

**CHALLENGES IN THE IMPLEMENTATION OF GROWTH STRATEGY TO
GAIN SUSTAINABLE COMPETITIVE ADVANTAGE BY NAIVAS
SUPERMARKET LIMITED IN KENYA**

BY

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DECLARATION

STUDENT'S DECLARATION

I, Morris Gaitung'u Gachango, declare that this research project is my original work and has not been presented for the award of any other degree to any other University or Institution of Higher learning.

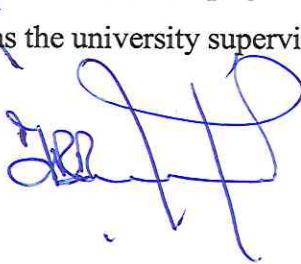
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Date 27/11/2022

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SUPERVISOR'S DECLARATION

This is to declare that this project has been submitted for examination with my approval as the university supervisor.

Signature 

-Date 27/11/2022

ABBREVIATIONS AND ACRONYM

COVID-19	Coronavirus Disease 2019
G4S	Group 4 Securicor
GDP	Gross Domestic Product

DEDICATION

I wish to dedicate this project to my family members who continuously supported me throughout the project, especially my wife, Mary Christine Wairimu Kahugu. Without their contribution and support, I would not have managed to finish this project. To all of them, I say thank you so much.

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TABLE OF CONTENTS

DECLARATION.....	ii
ABBREVIATIONS AND ACRONYM.....	iii
DEDICATION.....	iv
ACKNOWLEDGEMENTS	v
ABSTRACT.....	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Concept of Growth Strategy	3
1.1.2 Sustainable Competitive Advantage.....	4
1.1.3 Naivas Supermarket Limited	5
1.2 Research Problem	5
1.3 Research Objectives.....	8
1.4 Value of the Study	8
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 Theoretical Foundation.....	10
2.2.1 Resource-Based View.....	11
2.2.2 Survival-Based Theory	12
2.2.3 Game Theory	14
2.3 Growth Strategy and Sustainable Competitive Advantage.....	15
2.4 Empirical Studies and Knowledge Gaps.....	16
CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Data Collection	21
3.4 Data Analysis	21

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS	22
4.1 Introduction	22
4.2 Respondent Characteristics and Rates	22
4.3 Growth Strategies used by Naivas Supermarket Limited	24
4.4 Sustainable Competitive Advantage of Naivas Supermarket Limited	27
4.5 Implementation of growth strategies in Naivas Supermarket Limited.....	29
4.6 Challenges in the Implementation of Growth Strategy to gain a Sustainable Competitive Advantage in Naivas Supermarket Limited.....	30
4.6.1 Impact of the Challenges faced by Naivas in Implementing Growth Strategy to gain Sustainable Competitive Advantage	31
4.6.2 Mitigation Strategies adopted by Naivas to deal with Challenges faced in Implementing Growth Strategy to gain Sustainable Competitive Advantage	32
4.6.3 Respondents' Suggestions on how to deal with Challenges faced by Naivas in Implementing Growth Strategy to gain Sustainable Competitive Advantage	33
4.7 Discussion of Findings.....	34
CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS.....	39
5.1 Introduction	39
5.2 Summary	39
5.3 Conclusion of the Study.....	40
5.4 Recommendations	41
5.5 Limitations of the Study.....	42
5.6 Implication of the Study on Policy, Theory, and Practice	43
5.7 Area for Further Research.....	44
REFERENCES.....	45
APPENDICES	50
Appendix I: Introduction Letter	50
Appendix II: Interview Guide	51

Appendix III: List of Supermatrkets in Kenya53

ABSTRACT

The retail sector is one of the fastest-growing sectors in Kenya, which has seen most people and businesses venture into the industry. As a result of increased competition, firms have had to develop different strategies to improve their sustainable competitive advantage to ensure both business growth and profitability. The strategic management process, therefore, plays a crucial role in determining the success of most businesses in the retail sector. Poor or weak strategic management processes negatively affected many businesses, with some even being forced out of business. This study expounds on one stage of the strategic management process: the implementation stage. This study's emphasis is on using a growth strategy to gain sustainable competitive advantage in the retail sector, especially in the chain store supermarkets, with Naivas supermarket limited being the case study. The study adopted the following theories; resource-based view, survival-based theory, and game theory. The study adopted the case study research design using interview guides during the data collection to help identify some of the challenges faced by Naivas supermarket limited in adopting the growth strategy to gain a sustainable competitive advantage. The study identified the following challenges faced by Naivas supermarket limited when implementing the growth strategy; increased competition, financial constraints, both capital, and human, lack of strategic locations to set up stores, high cost of renting store spaces, poor forecasting, increased employee turnover and demotivation, tough economic times, Covid-19 pandemic, getting the right employees and managers and high cost of training and retaining them, increased competition and conflict in the value chain, high holding costs, and higher operational costs which reduced profits. It concluded by identifying different areas that warrant further research, such as identifying other strategic management stages and how they impact the success of growth strategies and studying other firms outside the retail sector.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The business environment is very dynamic, with factors such as increased competition, changing consumer needs and preferences, changing laws and policies, and technological advancement impacting this environment (Mkansi & Nsakanda, 2019). Therefore, managers are tasked with huge responsibilities and pressures to ensure they lead their businesses in addressing these dynamic factors to meet their goals and objectives. To deal with such pressures, business managers must adopt various strategies that offer competitive advantages against their rivals in the industry.

The resource-based view, survival-based theory, and game theory guide this research by offering insight into how firms can gain and sustain competitive advantage in the modern market (Tabesh, Mousavidin & Hasani, 2019). The resource-based view argues that the internal resources a firm holds determine the strategies the firm can adopt (Chirapanda, 2019). Therefore, weak internal resources can pose a challenge when implementing growth strategies. On the other hand, survival-based theory and game theory hold that firms' choices highly depend on the actions of other competing firms since they all want to gain a competitive market advantage. It is especially so in the retail sector, which is very competitive.

Globally, the retail sector is one of the most competitive sectors, with new players freely joining the industry every so often. Therefore, firms in this sector need to adopt strategies to gain a competitive advantage and maintain it to ensure they keep and even grow their market share. However, when implementing these strategies, firms encounter various challenges that can negatively impact their success if not adequately mitigated. For that reason, managers need to carefully analyze the market and identify the strategies that best create a competitive advantage. Most researchers have, in the past, focused on the adoption of growth strategies in general without focusing on specific strategic management process stages, thus motivating this study with the focus being on the implementation stage.

According to Tien, Diem, Vu, Dung, Dat, and Duc (2021), the strategic management process involves steps such as identifying the firm's visions, mission, objectives, and goals, conducting an environmental analysis both internally and externally, identifying the threats and opportunities in the environment, formulating a strategy, implementing it, and then evaluating and controlling the chosen strategy. Due to the growing competition in the retail industry, with both local and international players joining the industry, firms are forced to adopt strategies that offer a competitive advantage. One such strategy used by most firms, especially in Kenya, is the growth strategy. This strategy signifies expansion, and in the retail industry, an example could be setting up stores in different locations to reach more potential consumers.

With devolution and improving infrastructure, the country is experiencing growth in various towns, thus offering opportunities for companies to set up stores in these areas. Although this growth strategy has proved successful, factors such as insecurity, inflation, increased competition, or low profits due to reduced sales, among others, have led to some firms closing up some of their stores (Alamsyah, Othman & Mohammed, 2020). Therefore, managers must seek ways of effectively implementing the growth strategy in a way that gives them a competitive advantage in the market and ensures increased profitability.

Naivas supermarket limited is among the fastest-growing supermarkets in the country. The firm has set up branches in different parts of the country, especially in the last few years. This move has been boosted by devolution and the growth of small towns in different counties. However, it faces enormous competition from other new and well-established supermarkets that serve the same market niche. Thus, the company is forced to adopt different strategies to offer a sustainable competitive advantage in the Kenyan retail sector. One such strategy is the growth strategy. However, for this strategy to be effective, the management needs to conduct a thorough market analysis of the intended location and assess its viability to increase the success rate.

1.1.1 Concept of Growth Strategy

According to Othman, Khatab, Esmaeel, Mustafa, and Sadq (2020), a strategy is a plan of action designed to help achieve long-term or short-term goals. Therefore, a growth strategy is a plan of action designed to help an organization capture a larger market share than the already existing share (Peter, 2020). Businesses can adopt various growth strategies, as explained by the Ansoff matrix. These strategies include product development, diversification, market penetration, and market expansion (Suttle, 2019). The choice of the most suitable growth strategy depends on various factors, such as the type of market and product, whether new or existing. Managers can use one growth strategy or combine multiple growth strategies that align with their firm's objectives and mission.

