STRATEGIC PARTNERSHIP TYPES AND COMPETITIVENESS OF SMALL AND MEDIUM ENTERPRISES IN KENYA: A STUDY CLEARING AND FORWARDING COMPANIES AT JOMO KENYATTA INTERNATIONAL AIRPORT.

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ABSTRACT

The objective of this study was to identify the types of strategic partnership and how their effectiveness in enhancing competiveness in the clearing and forwarding SMEs; with focus on Joint venture, marketing and distribution and supplier partnerships. In addition the study was to identify the type of partnership that best enhance competitiveness of a firm .The study used descriptive case study design where a convenient sample was used to create a sample frame, 22 SME business in the clearing and forwarding and 110 respondents were considered. The study used structured and semi-structured questionnaires to collect data which was analysed using MS Excel Spreadsheet and relationship among variables established using correlation analysis. The study found that the key strategic partnerships studied create competitiveness through co-operation rather than competition. The study also established that strategic partnerships provide partners with an opportunity to tap into resources, knowledge, capabilities and skills of their partners to gain competitiveness. In summary the study affirmed that strategic partnership especially non-equity strategic alliances are positive and significantly correlated with organizational competitiveness. The study therefore concluded that strategic partnerships create interdependence between the partner firms which bring benefits in the form of intangible assets and capabilities. These assets (superior skills) and capabilities (superior resources) are the main sources of competitiveness for a firm. The study recommended that though strategic partnerships are a basic necessity for the growth of SMEs, the partners must clearly understand the key objective of entering into an agreement, in addition with the explosion of e-commerce the SMEs should shift their focus towards partnerships that enable them gain technological advantage. Therefore Technical/functional, relational and developmental competencies must be balanced and continuously developed.

Key Words: *Joint venture, marketing, distribution, supplier partnerships, Strategic Partnerships*

INTRODUCTION

Micro Small and Medium Enterprises (MSMEs) play an important role in promoting economic growth in many countries both in terms of labor absorption, growth and economic development (Idris & Primiana, 2015**).** MSME sector in Kenya has over the years been recognized for its role in provision of goods and services, enhancing competition, fostering innovation, generating employment and in effect, alleviation of poverty. Consequently, the sector has been identified and prioritized as a key growth driver for achievement of the development agenda as envisaged in Kenya Vision 2030 (Kenya National Bureau of Statistics [KNBS], 2017). However, due to the numerous challenges in accessing resources, MSMEs may not achieve this objective without mutually beneficial strategic partnerships.

According to Delloitte (2004) in a resource document on "Partnerships for Small Enterprise Development" there are three ways through which corporations can partner with SMEs. i) Supporting SMEs involved in the distribution of their products or services aimed at increasing access to markets; Lowering distribution costs and promoting a more vibrant and diverse local economy; ii) Supporting SMEs in their supply chain which aims at; Reducing costs; Increasing local supply; Improving quality control; Reducing vulnerability of supply; Complying with government requirements; Branding benefits and Developing an environment where a vibrant SME sector injects innovation into the corporate world. Supply linkages range from arms-length market transactions to very close, long-term, inter-firm cooperation. iii) Providing general support where there is no immediate link with the Corporation's business activity which is aimed at developing long term links to the corporation's business. The Women Enterprise fund[WEF] underscores the importance of strategic partnerships in the realization of women empowerment objective which aims at increasing the number of women linked to large enterprises from 156 in June 2012 to 500 by 2017 (WEF,2013).

Whereas various terms and concepts have been used to define the term *strategic partnerships*, a consensus exists in the meaning. For instance, Bain et al., (2006) defines Strategic partnerships as agreements between firms in which each commits resources to achieve a common set of objectives. Companies may form strategic alliances with customers, suppliers, or competitors. By implementing such partnerships, companies can develop competitive positioning, grow entry to new markets, complement critical skills, and divide the risk or cost of major development projects". Supriyadi and Ekawati (2014) define strategic partnership as a formal agreement between two commercial enterprises, typically formalized by one or more business contracts but falls short of forming a legal partnership or, agency, or corporate affiliate relationship. In addition, some are using the term strategic alliances that are defined as "the pooling of specific resources and skills by the cooperating firms to achieve common goals, as well as goals specific to the individual partners (Supriyadi & Ekawati, 2014). According to Tuimala and Lukka (2002), Strategic partnership can be described as a process in which participants willingly adapt their basic business practices with an intention of reducing duplication and waste at the same time as facilitating improved performance. In a strategic partnership, two businesses are intertwined either from the marketing, supply chain, integration, technological, or financial standpoint, or some combination thereof. These partnerships may either involve SMEs at the same level or SMEs partnering with large enterprises. Strategic partnership can therefore be viewed as an instrument for competitive advantage which is intended to enhance performance of the organization through the synergy that is derived from combined efforts of the partnering organizations. However, Spear (2014) cautions that before entering into a partnership, there is need to size up the other party and carefully evaluate the risks and benefits of entering into the agreement to ensure that it will meet your profit goals and fulfill your customer expectations.

