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Organisational Performance as Outcome of Strategic Partnerships in the Context of Selected Quickmart Supermarkets in Nairobi City County, Kenya

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Abstract

Quickmart supermarket as part of the retail sector is still fragmented with 53 stores across the country that has many opportunities of few competing stores and untapped market in a Kenyan population of above 53 million. Quickmart extended its outlets in Uganda and Rwanda and has its shares listed in Uganda and Rwanda Stock Exchange, yet it has not adequately secured the high demand of products and services in the sector. This study explored the effects of strategic partnerships as an aspect of strategic objectives on the performance of Quickmart Supermarket in Nairobi City County, Kenya. The study employed a descriptive research design to target a population size of 588 respondents in six Quickmart supermarkets in the region. The sample size was 258 participants. Primary and secondary data was collected using questionnaires and secondary sources respectively. Data was utilized for analysis by employing descriptive and inferential statistics. Findings indicate a significant positive relationship between strategic partnerships and the organizational performance of Quickmart supermarkets in Nairobi City County. Business partnerships are found to drive market expansion and innovation. The study concludes that a multifaceted strategic approach significantly boosts Quickmart supermarket's performance highlighting the importance of continuous improvement and adaptation in a competitive retail environment.

Keywords: *Strategic partnerships, strategic objectives organisational performance*

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1. Introduction

A firm's performance is entirely a question of its strategic management practices and objectives that it adopts to survive or dominate the business environment. Modern retail is still very fragmented and spearheaded by a few hypermarkets such as Naivas Supermarket and Carrefour with 84 and 10 stores respectively in a Kenyan population of above 53 million. Buyer spending has risen by 67 percent in Kenya considering the retail sector, depicting the country as the quickest-developing market in African region (Gatutha & Namusonge, 2020). Quickmart supermarkets in various counties in Kenya are undergoing a revolution steered by new foreign entrants, competition and development of the middle-class economy, and technological advancements, among other factors (Slack et al., 2020). This follows the Supermarket registered losses between 2020 and 2021 following many supply chain disruptions that rose from 28 percent in 2020 to 41 percent in 2021. The supermarket may not survive by sticking to the traditional trends and is obliged to form new ways of doing business, sometimes preferring collaboration instead of competition (Tijan, Osagie, & Afolabi, 2021). The failure of Shoprite and Choppies due to insolvency and failure to make profits has seen more chances for Quickmart supermarket that it needs to seize.

Kenya's retail sector grew by 8.7 percent in 2022, which demonstrates a slight increase in growth compared to 2021 (Kigwiru, 2022). The value added by the retail sector to the nation's GDP was 7.5%. However, the general market penetration by retailers (which Quickmart supermarket is part of) in Kenya is moderately low at about 30 percent, in comparison to nations such as South Africa at 60 percent (Kigwiru, 2022). The customer base has expanded consistently, making the retailers witness rapid growth in their aggressiveness in meeting the market demands. Quickmart Supermarket controls high and low-profit margins with the untapped market, hence the need for strategic objectives to improve its performance in seizing this market.

Several scholars have explored various elements of strategic management in supermarkets with regard to their operations and performance. For instance, Arasa and Achuora (2020) investigated strategic inventory management practices among supermarkets in Nairobi, Kenya, whereas Kanano and Wanjira (2021) studied strategic management practices among supermarkets in Nakuru City, Kenya, both presenting conceptual and contextual gaps, respectively. A theoretical gap was determined in Diba and Omwenga's (2019) survey that examined the effect of strategic orientation on retail supermarkets. Mwai, Ntale, and Ngui (2018) conducted a case study of Nairobi's supermarkets and how entrepreneurial orientation influences the performances of family-owned entities, which revealed empirical and geographical gaps. All these studies displayed varied elements of supermarkets and strategic management practices. Still, none concentrated on strategic objectives that supermarkets could adopt in Nairobi city county and pursued these to ensure heightened performance. Therefore, this is the gap that the researcher endeavors to bridge.

