Seizing Capabilities and Performance of Supermarkets in Kenya

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Abstract

In Kenya the supermarkets provide market access for the manufacturers’ and small and medium enterprises’ products. In the recent past renowned supermarket brands such as Nakumatt, Tuskys, Choppies and Uchumi have collapsed due to underperformance. This paper examines the influence of seizing capabilities on the performance of supermarkets in Kenyan cities. The study was anchored on the dynamic capability theory (DCT). The study was grounded on positivism research philosophy and adopted crosssectional descriptive research design. A structured questionnaire was used to collect primary data from 629 licensed supermarkets. A sample size of 304 respondents from a population of 1258 senior managers was used. Stratified random sampling method was used to select the sample size in Nairobi, Mombasa, Kisumu, and Nakuru. Descriptive statistics such as mean and standard deviation and inferential statistics which included correlation and regression are the statistical tools that were used to analyse the data. Statistical package for social scientists (SPSS) software version 28 was utilized to explore the data. The findings demonstrated that seizing capabilities have a statistically significance ($\beta = 0.511, t = 12.501, p < 0.05$) influence on the performance of supermarkets in the Kenyan cities. The study demonstrated that it is vital for supermarkets’ management to consciously design business models and allocate resources that can facilitate the optimal exploitation of new business opportunities to add value to the supermarkets. The management should develop a resource mobilization strategy to fund long term projects that are aimed at seizing opportunities that will improve supermarket’s survival and performance.

Key words: Dynamic capability, seizing capabilities, performance and supermarkets.

Introduction

Firms consistently deploy different tactics in order to survive and thrive in the competitive business environment. It is important for management to consistently monitor firm performance in order to enhance strategic decision-making and communication. Firms need to enhance capabilities. Pang et al. (2022) noted that dynamic capabilities (DCs) enable firms to build, renew and reconfigure resources in a manner that a firm can respond strategically to the changes in the market. Firms that adapt to the rapid changes in the business environment by implementing new strategies, do so successfully if they have enhanced dynamic capabilities (Rotjanakorn et al., 2020). Dynamic capabilities enhance the effectiveness of a firm’s processes which impact the performance of the firm positively in a dynamic environment (Arun & Ozmutlu, 2022). Since Organizations operate in unpredictable business environments, Abbady et al. (2019) noted that firms need to align sensing, seizing, and re-configuring capabilities in order to adapt to the changes in the market and achieve set goals. One of the main goals of many
organizations including retail is increased performance.

Teece (2018) highlighted that dynamic capabilities include: sensing, seizing and transforming or re-configuring. As such, firms are able to mobilize their resource bases and continuously renew them so as to enhance key success factors such as sustainable competitive advantage and firm performance. Given this, every firm, including retail firms are not exempted from adopting the dynamic capabilities if the change has to be embraced in response to uncertain and volatile business environment that impacts business performance. Once an opportunity is identified, seizing capability helps to select and commercialize the opportunity. It involves investing and developing business models that enable firms to successfully implement new ideas (Majhi et al., 2021).

According to Nair (2018), there has been an evolution of global supermarkets in parts of Africa, especially private-owned. Supermarkets can be referred to as a one-stop shop that offer customers a variety of products and an enhanced shopping experience. Supermarkets provide market access to producers and manufacturers. They need enhanced dynamic capabilities. Competition among supermarkets leads to lower prices, improved quality, and choices that benefit customers. The competition reduces buyer power which is beneficial to suppliers since the number of supermarkets has tremendously increased. It is, therefore, incumbent upon the supermarkets to develop programs that can enhance their competitiveness and performance (Nair, 2019).

In research conducted by Nandonde and Kuada (2018), they noted that Tanzania has witnessed several supermarkets entering the local market from South Africa and Kenya in the last 20 years. The authors noted that since the increase of supermarkets, some research has been conducted on supplier selection and retail pricing strategy, but they reckon that a lot more need to be studied to establish causes of decreasing performance, which may lead to supermarkets closure. The researchers established that the determinants of growth, the opportunities, and the challenges facing the sector still require investigation.