Global evidence reveals that strategic partnerships taken by companies have resulted to a competitive advantage for the firm. A number of empirical studies reveal that strategic partnerships are an important source of both tangible and intangible resources that most organizations lack. A study by Talebi et al., (2017) investigated the effects of strategic alliances on the performance of small and medium sized enterprises (SMEs) of the automotive parts manufacturers industry in Iran. Findings revealed that there is a significant and positive relationship between the dimensions of strategic alliances in terms of; new opportunities, entrepreneurial and innovative capabilities, social capital, and internationalization of business, and competitive advantage with the performance of SMEs. Talebi et al., (2017) also confirm Joshi and Dixit (2014) assertion that SMEs form an alliance with other enterprises due to the lack of financial, physical and managerial resources, and eventually this alliance allows the contribution of major financial and non-financial resources among these businesses. The United Nations Conference on Trade and Development [UNCTAD],(2005) established that corporate joint ventures, technology licensing and other forms of inter-firm alliances offer advantages to all the firms involved through information sharing, joint problem solving, cooperative resource sharing and collective implementation among them. A theoretical review study by Idris and Primiana (2015) on effect of competitive strategy and partnership strategy for small industry performance conducted in Indonesia found a positive relationship between competitive and partnership strategy and small industry performance. Idris and Primiana (2015) assert that the cooperation strategy is formed to gain access to markets, offer superior products, eliminate threats from market forces, gain unique expertise and other resources not available in the company.

Statement of the Problem

The dynamic innovations steered by technology and changing customer needs have made competition to be more severe, alternatives are being introduced rapidly and many firms are struggling for the right of market share and to gain competitive advantage over their rivals (Porter, 2010). The current environment also makes it difficult to maintain differential advantages that accrue fm changes in product, promotion, or price. Many of today's products, albeit manufactured in different global locations, have become homogenized and indistinguishable to the customer (Mentzer & Williams, 2001). This requires leaders to be on top of the game in aligning organizations to take advantage of the opportunities that emerge with the changes. According to Delloitte (2016) and supported by the Economic Survey 2017 by the Kenya National Bureau of Statistics [KNBS], 2017), SMEs in Kenya are often faced with resource limitations that cause them to be vulnerable to various environmental changes. Consequently, most SMEs are unable to meet the high levels of customers' quality and service demands and to differentiate themselves from competitors particularly when competing against bigger companies. This has necessitated the need for strategic partnerships as an alternative way of gaining a strategic and competitive advantage (Harris, McDowell & Gibson, 2011; Hakansson & Snehota, 2007). In recognition of the important role of strategic alliances in youth and women empowerment, the government of Kenya has tasked the Women and Youth Enterprise funds to link women and youth SMEs to large enterprises as one of their mandate (WEF, 2013; YEF, 2013).

Whereas strategic partnership has been proposed as one of the strategies to remain viable for all types of businesses (Harris et al., 2011), a high failure rate has been reported across the globe. A survey by IMD (2014) reported that 31% of the companies surveyed reported failure of the partnerships formed in the USA, while PricewaterhouseCoopers (2009) established that 60-70% of strategic alliances tend to fail. This high failure rate of alliances necessitates the need to identify what types of alliances are most effective so as to develop robust alliance formation guidelines and processes. Most studies done on this topic have dwelt on alliances in general with no attempt to disaggregate them by alliance type. Moreover, whether strategic partnerships have translated to competitiveness of SMEs in the Clearing and Forwarding sector is yet to be determined in a Kenyan context. Little empirical research has been done to measure the gains made from alliances in this sector. Much of the past research on strategic alliances has focused on SME companies with diverse and complex operations in the developed world such as Idris and Primiana (2015) in a study on “the effect of competitive strategy and partnership strategy for small industry performance in Indonesia” found a strong link between competitive strategy and business performance and partnership strategy and business performance. No attempt was made to determine the variance caused by partnership strategy as a single variable on business performance. Lee (2007) undertook a study on “strategic alliances influence on SME firm performance using Biotechnology companies in Taiwan”. The current study will investigate further, alliance types in terms of joint ventures, supplier partnerships and marketing partnerships in attempt to disaggregate strategic partnerships into functional areas. This study also focused on biotechnology sector that limits generalizability to other sectors. Talebi et al., (2017) sought to determine the impact of strategic partnerships on performance on SMEs in the automotive part manufacturing industry in Iran.

