a hidden motive for learning. Based on this Chen *et al.,* (2008) conducted a study to establish a mechanism for partner selection via adapting relative weights of criteria according to the priority of motivations for establishing strategic alliances. They used analytic network process (ANP) approach derived from the idea of the Markov chain to deal with this dynamic situation and to establish a partner selection mechanism. With this approach, the priority of motivations and the relative importance of criteria are determined simultaneously. They concluded that although choosing an appropriate partner is an important variable in influencing the success of the alliance, attempts to identify a universal list of criteria and their corresponding relative importance which firms should employ when seeking a proper partner would be futile since the objectives of forging alliances vary depending on specific motivations. Instead they proposed a proper weight setting for these criteria to comply with the original motivation for establishing the strategic alliance. This is essential for selecting an appropriate partner for establishing an alliance that matches the original motivation.

2.7 Conceptual Framework

In the conceptualization of the effects of strategic alliances on performance of supermarkets the forging of strategic alliances is deemed to affect the performance of organizations. Strategic alliances are operationalized in terms of marketing, production and technological alliances which when forged by supermarkets affects supermarket performance indicated by the firms return on assets (ROA), sales growth rate and market share.

Hypothesis One (H_01) tested whether technological strategic alliances explain the any difference in the market share, ROA and sales increase of supermarkets and their alliances in Kenya. Hypothesis Two (H_02) sought to explain how production strategic alliances affect supermarkets

performance in terms of changes in market share, ROA and sales increment. Hypothesis ($H_0$3) determined the effect of promotion, distribution and selling strategic alliances on the market share, sales increment and ROA of supermarkets and their alliances. Hypothesis four ($H_0$4) determined the combined effect of technological, production and marketing strategic alliances on the market share, sales increase and ROA aggregate as the performance of the organizations. The figure conceived that technological, production and marketing strategic alliances having an effect on the performance of organisations but under the regulation of the law.

Independent Variable   **Dependent Variable**

Strategic Alliances

Technological alliances
-   Innovation
-   Training in new technology
-   Funding research in new technology

Production alliances
-   Design,
-   Job cuts,
-   Purchasing power
-   capital investments
-    Standards
-   Quality

Marketing alliances
-   Promotion
-   Distribution
-   Selling

Organizational Performance

Return on assets (ROA)
Sales Growth Rate
Market Share

Regulation

Moderating Variable

Figure 2.1: The relationship among technological, production, marketing strategic alliances and organizational performance.

Source: Own Conceptualization, (2014)

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research Design

A cross-sectional correlation research design was used for this study where strategic alliances were assessed in relation to performance of supermarkets in Kenya. This design enabled the researcher to relate two or more variables at the point in time and was useful for describing a relationship between two or more variables (Creswell, 2008). The short coming of this type of design was that results obtained from this kind of analysis do not allow for strong findings to be made concerning a cause and effect relationship between variables.

3.2 The Location of the study

Owing to the fact that strategic alliances are structured at the corporate level the research concentrated on the headquarters of the firm's selected operating in Kenya with head offices in Nairobi.

3.3 Target Population

The nature of the major supermarkets in Kenya is that they have many branches and have their headquarters in Nairobi. The population of the study constituted all supermarkets in Kenya but only focused on the leading five supermarkets by sales and number of branches and their collective market share in Kenya. The supermarkets are Nakumatt, Uchumi, Tuskys, Naivas and Ukwala supermarket chains (Global Agriculture Information Network (GAIN) reports (2008 and 2012). The other target population was of the supermarket strategic partners of the five selected supermarkets. The supermarket managers and the alliance partner managers of selected supermarkets and firms were respondents to this survey.

3.4 Sampling Procedures and sample size

The target population of this study was supermarkets and their strategic alliances. First, purposive sampling was used to select the five leading supermarkets, using secondary data from

Global Agriculture Information Network (GAIN) reports (2012) to identify the five leading supermarkets in Kenya. Stratified sampling was used in this study. Each of these five leading supermarkets became a stratum which was used to further identify 20 respondents to the study. Simple random sampling was used to identify the 20 respondents from lists provided by the five selected supermarkets. Table 1 indicates the spread of the supermarket chains in terms of food sales in 2011 and branches by 2012. One manager from each of the selected supermarket and firms in alliance with supermarkets were the respondents. Financial statements were also requested to assess the financial performance of the supermarkets and firms.

Table 3.1: Spread of the five major supermarket chains in terms of branches and annual food sales in 2012

Retail Name and Outlet Type	Ownership Type	2011 Food Sales	No. of Outlets	Purchasing Agent Type
Nakumatt Holdings Ltd	Local	Kshs. 24.84 Billion	37	Local suppliers and importers
Tuskys Ltd	Local	Kshs. 15.548 Billion	36	Local suppliers and importers
Uchumi Ltd	Local	Kshs. 9.568 Billion	26	Local suppliers and importers
Naivas Ltd	Local	Kshs. 19.752 Billion	21	Local suppliers and importers
Ukwala Ltd	Local	Kshs. 4.14 Billion	14	Local suppliers and importers

Source: Adapted from GAIN Report (2012)

3.4.1 Calculation of Sample Size of Supermarket Alliances

The strategic partners to supermarkets were selected from lists provided by the supermarkets. 100 respondents were identified, 20 from each of the selected supermarket. Simple random sampling was used to attain a sample of twenty alliances to supermarkets.

The desired sample size was determined as per formulation by Fisher *et al.,* (1973). Since there is no estimate available of the proportion in the target population assumed to have the

characteristics of interest, 50% was used. In this study the target proportion of the population was assumed to have the characteristics of interest supermarket alliances who are agreed partners. To determine a sample size from the population, the formula below was used:

$n = (Z)^2 \, p \, q \, / \, (d)^2$

Where:

n = the desired sample size.

Z - The standard normal deviate at the required confidence level

p - The proportion in the target population estimated to have characteristics being measured

q - 1- p

d- The level of statistical significance set (precision).

Since the proportion of the population is not known p =0.5, q = (1-0.5) the Z statistics = 1.96 and a desired accuracy level at the 9.8%. This results to a sample of 100 respondents.

Table 3.2 Sample selection from the total population of supermarkets and their alliances

Item	Total population	Sample selected
Supermarkets	494	5
Supermarket Alliances	Unknown	100
Total	Unknown	105

Source (Gain Report 2012)

3.5 Research Instruments

The research instrument that was used was the questionnaire and the financial statements of the alliance partners. A structured questionnaire was used to collect the data from the managers of the supermarkets and their alliance partners. The questionnaire had four parts. Part A was made up mostly of close-ended questions. The questions sought factual information such as gender, period the respondent had worked in the firm and their level of education. This information helped validate the information from the respondents. Section B had items on technological strategic alliances, section C production strategic alliances, section D marketing strategic alliances and lastly section E Performance measures. A 4 level Likert scale was used to solicit respondents' information.

3.5.1 Validity of the Instrument

Validity refers to the degree to which a study accurately reflects or assesses the specific concept that the researcher is attempting to measure using some tool (Annabel, 1992). There are two aspects to validity: what is measured and how consistently it is measured (Ebel & Frisbie, 1991). Construct content and face validity of the instruments were checked by research experts from the Department of Business Administration. This was to ensure that the instrument was not biased, the language used was appropriate and the objectives of the study were captured and also to ascertain the layout and formatting of the instruments (Kasomo, 2006). Suggestions given by the experts were used to make the necessary changes.

