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RESOURCE SHARING AND FIRM COMPETITIVENESS OF SMES IN WAJIR COUNTY

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ABSTRACT

Small and medium enterprises (SMEs) in Wajir County, Kenya, continue to grapple with access to financial, technological, human, and market resources that hamper their competitiveness. This study examined the effects of resource sharing on firm competitiveness of SMEs in Wajir County. The research was descriptive in nature, guided by the Resource-Based View Theory. The main groups involved in the study were SME owners and managers from the manufacturing, retail trade, service provision, and agribusiness sectors. The sampling was done purposively to have a sample size of 229 respondents with the help of Kothari's formula, while stratified random sampling was done on the basis of proportionate. Data collection was carried out using structured questionnaires, and analysis of the data obtained was carried out using descriptive statistics and simple linear regression techniques. The obtained results indicated that there was a positive significant correlation between resource sharing and competitiveness of the SMEs ($r = .756$, $p < .05$). The results indicated that strategic alliances have a positive impact on accessing beneficial resources and consequently improve the competitiveness of SMEs. The study proposes reinforcing the structured resource-sharing processes and mechanisms of SMEs.

Key Words: Resource sharing, strategic alliances, SME competitiveness, small and medium-sized enterprises, Wajir County

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INTRODUCTION

SMEs are crucial for economic development in terms of employment, income generation, entrepreneurship, and innovation but continue to face significant constraints in Finance, Technology, Skills, markets, and Networks (World Bank, 2023; OECD, 2021). To overcome these shortcomings, strategic alliances can link firms together by sharing complementary resources such as financial, physical, technological, human, and logistical assets without losing their organizations or independence; in other words (Dyer *et al.*, 2018; Muathe *et al.*, 2022). Evidence in Kenya demonstrates that strategic alliances have a positive impact on SMEs' performance; however, most of the studies have targeted Nairobi and Manufacturing organizations (Muthoka, Kilika and Muathe, 2022).

Resource sharing is especially pertinent because SMEs might not have enough resources to attain economies of scale, use technologies, and/or come up with innovations and technologies appropriately by themselves (Muthoka, 2021). Alliances can help to achieve better resource sharing by pooling resources, equipment, and equipment services, as well as enhance competitiveness by reducing operating expenses due to joint procurement, shared facilities, complementary logistics, etc. (Zahoor *et al.*, 2022; Muthoka, Kilika, & Muathe, 2022). Due to the limited empirical evidence on alliance mechanisms for local enterprises, this topic is relevant in Wajir County, where SMEs are established under the constraints of infrastructure, finance, market, technical capacity, and business support.

Statement of the Problem

SMEs contribute to the Kenyan economy and employment but experience barriers in finance, technology, markets, infrastructure, and managerial knowledge that are a challenge to competitiveness. Micro enterprises accounted for 88.9%, while small enterprises comprised 9.3% of the enterprises, with the remaining 1.4% belonging to medium enterprises, in accordance with KNBS, which shows the limitation of resources. While evidence from 74 manufacturing SMEs in Nairobi indicates that strategic alliances have a positive and significant impact on SMEs' performance, studies have so far been urban and manufacturing-focused. This leads to a contextual and conceptual gap on the dimension of alliances and competitiveness of the SME in marginalized counties. There is limited evidence on resource sharing, knowledge transfer, innovation collaboration, and visibility among participating enterprises in Wajir, which affects the development of policies and interventions, considering enterprises face problems of infrastructural, financial, market, and institutional constraints.

Objective of the Study

This study examined the relationship between resource sharing and firm competitiveness of SMEs in Wajir County.