2. Literature Review

2.1 Theoretical review

Freeman first proposed stakeholder theory in 1984. He recognized that this model was explained by several individuals interested in or influencing an organization's operations and performance and referred to them as an entity's stakeholders (Freeman *et al*., 2010). Langrafe *et al*. (2020) explain the advantages achieved when entities embrace the tenets of stakeholder theory as they can constitute a robust link with stakeholders. Barney and Harrison (2020) emphasize that increased performance can be realized by ensuring stronger stakeholder interactions emanating from faith, hope, bond, and innovation, culminating in competitiveness.

Organizations now use techniques like stakeholder analysis to better understand stakeholder interests, power, and relationships. This allows for targeted engagement strategies, which is an advancement to stakeholder theory. Modern stakeholder theory also considers principles of sustainability and corporate social responsibility. Businesses recognize that addressing stakeholders' environmental and social concerns is not only ethical but can also lead to long-term success (Samsudin & Ismail, 2019). Stakeholder theory has influenced the rise of socially responsible investing and environmental, social, and governance investing. As such, investors presently consider a company's impact on various stakeholders when making investment decisions. On the other hand, Assensoh-Kodua (2019) criticizes stakeholder theory for lacking clear guidelines on how to prioritize conflicting stakeholder interests, complicating the organization's ability to make consistent decisions. Freeman, Dmytriyey, and Phillips (2020) also argue that the theory is not favourable as balancing the interests of stakeholders may lead to challenges in allocating resources efficiently, potentially affecting overall performance and profitability.

All entities have stakeholders with specific functions in terms of their influence, making the theory significant in contextualizing business partnerships and individual contributions to the organization (Didonet, Fearne, & Simmons, 2020). Consequently, stakeholders need to be recognized and addressed for their contributions or threats to the organization and its performance. Also, every stakeholder has a unique significance and impact on the organizational processes and activities. Stakeholder planning is critical to recognizing each stakeholder's uniqueness and harmonizing their contributions in order of priority (Barney & Harrison, 2020). The objective of business partnerships is addressed by this theory as the significance of each stakeholder is sought to enable the organization to achieve. Through the theory, managers can organize through stakeholder mapping every entity with a stake and optimize their influence and intentions to profit the concerned organization.

2.2 Empirical Review

Mwangi and Ragui (2021) investigated the impact of supplier collaboration on the performance of retail stores in Nairobi City County, Kenya, particularly focusing on the role of suppliers in the supply chain relationship with supermarkets. The study adopts transaction cost theory to understand the dynamics between suppliers and retail supermarkets. Employing a cross-sectional descriptive survey, the authors targeted 32 retail stores in Nairobi city county and collected data from 160 staff members working in these stores. The findings reveal a significant and positive correlation between supplier collaboration and the performance of retail supermarkets in Nairobi city county. Through regression analysis, the authors demonstrate that supplier collaboration has a beneficial impact on supermarket performance. This evidence underscores the importance of fostering strong business partnerships within the supply chain to enhance overall performance. However, there is a methodological gap in the study stemming from the use of a cross-sectional descriptive survey, which may be susceptible to errors and subjectivity associated with predetermined questions.

Robson et al. (2019) investigated the relationship between alliance possibilities, inter-partner characteristics, and performance. They examine samples of cross-border alliances to understand how different components of alliance capabilities interact with partner attributes to improve performance. The authors found that management capability enables the establishment of resource complementarity and trust. Management capability requires high formulation capability to positively impact resource complementarity. Resource complementarity drives trust, which is relevant in moderating the trust performance link. This evidence may contradict what other studies have concluded. Some studies consider alliances a significant factor in poor performance following the timely decision-making process. Different types of alliances positively and negatively impact an entity’s performance. However, the authors’ findings reveal the significance of alliances in positively impacting performance. The study discovers a methodological gap as it uses geographically biased variables. Various findings cannot be applied to the Kenyan market as they are unrelated.