Factors such as target market, resources (both capital & human), and the industry, among others, determine the type of growth strategy a firm can adopt. Each growth strategy offers both advantages and disadvantages, thus requiring managers to analyze them effectively before choosing the best strategy that suits their business. Poor choice of a growth strategy will have enormous adverse effects on a firm, such as wastage of resources, demotivation of employees, bad reputation, and poor culture. Therefore, managers need to conduct thorough research before adopting any strategy and assess whether this strategy aligns with their overall organization's goals and objectives.

With increased globalization and technology adoption, firms can benefit from adopting one or more growth strategies. Enhanced infrastructures, internet connection, advanced technology, changing cultures & customers' needs, improved laws & regulations, and enhanced communication, among other factors, have encouraged globalization, thus offering a huge opportunity for firms to adopt growth strategies, especially when it comes to expanding their operations to other countries (Pettinger, 2019). However, while globalization provides numerous benefits, it increases competition in different markets, derailing a firm's success.

1.1.2 Sustainable Competitive Advantage

Ghaffarkadhim, Harun, Othman, and Raja (2019) provide that sustainable competitive advantage is the situation that puts an organization in a superior or favorable business position compared to rival firms in the industry over a long period. Firms can adopt a variety of strategies to gain a competitive advantage. Such strategies include differentiation focus, innovation, cost leadership, adaptive competitiveness, information advantage, operational effectiveness, and technology-based competitive strategy. However, to effectively employ one or a variety of these strategies, managers must identify and utilize the available sources of competitive advantages and do so sustainably. Such sources include processes & practices, people, technology, organizational culture & structure, capital & natural resources, and products & intellectual property.

By effectively utilizing these competitive advantage sources, a business is bound to succeed both in the short-run and the long-run (Kosgey & Njuguna, 2019). As mentioned here before, globalization and advanced technology can offer a competitive advantage. However, they also result in increased competition, which puts SMEs at a disadvantage compared to large multinational firms (Diba & Omwenga, 2019). Therefore, managers of small and medium enterprises must identify their key competencies and utilize them to gain a competitive advantage if they want to thrive in the market.

According to Bandaranayake & Pushpakumari, (2021), a firm can be deemed to have a competitive advantage if it offers goods and services that are of higher quality than its rivals, can attract and retain customers easily, can easily cope with various competitive forces, and has differentiated its value chain from other players in the industry in question. Competitive advantage is built around creating a reputable brand name and image, providing comparatively high-quality products and services, and building competencies and resources across the value chain that other firms cannot easily match. By doing so, a firm can improve the quality of its products and services while reducing its operating costs in the long run. The result is felt by customers through reduced prices, making the firm in question a market leader.

1.1.3 Naivas Supermarket Limited

Naivas supermarket limited is a Kenyan, private, family-owned retail firm founded by Peter Mukuha Kago 32 years ago on 27th July 1990. The firm operates in more than 62 locations, with its headquarters in Nairobi, Kenya, making it one of the country's largest supermarket chains (Matara, 2019). The firm deals with both food and non-food products and has employed over 5,000 employees. The supermarket has created an online store that allows customers to shop for various products and services online, eliminating the need to go to physical stores.

The company started its operations as Rongai Self Service Store in Nakuru before changing its name to Naivasha Self Service Stores ltd. The company later rebranded itself to its current name, Naivas Limited. Over time, the company has expanded its operations by opening stores in various locations countrywide and was the first large retail company to set up a branch in Garissa town. The firm has branches in all of Kenya's large cities: Mombasa, Kisumu, Nakuru, and Nairobi, and intends to continue opening more stores in different parts of the country (Matara, 2019).

The company became the first in East Africa to set up a state of art food market store. However, the company faces massive competition from other supermarkets such as Tuskys, Maathai, Carrefour, and Choppies, among others (Mugo, 2020). The supermarket has adopted various strategies to gain a competitive advantage, with the growth strategy being the main one. This is evident in the number of branches located in different parts of the country and the plans to expand its operations countrywide.

1.2 Research Problem

Thiong'o, Wasike, and Yano (2021) provide that organizations in developing or developed states face challenges threatening their continuity and success. Factors such as technological advancement and globalization have resulted in increased competition in the business environment. Firms must adopt strategies that offer a sustainable competitive advantage to deal with this competition and ensure business continuity and profitability. One of the most commonly used strategies by firms to gain this competitive advantage is the growth strategy.

A growth strategy is a plan of action designed to help an organization capture a larger market share than the already existing share (Suttle, 2019). Businesses can adopt various growth strategies, as explained by the Ansoff matrix. These strategies include product development, market penetration, diversification, and market expansion (Suttle, 2019). Factors such as target market, resources (both capital & human), economic stability, level of competition in the industry, political stability, technological advancements, and environmental factors, among others, determine the type of growth strategy a firm can adopt. Each growth strategy offers both advantages and disadvantages, thus requiring managers to analyze them effectively before choosing the best strategy that suits the business.

The retail sector in Kenya, especially the chain of supermarkets, is one of the most significant industries since it offers essential services, creates employment opportunities, and raises its GDP (Cyttonn, 2018). However, it continues to experience increasing competition, both local and international, posing a threat to the success of most supermarkets. The sector has seen some supermarkets running out of business and others forced to close some of their outlets, with the recent cases being that of both Uchumi and Nakumatt supermarkets (Ogero, 2020). The closure of such businesses results in the loss of many employment opportunities, loss of revenue for the government, and also loss of revenue for suppliers. Naivas supermarket limited is among the fastest-growing supermarkets in the country.

The firm has set up new branches in different parts of the country. However, it faces enormous competition from other new and well-established supermarkets that serve the same market niche. The company is thus forced to adopt different strategies to offer a competitive advantage over its rivals. One such strategy is the growth strategy. However, for this strategy to be effective, the management needs to conduct a thorough market analysis of the intended location and assess whether it is viable. The management needs to ensure that it utilizes its key competencies and ensure that they are unique from their rivals and difficult to imitate to offer a sustainable competitive advantage.

Several international and local studies have been conducted on the use of the growth strategy to gain a competitive advantage, especially in the retail sector, and the challenges faced when implementing the strategy. According to Deng, Liu, Gallagher, and Wu, (2020), who used the case study approach, some of the growth strategies adopted by multinational companies included internationalization, Porter's generic strategies, and diversification. Omboga (2020) used a descriptive research design to study the influence of retail network expansion on the competitive advantage in Kenya's oil market using the case of Vivo Energy. The study discovered a positive and significant impact that retail network expansion has on its competitive advantage and recommended adopting a franchising strategy by Vivo Energy to improve its distribution network. However, the study did not focus on the challenges faced when implementing growth strategies to gain a competitive advantage.

Byun et al. (2020), used an inductive research design to explain the success and failure of some businesses by studying the perception of market competition among small retail businesses in the USA. The study discovered that more than half of the companies faced competition and worked towards gaining sustainable competitive advantages. They discovered that those firms that failed to improve their operations and processes to meet the changing market needs faced higher chances of running out of business. However, the study did not focus more on the growth strategies used by small retail businesses to gain a competitive advantage in the market.

Most supermarkets in Kenya have branches in different locations. However, some supermarkets fail to effectively develop and implement this strategy to gain a competitive advantage. Due to poor implementation, most of these firms end up closing some of these branches after a while (Kosgey & Njuguna, 2019). Therefore, managers must identify challenges while implementing the growth strategy and develop mitigation strategies to deal with them to gain a sustainable competitive advantage. According to Peter (2020), poor implementation of a properly formulated strategy will likely translate to failure. Therefore, if a growth strategy is implemented poorly, the strategy will not translate to offering any competitive advantages, thus negatively affecting a firm.

This study thus aimed to explore the challenges firms face in implementing a growth strategy to gain a competitive advantage in the retail industry, focusing on Naivas supermarket limited. Although research has been conducted in the area of growth strategy, there still lacks adequate research on the challenges faced during the implementation of these growth strategies to gain a sustainable competitive advantage. This is evident from the studies mentioned above as they primarily focused on either growth strategy or sustainable competitive advantage but not the link between the two variables. To address the mentioned research gaps, this study answered the following research question; what are the challenges faced by Naivas supermarket limited in Kenya when implementing the growth strategy to gain a sustainable competitive advantage?

1.3 Research Objectives

This study aimed at identifying challenges faced by Naivas supermarket limited in Kenya in implementing the growth strategy to gain a sustainable competitive advantage.

1.4 Value of the Study

The study is essential to the Kenyan retail chain industry and the Naivas supermarket limited policy makers as it enlightens them on the impact of growth strategy in achieving cost effectiveness throughout their value chain and how this creates a superior brand name, thus attracting more customers and retaining the existing ones. The study guides strategy managers on some of the decisions they should consider to ensure that their businesses become profitable and remain competitive for a long time.