3.5.2 Reliability of the Instrument

According to Pallant (2011) when using the Cronbach's Alpha coefficient value to test reliability, a value above 0.7 is considered acceptable; however, a value above 0.8 is preferable. The Cronbach's Alpha coefficient value for this research tool was 0.771 hence acceptable.

3.6 Data Collection Procedures

The researcher first obtained an introductory letter from the Dean Faculty of Commerce Nakuru Town Campus College (NTCC). After getting this letter the researcher requested for an appointment with a manager of each of the five supermarkets. The managers from the supermarkets filled the questionnaires meant for their supermarkets and gave a list of their strategic partners. Appointments for the administration of questionnaires to the supermarkets' strategic partners' management was sought via telephone before the questionnaires were emailed or dropped at the offices. The emailed questionnaires were returned in a week's time except for 3 which were not returned. Two of the hand delivered questionnaires, were reported missing hence were not accounted for. Secondary data was sourced from relevant firms mainly from published research and financial records. The questionnaire was used because of its convenience in its administration, scoring of items and analysis (Ary *et al.,* 1979).

3.7 Data Analysis

Descriptive statistics were used to analyze the collected data. Frequency and percentage were used to analyse the patterns of response comparing supermarkets and their alliances. A bivariate correlation between technological strategic alliances and performance was done to accomplish the first objective. In objective two, a bivariate correlation was done to check the effect of

production strategic alliances on performance of supermarkets and their alliances. The same process was conducted to check the effect of marketing strategic alliances on performance of supermarkets and their alliances. A more than 1.0 correlation coefficient indicated a positive effect while a less than 1.0 correlation coefficient indicated a negative effect.

In objective four, correlation and regression analysis were used to test the relationship between the independent variable (strategic alliances) and the dependent variable (performance). The analysis was done using Statistical Package for Social Sciences (SPSS) version 21 in order to determine whether the results indicated positive or negative relationships. Coefficient of determination value greater than 0.75 indicated a strong relationship between the variables whereas, those lower than 0.75 but greater than 0.25 indicated a moderate relationship between the variables. Coefficient of determination value below 0.25 indicated a weak relationship between the variables. Independent one-way ANOVA and independent two tailed t-test were used to determine the level of significance of the regression co-efficient. The regression model that was employed in the study can be specified as follows;

$$P_{i,\,t} = \alpha + \beta_1 TSA + \beta_2 PSA_{i,\,t} + \beta_3 MSA_{i,\,t} + \mu$$

$P_{i,\,t}$ represents Performance. It was measured by three attributes, Return on investment, annual increase in sales and market share for the firm i in year t.

$TSA_{i,\,t}$ represented Technological Strategic Alliances. It was measured by three attributes Innovation, training in new technology and funding research in new technology for firm i in year t.

$PSA_{i,\,t}$ represents Production Strategic Alliances. It was measured by seven (6) attributes: design, Job cuts, Purchasing power, capital investments, standards and quality for firm i in year t.

$MSA_{i,\,t}$ represents the Marketing Strategic Alliances. It was measured by three (3) attributes: promotion, distribution and selling for firm i in year t.

αY- intercept

B1-β3- represents the coefficient of the explanatory variables. It measured the proportion of variation in performance that was explained by strategic alliances.

μ Error term. It represented the effects of the independent variables that were omitted from the model.

3.8: Data Presentation

The analyzed data is presented in the form of tables and figures. According to Gill and Johnson (2010), tables and figures make it easier for a researcher to clearly capture the meaning of the data collected. In addition, they assist the readers to understand how the researcher arrives at a conclusion as well as the interpretations that are made in the study.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Gender of Respondents

Seventy five percent of the supermarkets respondents were men while 25 percent of them were female. Among the supermarket alliance partners, 75.8% were male and 24.2% were female as shown in table 4.1 below.

Table 4.1: Gender Status of Respondents

	Supermarkets		Supermarket Alliances	
	Frequency	**Percent**	**Frequency**	**Percent**
Male	3	75	72	75.8
Female	2	25	23	24.2
Total	5	100	95	100

Source: Research data (2014).

4:2: Period Worked in the Organization

Table 4.2 shows the distribution of period worked by respondents of the supermarkets and their alliances. As indicated in the table none of the supermarket respondents have worked for less than five years, 40% have worked for between 6-10 years, 40% have worked for between 11-15 years, and 20% for over 16 years. 17.9% of supermarket alliances respondents have worked for less than five years, 57.9% have worked for period between 6-10 years, 18.9% have worked for periods between 11-15 years and 5.3% have worked for the firms for over 16 years. 80% of the supermarket respondents had worked in their firms between 6-15 years. The majority of supermarket respondents at senior management level have knowledge of their firm's corporate strategies like strategic alliances. Chi – square tests were conducted to assess if there was any significant difference between supermarkets and their alliances with respect to period worked in the firms and the results were not significant at 95% confidence interval ($\chi 2 = 4.291$, p = .008) as represented in table 4.2.

Table 4.2: Period Worked in the Firm

	Supermarkets		Supermarket Alliances	
	Frequency	Percent	Frequency	Percent
Less than 5 years	0	0	17	17.9
Between 6 to 10 years	2	40	55	57.9
Between 11 to 15 years	2	40	18	18.9
Over 16 years	1	20	5	5.3
Total	5	100	95	100.0

($\chi2 = 4.291$, p = .008)

Source: Research data (2014).

4.3: Level of Education of Respondents

In Table 4.3 60% of the supermarket respondents have attained an education level of Master's degree, 40% have a Bachelor's degree. In the supermarket alliances, 12.6% have attained a Master's degree, 75.8% a Bachelor's degree, 10.5% secondary education and 1.1% have primary level of education. Chi – square tests were conducted to assess if there was any significant difference between supermarket and supermarket alliances respondents with respect to their education level and the results were significant at 95% confidence interval ($\chi2 = 9.949$, p = .041) as represented in Table 4.3. 100% of supermarket and 88.4% of supermarket strategic alliances respondents had at a Bachelor's degree and above. This means that the supermarket respondents were elite and more informed. These respondents have the ability to understand strategic alliances contracting. They also tend to understand the requirements of the alliances and how best they can benefit their firms. Riungu (2013) observed that higher education meant more information on potential sources of collaboration for investment and better management. Hassine (2008) focused on the agricultural sector and found strong evidence that the level of education affects agricultural productivity growth by increasing the capacity to adopt foreign technologies.

Table 4.3: Highest level of Education of Respondents

	Supermarkets		Supermarket alliances	
	Frequency	Percent	Frequency	Percent
Masters	3	60	12	12.6
Bachelors Degree	2	40	72	75.8
Secondary Level	0	0	10	10.5
Primary Level	0	0	1	1.1
Total	5	100	95	100.0

($\chi 2 = 9.949$, p = .041)

Source: Research data (2014).

4.4: Descriptive Statistics

4.4.1: Descriptive Statistics for Supermarket Variables

The table 4.4 shows the descriptive statistics of technological strategic alliance. The table shows that the mean for funding was 2.6, with a standard deviation of 1.34 and a variance of 1.80. The mean for innovation was 2.00, a 0.71 standard deviation and variance of 0.50. The last item on the scale was staff training in new technologies that had a mean of 2.60, a standard deviation of 1.14 and a 1.3 variance.