O'Dwyer and Gilmore (2018) investigate the significance of alliance competencies and the constitution of strategic alliances in SMEs aimed at enhancing customer satisfaction and optimizing resource utilization. The study delves into the inquiry of whether SMEs with varying value expectations should pursue strategic collaborations with organizations possessing different capabilities. Utilizing a qualitative approach, the research aims to gain insights into the operational aspects of SMEs and the feasibility of strategic alliances for them.

The study addresses three main questions: firstly, whether the alliance approach generates value; secondly, the nature of capabilities involved; and thirdly, the interplay between these factors in the formation of alliances among SMEs. The authors found that SMEs engage in strategic alliance relationships to improve their abilities and meet various objectives. This evidence is significant as it demonstrates why SMEs and other entities engage in strategic alliance relationships to expand and improve their performance. The study presents research gaps as it is based on a theoretical review and lacks an experimental foundation. The study's results cannot be verified as it prioritizes a qualitative research approach.

Zaridis, Vlachos, and Bourlakis (2021) investigated how collaboration within agri-food supply chains influences how the organizations perform. They focused on three collaboration variables including horizontal, vertical, and customer involvement. The performance of SMEs was assessed through growth, money worth, and innovation. The study identified price and quality as key strategies impacting the collaboration's effect. A scrutiny of 504 agri-SMEs, the authors tested their hypotheses and found that supply chain collaborations positively affect the outputs of agri-SMEs, with scale constraints playing a moderating role. Furthermore, the study revealed that SME approach regulates the relationship between supply chain partnerships and how organizations perform. This research enhances existing knowledge by providing insights into how SMEs can leverage supply chain collaborations to enhance performance, particularly in addressing financial and innovation barriers. The study presented a methodological gap since participants may not answer controversial questions during the survey.

H_0: *There is no relationship between strategic partnership as an aspect of strategic objectives and organisational performance of the selected Quickmart supermarkets in Nairobi City County, Kenya.*

3. Methodology

A research design acts as the framework for the study, organizing and coordinating all essential components for collecting and determining the results in a study in line with the research's intent. The current study adopted a descriptive research design to institute and clarify the variables within a case, gathering significant and comprehensive information about the current state of the phenomena (Pandey & Pandey, 2021). The study also employed a mixed method incorporating quantitative and qualitative data, as recommended by Gupta and Gupta (2022). For the current study, the approach was deemed appropriate for recognizing the association within the variables. The study investigating the effect of strategic partnerships on the firm performance considered a target population of 588 staff members in 6 Quickmart branches in Nairobi city county, which were randomly selected. These include Quickmart Tom Mboya, Quickmart Buruburu, Quickmart Kilimani, Quickmart OTC, Quickmart Roasters, and Quickmart Roysambu. These supermarket outlets were selected since they had operated longer than 4 years and had all departments.

Primary data was gathered through the questionnaires. Specifically, it had open-ended questions for qualitative data, and closed-ended questions to gather quantitative data. Such a comprehensive approach provided a more holistic understanding of the research topic. A pilot study was considered for this research. 24 questionnaires (exceeding 10 percent of the respondents) were piloted, who were not involved as the ultimate sample of the study. 238 participants aggregated were proportionately assigned to each of the selected supermarket's population. A simple regression model demonstrating the relationship between the variables for a statistical analysis was determined. The model encompassed strategic partnerships being regressed with organisational performance as: Organisational Performance = β_0 + β_1Strategic partnerships + ε. As emphasized by Gupta and Gupta (2022), this research followed ethical standards to support the respondent's dignity and interests and the study's guidelines. Thus, participation was voluntary, and the respondent's confidence was assured by protecting their personal information. The researcher obtained a permit to do the study from NACOSTI.