This study also enhances the existing theoretical framework and other vital relationships that require more research, for instance, the relationship between employee motivation and a firm's performance and how that impacts its competitive advantage. It also adds to the resource-based theory in emerging economies such as Kenya, focusing on the retail industry, specifically the supermarket chain, an area likely to experience immense growth in the future. Moreover, the research acts as reference material for future researchers on other topics related to growth strategy and competitive advantage and offers other research gaps than can be studied in the future.

The findings, recommendations, and conclusions offered by this study provide various opportunities for other researchers who can use them to further their studies. The research also informs government and private sector policymakers to upgrade business infrastructures, laws, and policies to cater to new and existing supermarket chain business opportunities. The study also helps the management of Naivas supermarket limited identify some of the challenges in implementing a growth strategy to gain a competitive advantage and how to mitigate these challenges. The study offers more literature on the area of growth strategy and gaining a competitive advantage in the retail industry. Using the study, other researchers can explore other research gaps and present strategies that offer a competitive advantage, other steps in the strategic management process, and how they can affect the success of growth strategy can be addressed by other researchers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter discusses the literature review on implementing the growth strategy to gain a sustainable competitive advantage. It scrutinizes different points raised by scholars concerning the study's objectives and how their studies relate to and impact this study. They help outline the relationship between this study's variables and how they impact a firm's success in general.

The chapter also reviews theories relevant to this study and shows the relationship between them and this research, thus helping lay down the study's theoretical background. This section is critical since it assists in hypothesizing the relationship that exists between independent and dependent variables. Readers can easily link the study to various research previously conducted in the area through this section.

The chapter also discusses the empirical studies and research gaps as far as this study is concerned. This area analyses different views of several scholars concerning the study's objectives. The section offers some of the areas that future scholars can focus their studies on to help improve the retail sector, especially the chain of supermarkets, both locally and globally.

2.2 Theoretical Foundation

This study is anchored on three theories. These theories are the Resource-Based view, Survival-Based, and Game Theory. These theories are discussed in detail in the following sections, showing how they impact the implementation of growth strategies by supermarkets to gain a sustainable competitive advantage. A brief history of each theory is offered before mentioning the need for managers to employ these theories in their value chains to gain sustainable competitive advantage. The section shows how the theory can be applied in the business sector and how it helps link the different variables.

2.2.1 Resource-Based View

The resource-Based view became a dominant paradigm in strategic planning in the 1990s after Jay Barney used it in his article, "Firm Resources and Sustainable Competitive Advantage." However, it is believed that its roots can be traced back to the 1930s with the work of Wernerfelt, who mentioned the idea of resource position barriers. Wernerfelt's idea is believed to have influenced Barney's work. This theory holds that firms gain a substantial competitive advantage by developing superior resources and capabilities, focusing on internal capabilities (Davis & DeWitt, 2021). The theory integrates ideas from different disciplines, such as law, economics, supply chain management, ethics, marketing, and management. According to the theory, firms should develop unique core competencies to help them outperform their competitors. These core competencies should be difficult to imitate by other firms, thus offering uniqueness in service delivery and product development. These competencies also make it hard for other firms to enter the market, thus reducing competition which provides numerous benefits to the firm.

Therefore, the resource-based theory is appropriate for this study as it explains how a firm can use its internal resources and capabilities strategically to gain a competitive advantage in the market, especially when adopting a growth strategy. Internal competencies and resources will determine the type of technology to adopt, the number of employees and wages, marketing and advertisement budget, and investment in research and development, among other factors. Firms with better resources can quickly adapt to changes in the market, which are very common, especially in the retail sector. One of the main challenges firms face when adopting a growth strategy to gain a competitive advantage is the lack of internal competence and resources, both capital and human. Setting up new branches require enormous resources since firms need to hire employees and managers to run the place, have higher operational costs, buy equipment and machines, purchase more stock, experience higher holding cost, and incur more rent costs, among other expenses. Fewer resources reduce the chance of a new branch surviving in the market, mainly due to increased competition experienced in the retail sector.

Thus, firms must understand their internal capabilities before adopting a growth strategy. They need to identify what makes them unique and those features that are difficult for other firms to imitate. By doing that, they can capitalize on their key competencies and use them to gain a competitive advantage over rivals. With increased competition in the retail industry, firms must integrate the resource-based theory as it will help them understand their internal resources and capabilities, guiding them in adopting the best growth strategy.

Weak internal resources are likely to pose a challenge in implementing the growth strategy. Cases of many firms closing their new outlets after a short period are common, a reason that has been highly attributed to the lack of resources to run the new business operations. Firms, therefore, need to conduct a SWOT analysis of their resources and capabilities. They can capitalize on their strengths and opportunities from the analysis while working on their weaknesses and threats.

2.2.2 Survival-Based Theory

Herbert Spenser originally introduced the Survival-Based Theory as “the survival of the fittest” in 1885. Together with Adam Smith, they synthesized Darwin’s theory of evolution to develop the idea of Social Darwinism, which held that only the best and the fittest competitors would win and survive. It is from the Social Darwinism idea that the survival-based theory was developed. The theory was first introduced to the field of economics by the likes of Schumpeter (1934), Harrod (1939), Marshall (1949), and Alchian (1950). In strategic management, the survival-based theory emphasizes the importance of firms adopting strategies that help run effective operations and that can help them respond quickly to changes in the environment if it wants to survive (Haidong, Qiuyu & Yajie, 2021). The theory holds that firms need to be prepared for any changes that might occur in the market. Therefore, firms must develop strategies that help identify possible changes in the market and develop mitigation strategies to deal with these changes. A rigid firm that does not move with new market changes is likely to fail.

With increased competition in the market, especially in the retail sector, where new firms are entering, and others are exiting the market, this theory is appropriate for this study. It provides insight into how a firm can adopt various strategies to become the strongest player in the market. When adopting a growth strategy to gain competitive advantages in the retail sector, firms should understand how the market works and focus on being the best. How well firms deal with the various challenges when adopting the growth strategy will determine whether they will thrive or fail.

The retail sector is one of the most competitive sectors, with consumers' needs and wants changing oftenly. Therefore, firms need to implement a culture that fosters change in their operations with less or no opposition. A firm still stuck with its traditional operations is likely to run out of business compared to one that quickly adopts modern technologies. Firms need to study new trends and see how to incorporate them into their operations if they want to survive in the competitive market.

Therefore, firms must work towards being the best in the market to ensure their survival. Only the strongest and the best firms survive, while the weak ones are forced to exit the market. Thus, managers should understand how the internal and external environment affects their chances of survival and identify areas that will offer a competitive advantage when adopting the growth strategy. By meeting the changing needs of its customers, a firm is likely to occupy a higher market position than rivals, thus offering a sustainable competitive advantage.

The survival-based view encourages innovation, creativity, and teamwork in any organization. With these values, a firm is likely to enjoy high staff motivation and low staff turnover, which translates to reduced hiring and training costs, high customer service delivery, and a good working environment, among other benefits. Innovation and creativity also discourage new firms from venturing into the market due to high customer loyalty.

2.2.3 Game Theory

The game theory, according to Kotler 1998, is a mathematical tool used by firms to make decisions. It is believed that the first discussion of game theory took place in 1713 in a letter written by Charles Waldegrave. After the publication of the paper titled “On the Theory of Games of Strategy” by John Von Neumann in 1928, many scholars started taking an interest in it (Choi, Taleizadeh & Yue, 2020). In strategic management, the theory has guided managers on the most appropriate strategies to adopt, especially when it comes to gaining a competitive advantage. The rationale is that organizations choose strategies based on the ones that their competitors adopt (Li & Camerer, 2019). A successful strategy adopted by one firm is likely to translate to another firm's success if adopted correctly.

Therefore, this theory is appropriate for this study as the market is seen as a game guided by specific rules, with each firm seen as a player and each decision taken by one player believed to influence another directly or indirectly. When adopting the growth strategy, retail firms must assess how the strategy will influence their operations and forecast how their competitors will react to their move. To gain a competitive advantage, firms must identify how best to implement the growth strategy and anticipate how their competitors are likely to interact. Firms must ensure they utilize their core competencies to offer a competitive advantage when adopting any strategy. They should learn to differentiate themselves from rivals, thus offering the firm a higher market position.

The theory offers an opportunity for competing firms to think before making any decision by anticipating their competitor's moves. The game theory also helps firms identify some of the challenges they are likely to face when implementing the growth strategy since they can learn from other market players. Those firms that study their competitors' moves and understand some of the challenges they encountered when adopting the growth strategy are likely to be better positioned to develop mitigation strategies for dealing with similar challenges. As such, they are likely to succeed, thus gaining a competitive advantage in the market.