Uganda has experienced growth of organized retail stores but scholars have paid less attention to this sector (Dokcen et al., 2021). The researchers highlighted that although retail stores have conducted various promotional activities, they have not been able to attract many customers. They indicated a constant change in customer demographics and income that might be impacting customers’ perception of retail stores. In addition, they opined that retail managers must understand why customers’ patronage their stores so that they can enhance customer satisfaction. Research has been conducted on what makes customers patronage specific stores but not much attention has been paid to the retailers’ dynamic capabilities that enable a retailer to create strategies that result in increased profits, competitiveness, and performance.

In Kenya, by 2022 Tuskys had 3 stores, Uchumi 1, Choppies 0, Shoprite 0 and Nakumatt 0. However, in 2018 Tuskys had 53 stores, Uchumi 37, Choppies 13, Shoprite 2 and Nakumatt 65. Most of the stores were in Nairobi, Nakuru, Kisumu and Mombasa (Cytonn, 2022). Closure of leading supermarkets leads to unemployment, loss of income and revenue streams for suppliers and producers. There has been a consistent decrease in performance, in as much as other supermarkets such as Quickmart and Carrefour have entered the market to fill in the void left, the
sector has continued to witness slow improvement for the last five years, with some late entrants such as Choppies and Shoprite exiting the local market (Watima, 2020).

Research to enhance the knowledge of the performance of supermarkets is ongoing. Arasa and Achuora (2020) examined the influence of strategic inventory management practices on performance. The focus was supermarkets in Nairobi County. The study results indicated that inventory management practices had a positive influence on the performance of supermarkets. Kariuki and Nzuki (2019) examined the effect of management information capabilities and organizational performance. The study results showed that supermarkets that use Information Communication Technology (ICT) systems in their operations registered improved performance. Kadenyeka and Washika (2023) studied the effect of differentiation strategy and performance of supermarkets in Nairobi. The research results demonstrated that differentiation strategies such as innovation and new products had a positive impact on the performance of the supermarkets. Kahindi and Gitahi's (2020) study concluded that point-of-purchase promotions, atmospheric engagements, and loyalty programs positively impacted the performance of supermarkets in Nakuru.

The studies highlighted have been carried out in the supermarket sector to examine what impacts performance however the influence of dynamic capabilities on performance of supermarkets in Kenyan cities has received little focus. It is against this review that this study sought to address the existing knowledge gap by testing the hypothesis $H_0$: There is no significant influence of seizing capabilities on performance of supermarkets in Kenyan Cities.

**Dynamic Capability**

This study is anchored on the dynamic capability theory (DCT) which posit that an organization that has the capacity to integrate, build and reconfigure both internal and external competencies is able to respond to the consistent market changes (Teece et al., 1997). Kapoor and Aggarwal (2020) further noted that DCT was developed following the shortcomings of the resource-based view that mainly focused on internal resources and disregarded the changes in the external environment. Teece (2014) emphasizes the need for organizations to dis-aggregate dynamic capabilities by sensing opportunities and threats in the external environment and, seizing such opportunities while placing in place remedies to address business threats. In doing so, firms are able to transform their resources to sustain business performance. Many studies have also been conducted on the impact of dynamic capabilities on firm performance. Chiarelli (2021) conducted research on the impact of Dynamic Capabilities (DCs) on firm performance. The author noted that DCs are needed to make better use of valuable, rare and non-substitutable resources in order to respond to the market changes and improve performance.

**Seizing capability**

The seizing follows the sensing capability by exploiting the identified opportunities. Seizing is the ability of a firm to mobilize and allocate firm resources to exploit new opportunities while capturing value in the process. It involves strategic choices and investing in the right business model (Teece, 2007). Seizing capability helps an organization develop and exploit business opportunities that fit the business environment and its objectives. Seizing capability also helps
minimize threats and bridge the gaps between the internal and external business environment. It also helps to enhance an organization’s strategic decision-making (Kump et al., 2018).