4. Results and Discussion

In the current study, 238 questionnaires were issued to respondents in 6 Quickmart branches in Nairobi city county, including Tom Mboya, Buruburu, Kilimani, OTC, Roasters, and Roysambu. 203 respondents completed the tools, constituting a response rate of 85 percent. 15 percent of the tools were unreturned. 85 percent response rate is adequate for the study, as Harris et al. (2019) recommend anything above 70 percent as an adequate response rate that can be examined for a study. This high response rate strengthens the reliability of the findings.

4.1 Sample Measures

The analysis incorporated descriptive measures on the variables of the study. The means and standard deviations were calculated as part of the descriptive statistics to assess the central tendency and dispersion of the data as to the effects of business partnerships on the performance of selected Quickmart supermarkets. The findings are presented in Table 1.

Table 1: The effect of business partnerships on the performance

Statements	N	Mean	Std. Deviation
The supermarket drives creative solutions and new market opportunities that leave every partner satisfied.	203	2.9951	1.44365
The number of partners is continually growing based on maintaining better relationships for a wider market reach.	203	3.2315	1.43292
The supermarket strategically aligns its objectives with partners through collaboration efforts	203	2.9655	1.22296
Supermarket forms strategic partnerships and co-development of their products and services with partners.	203	3.0099	1.39657
Aggregate Score	**203**	**3.0505**	**1.37403**

The highest mean was realized by the statement establishing the growing numbers of partners at (M = 3.2315, SD = 1.43292). This is followed by the statement on the co-development of products and services through strategic partnerships at (M = 3.0099; SD = 1.39657). The supermarket driving creative solutions and new market opportunities scored (M = 2.9951, SD = 1.44365), whereas aligning objectives with partners scored a (M = 2.9655, SD = 1.22296). Business partnerships play a significant role in expanding market reach and fostering innovation. The study found that Quickmart's efforts in this area were moderately effective, with mean scores between 2.97 and 3.23. The findings have determined that the supermarket is successful in maintaining and growing the number of partners, aligning objectives with partners, and co-developing products and services. However, there is potential for further strengthening these partnerships to drive even greater market opportunities and satisfaction as proven by the average mean of 3.0505.

Content analysis of various opinions from respondents revealed a number of issues on strategic partnerships. One recurring theme is to "deepen collaborations" with existing suppliers and partners by engaging in joint ventures and co-development projects, which can lead to

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innovative products and services tailored to market needs. Expanding partnership networks to include local producers and small businesses can diversify the product range and appeal to community-focused consumers. Respondents also suggest implementing regular partner evaluations to ensure alignment with strategic objectives and mutual benefits, fostering a culture of transparency and trust. This concurs with the findings of (Didonet, Fearne, & Simmons, 2020) that indicate that investing in technology platforms facilitates seamless communication and data sharing between Quickmart and its partners can streamline operations and improve decision-making. Hosting networking events and business forums can also attract potential partners and strengthen existing relationships. The data on business partnerships indicates a strong positive correlation with organizational performance, highlighting that a proactive and collaborative approach, supported by technological integration and continuous engagement, can significantly enhance Quickmart's business partnerships and drive mutual growth.

For organisational performance, data pertaining to it are presented on the perceptions of the respondents on how Quickmart supermarkets perform. The statements were rated on a five-point Likert scale, with 1 indicating strong disagreement and 5 indicating strong agreement. The mean scores and standard deviations provide insights into how strongly respondents agree with each statement and the variability of their responses. The table 2 below shows the mean and standard deviations of various statements on performance of Quickmart supermarket.