2.3 Growth Strategy and Sustainable Competitive Advantage

The retail sector continues to experience new trends every day, posing both positive and negative impacts on the well-being of businesses in the sector. Increased competition is one of the main challenges faced by firms in the retail sector due to trends such as globalization, technological advancements, homogeneity of consumers' needs, economies of scale, ease of entry of firms into the market, and changing laws and policies, among others. As a result, firms have been forced to adopt strategies that offer competitive advantages in the market to help deal with the increased competition (Haseeb, Hussain, Kot, Androniceanu & Jermisittiparsert, 2019). Firms must work on attracting more customers and retaining existing ones if they want to remain competitive in the market.

One such strategy being adopted by firms is the growth strategy. As chapter one mentions, a growth strategy is a plan of action designed to help an organization capture a larger market share than the already existing one (Peter, 2020). Some growth strategies businesses can adopt include product development, market penetration, diversification, and market expansion. Firms can choose one or combine various growth strategies based on the intended goals and capabilities (Malik, 2019).

However, formulating a strategy is difficult for most firms, and some go about implementing the growth strategy wrongly. The firms that successfully develop a sound growth strategy encounter challenges while implementing the chosen strategy. Research shows that half of the best-formulated strategies do not get past the implementation stage, indicating the need for firms to ensure a successful strategy implementation process. Therefore, managers must understand that choosing a strategy does not guarantee success if wrongly implemented. They need to invest hugely in the implementation stage in terms of capital and human resources. Firms can learn a lot from other firms that have successfully implemented different growth strategies and those that have failed to learn the does and don'ts.

By successfully choosing the best growth strategy and adequately implementing it, and dealing with some of the challenges likely to be encountered during the implementation process, firms increase their chances of gaining a competitive advantage in the market (Zhao, Tsai & Wang, 2019). Cases of firms investing heavily in growth strategies and failing are common, especially in the retail sector. Many supermarts have run out of business due to poor implementation of growth strategies. Therefore, managers must make sure that they choose the right growth strategy and work on dealing with the challenges they are likely to face in the implementation phase if they want to gain competitive advantages in the market. Successfully dealing with these challenges in the implementation phase increase the chances of success for new branches.

2.4 Empirical Studies and Knowledge Gaps

Internationally, Byun et al. (2020), in their article, explained the success and failure of some businesses by studying the perception of market competition among small retail businesses in the USA, using an inductive research design. The study discovered that more than half of the companies faced competition and worked towards gaining sustainable competitive advantages. They found that those firms that failed to improve their operations and processes to meet the changing market needs faced higher chances of running out of business. However, the study did not focus more on the growth strategies used by small retail businesses to gain a competitive advantage in the market.

Ferreira & Ferreira (2018) used a case study research design to examine the challenges and opportunities of new retail horizons in emerging markets using China's rising coffee culture. Their article discovered that; both rising middle-class consumer base and economic growth translated to new market potentials, especially for international markets. However, the study concentrated more on the changing consumers' cultures and their impact on changing markets rather than on the challenges that firms in the retail sector may face when implementing the growth strategy to gain a competitive advantage.

Górska-Warsewicz et al., (2018) sought to determine how various international retailers could achieve a competitive advantage by introducing private labels in their organic categories using a qualitative research design approach. Their study discovered that sustainability is a source of competitive advantage that can be used in the market, especially for international retailers. The study concluded that modern customers are more environmentally cautious and interested in protecting future generations' needs. However, the study focused on using sustainability strategies to gain competitive advantages in the market rather than the growth strategy.

Ozdemir, Podubnii, & Bayar, (2017) examined how firms in the creative industry improved their sustainable competitive advantage by using strategic alliances to overcome environmental turbulence. They discovered that there exists a significant relationship between strategic alliance and sustainable competitive advantage. However, the study focused on the use of strategic alliances to gain a competitive advantage rather than the growth strategy.

JY, (2017) researched the strategies adopted by foreign companies in Kenya to gain a competitive advantage. The study employed a cross-sectional survey research design and pointed out that foreign companies commonly used strategies that included contracts, joint ventures, wholly-owned, strategic alliances, direct acquisitions, licensing, and mergers. However, the study only focuses on franchising, strategic alliances, and venture strategies.

Waweru (2018) examined the use of a forecourt retailing strategy to gain a competitive advantage by Total Kenya PLC services stations in Nairobi City Council using a descriptive research design. The study discovers a positive and significant relationship between forecourt retailing strategy and competitive advantage. However, the study focuses on the use of forecourt strategy rather than growth strategies.

Mugo (2020) looked at the influence of porter's five forces on competitive advantage in Kenya's telecommunication industry. The study adopted desktop research. According to the study, new entrants in the telecommunication industry in Kenya faced a considerable threat of entrants from the existing firms, especially due to the high cost required to set up such businesses. Another problem faced by firms in this industry was a higher bargaining power by buyers. However, the study did not address how supermarkets can gain sustainable competitive advantages in the retail sector.

Mwakawi and Kavale (2020) employed a descriptive survey research design to study how competitive strategy influences the competitive advantage of Toyota Kenya. The study identified cost leadership as the best strategy to gain a competitive advantage in the automobile industry since it leads to more sales and higher revenues. The study advocated for managers to identify ways to reduce operating costs throughout their value chain. They need to identify ways to source cheap raw materials and labor, identify better technology, and improve their leadership capability to reduce money wastage, which tends to increase the final prices of commodities. The study, however, focused on the competitive advantage in Toyota Kenya rather than on Naivas supermarket limited.

Nderitu & Njuguna, (2017) used a descriptive research design to study the influence of retail network expansion on the competitive advantage in Kenya's oil market using the case of Vivo Energy. The study discovered a positive and significant influence that retail network expansion had on its competitive advantage and recommended adopting a franchising strategy by Vivo Energy to improve its distribution network. However, the study did not focus on the challenges faced when implementing growth strategies to gain a competitive advantage.

Wanjiru, (2016) uses a case study research design to assess the strategies adopted by insurance industries to gain a competitive advantage using the case of First Assurance Limited. The study concludes that the organization focused more on using the differentiation strategy by offering different products and goods to different customers. However, the study does not focus on the use of growth strategies to gain a competitive advantage.

Simiyu and Makhamara (2020) focused on strategic positioning and competitive advantage at G4S Kenya. The study employed a descriptive research design among the firm's employees. From the research, adopting continuous improvement in the company led to a better competitive advantage in the market. Firms should identify ways to continue improving their value chains resulting in better services and quality products. Other strategies that offered a competitive advantage to G4S in the market included product differentiation and employing strategic assets. However, the study focused on G4S, a service industry, rather than Naivas supermarket limited, which deals with both products and services.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter briefly describes the methodology used when conducting the study. The chapter sets out the research methodology adopted to meet the objectives stated in chapter one of the study.

This chapter entails research design, data collection, and data analysis. It contains the general methodology or the layout of the research framework. It focuses on the research methodology used in the study, which includes the procedures and methods used to collect and analyze data.

3.2 Research Design

According to Dodds and Hess (2020), a research design entails the approach or outline of a study in addressing its research objectives. This study employed a descriptive research design, specifically a case study design, a common research method in business studies. A descriptive research design is a study design designed to depict the participants accurately.

A case study research design entails analyzing precise issues within the boundary of a specific situation, environment, or organization. The reason for using this research design was to help offer an in-depth analysis of the challenges faced by Naivas supermarket limited when implementing the growth strategy to gain sustainable competitive advantage as it answered the question “what?” The research used interviews to gain relevant, reliable, and accurate information about the study.

The study concentrated on the company’s head office branch, which is located in Nairobi. It aimed at only targeting senior level managers in the company who are more linked to formulating, implementing, and monitoring its strategies. This approach's choice is to give the researcher ample time to gather and analyze relevant data from those participants who are more likely to be involved in the strategic management process.

3.3 Data Collection

The research depended on primary data obtained directly from the field using face-to-face interviews consisting of open-ended questions. The target participants comprised managers from the departments' procurement, finance, customer service, training and development, marketing, consumer insights, and human resource.

An interview guide was prepared and used during the study offering participants clarity and guidance. The choice of this method was to enhance the collection of qualitative data. Additionally, the technique helped encourage two-way communication, translating to better results since the respondent got an opportunity to expound on various issues and ask for clarity where necessary. Prior arrangements, through phone calls and e-mails, were made to ensure that a convenient time for conducting the interview was chosen.

3.4 Data Analysis

Data analysis means to organize, provide structure and elicit meaning. According to Babii (2020), data analysis involves collecting, modeling, and transforming data to highlight useful meanings, suggest conclusions, and support decision-making in the area under study.

Data analysis is a process that involves transforming the raw data collected into meaningful information. Content analysis was used in analyzing the qualitative data as it helped draw a conclusion concerning the collected data. According to Varghese, Ramesh, and Veeraiyan (2019), content analysis is an empirical scientific approach as it helps draw conclusions from patterns and themes in changes, decisions, and actions and explanatory notes used to present the data.