LITERATURE REVIEW

The literature suggests that resource sharing in the organization can enhance SME capabilities and performance by sharing complementary resources such as financial, technological, physical, human, and relational resources. Based on 164 Austrian SMEs, Hoffmann and Schlosser (2001) determined that pivotal elements to alliance success include a fair balance in partner strengths and specified partner responsibilities. Likewise, using the Evidence Research UK SME sample of 9,213 UK SMEs, Audretsch *et al.* (2023) also discovered that the innovation performance of R&D got better from cooperation with suppliers, customers, universities, and competitors. Similarly, Nwokocha and Madu (2020) found evidence from Africa that alliances can help overcome resource constraints, and the study conducted by Ayalew (2024) on 1611 companies in five countries in Africa showed that the negative effects of financial constraints on innovation can be reduced by inter-organizational cooperation.

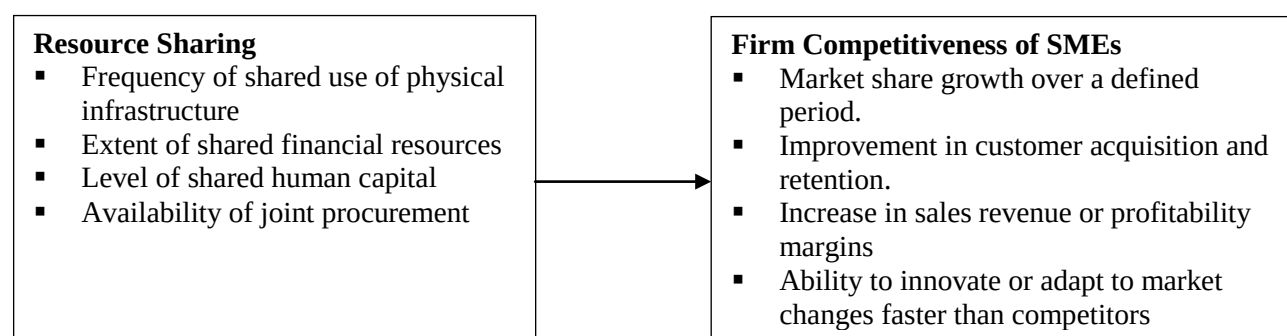
Kenyan evidence indicates that resource sharing is important, but there are important gaps in context and concept. Muthoka (2022) in Nairobi investigated 74 manufacturing SMEs to determine that Alliance motives significantly affected the performance of SMEs, and Muthoka, Kilika and Muathe (2022) confirmed that collaboration played a mediating role between the Alliance – performance relationship. This study also indicates that the asset values and net worth of firms undertaking strategic alliances were also higher than those of firms that did not undertake strategic alliances, as also reported by Rambo (2012), and that resource-sharing alliances had a positive effect on the performance of commercial enterprises, as reported by Musimba and Langat (2025). But these studies have mostly concentrated on Nairobi City, manufacturing performance, innovation, general performance, or financial performance, and not on the competitiveness of SME as a multi-dimensional construct. There is still limited evidence in the northeast counties, especially Wajir County, which motivated the present study to examine the impact of resource sharing on the competitiveness of SMEs based on the contextual gap.

Theoretical Framework

According to the Resource-Based View (RBV) developed by Wernerfelt (1984) and promoted by Barney (1991), firms gain competitive advantage through effective resource access and utilization of valuable, rare, inimitable, and non-substitutable resources. From the latter's perspective, it is desirable to understand why strategic alliances and resource sharing have the power to overcome the limits of SMEs' internal resources by giving access to both financial capital and technologies, as well as human resources, infrastructure, and other complementary resources which are impossible for SMEs to possess on their own (Barney & Clark, 2020). Resource sharing also helps SMEs share resources, increase their productivity, foster innovation, and boost their competitiveness by utilizing resources in combination (Peteraf & Barney, 2018).

However, there are negative points against RBV, and it is said that RBV doesn't fully explain the acquisition of resources, renewal of resources, and development of resources by the firm under a changing environment (Kozlenkova *et al.*, 2021). Additionally, it pays little attention to resource-access challenges, networks, institutional status, and social capital, which play a significant part for the SMEs operating in marginalized places like Wajir (Newbert, 2020). However, RBV serves as a foundation for analyzing the sharing of resources, as RBV can compensate for resource scarcity by providing SMEs with access to shared technological, skilled labor, production, and marketing resources, which can boost SME competitiveness (Kozlenkova *et al.*, 2021).