Table 4.4: Technological Strategic Alliance Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Funding	5	3.00	1.00	4.00	13.00	2.6000	.600	1.34164	1.800
Innovation	5	2.00	1.00	3.00	10.00	2.0000	.316	.70711	.500
Training	5	3.00	1.00	4.00	13.00	2.6000	.509	1.14018	1.300
Valid N (listwise)	5								

On table 4.5, the mean for new products was 3.00, a standard deviation of 1.41 and a variance of 2.00. The capital investment item had a mean of 3.00, a standard deviation of 0.71 and a variance of 0.5. Setting standards item had a mean of 1.8, a standard deviation of 084 and a variance of 0.70. Quality control had a mean of 2.0, a standard deviation of 1.41 and a variance of 2.00.

Cutting jobs had a mean of 2.00, a standard deviation of 1.00 and a variance of 1.00. Lastly boosting purchasing power had a mean of 3.00, a standard deviation of 1.41 and a variance of 2.00

Table 4.5: Production Strategic Alliance Variable Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Designs	5	3.00	1.00	4.00	15.00	3.0000	.632	1.41421	2.000
Capital	5	2.00	2.00	4.00	15.00	3.0000	.316	.70711	.500
Standards	5	2.00	1.00	3.00	9.00	1.8000	.374	.83666	.700
Quality	5	3.00	1.00	4.00	10.00	2.0000	.632	1.41421	2.000
Jobs	5	2.00	1.00	3.00	10.00	2.0000	.447	1.00000	1.000
Purchasing power	5	3.00	1.00	4.00	15.00	3.0000	.632	1.41421	2.000
Valid N (listwise)	5								

The mean for promotional strategic alliance was 1.2, with a standard deviation of 0.45 and a variance of .20. The selling alliances had a mean of 3.4, a standard deviation of 0.55 and a variance of 0.30. The last item of marketing strategic alliances was distribution as shown on table 4.7 and had a mean of 3.00 a standard deviation of 1 and a variance of 1.00.

Table 4.6: Marketing Strategic Alliances Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Promoting	5	1.00	1.00	2.00	6.00	1.2000	.200	.44721	.200
Selling	5	1.00	3.00	4.00	17.00	3.4000	.244	.54772	.300
Distribution	5	2.00	2.00	4.00	15.00	3.0000	.447	1.00000	1.000
Valid N (listwise)	5								

The performance measures used where return on assets, annual sale increase and firms market share. The ROA had a mean of 2.20, a standard deviation of 0.84 and a variance of 0.700. The sales increase had a mean of 2.20, a standard deviation of 0.45, and a variance of 0.20. The last item on the performance scale was market share which had a mean of 2.00, a standard deviation of 1.4 and a variance of 2.00.

Table 4.7: Supermarket Performance Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
ROA	5	2.00	1.00	3.00	11.00	2.2000	.374	.83666	.700
Sales Increase	5	1.00	2.00	3.00	11.00	2.2000	.200	.44721	.200
Market Share	5	3.00	1.00	4.00	10.00	2.0000	.632	1.41421	2.000
Valid N (listwise)	5								

4.4.2: Descriptive Statistics for Supermarket Alliances Variables Summary

The descriptive statistics for the supermarket alliances are presented in table 4.5. The technological strategic alliances mean was 2.1, a standard deviation of 0.65 and a variance of 0.42. The productions descriptive are a mean of 1.89, a standard deviation of 1.12 and a variance of 1.3. The mean for marketing alliances was 1.95, a standard deviation of 0.693 with a variance of 0.48. The performance mean was 1.49, standard deviation of 0.922 with a variance of 0.85.

Table 4.5 Descriptive statistics for supermarket alliances

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Technology	95	2.67	1.00	3.67	2.0807	.0660	.64818	.420
Production	95	3.83	.00	3.83	1.8947	.1154	1.12909	1.275
Marketing	95	2.00	1.00	3.00	1.9509	.0710	.69270	.480
Performance	95	4.33	.00	4.33	1.4864	.0935	.92213	.850
Valid N (listwise)	95							

4.5: Correlation Analysis

According to Table 4.6, the relationship between marketing strategic alliances and performance was positive. In addition, the relationship between the two variables was strong as evidenced by the high Pearson's value of 0.506. Furthermore, the two tailed significant value was 0.569 and this shows that there was no significant relationship between marketing strategic alliances and supermarket performance. This is because the significance value was higher than 0.05.These findings suggest that the presence of a higher number of strategic alliances can substantially increase a firm's performance. The Pearson's value of the relationship between Technology and performance was negative at 0.782. This indicates that there exists a strong negative relationship between the two variables. The significant value of 0.118 signifies that the relationship between the two variables was not statistically significant.

Table 4.6: Correlation Analysis

		Technology	Production	Marketing	Performance
		Correlations			
Technology	Pearson Correlation	1	.072	-.087	.101
	Sig. (2-tailed)		.475	.391	.317
	N	100	100	100	100
Production	Pearson Correlation	.072	1	.217[*]	-.107
	Sig. (2-tailed)	.475		.030	.287
	N	100	101	100	100
Marketing	Pearson Correlation	-.087	.217[*]	1	-.125
	Sig. (2-tailed)	.391	.030		.217
	N	100	100	100	100
Performance	Pearson Correlation	.101	-.107	-.125	1
	Sig. (2-tailed)	.317	.287	.217	
	Covariance	.044	-.039	-.107	.448
	N	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Research data (2014).

Table 4.6 indicates that the correlation coefficient between technological strategic alliances and performance was 0.101. The relationship between the two variables was weak. Furthermore the two tailed significant values of 0.317 shows that there was no significant relationship between technology strategic alliances and performance. This is because the significance value was higher than 0.05. Table 4.6 shows that the correlation coefficient value between marketing strategic alliances and performance was -0.125. The low correlation value points out that the relationship was weak and negative. The two tailed significant value was 0.217 which means that the two variables had statistically insignificant relationship. This implies that increasing the number of marketing strategic alliances may not affect a company's level of performance. The correlation coefficient value on the relationship between production and performance was -0.107. This signifies that there exists a negative weak relationship between the two variables. Besides, the two tailed significant value was 0.287. This implies that the relationship between production strategic alliances and performance was statistically insignificant. These findings suggest that the presence of a higher number of production strategic alliances can substantially

decrease a firm's performance since supermarkets would lose focus of their core function of selling.

4.6: Test of Hypothesis

$H_0$1: Technological strategic alliances do not have a significant effect on the performance of supermarkets in Kenya

The Pearson correlation coefficient (−.101) for the supermarkets indicates a positive correlation between Technological strategic alliances and performance. This is as indicated in Table 4.6. The relationship between technological strategic alliances (as measured by the funding, innovation and training) and supermarket performance (as measured by the ROA, market share and annual sales increase) was investigated using Pearson product-moment correlation coefficient. There was a weak, negative insignificant correlation between the two variables, $r = 0.101$, $n = 100$, $p > .05$, for the supermarkets while for supermarket alliances there was a weak, positive insignificant correlation between the two variables, r= 0.099, n=95, p>.05 with high levels of technology use being associated with more of manufacturing and distribution than the sale to customers hence lower performance of supermarkets. The study, therefore fails to reject the hypothesis that Technological strategic alliances do not have a significant effect on the performance of supermarkets in Kenya.