This data is then presented in prose form in chapter 4. Data from the field was thoroughly validated and edited through face validation and cross-checked to ensure that the respondents answered the right questions before being analyzed.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents, analyzes, interprets, and documents data collected from the field, in this case, Naivas supermarket limited. The study hopes to identify some of the challenges faced by the retail sector, more so chain store supermarkets, when it comes to adopting the growth strategy to gain a sustainable competitive advantage. As mentioned in chapter 3, the data was collected using an interview guide with senior-level managers at Naivas supermarket limited. These findings are presented as follows:

4.2 Respondent Characteristics and Rates

The study targeted 7 senior managers from the following departments: procurement, finance, human resource, marketing, training & development, consumer insight, and customer service. These departments were believed to have a significant impact on Naivas success since they are involved in the firm's day-to-day operations and are directly involved in the firm's strategic management process. All these managers responded to the interview guide, meaning that the data collected was enough to provide reliable results and conclusions.

From the respondents, it was evident that they had all worked for Naivas supermarket limited for over 5 years and with over 4 years in managerial positions. Some of these respondents had been in the firm for over 10 years. This meant that they were suitable respondents for this research since they had a deep-rooted understanding of how Naivas operates. They have, in one way or another, helped the firm get to where it is at the moment. Additionally, they could easily provide necessary information regarding the firm's strategic management process because they were in managerial positions. Just like in most firms, those in managerial positions are the ones who are directly involved in the firm's strategic management process. With over 4 years in various managerial positions, these respondents could offer more insight into Naivas strategic management process compared to other low-level managers and employees.

In terms of educational background, these respondents had a minimum of a bachelor's degree from different recognized institutes, with some even furthering their education to the master's and doctorate levels. This analysis meant that they were all conversant with strategic management concepts and understood the need to provide accurate information for the research. Strategic management is a common course in almost all institutions of higher learning, especially for those pursuing post-graduate education, which was common with most respondents who had master's degrees.

As a result of their education background, the respondents were believed to be conversant with different strategic management terminologies used in the interview guides. The respondents thus did not need much explanation when it came to the questions asked and were believed to offer more truthful answers based on facts, not assumptions.

Out of the seven respondents, 4 were female, while the rest were male. This discovery showed the stride towards which Naivas supermarket limited had worked towards ensuring gender equality, especially in managerial positions that men have long dominated. With Kenya working towards actualizing the 1/3 gender rule, Naivas is leading by example, especially in managerial positions. Women are encouraged to break from the traditional beliefs that saw them as house wives and seek managerial and other leadership positions. Gender equality is believed to have translated an inclusive analysis of Naivas strategic management process.

Therefore, one can conclude that with gender equality, experienced managers with over 4 years of managerial experience, and a minimum of a bachelor's degrees from recognized institutions, the strategic management process in the firm is characterized by competence, diversity, and inclusivity.

4.3 Growth Strategies used by Naivas Supermarket Limited

The respondents agreed that Naivas supermarket limited had adopted a growth strategy to gain a sustainable competitive advantage. Upon further inquiry on which growth strategy or strategies had been adopted, the researcher identified setting up stores in different locations, either in new areas such as towns and cities or expanding their operations in existing areas, as some of the most common strategies used by Naivas. Other strategies included introducing new products and services to serve existing or new markets, such as the introduction of bakery, butchery, and wines & spirits sections.

From their explanations, it was clear that the firm had adopted all strategies under the Ansoff matrix: market penetration, product development, market development, and diversification. Market penetration strategy entails targeting a larger market share by tapping into existing markets and products, in this case, setting up more branches in a town with an existing branch and selling similar products and services to those offered by other branches. On the other hand, market development entails targeting a new group of customers by selling existing services or products, in this case, setting up branches in new areas where there were no Naivas supermarket limited branches. The firm identified potential towns with a large flow of people and then set up branches there. For instance, the company had branches in towns such as Donholm, Imara Daima, and Naivasha.

Regarding product development, the firm introduced new products and services in already existing markets. This strategy entailed introducing new products and services such as bakery, butchery, wines & spirits, and kitchen in their existing stores. This strategy aimed at attracting new customers by offering different products and services that were not offered before. With these new products and services, people do not have to look for another firm to supply these commodities. The introduction of these products and services aimed at bringing in new customers. Lastly, diversification entails introducing new products and services in new markets. For example, Naivas has recently introduced its new Naivas food market in Syokimau, which offers a different set of products and services from those offered in a new place.

When asked what contributed to adopting these growth strategies, the respondents cited devolution, which had seen the rise of new towns and better infrastructures in these towns. These infrastructures include better roads, security, building, and malls such as Thika Roal mall, Juja City mall, Garden City mall, and Two-rivers, among others. They mentioned that these changes had led to a huge number of people residing in these areas, thus creating a huge flow of customers. They also mentioned the busy nature of most Kenyans who lack time to go and do shopping in different markets and prefer their outlets that have almost all commodities in one place contributed to the many outlets owned by Naivas.

When asked whether they believed that the adopted growth strategy was in line with their organization's goal, mission, and vision statement, they all agreed. Naivas' mission is to provide a world-class retail shopping experience to its customers. Therefore, they held that these strategies worked towards helping Naivas become the best chain store supermarket in Kenya despite competition from local and international supermarkets. New branches helped serve more customers, while new products and services helped meet their customers' changing needs and wants. With these strategies, they hope to occupy a higher market position in their customers' minds compared to rival firms, thus making Naivas the number one shopping destination for most people.

When asked whether they believed that a firm's capital and human resources determine the growth strategy to adopt, they all agreed. They argued that resources are crucial in the strategic process, especially in the selection stage. They argued that a firm with more resources would likely take up huge risks with possible huge returns, such as introducing new products and services and targeting new markets. They argued that introducing new products and services is risky due to the uncertainty of how they will perform in the market. They also mentioned that for these new commodities to be adopted in the market, they required a colossal marketing budget which may be costly for the firm incase these commodities are not adopted as they had hoped. However, they argued that being the first to introduce new products and services offers the firm a superior image and, thus competitive advantage.

They mentioned that these strategies require enormous resources. For instance, setting up a new branch requires renting a new place, hiring more qualified employees, buying modern equipment and machines, buying more stock, and investing more in employee training. Without enough resources, no firm can engage in these activities, thus limiting the type of strategies to adopt. They highlighted how expensive it is to get a store in largely populated towns or new malls due to increased competition for renting places, making them expensive. They also stressed that with the current economy, employees are demanding more wages, thus increasing the cost of hiring, training, and retaining them and failure to offer better salaries results in demotivation, high staff turnover, and increased theft from these staff who feel unappreciated.

They all agreed that firms' resources determine the success of an adopted growth strategy. According to the research, firms that are financially capable in terms of capital and human have higher chances of success when implementing growth strategies. The respondents mentioned that in the retail sector setting up new branches requires proper location selection, which means renting a new place. Building or stores close to customers tend to charge higher; thus, only those firms with better financial capabilities will set their branches in these strategic locations. The emergence of Covid-19 introduced the need for supermarkets to have large spaces to ensure decongestion. These large spaces translate to higher rents which may be problematic for those firms with minimal resources.

With high employee turnover in the retail sector, only those firms that can pay well retain their employees, who in return play a considerable role in ensuring the success of any growth strategy. Additionally, setting up new branches and introducing various products and services means higher holding costs since customers would love to select from multiple items. Also, these firms need to create a good relationship with suppliers, which might sometimes be costly since they need many suppliers to ensure a smooth flow of operations. Firms also tend to invest more in their marketing, research and development, and forecasting if they want to become successful in the market, which means fewer resources will translate to high chances of strategy failure.

4.4 Sustainable Competitive Advantage of Naivas Supermarket Limited

The retail sector is one of the most competitive sectors in Kenya. When it comes to Naivas supermarket limited, it faces both direct and indirect competition. Some forms of indirect competition include competing over customers' income with firms offering different services such as health care, education, and housing. However, some direct competitors include other chain-store supermarkets and wholesale and retail shops. From the respondents, some of the main chain store supermarkets that offer direct completion to Naivas supermarket limited include Quickmatt, Tuskys, Magunas Mathais, Kheitia's, and Carrefour, among others. There is also the emergence of online platforms, such as Jumia, Jiji, and Shop it.

The research also found that proper selection and implementation of a growth strategy offers a sustainable competitive advantage to a firm. According to the respondents, Naivas has increased its sales and revenues due to setting up new stores and introducing different products and services. They mentioned that with proper forecasting and, research & development, the firms could select a good location that leads to increased customer flow. Customers can therefore access its services from different parts of the country. Introducing services such as a bakery and butchery has also contributed to increased sales for Naivas supermarket limited.