Table 2: A table showing performance of Quickmart supermarket

Statements	N	Mean	Std. Deviation
The supermarket has increased its revenue over time because of the strategic steps it has taken.	203	3.8852	0.98960
The supermarket has gained more markets due to its strategic objectives.	203	4.0189	0.87479
More customers have been retained because they are satisfied with the products and services.	203	3.7904	0.79194
More supermarkets are being launched in new regions to tap the market.	203	3.5833	1.00374
Aggregate Score	**203**	**3.8195**	**0.91502**

The overall mean score of 3.8195 indicates a moderate to strong agreement that Quickmart’s strategic objectives positively impact organizational performance. Collectively, respondents perceive the strategic objectives and efforts as beneficial to Quickmart's performance. The aggregate standard deviation of 0.91502 signifies a moderate level of consistency in responses across different performance aspects. On revenue increase, respondents moderately agree that Quickmart's strategic steps have led to increased revenue over time (Mean: 3.8852, SD: 0.98960). There was a positive assessment of Quickmart’s market penetration and expansion strategies denoted by the highest mean of 4.0189, and standard deviation of 0.87479. There was also a moderate agreement that customer retention has improved due to satisfaction with products and services (Mean: 3.7904, SD: 0.79194). The least score was on the statement of expansion into new regions (Mean: 3.5833, SD: 1.00374). Respondents moderately agree that more supermarkets are being launched in new regions. This points to a perceived strategic objective in geographical expansion. Therefore, Quickmart’s strategic objectives are perceived positively in terms of revenue growth, market gain, customer retention, and regional expansion.

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4.2 Test of Hypothesis

Simple regression analysis was utilized to perform a statistical test to establish the relationship between strategic partnerships and firm performance. Results are shown in Table 3.

Table 3: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.483	.266		9.699	.000
	Strategic partnerships	.362	.216	2.748	.007	.009

a. Dependent Variable: Strategic partnerships

The constant term of the regression equation is 0.483. This implies that with all the elements held constant (strategic partnerships), the performance of the Quickmart supermarkets in Nairobi City County is 48.3 percent. The performance attributed to strategic partnership, with all factors held constant was 36.2 percent. This implied that with an increase in every unit of strategic partnership, the performance was predicted to rise by 0.362. The regression model extracted from the SPSS analysis of the data is as follows:

$$\text{Firm performance} = 0.483 + 0.362 \text{ Strategic partnerships}$$

Also, the regression coefficients indicate business partnerships of ($p = .007$). As revealed by the coefficients, business partnerships positively and significantly contribute to the performance of Quickmart supermarkets. The standardized coefficients (Beta) represent the relative importance of each predictor variable, allowing for comparison of their effects on the dependent variable while regulating for differences in the scale of measurement. According to the standardized coefficients, the most significant and influential variable was business partnerships as shown by a lower of coefficient of 0.007. This was compared with other variables: market penetration, cost leadership, and internal processes with coefficients of 0.031, 0.043, and 0.050, respectively.

5. Conclusion

The findings of this study underscore the importance of strategic partnership as an aspect of strategic objectives in enhancing the performance of Quickmart supermarkets. The objective was on strategic partnerships and performance of Quickmart supermarkets in Nairobi City County. The influence of business partnerships on organizational performance is notably positive. Quickmart's partnerships have driven creative solutions, opened new market opportunities, and contributed to market expansion. The strategic alignment with partners through collaboration and co-development of products and services has enhanced market reach and innovation. Strengthening these partnerships and leveraging collaborative opportunities further can enhance performance and market position.

Business partnerships emerged as the most influential factor as shown by the standardized coefficient of 0.009, highlighting the need for ongoing optimization of operations. This could have been attributed to the partnerships with suppliers and other stakeholders that were critical in the operations of the supermarket. It was clear from the study that supermarkets should embark on new strategic alliances with key suppliers, manufacturers, and service providers to foster innovation and market expansion.

6. Recommendations

As a recommendation, a regular evaluation of existing partnerships is worthwhile to ensure they align with strategic objectives and contribute positively to performance. Scholars could also investigate the role of digital transformation, including e-commerce and digital marketing, on the performance of retail supermarkets. This is owing to the growing importance of digital channels and strategies as opposed to traditional operations.

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