In Kenya, Most studies have focused on the financial sector. These include; Equity bank (Muiruri, 2015), UNICEF (Ngoto, 2015), KCB (Kangogo, 2016; Warui, 2014) which limits generalizability to other sectors hence the need to replicate the study to other industries for a better generalization of results. On the other hand, Matiya (2013) looked at challenges in clearing and forwarding activities at the Dar es Salaam port without a specific focus on challenges of strategic partnerships among these companies. While this may give insights on challenges in the clearing and forwarding activities, it fails to provide adequate information for decision making by strategic partners. Other researchers who have studied this subject include; Pooe et al., (2015); Supriyadi and Ekawati, (2014); Kamau and Bosire (2016), Haris et al., 2011, Ngoto (2015) and Muiruri (2015). However, none of these studies has focused on the Clearing and Forwarding sector and addressed the objectives as conceptualized in this study. This study evaluated partnerships by alliance type so as to determine which partnerships pay off. Thus it looked at partnership types in terms of joint ventures, supplier partnerships and marketing and distribution partnerships among clearing and forwarding companies operating at JKIA cargo center.

Study Objectives

The study sought to determine the effectiveness of strategic partnerships on the competitiveness of SMEs in the Clearing and Forwarding sector operating at JKIA cargo center in Kenya. The specific objectives were:-

- To establish how effective supplier partnerships are on the competitiveness of SMEs in the Clearing and Forwarding sector at JKIA
- To establish how effective of joint ventures partnerships are on the competitiveness of SMEs in the Clearing and Forwarding sector at JKIA
- To establish how effective marketing and distribution partnerships are on the competitiveness of SMEs in the Clearing and Forwarding sector at JKIA
- To find out the type of strategic partnership that has a stronger correlation to competitiveness in Clearing and forwarding SMEs

LITERATURE REVIEW

Theoretical Review

Resource Based View Theory.

This theory was named by Birger Wernerfelt in 1984. Though the genesis of the theory can be traced to Coase (1937), Selznic (1975), Penrose (1959), Stigler (1961) & Chandler (1962, 1977), who stressed on the importance of resources and its implication on Organization performance (Ngoto, 2015). The central proposition of Resource Based Theory is that organizational survival hinges on the ability to procure critical resources from the external environment. The business strategy selected should thus permit the firm to best explore its main competencies relative to opportunities in the outside environment.

The resource-based view stresses the firm's resources as the key determinants of competitive advantage and performance. It adopts two assumptions to analyze sources of competitive advantage, (Barney, 1991; Peteraf & Barney, 2003). First, the model assumes that firms in the same industry may be heterogeneous with focus to the resources they control. Secondly, it assumes that resource heterogeneity may continue over time because the resources used to implement firms strategies are not absolutely mobile across firms implying that some of the resources cannot be exchanged in factor markets and are not easy to accumulate or imitate. Penrose (1959) opines that resource uniqueness is an essential condition for resources to contribute to competitiveness. According to Barney (1999, 1991) a firm's sustainable competitive advantage is achieved by unique resources being rare, valuable, non-imitable, non-tradable, and non-substitutable, as much as firm-specific goals.

The Transaction Cost Theory

The basic principle of the Transaction Cost Theory is the assumption that markets at times fail to allocate factors services and goods efficiently due to among others, natural and government-induced externalities (Kogut 1988). This in turn results in higher costs of organizing exchange through market than organizing exchange internally. These costs are usually referred to as natural externalities, ownership externalities, and technical externalities. Strategic alliances come in to bring the cost of these transactions under a common cooperative structure thereby enabling the partners to reduce the cost involved hence avoiding opportunism among exchange partners (Beamish & Bank, 1987). According to transaction costs economics, firms purposefully establish collaborations when costs of writing and executing contracts are too high because of small number of bidders, asset specificity and hold up issues, a high degree of uncertainty or significant incentives for partners to act opportunistically and that at the same time, it is inefficient to internalize the production process because firms lack competences (Williamson, 1975). According to Hennart (1988), the equity link between strategic partners and their ventures is preferable coordination through spot markets or contracts.

The Dynamic Capabilities Theory

The theory was advanced by Teece (1997), explaining how companies accomplish seemingly contradictory requirements. The First they should both be adequately stable to deliver value in their own unique way. The second crucial aspect is that they must be flexible and adaptive enough to change fast when situation demand it. Teece et al., (1997) defines dynamic capability as the firm's ability to integrate, build and reconfigure internal and outside competences to tackle the ever shifting environment. This ability to achieve new forms of competitive advantage by being flexible and fast in dealing with changing market environments is what D. J. Teece and Pisano (1994, p. 552) referred to as dynamic capabilities (DC's). Teece et al (1997) further elaborated that, winners in the current business world are those firms that can show timely responsiveness with quick and flexible product innovations coupled with the management capability to successfully coordinate and redeploy internal and external competencies. When firms focus on core competences they create unique integrated systems which strengthen fit among firms' diverse production and technological expertise. This is a systemic advantage that competitors cannot duplicate (Prahalad & Gary 1990). Conversely firms lack the organizational capacity to grow new competences quickly therefore creating a challenge to organization's ability to respond to opportunities and compete effectively.