Setting up new branches means more thoroughly trained employees resulting in better customer service, which offers a competitive advantage for the firm. The firm also prides itself in paying its employees higher wages than rivals and offering a good work environment with excellent relationships between managers/supervisors and employees. The introduction of an online store has also provided Naivas supermarket limited with a competitive advantage over other supermarkets that do not support online shopping. Having a large space with a variety of products to choose from, offering more points of sales, buying goods in bulk which results in discounts, improving their value chain, and purchasing quality products are other benefits that have resulted from adopting growth strategies and have offered Naivas supermarket limited a competitive advantage.

The respondents mentioned that by operating in a monopolistic market where information flows freely, new entrants and exits, more buyers, and increased competition, firms in this market tend to copy each other's moves. They emphasized that they target highly populated areas to set up new stores, thus the increased chances of their competitors choosing similar locations. Rivals also copy the introduction of a new product or service. Having to compete with other multinational firms, most supermarkets had to thoroughly study recent trends and survey the market needs to identify what products or services to introduce. However, they had to identify how to differentiate themselves from other firms which offered similar services. One strategy that Naivas used to differentiate itself was providing quality customer services through training its employees on better service delivery.

The respondents mentioned that to gain a sustainable competitive advantage, they mainly focus on those areas that are difficult to imitate, such as hiring qualified employees, offering them better training, and providing a good work environment. When it comes to improving its value chain, they engage with different suppliers and encourage them on the need to adopt creativity to ensure uniqueness in their products and services. They mentioned that they have a system that helps keep track of their stock to help identify when products are running out, which helps to facilitate easier restocking. By reducing the lead time, they reduce the cost of holding goods and also ensure they minimize the chances of running out of stock. The system helped identify slow-moving products to support the management in identifying ways to deal with these products. Through bulk buying, they get discounts that they pass over to their customers through reduced selling prices.

Setting up more points of sales reduces congestion, especially in the evening when there are many customers. Naivas also invests in research and development, marketing, and forecasting to attract more customers and retain existing ones. The firm also offers its customers free parking, especially in congested towns with parking challenges. This strategy encourages customers to shop with them conveniently.

4.5 Implementation of growth strategies in Naivas Supermarket Limited

When asked who is involved in implementing growth strategies at Naivas, the respondents mentioned that it was the top management with the help of other stakeholders from different levels of management. They acknowledged the role of teamwork and cooperation in identifying a problem, developing a strategy to solve it, and implementing it. They mentioned that they listen to the views of all individuals and get a chance to discuss any suggestions before implementing any strategy. This move made everybody feel comfortable and appreciated in the firm, thus increasing their morale and reducing instances of conflict and opposition to changes. However, the implementation process involved senior managers who were more experienced and made it easy for the firm to hold specific people accountable for various strategies. Top-level managers were tasked with ensuring that they saw through any growth strategy adopted by the firm. This move not only helped increase accountability but also helped improve communication between these managers.

Some key success factors mentioned in ensuring the successful implementation of a growth strategy in Naivas supermarket limited included teamwork & cooperation, better research and forecasting, enough resources, both capital & human, and better location choice. Others included offering better services to customers, employees, and suppliers, adopting modern technology, and enhancing employee creativity and innovation. Also, effective communication between departments, top management involvement, learning from past experiences, proper management, and understanding of customer needs were mentioned.

Lastly, acquiring the right suppliers, securing products at the right, at the right cost and the right quality & quantity, learning from competitors, and introducing loyalty points for customers were listed as some key success factors. The respondents mentioned that Naivas tries to capitalize on these key success factors since some are difficult to copy, thus offering a sustainable competitive advantage. According to the respondents, these success factors were crucial when adopting the growth strategy since they played an essential role in determining its success.

Other challenges include getting the right employees, especially when setting up new branches, and the high cost of training and placing employees and managers. High holding costs since new stores require new stock is another challenge, as well as the high transportation cost of goods from one branch to another. With branches set up in locations that are far from its headquarters, the cost of transporting commodities from one region to another becomes challenging.

They also face increased competition and conflicts in the value chain and stock loss due to theft, especially from employees who feel undervalued and compensate themselves by stealing products from the stores. Higher operating costs due to managing many branches and high marketing costs are other challenges facing Naivas in adopting different growth strategies. To deal with theft, Naivas is forced to adopt sophisticated security surveillance systems, which are costly to install and maintain, thus reducing its revenue.

4.6.1 Impact of the Challenges faced by Naivas in Implementing Growth Strategy to gain Sustainable Competitive Advantage

These challenges were believed to have had a significant impact on the success of Naivas, especially due to the level of competition experienced in the sector. Some of these impacts included increased chances of a store closure, which resulted in huge losses since the firm had already paid rent, employed personnel, and paid supplier. Closure of stores may also result in employee demotivation and a bad reputation for the company, which might make it hard for the firm to attract new employees in the future.

Other impacts include reduced sales, especially for a new product or service, high staff turnover, increased conflicts between stakeholders, increased obsolete and obsolescence goods, and high holding costs, resulting in reduced revenues. Empty shelves, which demotivate customers from purchasing there, increased debts, bad reputation, loss of customers, high cost of employing staff due to high staff turnover, and reduced pace of a branch or product to pick up in the market.

4.6.2 Mitigation Strategies adopted by Naivas to deal with Challenges faced in Implementing Growth Strategy to gain Sustainable Competitive Advantage

To address these challenges faced in implementing growth strategies to ensure sustainable competitive advantage, Naivas has adopted the following mitigation strategies: proper training of its employees and managers to ensure reduced staff turnover and better pay to employees and managers. The firm works towards offering a conducive environment for its employees and managers, which in return boosts their motivation and dedication towards the firm. Other strategies include the development of appropriate conflict resolution strategies to deal with conflicts that may arise when adopting any growth strategy and offering a good work environment that allows for inclusivity and teamwork while encouraging innovation and creativity. The firm understands that conflicts are bound to happen and thus works towards enduring that such disputes are swiftly and appropriately dealt with.

Moreover, Naivas has embraced modern technology such as online marketing, more and faster points of sales, installation of escalators to attract more customers, installation of security systems to reduce theft, and adoption of an excellent system to track the number of products left on the stocks and stores to ensure prior preparations for ordering products to eliminate delays and stock-outs. These systems help identify slow-moving products to help develop strategies to market them or reduce their acquisition from suppliers.

Also, Naivas has increased its marketing, research, and development budget to help understand different market needs and help select a new strategic location. The firm understands that the market needs and wants change over time and thus the need to identify recent trends. Naivas also prides itself on developing a good working relationship with its suppliers and implementing various strategies to deal with conflicts that may arise in the value chain. Offering parking spaces to customers, loyalty cards and points, listening to customers' complaints and suggestions, and other sales promotion are other mitigation strategies adopted by Naivas.

4.6.3 Respondents' Suggestions on how to deal with Challenges faced by Naivas in Implementing Growth Strategy to gain Sustainable Competitive Advantage

When asked whether Naivas has been able to effectively deal with those challenges faced during the implementation of growth strategies, the respondents stated that it was making progress since it was difficult to address all challenges at once due to the dynamic nature of the market and business. They offered numerous suggestions on how to deal with these challenges. These suggestions include investing more in employee hiring, training, and placement, improving the working condition of employees by hiring more employees in their different branches, motivating employees and managers by prioritizing internal promotions and hiring, and hiring more attaches and interns who work for less pay thus reduce their cost of operating business.

Other suggestions included encouraging customers to shop and opening their branches for a more extended period to allow those customers who are busy during the day to shop. Learning from their competitors' mistakes, expanding their operations both locally and internationally, encouraging decentralization of processes, and encouraging customers to use local products which are readily available were also suggested. Moreover, investing more in research & development and building their own spaces in strategic locations rather than renting were mentioned.

Lastly, all respondents agreed that successfully dealing with the challenges faced during the growth strategy implementation will result in a sustainable competitive advantage for Naivas since all stores will thrive, thus increasing their sales and revenues. More revenues will translate to the adoption of better technology, better remuneration, and more employees, hence employee motivation. With fewer failures of new branches or products, employees will be assured of their jobs resulting in them being highly motivated. Additionally, Naivas will occupy a higher market position due to its many outlets in different parts of the country, making it difficult for competitors to set up branches near it, thus reducing competition. Improving its value chain will also translate to a sustainable competitive advantage in the market.

4.7 Discussion of Findings

From the respondents, it was evident that women occupied more top managerial positions than men, a unique case in a country where women have long been marginalized. This finding shows Kenya's stride toward ensuring gender equality in the workplace. These findings align with those found by Arasa & Achuora, (2020), in their study of practices and performance of supermarkets in Nairobi County. Also, all the respondents had bachelor's degrees from recognized institutions, with others furthering their education to pursue master's and doctorate programs. These findings proved that modern managers are not only chosen based on their level of experience but also on their educational background.