$H_0$2: Production strategic alliances do not have a significant effect on the performance of supermarkets in Kenya

Table 4.6 shows that the Pearson correlation coefficient (−.107) for the supermarkets indicates a negative correlation between production strategic alliances and performance. The relationship between production strategic alliances (as measured by design, jobs, quality, standards, purchasing and capital) and supermarket performance (as measured by the ROA, market share and annual sales increase) was investigated using Pearson product-moment correlation coefficient. There was a weak, negative insignificant correlation between the two variables, $r = -.107$, $n = 100$, $p > .05$, for the between production strategic alliances and performance. High levels of production alliances could be associated with more of manufacturing and distribution than the sale to customer's hence lower performance of supermarkets. The study therefore fails

to reject the hypothesis that, production strategic alliances do not have a significant effect on the performance of supermarkets in Kenya

H₀3: Marketing strategic alliances do not have a significant effect on the performance of supermarkets in Kenya

As indicated in Table 4.6, the Pearson correlation coefficient (-.125) for the supermarkets indicates a negative correlation between marketing strategic alliances and performance. The relationship between marketing strategic alliances (as measured by distribution, sales, and promotion) and supermarket performance (as measured by the ROA, market share and annual sales increase) was investigated using Pearson product-moment correlation coefficient. There was a weak, negative insignificant correlation between the two variables, $r = -.125$, $n = 100$, $p > .05$, for the supermarkets with high levels of marketing alliances being associated with higher performances for both supermarkets and their alliances. The study therefore fails to reject the null hypothesis that, marketing strategic alliances do not have a statistically significant effect on the performance of supermarkets in Kenya.

4.7: Regression Analysis

The table 4.7 shows how much of the variance in the dependent variable (performance) is explained by the model (which includes the variables of Technological, Production and Marketing strategic alliances). In this case, the value is .032, means that the model explains 3.2 per cent of the variance in supermarkets performance.

Table 4.7: Regression Analysis

				Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.179ᵃ	.032	.002	.66837	.032	1.060	3	96	.370

a. Predictors: (Constant), Technology, Production, Marketing
b. Dependent Variable: Performance

Source: Research data (2014).

H₀4: The combined effect of technological, production and marketing strategic alliances does not have a statistical significant effect on the performance of supermarkets in Kenya

H$_0$4: The combined effect of technological, production and marketing strategic alliances does not have a statistical significant effect on the performance of supermarkets in Kenya

The regression model indicated a coefficient(R) value of 0.179. This meant that there is a strong significant relationship between strategic alliance and supermarket performance (r=1). Table 4.7 also indicates that strategic alliance explains 3.2% of the differences in performance as shown by the coefficient of determination value (R^2) of 0.032. The significance value of 0.370 implies that strategic alliances cannot be used to reliably predict changes in performance of supermarkets. This study therefore fails to reject the hypothesis that strategic alliances do not have a significant effect on the performance of supermarkets in Kenya. This was because the regression analysis for the supermarkets indicated an insignificant relationship between the strategic alliances and performance.

4.8: Regression Coefficients

According to Table 4.8, technological strategic alliances made the largest unique contribution to the performance in the study of 0.100 but its significant value was 0.328 hence not statistically significant. Marketing strategic alliances contribution was 0.096 followed by production strategic alliance whose contribution to the model was 0.094. Both contributions were not statistically significant.

Table 4.8: Regression Coefficients

	Coefficients^a									
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
(Constant)	1.972	.366		5.386	.000	1.245	2.699			
Marketing	-.050	.054	-.096	-.924	.358	-.157	.057	-.125	-.094	-.09
Production	-.116	.127	-.094	-.909	.366	-.368	.137	-.107	-.092	-.09
Technology	.103	.105	.100	.983	.328	-.105	.311	.101	.100	.099

a. Dependent Variable: Performance variables
Source: Research data (2014).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1: Summary of the Results

The first objective of the study was to determine the effect of technological strategic alliances on the performance of supermarkets in Kenya. The relationship between technological strategic alliances (as measured by the funding, innovation and training) and supermarket performance (as measured by the ROA, market share and annual sales increase) was investigated using Pearson product-moment correlation coefficient. There was a weak, positive insignificant correlation between the two technological strategic alliances and performance of supermarkets, with high levels of technology use being associated with more of manufacturing and distribution than the sale to customer's hence lower performance of supermarkets. The study, therefore failed to reject the hypothesis that Technological strategic alliances do not have a significant effect on the performance of supermarkets in Kenya.

The second objective of the study was to establish the effect of production strategic alliances on the performance of supermarkets in Kenya. To achieve this, the relationship between production strategic alliances (as measured by design, jobs, quality, standards, purchasing and capital) and supermarket performance (as measured by the ROA, market share and annual sales increase) was investigated using Pearson product-moment correlation coefficient. There was a weak, negative insignificant correlation between the two variables among the supermarkets. These could be attributed to high levels of production use of alliances being associated with more of manufacturing and distribution than the sale to customers' hence lower performance of supermarkets. The study therefore fails to reject the hypothesis that, production strategic alliances do not have a significant effect on the performance of supermarkets in Kenya

Thirdly the study sought to determine the effect of marketing strategic alliances on the performance of supermarkets in Kenya. The relationship between marketing strategic alliances (as measured by distribution, sales, and promotion) and supermarket performance (as measured by the ROA, market share and annual sales increase) was investigated using Pearson product-moment correlation coefficient. The study found out that there was a weak, negative insignificant correlation between the two variables.

The fourth objective was to determine the effect of strategic alliances on the performance of supermarkets in Kenya. To achieve this regression analysis was carried out to establish the combined effect of technological, production and marketing strategic alliances on the performance of supermarkets in Kenya. The model summary showed that independent variables accounted for 3.2% of the variance in performance among the supermarkets. These results could mean that other factors largely contribute to the performance of supermarkets performance.

5.2: Conclusions

The objective of the study was to assess the effect of strategic alliances on organizational performance among the supermarkets in Kenya. The empirical results of the study indicated that there was a weak, positive correlation between technological strategic alliances and performance. This suggests that the technological strategic alliances have no significant impact on the levels of performance of supermarkets. This conclusion corroborates with the observations that mere integration of a firm in a technological strategic alliance does not produce a positive effect on its performance (Camison *et al*., 2007)

Correlation results indicated that there was a weak, negative impact between production strategic alliances and performance for the supermarkets while for supermarket alliances there was a weak, negative effect between the two variables. This suggests that an increase in the number of production strategic alliances causes supermarkets to lose focus from their core business leading to low performance. There was a weak, negative effect between marketing strategic alliances and performance for the supermarkets which suggests that supermarkets engagement in marketing strategic alliances decreases performance However, 2-tailed t-tests indicated that there was a statistically insignificant relationship between the variables.

The results from the multiple regression analysis indicated that strategic alliances had a weak relationship with supermarket performance which suggests that strategic alliances contribute minimally towards supermarkets' performance.

5.3.1 Recommendations for Practice

The conceptual framework used in this study provides an overview of how supermarkets alliances can be analyzed. It provides three areas of collaboration for supermarkets; before products get to the shelves (downstream production alliances), after products get to the shelves

(upstream marketing alliances) and facilitating collaborations (technological alliances). It is recommended that supermarkets management and alliances use this information as a basis for evaluating the sector they serve in order to improve their performance

Based on the results of this study, it is recommended that supermarkets seek to engage in more alliances either downstream, upstream or horizontally with the aim of positioning themselves to benefit from cheaper products and with ease, selling with less strain and at higher margin and protecting their sector respectively. This would lead to improved performance.

Firms need to network together to produce and market their produce. This will give them more links to supermarkets and opportunities for accessing the markets.