To survive the new market environment created by COVID-19, Rashid and Ratten (2021) conducted research on the role of dynamic capabilities in the survival of small businesses during the COVID-19 pandemic. In the research, 20 Pakistani entrepreneurs were interviewed. The research findings showed that many entrepreneurs reconfigured their business models in order to survive. The market information analysis showed new consumer trends and demands. The entrepreneurs had to adopt new business models and incorporate new processes and operations to seize the new opportunities. Organizations need to exploit available opportunities to remain relevant and competitive. Chevrollier and Kuijf (2021) studied the impact of sensing and seizing in the apparel industry. The authors wanted to establish the role of dynamic capabilities in fostering strategic orientation. The research results established that organizations calibrate their business models to seize opportunities that add value to the business and improve strategic positioning in the market.

Dynamic capabilities play a key role in business transformation. Ellström et al. (2021) noted that for organizations to be successful in a new venture like digital transformation, they need a set of capabilities that will facilitate changes in the business models and organization routines. Ellström et al. (2021) carried out a study on the impact of dynamic capabilities on digital performance. An interview guide with questions related to sensing, seizing and re-configuring was used to collect qualitative data. Secondary data was also used during the analysis. The authors established that seizing capability enables a firm to capture the identified business opportunities and determine what specific changes are needed in the organization such as allocation of resources to seize the value of the sensed opportunity.

**Methodology**

The study adopted a crossectional descriptive research design. A structured questionnaire was used to collect primary quantitative data. The target population comprised 1258 senior managers obtained from 629 licensed supermarkets from Nairobi, Mombasa, Kisumu and Nakuru cities. Yamane Formula was used to determine the sample size of 304 senior managers. Stratified random sampling technique was used to sample supermarkets per city. The research administered questionnaires to 304 senior managers in the sampled supermarkets in four cities in Kenya and received responses from 253 study participants, yielding a response rate of 83.2%. The pilot survey that aimed at determining the validity and reliability of the data collection tools, involved 30 senior managers and it was done in Kiambu county. Table 1 indicates that the reliability of the research tools was established at 0.907 Cronbach’s Alpha.
Table 1. Cronbach's Alpha Reliability for Seizing Capabilities

<table>
<thead>
<tr>
<th>Variable</th>
<th>Components of Variables</th>
<th>Cronbach’s Alpha</th>
<th>Number of items</th>
<th>Decision</th>
</tr>
</thead>
</table>
| Seizing Capabilities  | • Business Model  
                       | • Allocation of resources  
                       | • Mobilization of resources | 0.907    | 9        | Reliable |

The Cronbach result was above 0.7 which is an acceptable threshold for reliability (Creswell & Creswell, 2017).

Table 2. Convergent and Discriminant Validity Results for Seizing Capabilities

<table>
<thead>
<tr>
<th>Sub - Variable</th>
<th>AVE</th>
<th>Sqrt (AVE)</th>
<th>Business Model</th>
<th>Allocation of resources</th>
<th>Mobilization of resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Model</td>
<td>0.694</td>
<td>0.833</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation of resources</td>
<td>0.704</td>
<td>0.839</td>
<td>0.596</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Mobilization of resources</td>
<td>0.619</td>
<td>0.787</td>
<td>0.681</td>
<td>0.718</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 2 results indicate that all constructs had an average variance extracted (AVE) above 0.5 which is the acceptable threshold for validity (Kolbe et al., 2022).

Results

This study utilized the Five-point Likert scale where 1 (indicating strong disagreement) and 5 (indicating strong agreement) was used to rate the responses. The descriptive statistics of means (M) and standard deviations (SD) were used to analyze the responses. The mean values that ranged from 1.00 to 1.80, were categorized as strongly disagree, 1.81 to 2.60 as disagree, 2.61 to 3.40 as not sure, 3.41 to 4.20 as agree and 4.21 to 5.00 were categorized as strongly agree.
Table 3. Descriptive Statistics for Seizing Capabilities