Conceptual Framework



Independent Variable

Dependent Variable

Figure 1: Conceptual Framework

The resource sharing concept is expected to increase the competitiveness of SMEs as their various alliance partners bring complementary resources together, which they would perhaps not have been able to have on their own or would be too expensive. Special sharing of infrastructure can lead to cost savings on operations

and increase the utilization of resources; shared finance can help in building the capacity for investment and expansion for SMEs; shared human resources can access skills and expertise; joint procurement can increase the efficiency of purchases and dealings with dealers. Such resource sharing mechanisms can in turn lead to improved market share development, acquisition and retention of customers, sales revenues and profitability as well as increased ability to adapt and innovate with market changes at a faster rate than competitors, leading to strengthening overall SME competitiveness.

METHODOLOGY

The study used a descriptive cross-sectional research design, which involved various types of data such as primary and secondary data. The design allowed quantitative data to be collected at one point in time, which did not involve manipulating the variables of the study; therefore, there would be the ability to analyze patterns as well as associations between strategic alliance practices and SME competitiveness. A structured, self-administered questionnaire with closed-ended items was used for data collection with a five-point Likert scale. Structured questionnaires are used to collect quantitative data uniformly and minimize the likelihood of recording different information by different interviewers (Kothari & Garg, 2023; Mugenda & Mugenda, 2003).

The target population was SMEs serving Wajir County under four segments, which include manufacturing, retail trade, service provision, and agribusiness, with a population of 562 SMEs. Only the SME owners/Top-level Managers and the middle-level Managers have been identified as study participants, due to their engagement in strategic decision-making, collaboration of resources, and implementation of an alliance. A stratified random sampling method was used by first stratifying respondents based on management level, and then simple random sampling was carried out on each stratum. The sample size of 229 was identified using Kothari's (2004) formula that gives the representation of the population of target SMEs in strategic leadership, as shown in Table 1.

A pre-test (pilot study) was carried out in Garissa County on a sample group of about 26 respondents (10% of the sample) for the purpose of assessing the clarity, relevance, reliability, and feasibility of the questionnaire. Face and content validity were attained by expert review, and factor analysis was used to determine the construct of the instrument based on these rules: factor loadings of at least 0.4 and the AVE of at least 0.5 were acceptable. Cronbach's Alfa was used to test reliability (with a minimum of 0.70). The refinement of the questionnaires after the pilot further improves the instruments' validity, internal consistency, and suitability for the main study (Creswell & Creswell, 2018; Taherdoost, 2020).

All the data were analyzed using SPSS version 26. Frequencies and percentages, means, and standard deviations were used to describe and summarize the characteristics of the respondents and strategic alliance practices. The direction and strength of the association were analyzed by Pearson product-moment correlation, and the effect of each strategic alliance dimension (namely, resource sharing, knowledge transfer, innovation collaboration, and visibility support) was tested on the competitiveness of SMEs using simple linear regression. The predictive contribution of alliance dimensions to the multiple regression was compared. Tables, charts, and regression summaries were used to present the results obtained, which were analyzed at $p < .05$.

Table 1: Sample Size

Respondent Group	Estimated % of Population	Sample Size (n)
SME Owners (Top-Level Managers)	53.4%	122
SME Middle-Level Managers	46.6%	107
Total	100%	229

FINDINGS

The study was interested in respondents' perceptions of the effect of resource sharing on the Firm Competitiveness of SMEs in the County Government of Wajir, Kenya. This was measured by a series of descriptive statistics (mean and standard deviation). The items were measured using a 5-point Likert scale, 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree. The summary is presented in Table 2.