5.3.2: Recommendation for Further Research

This study employed a cross-sectional Correlation research design and a sample of five supermarkets and ninety five of their alliances. To increase the generalizability of the study Future studies should be conducted to determine the effect of strategic alliances on performance using larger samples and longer time periods.

The performance measure that was used included a mean of three measures, ROA, market share and sales increase. This had been adopted to cater for firms in alliance with supermarkets and the supermarkets. Other research could be done suing store performance measures that are specific to supermarkets on their own to find out the effect of such a measure on performance.

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APPENDICES

APPENDIX 1: Letter of Introduction

Dear Respondent,

RE: QUESTIONNAIRE

I am a student of Masters of Business Administration (MBA) at Egerton University. I am carrying out a research on effects of Strategic Alliances on the performance of Supermarkets and their alliances in Kenya.

You are kindly requested to respond honestly and objectively to all items in the questionnaire to the best of your knowledge. The information will be used for academic purposes only.

The information received from you will be treated with confidentiality and shall be used for the purpose intended only.

Thanking you in advance.

Yours Sincerely,

Matata Muthoka

APPENDIX 2: Authorization to Collect Data

EGERTON

NAKURU TOWN

Tel: (051) 215648/215798
Fax: (051) 62527
E-mail: ntc@egerton.ac.ke

UNIVERSITY

CAMPUS COLLEGE

P. O. Box 13357
Nakuru

OFFICE OF THE DEAN
FACULTY OF COMMERCE

27th May, 2014

TO WHOM IT MAY CONCERN

RE: RESEARCH UNDERTAKING – MATATA, MUTHOKA – CM11/00682/11

This is to certify that the above named person is a bona fide student of Egerton University undertaking Master in Business Administration (MBA) a programme offered at Nakuru Town Campus College. He has passed all the coursework examinations and the research proposal for the partial fulfilment of the requirement of the degree and now is proceeding to research whose title is *"Effects of Strategic Alliances on Organizational Performance of Supermarkets and their Alliances in Kenya".*

The purpose of this letter is to request you to allow him to collect data from your organization.

Any assistance accorded to him will be highly appreciated.

Mr. W. Oluoch
Ag. DEAN, FACULTY OF COMMERCE
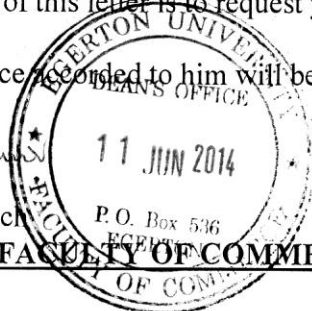
PAC/man

Transforming Lives Through Quality Education
Egerton University is ISO 9001: 2008 Certified

APPENDIX 3: Questionnaire

Supermarket/Firm name…………………………………………………..

Section A: General Information

1. Kindly indicate your gender

A. Male   [   ]   B. Female   [   ]

2. Please indicate for how long you have worked with this supermarket/firm.

A. Less than 5 years [   ]   B. 6 to 10 years   [   ]

   C. 11 to 15 years   [   ]   D. Over 16 years   [   ]

3. Kindly indicate your highest level of education (qualification).

   A. Masters [   ]   B. Bachelors Degree   [   ]

   C. Secondary level [   ]   D. Primary level [   ]

Section B: Technological Strategic Alliances

The following statements are concerned with the technological strategic alliances that supermarkets in Kenya forge. Please indicate the degree of agreement you attach to each of the following statements. Put a tick (√) mark in the appropriate space, which you think best expresses the correct opinion.

	Statements How would you rate the following;	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	Our firm has entered into alliances with other firms with the aim of funding research and development of new technology	1	2	3	4
2.	Our firm has entered into alliances with more firms for technological innovation	1	2	3	4
3.	Our firm has entered into alliances so as to have staff training in new technologies	1	2	3	4

Section C: Production Strategic Alliances

The following statements are concerned with production based Strategic Alliances by Supermarkets in Kenya. Please indicate the degree of agreement you attach to each of the

following statements. Put a tick (√) mark in the appropriate space, which you think best expresses your opinion.

	Statements How would you rate the following;	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	We have forged alliances with manufacturers in researching and developing new product designs	1	2	3	4
2.	We have jointly funded capital investment in production of goods and services with other firms	1	2	3	4
3.	We forged strategic alliances with other firms in order to set standards in the industry	1	2	3	4
4.	Quality control made us form alliances with producers and government departments	1	2	3	4
5.	We have entered into strategic alliances with producers in order to cut jobs and hence the wage bill for our firm.	1	2	3	4
6.	We entered into strategic alliances with other firms in order to boost our purchasing power	1	2	3	4

Section D: Marketing Strategic Alliances

The following statements are concerned with production based Strategic Alliances by Supermarkets in Kenya. Please indicate the degree of agreement you attach to each of the following statements. Put a tick (√) mark in the appropriate space, which you think best expresses your opinion.

	Statements How would you rate the following;	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	We have partnered with our suppliers and other firms for the sake of promoting our goods and services	1	2	3	4
2.	We have entered into strategic alliances with	1	2	3	4

		Strongly Agree	Agree	Disagree	Strongly Disagree
	other firms for the sake of selling our products				
3.	We have entered into strategic alliances for the sake of distribution of our products.	1	2	3	4

Section E: Strategic Alliances Management

The following statements are concerned with management of strategic alliances by firms. Please indicate the degree of agreement you attach to each of the following statements. Put a tick (√) mark in the appropriate space, which you think best expresses your opinion.

	Statements How would you rate the following;	Strongly Agree	Agree	Disagree	Strongly Disagree
1.	Firms must specify the key resources set for the alliances for ease of management of the alliance	1	2	3	4
2.	Clear set results for the alliance are vital for coordination of joint activities of the alliance effectively.	1	2	3	4
3.	Responsibility sharing is key to effective management of the alliance	1	2	3	4
4.	Coordination of all resources, activities and tasks of the alliance is key to management of the alliance	1	2	3	4
5.	Management needs to create new assets and capabilities for the alliance	1	2	3	4
6.	Knowledge sharing is key to effective the management of the alliance	1	2	3	4

Section F: Measures of organizational performance

The following statements are concerned with the financial performance of your firm. Indicate the ratio, if known to you, or provide the researcher with your organizations latest financial statement. Information will be treated with utmost confidentiality.

	Measure of performance	Amount (percentage)
1.	Return on assets (ROA)	
2.	Sales	
3.	Market share	

APPENDIX 4: List of Supermarkets in Kenya

	Supermarket	Location	No. of Branches
1.	A One Supermarket Ltd	Digo Rd	1
2.	Acacia Supermarket Ltd	Factory St	1
3.	Aflose Supermarket Ltd	Nairobi	1
4.	Alfatah Supermarket	Mombasa	1
5.	Al-hilal Supermarket & Bakery	Mombasa	1
6.	Alves Distributors	Nairobi	1
7.	Amana Eastleigh Supermarket	Nairobi	1
8.	Antraca Supermarket	Kikuyu	1
9.	Anvi Emporium Ltd	Ang"awa Ave	2
10.	Arassan Mini Market	Mombasa	1
11.	Asin's Supermarket	Mombasa	1
12.	Bacchus Grocers Ltd	Mombasa	1
13.	Bafagih Supermarket	Mombasa	1
14.	Banshi Supermarket	Nairobi	1
15.	Basabra Supermarket	Wajir	1
16.	Basma Plaza	Mombasa	1
17.	Bei Poa Supermarket	Waiyaki Way	1
18.	Benjon Supermarket	Mombasa	1
19.	Betccam Savers Supermarket	Kahawa West	1
20.	Binka Supermarket	Nairobi	1
21.	Budget Stores Ltd	Mombasa	1
22.	Chandarana Supermarkets Ltd	Nairobi	8
23.	Cheap & Best Supermarket	Garisa	1
24.	City Mattresses Ltd	Nairobi	1
25.	Cleanshelf Supermarket	Rongai	4
26.	Daily Basket	Ruaka	1
27.	Defence Forces Canteen Organization	Nairobi	10
28.	Dharuvika Supermarket	Bugoma	1
29.	Diani One Stop Supermarket	Mombasa	2