Market penetration, product development, market development, and diversification are common growth strategies suggested by the Ansoff matrix (Mugo, 2020). From the study, it was evident that Naivas supermarket limited, in one way or another, had adopted all these growth strategies in its operations. The firm has either set up new branches in different towns or more than one branch in a town with an existing branch. Also, it has either introduced new products or services in its new or existing branches. These strategies aim at offering a sustainable competitive advantage by attracting new customers and retaining existing ones to help meet its set goals and objectives.

According to Ngugi & Busola, (2019) devolution, have seen a rise in the number of towns in other parts of the country, and infrastructural development, be it roads, security, electricity, network & internet, and buildings, especially malls. According to the respondents, these factors encouraged supermarkets to set up new branches in new locations, unlike earlier, when they ventured into big towns and cities only. Devolution has also created employment in rural areas, thus increasing their per capita income and offering them enough money to buy both essential and luxury goods sold at supermarkets.

The respondents also believed that these growth strategies align with the firm's mission and vision statements since they work towards attracting more customers, retaining existing customers, and making Naivas supermarket limited the preferred shopping destination in Kenya. With other supermarkets serving the same market niche, Naivas needs to develop strategies to make them superior. Adopting different growth strategies offers Naivas a competitive advantage over its rivals since more branches allow the firm to serve more customers. Also, modern customers prefer shopping at their convenience at stores and consider not only the prices of the products but also their shopping experiences (Galera Zarco et al., 2020). They prefer stores characterized by large shopping spaces, various products to choose from, more points of sales, and excellent customer service. Customers hate long queues at the points of sale and congestion, especially because of Covid-19, where social distancing was encouraged. By having many spacious stores, Naivas has managed to reduce congestion and long queues at their stores which helps attract more customers.

Technological advancement has changed how businesses run their operation. Galera Zarco et al., (2020), in their study argue that modern customers are shifting towards online marketing rather than traditional ways of having to visit a store physically. They encourage firms to adopt modern technology in their operations if they want to remain relevant in the new markets. Online firms such as Jumia, Jiji, and Shop it, among others, pose a considerable problem for supermarkets, thus forcing them also to digitalize their operations. Naivas aims to deal with competition from other online firms by introducing an online platform that allows customers to shop at their convenience. Naivas should improve its online platforms and partner with other firms, such as Bolt and Uber, to serve their customers better.

The respondents also emphasized the need for a firm to have sufficient capital and human resources before adopting any growth strategy to gain a sustainable competitive advantage. Byun et al., (2020), in their study argue that setting up new stores or introducing new products or services requires substantial capital investments. Financially stable firms are thus likely to adopt these strategies compared to those with limited financial capabilities. Unlike in the previous eras when rent was affordable, nowadays, businesses pay huge amounts of cash interns of rent, especially in busy towns with limited housing, making it expensive to set up a business in a strategic location. Building owners also demand massive deposits, especially when renting a business premise which may be costly for firms, thus discouraging many firms from opening new outlets.

Modern employees are also more aware of their rights and demand better wages and working conditions. With the high staff turnover rates in the retail market and high cost of living, firms are forced to pay their employees higher and more competitive wages if they intend to retain them for an extended period (Byun et al., 2020). Hiring new employees is also costly; thus, firms should develop strategies such as offering better wages, better working conditions, and other benefits such as medical coverage to help retain their employees. Employees nowadays look for more than just the salary when considering a job position. They consider things like promotions, career growth, working conditions, a firm's culture, and other benfits such as medical cover, transport allowance, and house allowance, among other things. Firms, therefore, must consider these changes if they wish to retain their employees for a long time.

The respondents also mentioned that rival firms tend to copy some of the strategies adopted by one firm, explaining the presence of many supermarkets on busy streets. Managers thus need to make sure that they differentiate themselves from their rivals and make sure that their strategies are unique and difficult to imitate (Mugo 2020). This trend explains measures put in place by supermarkets, such as not taking pictures or videos inside their premises and discouraging employees from coming with personal items such as laptops and phones to their premises. Therefore, firms need to build on key success factors such as teamwork, better research, adoption of modern technology, effective communication, enhanced creativity and innovation, and learning from past experience if they want to beat their competitors.

The study also discovered that even though senior managers are the ones involved with different strategic management activities at Naivas, they encourage teamwork and cooperation with other low-level managers and employees. They listen to ideas from junior employees and other stakeholders. According to Mwakawi and Kavale (2020) modern employees are educated and experienced; thus, listening to their opinions makes them feel appreciated and allows managers to gather different ideas. It is not uncommon to find low-level employees holding various educational qualifications, such as bachelor's and master's degrees. Such employees have a better understanding of different business facets and can offer suggestions to improve a firm's operations.

The study discovered numerous challenges faced by Naivas supermarket limited when implementing a growth strategy to gain a sustainable competitive advantage. They included increased direct and indirect competition, financial constraints, poor location selection, poor forecasting, failure to keep up with changes in the environment, high staff turnover, tough economic times, Covid-19, high holding costs, high operational costs, and conflicts in the value chain. Technological advancement has led to customers having various options to choose from, especially when purchasing products and services (Galera Zarco et al., 2020). Unlike when people preferred physical shopping, modern customers, especially millennials and generation Y, prefer online shopping, which is a problem for most supermarkets due to reduced sales.

The high cost of loans is also proving difficult for firms to secure loans to expand their operations. Lack of finances makes it hard for supermarkets to run their operations smoothly, thus discouraging them from expanding their operations or introducing new products. Additionally, uncertainty in the market discourages people from spending on luxury goods, resulting in reduced sales for these commodities that are more profitable than essential goods, thus lowering profits made by firms (Bartik et al., 2020). Lower profits translate to small amounts of money invested back into the firm, thus discouraging the adoption of a growth strategy. Tough economic times have forced employees to demand high wages resulting in increased operational costs for Naivas supermarket limited. Also, people have very little money to spend, resulting in reduced sales and revenues for Naivas supermarket limited. Covid-19 led to the loss of many jobs translating to the loss of income for most people, thus reducing their purchasing capabilities and negatively affecting sales at Naivas supermarket limited.

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of the study's findings and a conclusion. It also offers recommendations on how Naivas can deal with those challenges faced in implementing growth strategies to gain a sustainable competitive advantage. It highlights the limitations of the study, the implication of the study on policy, theory, and practice, and finally, suggest areas for further research.

5.2 Summary

The study employed a case study research design through interviews with questionnaires aimed at understanding some of the challenges faced by Naivas supermarket limited in implementing a growth strategy to gain a sustainable competitive advantage. The interviews targeted senior managers who were directly involved in the strategic management process of the firm.

The study identified some of the main challenges faced by Naivas to be increased competition, both direct and indirect, financial constraints, both human and capital, and lack of strategic locations to set up new branches. Others included the high cost of renting new stores in strategic locations, poor forecasting, failure to understand the market needs, increased competition for employees resulting in high staff turnover, closure of some stores, and demotivation of employees. Tough economic times resulting in reduced sales and reduced revenues were mentioned. Moreover, increased taxation and Covid 19 were identified.

Other challenges included getting the right employees, especially when setting up new ranches, and the high cost of training and placing employees and managers. High holding costs since new stores required new stock and may at times experience reduced sales at first, high transportation cost of materials from one branch to another, increased competition in the value chain, and loss of stock due to theft. Higher operating costs due to managing many branches and high marketing costs were other challenges faced by Naivas in adopting different growth strategies.

5.3 Conclusion of the Study

The study concludes that the implementation phase of a chosen strategy determines whether it will succeed or not. As mentioned by Guyuyu (2018), a well-crafted strategy that is poorly implemented is likely to fail, thus making the implementation stage very crucial in the strategic management process. The study holds that those challenges faced while implementing growth strategies to gain sustainable competitive advantage impact the success of the adopted strategy and the entire business at large.

How managers identify and deal with these challenges determine whether the adopted strategies will be effective in helping the firm gain sustainable competitive advantage or not, especially in the current environment, which is very competitive. Managers must foster a culture that encourages teamwork, innovation, and inclusivity. With such a culture, all employees will offer suggestions on improving the firm's operations and help deal with different market changes.

Firms need to learn from their competitors and identify areas to improve, especially when it comes to challenges impacting the implementation of growth strategies. The study holds that one strategy may work for one firm but fail for another, requiring managers to thoroughly analyze a strategy before adopting it. According to the study, there are a variety of strategies available for supermarkets or other firms in the retail sector. These strategies include market penetration, product development, market development, and diversification. However, managers need to identify the pros and cons of each strategy before choosing one that best fits their organization.

Also, firms need to be creative and innovative when implementing growth strategies. This move will help them differentiate themselves from their rivals leading to a better market position that offers a competitive advantage. Managers must understand that information is readily available in the market, and thus rival firms are likely to copy a move by their firms. They, therefore, need to work on their key competencies and ensure that their operations are unique and difficult to imitate. They should work towards occupying a large market position in their targeted customers' minds.