Agency Theory

An agency is defined as the relationship between two parties, where one is a principal and the other is an agent who represents the principal in transactions with a third party. Agency relationships occur when the principal hires the agent to perform a service on the principals' behalf (Matiya, 2013). Studies describe the risk-sharing problem as one that arises when partners lack similar attitudes towards risk. Agency theory According to Jensen & Mecklin (1976) as cited by Ngoto (2015) broadened the risk-sharing literature to embrace the agency problem that is common when cooperating parties do not have unified goals. Principals commonly delegate decision-making authority to the agents which gives rise to agency problems because of inefficiencies and incomplete information. The principal– agent problem or agency dilemma concerns the difficulties in motivating one party (the "agent"), to act in the interest of another (the "principal") instead of his or her own interests. The principal and the agent could favor different actions because of the different risk preferences although share a common unit of analysis; the contract. Common examples of this relationship include corporate management (agent) and shareholders (principal), or foreign supplier contracting a clearing and forwarding company to deliver goods to a customer.

Cconceptual Framework

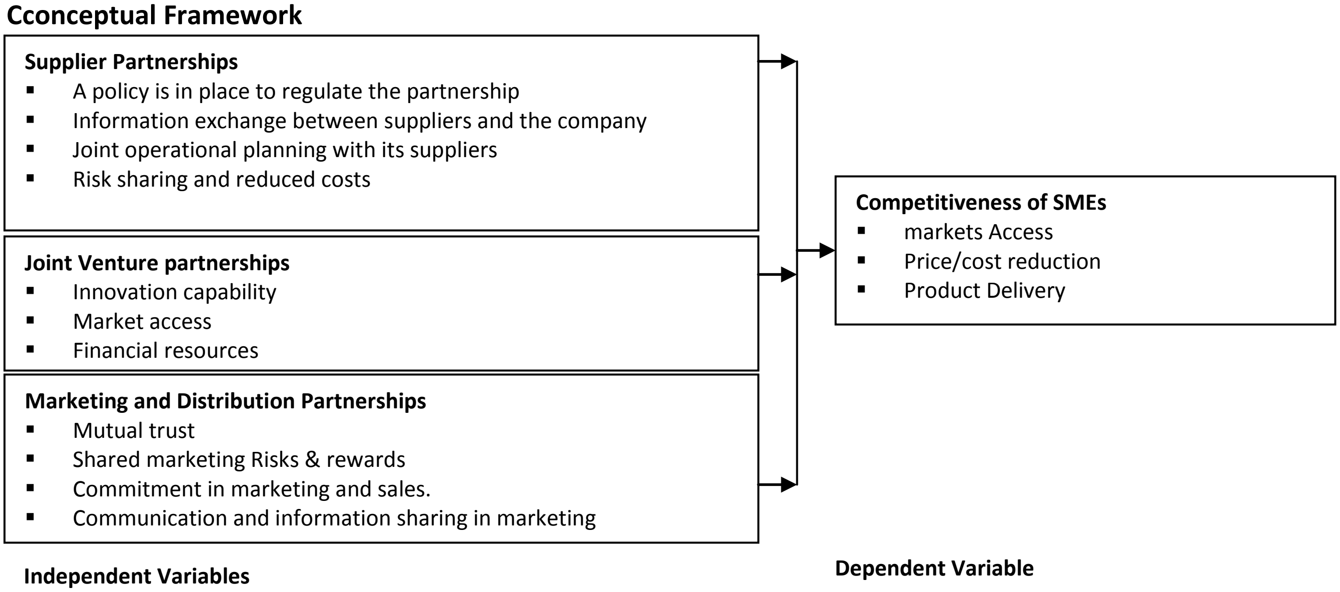

Figure 1: **Conceptual Framework.**

Source: Author (2018)

Empirical Review of Strategic Partnerships

Supplier Partnerships and Competitiveness of SMEs

Supplier partnership is the long-term relationship between the organization and its suppliers. It is designed to leverage the strategic and operational capabilities of individual participating organizations to help them achieve significant ongoing benefits in one or more key strategic areas such as technology, products, and markets. (Li, Bhanu, Ragu & Rao, 2006). While Kamau and Bosire (2016) looks at Supplier partnership as a commitment over an extended time to work together for the mutual benefit of parties, sharing relevant information and the risks and rewards of the relationship. Strategic partnerships with suppliers enable organizations to work more effectively with a few important suppliers who are willing to share responsibility for the success of the products. Strategic partnership can therefore be viewed as a tool for competitive advantage which is intended to enhance performance of the organization through the synergy that is derived from combined efforts of the partnering organizations.