30.	Duka Moja Supermarket	Donyo Sabuk	1
31.	Eagles Supermarket	Mumias	1
32.	Eastleigh Mattresses Ltd	Eastleigh	3
33.	Eastmatt Supermarket	Nairobi	3
34.	Easy Mart Supermarket Ltd	Enterprise Rd	1
35.	Ebrahim & Co Ltd	Nairobi	1
36.	Eldo Supermarket Ltd	Eldoret	1
37.	Eldomat Supermarket Ltd	Eldoret	1
38.	Eldoret Matresses Ltd	Eldoret	2
39.	Eldoret Supermarket Ltd	Ainabkoi	2
40.	Elma Supermarkets	Karuri	1
41.	Esajo Supermarket	Nairobi	1
42.	Fair Mart Supermarket	Karuri	2
43.	Fair Price Supermarket	Nairobi	1
44.	Fairdeal Shop & Save Ltd	Parklands	1
45.	Fairlane Supermarkets Ltd	Mombasa	1
46.	Fhan-Se-Pujab	Mombasa	1
47.	Fomat Super Store Ltd	Kakamenga	1
48.	Foodies Supermarket	City Square	1
49.	Fourty Six Supermarket	Nairobi	1
50.	Galmart Supermarket	Juja Road	1
51.	Gilani's Supermarket Ltd	Nakuru	1
52.	Happy Valley Supermarket Ltd	Kahawa sukari	1
53.	Home Choice Supermarket Ltd	Village market	1
54.	Home Depo Supermarket	Thika	1
55.	Homecare Enterprises Ltd	Eastleigh	2
56.	Homechoice Supermarket	Nairobi	1
57.	Horizon Ivato Supermarket	Ngong Road	1
58.	Imani Supermarket	Nakuru	1
59.	Isiolo Nyika Supermarket	Chuka town	1

60.	Jack & Jill Extravaganza Ltd	Nairobi	1
61.	Jack & Jill Supermarket Ltd	Nairobi	1
62.	Jaharis Supermarket	Nairobi	1
63.	Jai Hari Suparmarket	Voi	1
64.	Jamasta Supermarket Ltd	Gaitu	2
65.	Jamii Shop	Uthiru- Nairobi	1
66.	Janamu Supermarket	Nairobi	1
67.	Jatomy Enterprises Ltd	Embu	2
68.	Jeniko Stores	Meru	1
69.	Jeska Supermarket Ltd	Kangudo road	1
70.	Jey - Pee's Supermarket	Karuri	1
71.	Jivlik Supermarket	Kakamega	1
72.	Jokies Super Market	Naivasha	1
73.	Jopampa Provision Store	Nairobi	1
74.	Jossics Suprmarket	Nairobi	1
75.	K & A Self Selection Store Ltd	Nairobi	1
76.	K F I Supermarket	Mombasa	1
77.	Kaaga Mini Market Ltd	Nairobi	1
78.	Kalumos Trading Co Ltd	Nairobi	1
79.	Kamindi Supermarkets	Kiambu	1
80.	Karia Supermarket	Nairobi	1
81.	Kassmatt Supermarket	Eastliegh	1
82.	Kasturi Supermarket Ltd	Nairobi	1
83.	Kawangware Royal Supermarket	Nairobi	1
84.	Keben Supermarket	Baraton	1
85.	Kefel Retail Stores	Nairobi	1
86.	Kefra Supermarket	Nairobi	1
87.	Kemps Corner Ltd	Nakuru	1
88.	Kenshop Supermarket Ltd	Kisumu	1
89.	Kibao Supermarket	Nairobi	1

90.	Kikuyu Selfridges Supermarket	Kikuyu	2
91.	Kisii Matt Ltd	Kisii	1
92.	Kutata Supermarkets	Machakos	1
93.	Kware Matt Ltd	Nairobi	1
94.	Leens Supermarket	Thika	1
95.	Leestar Supermarket	Eastliegh	1
96.	Limumatt Supermarket	Limuru	1
97.	Long Beach Enterprises	Malindi	1
98.	Lumumba Drive Supermarket	City square	1
99.	Maathai Supermarket	Nyeri and Thika	5
100.	Maguna - Andu Supermarket	Embu , kergoya and muranga	3
101.	Mama Lucy's Mini Market	Watamu	1
102.	Mama Watoto Supermarket	Kakamenga	1
103.	Mara Self Service	Narok	1
104.	Mara Supermarket Ltd	Narok	1
105.	Marketways Ltd	Nairobi	1
106.	Mesora Supermarket Ltd	Nairobi	1
107.	Metro Cash & Carry (K) Ltd	Nairobi	2
108.	Midas Supermarket Ltd	Nairobi	1
109.	Mjengo Supermarket	Nairobi	1
110.	Mulei supermarkets	Mlolongo, Machakos	4
111.	Mumtaz Supermarket	Mombasa	1
112.	Mzalendo Supermarket	Mombasa	1
113.	Nafuu Supermarket	Machakos	2
114.	Naivas Supermarket Ltd	Many towns	31
115.	Naivasha Mattresses Ltd	Naivasha	1
116.	Najjan Shop 2	Mombasa	1
117.	Nakumatt Holdings Ltd	Many towns	34
118.	Nan Matt Supermarket	Nanyuki	1
119.	New Generation Stores	Voi, chumvi	2

120.	New Nyanza Supermarket	Bugoma	1
121.	New Westlands Stores Ltd	Nairobi- westlands	1
122.	Newmatt Ltd	Mombasa	1
123.	Ngong Provision Stores Ltd	Ngong Hills	1
124.	Ngooni Supermarkets	Makueni	1
125.	Panje Supermarket	Parklands –Nairobi	1
126.	Parklands Price Rite Ltd	Nairobi	1
127.	Paul F	Nairobi	1
128.	Plutos Holdings Ltd	Nakuru	2
129.	Powerstar Supermarket	Ruiru	1
130.	Quickmart Supermarket	Nakuru, Ruai	2
131.	R B Shah (K) Ltd (Supermarket)	Chemiron, kitale	2
132.	R K Supermarket	Voi	1
133.	Raiya Supermarket Ltd	Kisumu	1
134.	Ramesh Shah Supermarket	Webuye	1
135.	Rivanas Holdings Ltd	Nakuru	1
136.	Safeway Hypermarkets Ltd	Buruburu Nairobi	1
137.	Sales Fair Traders	Nairobi	1
138.	Saltes Ltd	Buruburu Nairobi	1
139.	Samrat Supermarket	Nyeri	1
140.	Seraben Supermarket	Nairobi	1
141.	Setlight Supermarket Ltd	Nairobi	1
142.	Settlers Store Ltd	Nanyuki	1
143.	Shaan Enterprises	Kilfi	1
144.	Shamash Self Services Store	Mombasa	1
145.	Shan-E-Punjab Supermarket	Ukunda	2
146.	Shariff's Supermarket	Bugoma	1
147.	Shivling Supermarket	Kisii	1
148.	Skylac Enterprises	Nakuru	1
149.	Skymart	Nairobi	1