<table>
<thead>
<tr>
<th>Statements on Seizing Capabilities</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Model</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The supermarket has redesigned business models that has enabled us to exploit new opportunities</td>
<td>4.06</td>
<td>.936</td>
</tr>
<tr>
<td>New business models have enabled our supermarket to capture value</td>
<td>4.07</td>
<td>.854</td>
</tr>
<tr>
<td>The business model for this supermarket has enabled it to have better access to resources</td>
<td>4.16</td>
<td>.753</td>
</tr>
<tr>
<td><strong>Allocation of resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm budgets for resources to exploit opportunities</td>
<td>4.09</td>
<td>.803</td>
</tr>
<tr>
<td>The supermarket easily allocates funds to venture into new products and services</td>
<td>4.00</td>
<td>.887</td>
</tr>
<tr>
<td>The supermarket allocates enough resources to invest in new demand driven markets</td>
<td>4.01</td>
<td>.913</td>
</tr>
<tr>
<td><strong>Mobilization of resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The supermarket mobilizes funds through stakeholders to invest in projects that offer solutions to customers</td>
<td>3.89</td>
<td>.981</td>
</tr>
<tr>
<td>The supermarket mobilizes resources for long-term investments through strategic partners</td>
<td>3.86</td>
<td>.937</td>
</tr>
<tr>
<td>The supermarket pursues collaborations e.g. with suppliers to seize opportunities</td>
<td>4.18</td>
<td>.832</td>
</tr>
</tbody>
</table>

The results in Table 3 indicate that seizing capabilities measurements mean score was between 4.18-3.86. These results demonstrate that most managers agreed that business models, allocation of resources and mobilization of resources were essential in exploiting new opportunities. On the business model construct, the highest score, which also had the least variation (M=4.16, SD=0.753), indicated that business models enable supermarkets to access resources. This was followed by the score on the statement that business models enabled supermarkets to capture value (M=4.07, SD=0.854) and lastly redesigning business models to exploit new opportunities (M=4.06, SD=0.936). These results exemplify the importance of business models in capturing new opportunities.

On the resource allocation construct, the highest score which also had least variation (M=4.09, SD=0.803) showed that resources are budgeted to exploit new opportunities. Followed by the statement that funds are allocated to invest in new demand driven markets (M=4.01, SD=0.913) and lastly funds are easily allocated to new products and services ventures (M=4.00, SD=0.887). These results illustrate the importance of resources allocations to exploit new products, services and market opportunities. On the mobilization resource construct, the lowest score (M=3.86, SD=...
0.937) showed that supermarkets mobilize resources through strategic partners. Followed by the statement that funds are mobilized through stakeholders to invest in projects that offer solutions to customers (M=3.89, SD= 0.981). The highest score which also had least variation (M=4.18, SD= 0.832) indicated that supermarket pursues collaborations e.g. with suppliers to seize opportunities. These results illustrate that supermarkets require external funds through partnerships and collaborations to exploit new opportunities.

Table 4. Correlation between Seizing Capabilities and Performance of Supermarkets

<table>
<thead>
<tr>
<th>Seizing Capabilities</th>
<th>Pearson Correlation</th>
<th>.598**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>253</td>
</tr>
</tbody>
</table>

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

The study results in Table 4 indicate a statistically significant and moderate relationship between the seizing capabilities and performance of supermarkets in Kenyan cities (r = 0.598, p < 0.05)). The findings indicate that improvements in seizing capabilities is expected to be associated with a corresponding improvement in performance and vice versa.

Table 5. Regression Coefficients for Seizing Capabilities and Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.877</td>
</tr>
<tr>
<td></td>
<td>Seizing Capabilities</td>
<td>.511</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

Table 5 provides the regression findings which leads to the following regression model:

\[
\text{Performance} = 1.877 + 0.511 \times (\text{Seizing Capabilities})
\]

The research results presented in Table 5 and the regression model that results from the analysis indicate that supermarkets in Kenyan cities without seizing capabilities would have a performance rating of 1.877 (constant = 1.877). The study findings also indicate that seizing capabilities have a significant positive influence on the performance of supermarkets in Kenyan cities (β = 0.511, t = 12.501, p < 0.05). Therefore, the null hypothesis, which stated that ‘seizing capabilities have no statistically significant influence on the performance of supermarkets in Kenyan cities’, was rejected.
Discussion