Joint Ventures and Competitiveness of SMEs

Joint ventures have been lauded as the best type of alliances for companies venturing in international markets or those in need of financial resources. Lopez and Ariza(2013) argue that the joint venture model is the best model by which companies, including SMEs, expand their activities and exploit opportunities to enter new markets abroad. The foreign firm seeks a local partner who knows the market, the culture, the financial institutions and possible tax advantages and ensures that the resulting International Joint Venture (IJV) is considered a local firm hence acquiring competitiveness in the local market. Lopez and Ariza (2013) further assert that joint ventures help eliminate the agency problem of opportunistic behavior that has been blamed for causing failure of most partnerships. Due to joint ownership, partners are more committed than in short term arm's length agreements because; an equally-shared ownership increases collaboration and commitment of the partners. Consequently, this situation of balance among the partners could increase the level of perceived security and minimize the fear of exploitation or opportunism hence alliance partners will be more committed in provision of required resources for the partnership.

Marketing and Distribution Partnerships and Competitiveness of SMEs

According to Uddin and Akhter (2011) this type of alliance are also called non-equity alliances. To ensure competitive advantages two or more companies form an alliance in a contract basis rather than a separate company. The authors however caution that non- equity strategic alliances are unsuitable in a multifaceted venture that success necessitates transfer of implied knowledge and expertise because of their relative informality and lower commitment. Nevertheless, Marketing partnerships also have the potential to bring positive returns to a company. Kotler and Keller(2009) describe four categories of strategic marketing alliances which are; product or service alliance- one company licenses another to produce its product or two companies jointly market their complementary product or new product. Promotional alliance; whereby one company agrees to promote another company's products or services. Logistics alliance- one company offers logistic services for another company's products and pricing collaborations where companies join in a special pricing collaboration such as air lines and taxi services providers or hotels and tour companies. Marketing alliances have the potential to contribute to competitiveness of partner companies by facilitating access to superior product technologies, production capacities, and increased market shares.

METHODOLOGY

This study adopted a descriptive cross sectional survey design. Babbie& Mouton (2010) recommend this design where the researcher wants to collect original data for describing a population that is too large to observe directly. The Target population which represented the sampling frame was the Clearing and Forwarding companies operating in Jomo Kenyatta International Airport cargo center registered by the Revenue Department of Nairobi city and Kenya Airports Authority residents' records. Primary data was collected using a questionnaire with both closed-ended and open ended questions. Only dully filled questionnaires were used in the final analysis. The data collected was then coded and entered into the computer using SPSS Version 17.0.

RESULTS

Types of Strategic Alliances

Respondents were also asked to indicate the most common types of strategic partnership that their firm had entered into in the last 5 years focusing on the 3 types being studied. Fifty two (52%) percent of the respondents indicated that their businesses frequently entered into marketing and distribution partnerships with partners followed by Joint venture partnership at 36% and Supplier Partnerships at 12%. Marketing and distribution partnerships were possibly favoured because of the ever changing economic environment coupled with uncertainty surrounding each business operation which corroborates the study by Spear, 2014 that marketing and distribution partnership was one of the most common and oldest forms of alliance.

Table 1: ***Types of partnerships Used***

Type of Partnership	Frequency	Percentage
Supplier Partnership	9	12%
Joint Venture	28	36%
Marketing & Distribution	40	52%
Total	**77**	**100%**

Source: Research Data

Given the long-term nature of joint ventures and the fact that firms transfer tacit knowledge from one to another, it seems the SMEs avoided more of such partnerships or the SMEs were not in financial positions to enter in such partnerships. Firms that were in joint venture partnerships confirmed being in such partnerships with big or multinational freight forwarding companies for the purpose of accessing the global market which confirms the study by Lopez and Ariza(2013) which argued that the joint venture model is the best model by which companies, including SMEs, expand their activities and exploit opportunities to enter new markets abroad. Equally, equity strategic partnership may prove hard for an SME given the fact that there is need for formation of a new company by two or more firms where they control its operations in proportion to the shares held in the new outfit.

Reasons for Forming Strategic Partnerships'.

The respondents were requested to indicate the main motivating factors for their firms to enter into strategic alliances.