150.	Slopes Supermarket	Nairobi	1
151.	Stage Mattresses Ltd	Nakuru	3
152.	Stagen Enterprises Ltd	Nairobi	1
153.	Stop & Shop Supermarket	Nairobi	1
154.	Suam Supermarket Ltd	Kitale	1
155.	Sundus Supermarket	Eastleigh	1
156.	Tesco Corporation Ltd	Nairobi	1
157.	Tesia Supermarket	Busia	1
158.	Thika Teachers College supermarket	Thika	1
159.	Thika Tex Supermarket	Thika	1
160.	Trans-Mattresses Ltd	Kitale	3
161.	Tumaini Self Selection Kiserian	Kiserian, viwandani	2
162.	Tumaini Supermarket	Viwandani	3
163.	Tusker Mattresses Ltd	Many towns	50
164.	Uchumi Holdings Ltd	Many towns	28
165.	Uchuzi Supermarket	Eldama Ravine	1
166.	Ukwala Supermarket Ltd	Nakuru, Eldoret, Nairobi	14
167.	Uthiru Fair Price Supermarket	Uthiru-Nairobi	1
168.	Venture Mini Supermarket	Thika	1
169.	Waiyaki Way Supermarket	Kagemi –Nairobi	1
170.	Watamu Supermarket	Watamu	1
171.	Wateule Supermarket	Nairobi	1
172.	Woolmart Ltd	Many towns	3
173.	Yako Supermarket Ltd	Bugoma, Kakamega	2
174.	Yatin Ltd (Supermarket)	Kisumu	3
175.	Yogi Supermarket	Nakuru	1

Source :

http://www.yellowpageskenya.com/search/?business=Supermarkets&locality=&category=Supermarkets&sorta=&start=279&page=10

APPENDIX 5: Supermarkets Alliances

UKWALA SUPERMARKET ALLINACES

1. Abdalla Ahmed & Co
2. All Variety Wholesalers
3. Alpha Fine Foods Ltd -Head office
4. Amritlal S Shah Wholesalers
5. Amrutt Kenya Ltd
6. Anjaka Agencies
7. Aran Tawakal Wholesalers
8. Babushah Wholesalers
9. Bansi Wholesalers Ltd
10. Bin Athman House Hold Store
11. Branded Fine Foods Ltd
12. Deluxe Fruits Ltd
13. Ezzi Traders Ltd
14. Flamco Ltd
15. G H Tanna & Sons Ltd
16. G K Karia & Co Ltd
17. Gachanja Muhoro & Sons Ltd
18. Gachanja Muhoro & Sons Ltd
19. Global United Ltd
20. H M Khiroya & Co
21. Harsh Distributors Ltd
22. Hotel & Lodges Supplies Ltd
23. Hy-Q Enterprises Ltd
24. Ilsan Wholesalers
25. Jagirdar
26. Jaykay Enterprises Ltd
27. Jual Wholesalers Ltd
28. Jubilee Jumbo Hardware Ltd
29. Kamba Wholesalers & Distributors
30. Karen Provision Stores
31. Kem Stores Ltd
32. Kenbuza Enterprises Ltd
33. Kendeep Agencies Ltd
34. Kenson Co Ltd
35. Kento Wholesalers & Suppliers Ltd
36. Kenya Boom Traders
37. Manu Consumer Products Ltd
38. Matunda Stores
39. Meru Emporium
40. Nafzaah Enterprises Ltd
41. Ndurumo Hardware (K) Ltd
42. Nyanza Enterprises Ltd
43. Prestige Palace Ltd
44. Ravs Fashions Ltd
45. Riziki Sales
46. Saigul Distributors Ltd
47. Shabros Wholesalers Ltd
48. Silent Valley Creameries
49. Sungura Mattresses Enterprises
50. Swami Hardware Ltd
51. Tamata Suppliers Limited
52. Telstar Agencies
53. Vishal Kenya Ltd
54. Wameer Wholesalers & Distributors
55. Y H Wholesalers

NAIVAS SUPERMARKET ALLIANCES

1. A J Pereira & Sons Ltd
2. A M Yusuf Wholesalers
3. A One Wholesale & Retail
4. Abdul Enterprises Ltd
5. Abdulkadir Wholesaler
6. Abosi Traders Ltd
7. Adarsh Trading
8. Agape Wholesalers
9. Ali's Wholesalers Ltd
10. Arura Wholesalers Ltd
11. Arura Wholesalers Ltd
12. Arusha Ndogo Wholesalers Ltd
13. Arzi Shop
14. Arzi Shop
15. Ashok P
16. Avadh Wholesalers
17. Azad Service Store
18. Bachulal Vithaldas & Sons Ltd
19. Bakul Enterprises
20. Bansi Wholesalers Ltd
21. Baraka Wholesalers
22. Barani Wholesaler
23. Batian Variety Shop
24. Baziq Ltd
25. Beni Wholesalers
26. Bhavniks Ltd
27. Biashara Emporium
28. Bibato Wholesalers
29. Bijtex
30. Bin Athman House Hold Store

31. Bina Wholesalers Ltd
32. Bomas Trading Ltd
33. Bondeni Wholesalers
34. Bondeni Wholesalers
35. Boston Wholesalers
36. Brad Enterprises Ltd
37. Brisk Wholesalers
38. Brother Stores
39. Bungala Wholesalers Ltd
40. Buttex Enterprises
41. City Smarts Kenya Ltd
42. Gakando Stores Ltd
43. Gallop Services Ltd
44. Garissa Enterprises
45. Garissa Enterprises
46. Gateke General Stores
47. Gathima Store
48. Gathuri Wholesalers
49. Gemkay Wholesalers
50. Gikomba Industries
51. Goldmart Self Service Store
52. Good Day Enterprises Ltd
53. Gorvas
54. Gosrani Premchand Ltd
55. H R Ganijee & Sons
56. Haji Issa Adam & Sons
57. Halar Ltd
58. Hamesh Enterprises Co
59. Handloom Wholesalers
60. Handloom Wholesalers

61. Hasbah Distributor

62. Highbound Discounters

63. Homage Service Store

64.

NAKUMATT SUPERMARKET ALLIANCES

1. Alliance Enterprises
2. Alphaco Suppliers
3. Al-Safi Wholesalers Trading Co Ltd
4. Amalo Co Ltd
5. Amar Fabrics Ltd
6. Amar Store
7. Amdhir's Stores
8. Arem Wholesalers
9. Arihat Wholesalers Ltd
10. Arjan Valji & Sons
65. Dodhia Stores (Wholesale) Ltd
66. F K Mutinda & Sons Wholesalers
67. Free Area Wholesalers & Retail
11. G M Sons InvestmentsJivraj Bhimji
     Co Ltd
12. Rama Enterprises
13. Rapid Wholesalers
14. Ray Stores Ltd
15. Rays Place
16. Richie Rich Ltd
17. Rift Products Ltd
18. Rocham Enterprises
19. Romeo Enterprises Ltd
20. Roop's Ltd
21. Rose Enterprises
22. Rumit Stores Ltd
23. Rurken General Store
24. Rweru General Agencies (2002) Ltd
25. Ryman Wholesalers
26. S P Visram
27. Saaj Limited Wholesalers
28. Sagal Wholesalers & Store
29. Sagana Wholesalers
30. Sahajanand Enterprises
31. Sahem Bin Abeid & Co
32. Sanyara General Store
33. Savco Stores
34. Segani Wholesalers
35. Sengani Wholesalers
36. Shabbir Mohamed Ali & Bros
37. Shadhan Agency
38. Shah Fulchand Ranmal & Sons
39. Shah Mathod Dharahi & Co
40. Shah Wholesalers Ltd
41. Shanal Enterprises
42. Sharma Enterprises
43. Shethia Wholesalers
44. Shinal Enterprises
45. Shirikisho General Stores
46. Sojpar Gosar & Co
47. Sosiani Garments Store
48. Spekes Grocers
49. Spekes Wholesalers
50. Stan Wholesalers