The study also highlighted the impact of a firm's resources on the success of any adopted growth strategy. According to the study, firms' human and capital resources play a crucial role in implementing growth strategies to gain a sustainable competitive advantage. Firms thus need to align their strategies to their resource capabilities if they want to increase their chances of success. From the study, it was evident that successfully dealing with the challenges faced by Naivas supermarket limited when implementing growth strategies is likely to translate to business success and gaining of competitive advantage in the market.

5.4 Recommendations

To gain a sustainable competitive advantage, Naivas needs to develop mitigation strategies to deal with those challenges faced while implementing growth strategies. Some of these mitigation strategies include investing more in employee hiring, training, and placement, improving the working condition of employees by hiring more employees in their different branches, and hiring more attaches and interns who work for less pay, thus reducing their cost of operating business, and motivating employees and managers by prioritizing on internal promotions and hiring. These moves will not only improve employees' morale and reduce staff turnovers but also translate to better service delivery to customers, which will, in return, translate to a better brand name and image.

Additionally, encouraging customers to shop online by building more applications and websites that enable online buying will offer Naivas an edge in the digital market. This move will also reduce the need for having many physical stores, which are expensive, thus reducing operational costs. Also, Naivas can start operating some of their busy branches on a 24/7 economy to attract more customers, especially those busy during the day, to increase their sales. As Kenya's economy is growing and moving towards a 24/7 economy, Naivas should work towards being the first supermarket to adopt these trends to offer a competitive advantage. By operating under the 24/7 system, employees will be motivated since they will be assured of job security, and the firm will increase its sales and revenues in the long run.

The firm should also learn from the mistakes of its competitors that led to their failure (Cantú et al., 2021). Data and information are readily available, and they can use that to train their employees and develop strategies to deal with some of those mistakes that cost other supermarkets. Naivas should also expand its operations locally and internationally to serve a bigger market. They can do this by setting up stores even in congested rural areas and improving their online platform to serve more customers.

Naivas should also encourage decentralization of its processes and give autonomy to branches to operate uniquely based on the target population and market. Naivas should also encourage customers to use local products which are readily available, a move that will promote local investors and reduce transportation costs. Negotiating with local investors will lead to reduced operating costs as local products will be cheaper and readily available, thus reducing the need to hold more stock. Lastly, Naivas should prioritize building their own spaces in strategic locations rather than renting to reduce expenses associated with renting.

5.5 Limitations of the Study

Covid-19 posed a serious limitation to this study due to various measures put in place by the government. As a result, the study suffered some time constraints since it was difficult at first to hold face-to-face interviews with respondents due to the restriction of movement from one place to one due to the high number of infections. It was difficult for people to agree to hold meetings unless on crucial issues due to the fear of the pandemic.

Additionally, focusing on only senior managers would have limited the study since other employees and low-level managers who are directly involved in the firm's day-to-day activities might have also offered more insight into the study as they deal directly with the customers and the firm's operations. Also, the use of senior managers might have limited the study's population compared to using other low-level managers and employees.

5.6 Implication of the Study on Policy, Theory, and Practice

With Naivas being the main target of this study, the study can help Naivas management identify challenges during the implementation of the growth strategy and develop mitigation strategies to deal with them. Moreover, the study can help other players in the retail sector, especially different chain store supermarkets, and help them gain a sustainable competitive advantage by effectively dealing with various challenges while implementing growth strategies. The study not only identifies challenges faced in implementing a growth strategy but also offers numerous mitigation strategies to deal with them, which Naivas and other retail firms can adopt to gain a sustainable competitive advantage in the dynamic sector. Moreover, the study can help other small and medium enterprises that hope to one day expand their operations by highlighting some of the likely challenges they might encounter during expansion.

The study also suggests areas the government can improve on, especially when developing policies guiding the retail sector. These policies include taxation policies and wages. By reducing taxes, the chances of these firms making profits are high, thus increasing their business survival rates and helping them compete with other international firms. The study will guide policymakers on ways to improve their policies and create a conducive environment for businesses, both local and global, to thrive in the country resulting in better revenues for the government, better infrastructure, and increased employment opportunities. Kenya can end up being the number one destination for multinational firms that wish to expand their operations into other regions, especially Africa, which is attracting many large firms from different sectors.

Lastly, these findings can help other practitioners identify different mitigation strategies to help deal with those challenges that hinder the successful implementation of growth strategies. It also suggests more growth strategies that can be used in the retail sector to gain a sustainable competitive advantage. It also offers more insight into the challenges faced when implementing growth strategies which can help guide and offer more insight to other scholars in helping develop mitigation strategies to deal with these challenges.

5.7 Area for Further Research

The study focused on Naivas supermarket limited, while other supermarkets in Kenya, such as Quickmatt, Magunas, and Tuskys, among others, can offer an area for further research. Future studies can even study international chain store supermarkets and identify challenges they face when implementing the growth strategy to gain sustainable competitive advantage. Additionally, online platforms such as Jumia that provide similar products and services to those offered by Naivas supermarket limited can offer an excellent area of study, especially in the modern era where many things are being digitalized. Also, other areas, such as the education, banking, and health sector, can be studied in the future.

Additionally, there are other stages of the strategic management process other than the implementation phase. These stages include goal setting, analysis, strategy formation, and monitoring phases. All these stages play crucial roles in the success of any chosen strategies. Therefore, scholars can identify challenges faced at these strategic management stages when adopting a growth strategy to gain sustainable competitive advantage and identify proper mitigation strategies.

Lastly, there are numerous strategies, other than growth strategies, that offer a sustainable competitive advantage for firms in the retail sector, such as joint ventures, strategic partnerships, and acquisitions, among others. Scholars can identify such strategies and determine how they impact business competitiveness in various industries.

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APPENDICES

Appendix I: Introduction Letter

I am a University of Nairobi student pursuing my Master's degree in Business Administration. To successfully complete this course, I am required to conduct a research project. The topic I chose is *Challenges of the Implementation of Growth Strategy to Gain Sustainable Competitive Advantage by Naivas supermarket limited in Kenya*. The study's objective is to identify some of the challenges faced by your company when implementing the growth strategy to gain a sustainable competitive advantage in the market and identify mitigation strategies to deal with these challenges to ensure the firm's future success. I would like to assure you that the data collected from this research will solely serve academic purposes and will be treated with the utmost confidentiality. Therefore, I request a part of your time during this interview.

Thank you for your time and cooperation.

Morris Gaitung'u Gachango

P.O. Box 1031-01000,

Thika, Kenya.

Appendix II: Interview Guide

Demographic and Personal Information

1. How long have you worked at Naivas supermarket limited?
2. What is your current position and department?
3. What is your highest level of education?

Section B: Growth Strategy

4. Do you believe that your organization has adopted a growth strategy?
5. If you agree, which growth strategy(s) do you believe is/are used by Naivas?
6. Do you believe that the adopted growth strategy(s) is/are in line with the overall organization's goal, mission, and vision?
7. Do you believe that a firm's capital and human resources determine the type of growth strategy to adopt?
8. Do you believe that a firm's resources determine the success of the adopted growth strategy?

Section C: Sustainable Competitive Advantage

9. Who are your main business competitors?
10. Do you believe that the adopted growth strategy offers a competitive advantage to your company?
11. Do your competitors copy some of the growth strategies you adopt to gain a sustainable competitive advantage and vice versa?
12. How do you ensure that your firm's strategies are unique compared to your competitors?

Section D: Implementation of a Growth Strategy

13. Who is involved in implementing the growth strategy at Naivas Supermarket Limited?
14. What are the key success factors in ensuring the implementation of the growth strategy at Naivas Supermarket Limited?

Section E: Challenges of Implementing a Growth Strategy to Gain a Sustainable Competitive Advantage

15. Which challenges does Naivas supermarket limited face when implementing the growth strategy to gain a sustainable competitive advantage?
16. What impact do you believe these challenges have on Naivas supermarket limited?
17. What mitigation strategies were adopted by Naivas to deal with these challenges and ensure sustainable competitive advantages?
18. Do you believe Naivas supermarket limited has dealt with the challenges faced while implementing a growth strategy to gain a sustainable competitive advantage and why?
19. If No, what do you believe the supermarket should do to deal with these challenges?
20. Do you believe that by successfully dealing with these challenges, Naivas will gain a sustainable competitive advantage?

Appendix III: List of Supermarkets in Kenya (KeCrunch, 2022)

1. Naivas Supermarket
2. Carrefour Supermarket Kenya
3. Maathais Supermarket
4. Quickmart Supermarket
5. Magunas Supermarket
6. Foodplus Chandarana
7. Eastmart Supermarket
8. Choppies Supermarket
9. Shoprite Westgate Nairobi
10. Society Store
11. Jack & Jill Supermarket
12. Powerstar Supermarket
13. Tumaini Supermarket
14. Shoprite Supermarket