Table 2: ***Percentages of Motivation to Form Partnerships (%).***

	Why my company joined a partnership	1	2	3	4	5
A	To reduce operational costs/risks	0	18.2	22	36.4	23.4

B	To give superior customer value	0	6.5	9.1	48.1	36.4
C	Access to global distribution networks	0	6.5	9.1	44.5	40
D	Boost profits	18.2	45.5	18.2	18.2	0
E	To enjoy tacit knowledge	0	13	14.3	45.5	27.3
F	Ensure continuous supplies of resources	9.1	7.8	19.5	36.4	27.3
G	To augment resources and capabilities	0	0	10.4	49.4	40.3
H	Current technology access	0	5.2	20.8	37.7	36.4

Source: Research data

From the study it was evident that firms joined partnerships to augment resources and capabilities at 89.7% as the main reason the firms formed strategic partnership with other organizations. The local businesses also desired entry into unfamiliar markets at 85.5% .Providing superior customer value was also a key reason at 84.5%. This showed that these reasons were the main motivating factors as they equally generated the highest percentages. The SMEs main motivating is expanding their market presence through Joint venture and Marketing and distribution partnerships. This concurs with Harris et al., (2011) that strategic partnerships enable SMEs to compensate for resource limitations and inadequate internal infrastructure, moreover, forming a strategic partnership can save costs and give access to new markets, which otherwise is not possible for many firms. This concurs with the study by Bouka, (2015) a firm may be competent in one area and require expertise in another areas implying that most firms are not fully self-sufficient; as such, joining a strategic alliance thus permits the firms to readily access knowledge and expertise in an area that a company lacks e.g. a company may have excellent technology for production but lacks a good promotional strategy.

Conversely, low percentages were recorded for the need to maximize profits for the organization at 18.2%, the study therefore concluded that profitability was not the main driver for formation of the three types of partnerships by the SMEs, or the SMEs were not willing to disclose their profitability status.

Table 3: ***Cronbach Coefficient Alpha for Motivation to Form Partnerships'.***

Cronbach Coefficient Alpha				
Variables			**Alpha**	
Raw			0.914381	
Standardized			0.915471	
Cronbach Coefficient Alpha with Deleted Variable				
Raw Variables			**Standardized Variables**	
Deleted Variable	**Correlation with Total**	**Alpha**	**Correlation with Total**	**Alpha**
A	0.899340	0.894899	0.910396	0.888368
B	0.975035	0.878357	0.964506	0.883571
C	0.959645	0.880109	0.946938	0.885137
D	-.495067	0.981377	-.481285	0.988031
E	0.990245	0.880804	0.993550	0.880964
F	0.937432	0.894691	0.924442	0.887130
G	0.939892	0.882288	0.930479	0.886597
H	0.914928	0.887106	0.907268	0.888643

The Cronbach Coefficient Alpha for Raw and Standardized variables was (0.914381) and (0.915471) respectively. This is greater than the set threshold value of (0.7). This showed that the items selected for the study had a high covariance and hence captures the expected score of the entire study population and therefore the scale used in this study is reliable and records the true value of concept.

Key Alliances Formed by the SMEs

The respondents were also required to provide description of specific strategic partnership that they had formed in the last 5 years. Various alliances were mentioned as having been formed in the period requested. However, five of the partnerships which seemed key to the SMEs were repeated by nearly all the respondents. The summary of the findings are presented in table 4 below.

Table 4: ***Key partnerships formed by the SMEs***

Type of Partnership	Partnership Description
1.Blocked space agreements	Agreement in which the forwarding agent has a continuous reservation (allotment) for **space** at one or more flight / date combinations with an airline, warehouse etc
2. Shipper+ Consignee agreements	Agency agreements
3. Delivery agreements	Agreements with courier companies for door delivery.
4. Warehouse handling agreements	Agreements with warehouses for handling services e.g packaging, cargo build up.
5.System Agreements	Agreements for technogical access to the Tradex system, booking systems with CCN and airlines.

Source: Research data

As indicated in the table above, nearly all the partnerships mentioned fall were aimed at providing better service solution for the firms, ensuring market access and ensuring superior customer value. The findings further reinforced the perception of the respondents that the firms preferred non-equity strategic alliances to equity alliances.

Effectiveness of Strategic Alliances

This study used eight-factor index to measure the effectiveness of the key strategic partnerships in the clearing and forwarding SMEs. This study found that strategic alliances enhanced the effectiveness of the participating firm's competitive strategies by providing organizational learning and competence which included internalization of tacit knowledge and embedded skills, improving performance through profit maximization and growth of customer base. The partnerships were also effective in cost and risk related issues due to potential to reduce and diversify risks and sharing of costs thereby minimizing some costs like marketing and those involved in research and development. These alliances were also effective for strategic reasons which are product, competition and technology related. The respondents indicated that their firms expanded its market position, gained access to new technology and achieved competitive advantage over its rivals. The findings indicate that partnerships are more effective in the protection and growing the market status, 89.6% of the respondents concur with the statement.