Table 2: Descriptive Analysis for Resource Sharing

Statement	Mean	St Dev
Employees of the SME collaborate with alliance partners in sharing physical infrastructure to reduce operational costs.	2.418	0.724
The SME engages in joint procurement arrangements with strategic partners to achieve cost efficiency.	2.995	0.930
Transportation and distribution networks are shared between the SME and alliance partners.	2.562	0.904
Strategic partners are granted access to storage and warehouse facilities owned by the SME.	2.557	1.178
Shared technology platforms are utilized between the SME and alliance partners.	3.284	0.703
Human resource expertise such as technical personnel and specialists is exchanged among alliance partners.	2.562	1.052
The SME participates in bulk purchasing arrangements with partner organizations.	2.846	1.127
Marketing materials are jointly developed and utilized by the SME and alliance partners.	2.851	0.994
Administrative support services such as accounting and information technology are shared with alliance partners.	3.139	0.995
The SME collaborates with alliance partners in utilizing machinery and production facilities.	2.701	1.162
Overall Mean	2.792	0.977

The results indicated a medium level of resource sharing practices among SMEs in Wajir County, with an overall mean of 2.792 (SD = 0.977). Shared technology platforms recorded the highest adoption (M = 3.284, SD = 0.703), followed by shared administrative services (M = 3.139, SD = 0.995) and joint procurement (M = 2.995, SD = 0.930). Joint marketing materials (M = 2.851, SD = 0.994) and bulk purchasing (M = 2.846, SD = 1.127) also recorded moderate adoption. Furniture and equipment (M = 2.115, SD = 0.739) and computers and other software (M = 2.196, SD = 0.754) were the lowest reported, and M & P facilities (M = 2.701, SD = 1.162) was reported higher than other tangible infrastructure (M = 2.418, SD = 0.724) and storage facilities (M = 2.557, SD = 1.178), thus indicating higher willingness to share intangible than tangible resources.

Moderate resource sharing indicates that, while SMEs form strategic alliances, resource utilization as a form of collaboration is not well-developed, which may pose challenges in terms of cost reduction, innovation, and competitiveness. These results align with Lopez-Cabarcos *et al.* (2021), who found that resource-sharing partnerships were positively correlated with increased innovation, productivity, and market growth, and with Xu and Liang (2023), who argued that resource sharing in the supply chain led to a decrease in costs and increased competitiveness. In the same way, Njoroge and Wambua (2023) observed that shared warehousing and digital marketing were helpful in SMEs' sustainability and profitability, and Okeke *et al.* (2021) outlined mistrust and lack of systems to support shared resources as factors that prevent good resource-sharing alliances.

Correlation Analysis

Table 3: Correlation Analysis of Resource Sharing

		Firm competitiveness
Resourcing Sharing	Pearson Correlation	.756**
	Sig. (2-tailed)	.000
	N	201

The result of the correlation revealed that there was a positive, strong, and significant relationship between resource sharing and firm competitiveness of the SMEs ($p = .000$, $r = .756$). This means SMEs that are proactive in the exchange of financial, human, and operational resources and participate in strategic alliances have greater chances of gaining increased competitiveness. This correlation is significant and indicates that there is potential for the operational constraints to be reduced through resource pooling, thereby increasing efficiency and helping the companies cope with market demand. It aligns with Troise *et al.* (2022), who state that strategic partnerships can help SMEs to overcome resource limitations and improve their competitive positions. Besides, according to Freitas and Faria (2021), these SMEs that shared innovation and co-Development activities exhibited fewer innovation cycles and better market performance.

Hypothesis Test

Table 4: Hypothesis Test of Resource Sharing

Hypothesis	Variable Relationship	Pearson r	p- value	Decision
H ₀₁	There is no statistically significant relationship between resource sharing and firm competitiveness of SMEs in Wajir County.	.756	.000	Reject H ₀₁

The results, which show a strong, positive, and statistically significant relationship between resource sharing and firm competitiveness ($r = .756$, $p = .000$). Therefore, the null hypothesis is rejected because the p-value is less than the significance level of 0.05. This indicates that resource sharing has a significant impact on the competitiveness of SMEs in Wajir County. Collaborative resource pooling of finance, human resources, and operations can help SMEs manage more effectively and free up resources to achieve better performance. The results correspond with those of Troise *et al.* (2022), who support that resource sharing helps SMEs overcome limitations and enhances market competitiveness via strategic alliances.