The study sought to examine the influence of seizing capabilities on the performance of supermarkets in Kenyan Cities. The study used descriptive statistics mainly the mean and standard deviation to analyze the quantitative data. Further analysis was carried out using inferential statistics which included factor analysis, analysis of variance (ANOVA), Correlation, and regression. The correlation analysis results of this study indicated that seizing capabilities have a significant and positive influence on the performance of supermarkets in Kenyan. The findings indicated that improvements in seizing capabilities are expected to be associated with a corresponding improvement in performance and vice versa. The findings also showed that seizing capabilities accounted for 35.7% of the variance in the performance of supermarkets in Kenyan cities (r-squared=0.357). This means that seizing capabilities have a significant influence on the performance of supermarkets.

The results of this study support Rashid and Ratten (2021) study that sought to establish the role of dynamic capabilities in the survival of small businesses during the COVID-19 pandemic. The research results indicated that entrepreneurs had to adopt new business models to incorporate new processes and operations to seize new opportunities that enabled the businesses to survive and thrive. The results affirmed that seizing capabilities influences businesses' survival and performance by enabling businesses to develop business models that help businesses exploit new opportunities.

In a different study, Chevrollier and Kuijf (2021) on sensing and seizing in the apparel industry, established the role of dynamic capabilities in fostering strategic orientations. Their study demonstrated that organizations calibrate their business models in order to seize opportunities that add value to the businesses and improve strategic positioning in the market. Seizing capabilities enhanced the strategic positioning of businesses in the apparel market which resulted in increased performance. Accordingly, the finding of the influence of seizing capabilities on the performance of supermarkets also supports the findings of a study carried out by Ellstrom et al. (2021) that sought the impact of dynamic capabilities on digital transformation. The research findings indicated that seizing capabilities enabled organizations to allocate resources optimally to capture identified opportunities that increased the organization’s value.

Conclusion

The results of the study have demonstrated a statistically significant influence of seizing capabilities on the performance of supermarkets in Kenyan cities. Therefore, The null hypothesis that ‘There is no significant influence of seizing capabilities on performance of supermarkets in Kenyan Cities’ was rejected. The study concluded that seizing capabilities have a positive and significant influence on the performance of supermarkets. This implies that an improvement in the seizing capabilities of a supermarket leads to an equivalent improvement in its performance. The study demonstrated that it is vital for supermarkets to design business models that can facilitate the optimal exploitation of new business opportunities to add value to the business. The supermarkets must consistently allocate resources to seize new opportunities to remain competitive and register improved performance. The study further ascertains that supermarkets ought to mobilize resources through collaborations and partnerships with stakeholders in order to invest in

~ 30 ~
projects that offer solutions to customers and for long-term investments to register growth and increase performance.

**Recommendations**

The results of the study indicated that seizing capabilities had a statistically significant influence on the performance of supermarkets in Kenyan cities. These results advocate that senior managers should elaborate on how to exploit new opportunities to achieve optimal value. Senior managers should have the skills to mobilize and allocate resources to pursue new business opportunities that will improve the survival and performance of supermarkets. The study recommends that it is essential for senior management to have clarity on the best strategy to seize new opportunities.

Additionally, the management can engage the services of data analysts who can help to identify the best opportunity with the best value. Investors in the supermarket sector should be ready to consistently allocate resources aimed at seizing new opportunities to grow and thrive. Stakeholders such as banks and suppliers should partner with supermarkets to exploit long-term lucrative opportunities leading to improved performance.

There are several areas for further research. Firstly, the study findings of this research may not be generalized because the focus was only on supermarkets in the retail sector in Kenya. Further research using the same conceptual framework and methodology can be conducted in other sectors, such as apparel and convenience stores. Secondly the study used self-administering questionnaires to collect data. The study could be replicated, and other tools for collecting data, such as interviews through focus groups, can be utilized.

**References**