Table 5: ***Effectiveness of Strategic Partnerships measured in percentage (%).***

Effectiveness of Strategic Partnerships	1	2	3	4	5
Ability to increase profit.	0	14.3	23.4	35.1	27.3
acquire specific competencies	0	9.1	15.6	45.5	29.9
Build relationship with customers	0	6.5	26	31.2	36.4
Reducing various risks	0	9.1	14.3	40.3	36.4
Protect and grow market status.	0	0	10.4	53.2	36.4
Resources are used efficiently	0	18.2	9.1	45.5	27.3
Accessibility to current technology.	0	13	19.5	45.5	22.1
Increased sales volume	0	6.5	16.9	31.2	45.5
Adaptation to technology	6.5	9.1	18.2	29.9	36.4

Source: Research Data

Table 6: ***Cronbach Coefficient Alpha for Effectiveness of Strategic Alliances.***

Cronbach Coefficient Alpha Variables			**Alpha**	
Raw			0.981334	
Standardized			0.985284	
Cronbach Coefficient Alpha with Deleted Variable				
Raw Variables			**Standardized Variables**	
Deleted Variable	**Correlation with Total**	**Alpha**	**Correlation with Total**	**Alpha**
A	0.955435	0.978827	0.958123	0.982459
B	0.980355	0.976391	0.977025	0.981745
C	0.894755	0.979908	0.901554	0.981141
D	0.993783	0.975891	0.992949	0.981141
E	0.955161	0.980272	0.952950	0.982654
F	0.888898	0.980045	0.883363	0.985255
G	0.979719	0.893741	0.984869	0.984869
H	0.885653	0.980322	0.892980	0.984898
I	0.929818	0.979990	0.928810	0.983561

Source: Research Data

The Cronbach Coefficient Alpha for Raw and Standardized variables is (0.981334) and (0.985284) respectively. This is greater than the set threshold value of (0.7). This showed that the items selected for the study have a high covariance and hence captures the expected score of the entire study population and therefore the scale used in this study is reliable and records the true value of concept.

Strategic Partnership and Competitiveness

Respondents were also asked to assess the contribution of strategic alliances towards the competitiveness of their businesses. Majority of the respondents felt that strategic alliances had helped them to offer satisfactory products and services to their customers at approval rating of 81.9%. The study thus implied that Strategic partnerships are a key component in achieving competitiveness.

Table 7: ***Percentages of Competitiveness (%)***

Competitiveness Variables	Specific Variables	1	2	3	4	5
Service Delivery	(A) Superior service delivery to customers	9.1	13	16.9	48.1	13
	(B) Distinguished products (unique and desired by customers)	23.4	19.5	18.2	22.1	16.9
	(C) Expands global distribution network and market position	5.2	3.9	9.1	39	42.9
Market Access	(D) The cooperation and coordination enhanced our firms agility in the market	13	10.4	26	41.6	9.1
Cost reduction	(E) Products and services are offered at a lower cost	6.5	16.9	14.3	44.2	18.2

Source: Research Data

Table 8: *Cronbach Coefficient Alpha for Competitiveness Variables.*

Cronbach Coefficient Alpha Variables	Alpha
Raw	0.786926
Standardized	0.646894

Cronbach Coefficient Alpha with Deleted Variable

	Raw		Standardized	
Deleted Variable	Correlation with Total	Alpha	Correlation with Total	Alpha
A	0.912394	0.638437	0.881488	0.389759
B	0.147719	0.814789	0.071603	0.707988
C	0.551592	0.772015	0.564111	0.530890
D	0.724734	0.705495	0.685057	0.479774
E	0.927699	0.639707	0.859338	0.400355

Source: Research Data

The Cronbach Coefficient Alpha for Raw and Standardized variables is (0.786926) and (0.646894) respectively. This was greater than the set threshold value of (0.7). This showed that the items selected for the study had a high covariance and hence captures the expected score of the entire study population and therefore the scale used in this study is reliable and records the true value of concept.

Regression Analysis

The study aimed at finding the effectiveness of the types of strategic partnerships in competitiveness of the SMEs in the freight forwarding sector. Various variables that define strategic partnerships and competiveness were thus analysed to establish the existence of any form of linear relationship. From the analysis, the respondents indicate that there is a positive correlation between the presence of strategic partnership and competiveness; an increase in market share, responsiveness to market changes, cost reduction and delivery dependability. All the three variables recorded a positive figure; this shows that the strategic partnerships types studied have a positive effect on competiveness. A study done by Delloitte (2004) in a resource document on "Partnerships for Small Enterprise Development" reveals that there are three ways through which corporations can partner with SMEs. i) Supporting SMEs involved in the distribution of their products or services aimed at increasing access to markets; Lowering distribution costs and promoting a more vibrant and diverse local economy; ii) Supporting SMEs in their supply chain which aims at; Reducing costs; Increasing local supply; Improving quality control; Reducing vulnerability of supply; Complying with government requirements; Branding benefits and Developing an environment where a vibrant SME sector injects innovation into the corporate world.