Regression Coefficients of Resource Sharing

The multiple regression model examines the association between firm competitiveness of SMEs and strategic alliances in the organization. A multiple regression with the dependent and independent variables was performed. The results of the p-values are illustrated in Table 5.

Table 5: Regression Coefficient

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.159	.039		-4.057	.000
	Resource sharing	-.068	.021	-.052	-3.244	.001

$$Y = -0.159 - 0.068X_1 + \varepsilon$$

The regression results indicate that resource sharing is statistically significant and negatively related to the competitiveness of SMEs ($B = -0.068$, $SE = 0.021$, $\beta = -0.052$, $t = -3.244$, $p = .001$). That is, an increase of

one unit of resource sharing reduces the competitiveness of the firm slightly by 0.068 units while all other factors are held constant. The effect size is small ($\beta = -0.052$), meaning that resource sharing plays a small part and could also be a source of inefficiency in the absence of a proper resource sharing structure in Wajir County SMEs. This may be because shared resources are misallocated, coordination issues exist, or due to unequal contribution from partners. Resource sharing is supposed to serve the purpose of enhancing competitiveness, but it needs to be governed and coordinated for this to happen (Troise *et al.* 2022). Likewise, Freitas and Faria (2021) observe that inefficient collaborative resource usage can decrease efficiency and also lessen the outcomes of innovation.

CONCLUSION AND RECOMMENDATION

Overall, the study found that there is a moderate level of resource sharing among SMEs in Wajir County, with a higher willingness to share intangible resources like technology platforms, administrative services, procurement procedures, and a lower willingness to share physical assets and infrastructure. The results also showed that resource sharing is linked with increased competitiveness among SMEs, but inefficient coordination and governance structures can hinder the potential of resource sharing. Thus, the study concludes that one of the most important strategic alliance practices is sharing resources, which can help to increase the competitiveness of SMEs. Therefore, the study finds that effective sharing of resources relies on proper coordination, trust, and equitable management of shared resources among the partners of the alliance.

The study suggests that the SMEs in Wajir County should enhance strategic partnerships by formalizing partnerships with shared resources, knowledge transfer, innovation partnerships, and market presence. SMEs should share resources with other partners, other than technology and administrative services, such as logistics, warehousing, production facilities, and equipment, based on clear partnership roles, benefit-sharing, dispute resolution, and monitoring. Knowledge sharing, including through institutionalization, such as joint training, mentoring, business forums, technical workshops, electronic platforms, and interfacing with universities and research institutes, should also be strengthened. Likewise, SMEs should enter into collaborative innovation projects, become part of innovation ecosystems, and adopt a mix of promotion strategies and digital marketing, e-commerce, social media, and joint branding. For SMEs to begin clustering, networking, and matchmaking, and to have access to shared infrastructure, innovation programmes, technology transfer, financing, and facilitation of regulatory and licensing systems, this should be done at the policy level by the national government, county government, business associations, and development agencies.

The study has brought theoretical value in providing the ability to apply strategic alliance theory to constraint cases of SME competitiveness in geographically distant circumstances, and explaining 98.2% of the variance in competitiveness. Future studies can be based on a combination of strategic alliance theory and the resource-based view, dynamic capabilities, network, or institutional theories to explain SME competitiveness in a more comprehensive way. Also, other factors such as entrepreneurial orientation, leadership, financial support, market orientation, digital technology adoption, government policies, organizational culture, and environmental factors are possible factors that should be evaluated in further research. Comparative studies across various SME sectors and Kenyan counties, and other developing countries, could enable to determine if the relationships observed are different depending on the institutional context and/or SME sector. Strategic alliances are also suggested in the future for longitudinal research to investigate the trends of the impacts on SME competitiveness over time.

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