51. Star Wholesalers
52. Subha Wholesalers
53. Suna Supermart
54. Sunrise Commodities
55. Surat Services Stores
56. Swastick Wholesalers
57. Tamkal Wholesalers
58. Tawakal Wholesalers Ltd
59. Tayabali Nanabhai & Sons
60. Thika Footwear Wholesalers Ltd
61. Timau Stores
62. Tononoka Enterprises
63. Twiga General Agencies
64. Twiga Wholesalers
65. Ukwala Supplies Ltd
66. Umoja Fancy Wear
67. V Sal Wholesalers
68. Vadera Wholesalers
69. Valji Nanji Wholesalers
70. Vintage Wholesalers
71. Virani(Kenya) Limited
72. Wa Mariru Traders
73. Warunyora Wholesalers
74. Watko Company Ltd
75. Wazo Stores
76. Wedco Wholesalers Ltd
77. Wedeo Wholesalers Ltd
78. Westwear Centre
79. Yogi Distributors
80. Yussuf Wholesalers
81. Yusuf Wholesalers
82. Zasha Stores (K) Ltd
83. Zein Wholesalers

TUSKYS SUPERMARKETS ALLIANCES

1. Arura Wholesalers Ltd
2. Arura Wholesalers Ltd
3. Arusha Ndogo Wholesalers Ltd
4. Arzi Shop
5. Arzi Shop
6. Ashok P
7. Avadh Wholesalers
8. Azad Service Store
9. Bachulal Vithaldas & Sons Ltd
10. Bakul Enterprises
11. Bansi Wholesalers Ltd
12. Baraka Wholesalers
13. Barani Wholesaler
14. Batian Variety ShopK D Wholesalers Ltd
15. Kandhari Brothers Ltd
16. Kanji Shamat & Sons
17. Kareka General Traders Ltd
18. Karibu Emporium
19. Kauka Wholesalers
20. Kavenco Enterprises
21. Kefa General Merchants
22. Kefinco
23. Kenatra Agencies
24. Kencity Wholesalers
25. Kendakra

26. Kenpakra
27. Kilungu General Store
28. King'eero Wholesalers
29. Kio General Stores
30. Kirinyaga Central Wholesalers
31. Kirutho Store
32. Kivuvo Traders
33. Korir Enterprise
34. Kosirai Wholesalers
35. Kotecha
36. Kothary Wholesalers Ltd
37. Kranti Enterprises Ltd
38. Kwa Munyanyawa General Store Ltd
39. Kwin Investments Ltd
40. Lake Garments Ltd
41. Liladhar Vardhaman & Son
42. Lotus Enterprises
43. M J Salah Wholesaler
44. Mademo Enterprises
45. Mahavir Wholesalers
46. Mahiga Service Store
47. Maili Ishirini Traders Co Ltd
48. Malde Stores
49. Mambo Wholesalers
50. Manje Traders
51. Maragi General Stores
52. Marete Wholesalers
53. Maru Wholesalers Ltd
54. Masai Stores Ltd
55. Masters Central Stores
56. Mawanj Wholesalers

57. Maxwell Traders
58. Mbole Stores
59. Mega Best Enterprise
60. Mega Wholesalers Ltd
61. Menengai Wholesalers Ltd
62. Micky Wholesalers
63. Mietunga Wholesalers
64. Milkant Traders Ltd
65. Milvak Traders
66. Minal's
67. Moserah Wholesale & Retail
68. Mtawa Traders
69. Mugoiri Investment Co Ltd
70. Muguahari & Co Ltd
71. Mulchand Ramji & Sons
72. Mulchand Ravmal
73. Murang'a Superstores
74. Muranga Wholesalers Ltd
75. Musa Wholesalers
76. Mwamu Wholesalers
77. Myzo Co
78. N K Pandya Wholesalers
79. Naita Wholesale
80. Naivasha Tobacco Wholesalers
81. Najma Trading Stores
82. Nakuru Textiles
83. Namsow Enterprises
84. Ndege Wholesalers Ltd
85. Nemchand Vaghji Gudka & Sons
86. New Bungoma General Store
87. New Day Ltd

88. New Kibutha Store

89. New Thimbigua Provision Stores

90. Ngegeways Enterprises

91. Nikunj Wholesalers Ltd

92. Nipon Agencies Ltd

93. Niraj Wholesalers Ltd

94. Nitin Wholesalers Ltd

95. Nkubu Young Traders

96. Nyacega Enterprises

97. Nyanza Retail & Wholesale Traders

98. Nyeri General Services

UCHUMI SUPERMARKET ALLIANCES

1. Honest Enterprises Ltd

2. Illum Ltd

3. Illum LtdPhone

4. K V Amlani & Sons

5. Kericho Wholesalers Ltd

6. Khimasia Wholesalers

7. Kimilili Wholesalers Ltd

8. Kiran M Shah & Co

9. Kutus Wholesalers Ltd

10. Kuweka Trading Ltd

11. Lakhani General Suppliers

12. Laxmi Wholesalers

13. M V Halai Ltd

14. Mahitaji Enterprises Ltd

15. Mathai Supermarket

16. Meghji & Co

17. Moti Wholesalers

18. Mustaqeem Traders

19. Mutai Enterprises Ltd

20. Ndalani Wholesalers Ltd

21. New E A Trading Co, The

22. New Nyanza Wholesalers Ltd

23. New Salama Wholesalers

24. Nyanza Trading Co Ltd

25. Nyeri Wholesalers

26. Oka General Wholesale & Retailers

27. Oshwal Hardwares & General Traders

28. P D Dodhia & Sons

29. P R Patel

30. Paras Enterprises Ltd

31. Parit Enterprises (Kisumu) Ltd

32. Parrak Wholesalers Ltd

33. Pattani Traders

34. Peni Moja Discount Centre

35. Peter N Mulei & Sons Wholesalers

36. Pick & Pay Wholesalers Ltd

37. Plaza Suppliers Ltd

38. Pooja General Stores

39. Prabhaki Traders Ltd

40. Prabhaki Wholesalers Ltd

41. Premchand Depar & Co

42. Premchand Mepa & Co

43. Print Wholesalers Ltd

44. Prit General Stores

45. Raha Wholesalers

46. Salama Clothing Manufacturers

47. Salama Stores

48. Scooby Enterprises Ltd

49. Shah Hirji Manek Ltd

50. Shah Vershi Rajpar & Co Ltd

51. Sigona Wholesalers & Co Ltd

52. Simran Ltd

53. Taita Traders Ltd

54. Tebere Provision Store Ltd

55. Tujenge (K) Traders

56. Ukwala Bargains Ltd

57. Uzi Traders

58. V P P Shah Distributors

59. Vipee's

60. Warfa General Store