This study also concurs with Barajas, Huergo and Moreno (2011) in a study done to analyze whether research joint ventures (RJVs) have a positive impact on SMEs performance considering two dimensions: technological and economic results .found that RJVs have a clear positive effect on technological capabilities of firms. The study also revealed that cooperation has an indirect and positive effect on productivity thanks to increments in intangible assets. They opine that cooperation could be a suitable strategy to access external knowledge when resources constrains are an obstacle to innovate. Supriyadi (2014) supports this finding that there exists a positive impact of the strategic partnership on innovation capability of a firm which was equal to 0.657.

The illustrations of the regression analysis in this study were represented below based on the key strategic partnerships formed by the firms in the past 5 years.

Table 9: ***Regression Analysis (significance @ 5% level)***

Variables	**Adj. R2**	**β**
Marketing and distribution partnership	0.91	0.923*
Supplier Partnership	0.73	0.841*
Joint venture partnership	0.64	0.826*

*p < 0.05

The findings indicate that there is a significant positive relationship between strategic partnerships types studied and the competiveness of SMEs in the clearing and forwarding industry. The relationship between Marketing and distribution partnership and competitiveness was established to be stronger and the most significant, this is evidenced from the outcome of coefficient near to 1 (one) as 0.923.

Discussion

When SMEs join partnerships they do so for various reasons, some of which include enhancing productive capabilities, to reduce uncertainties in their internal structures and external environment. Others form strategic partnerships to gain competitive advantages that enable them increase profits, or to gain future business opportunities that may enable them to achieve higher market values for their output (Webster, 1999). While other studies emphasize that the reason firms join strategic alliances is to achieve higher control and more operational flexibility and realization of market potential. Operational flexibility results from reaching out to new skills, knowledge, and markets through shared investment risks. This current study found that the SMEs in the freight industry formed strategic partnerships with other firms for various reasons ranging from the need to provide superior value to clients, to enlarge market share, to resources and capabilities and even to minimize costs and risks.

The motive for strategic alliances is therefore driven by the desire to address internal organizational problems, economic benefits, the need to engage in strategic positioning and political manoeuvring with governments and market rivals. This study however noted that firms forming partnerships in the clearing and forwarding industry are driven less by internalized organizational issues such as costs and benefits as opposed to the current market positions of each firm, their joint resource capabilities and technological asymmetries relative to the firms engaging in such transactions. An SME is therefore driven to form an alliance mainly by is strategic intentions to position itself in the market rather than the economic rationalities.

CONCLUSION

Faced with the key market forces which prevent the SMEs from using hierarchy or full ownership as a solution, they resort to strategic partnerships which if executed successfully, can deliver access to new markets or customers, accelerate new product development cycles, and improve a company's competitive positioning. They help companies expand their capabilities without the added step of creating those capabilities in-house. Companies therefore perform more efficiently and adapt more quickly than they would on their own. Strategic partnership has thus become one of the popular solutions employed to counteract market forces that might threaten it. Partnerships pool together the assets and capabilities with uncertainties and liabilities of the partners involved.

The strategic partnership types studied create interdependence between the partners which bring benefits in form of intangible assets. Previous studies have documented positive outcomes for companies engaging in strategic partnerships.

Partnership decisions are focused on the evaluations of present and future benefits that a firm stands to gain while operational focus on transaction cost calculations. From the study it is evident that strategic partnerships are not driven by the expected direct impact on costs, profits, and other tangible benefits except by indirect positive outcomes from their intangible benefits.

From the intangible benefits a firm may end up gaining dominant or leadership position in the market lead to their competitiveness in terms of superior service delivery, differentiated and unique products and even profitability.

RECOMMENDATIONS

The study recommended that the SMEs should include competitive intelligence in its strategic alliance practices, technological intelligence will specifically due the explosion of e-commerce in the clearing and forwarding industry have huge benefits in the level of automation, cost reduction and efficiency in service delivery that the SMEs can achieve. The firms should therefore adopt instruments to gather market intelligence, product intelligence, technological intelligence, and strategic alliance intelligence to complement its strategic alliance practices to ensure it positions itself strategically in terms of innovation and customer value-add as compared to rivals.

The firms should also form strategic partnerships driven by the need to differentiate its products and services within one or a number of target market segments. It was not clear whether the firms formed strategic partnerships in order to serve any differentiated market segment. Use of strategic partnerships geared towards differentiated strategy will help the SMEs to gain more competitiveness compared to its competitors in terms of market capture.

Suggestions for further research

The results of this study are based on strategic partnership and their effectiveness on the competitiveness of a small and medium sized organization, the similarity versus complementarity in a partner choice should be investigated if strategic alliances are basically about gaining access to useful resources not possessed by one firm in order to gain competitiveness over competition at the end. It should therefore be investigated to establish which organizational attributes hold key in choosing partners – is it products, market positions, technologies, human resources, managerial styles, or reputation of an organization?

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