

Strategic Alliance Components and Firm Profitability: Evidence from the Fast-Moving Consumer Goods Industry in Lagos State

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ABSTRACT

Strategic alliances constitute an important strategic mechanism that can be used to support firm profitability in industries where resources may be scarce, and manufacturing expenses and market uncertainties are rising. However, firms in Nigeria's Fast-Moving Consumer Goods (FMCG) sector continue to experience profitability pressures despite the increasing adoption of inter-firm collaborations. This research examines the relationship between strategic alliance components (transaction cost, cultural compatibility, and resource accessibility) and the profitability of FMCG companies in Lagos State, Nigeria. The data collection tools are structured questionnaires completed by 413 top- and middle-level managers, and the research design is quantitative and cross-sectional. The study uses Partial Least Squares-Structural Equation Modeling (PLS-SEM) to analyze the data. The results show that cultural compatibility, resource accessibility, and transaction cost are positively and significantly related to profitability. The model shows strong explanatory power, with an R^2 of 0.712, and strong predictive relevance, with a Q^2 of 0.397. The results indicate that alliance profitability is linked not only to inter-firm cooperation but also to relational compatibility, the sharing of complementary resources, and effective transaction cost management. The research contributes to the strategic alliance literature by providing multidimensional empirical evidence from the Nigerian FMCG sector. It also offers practical insights for managers seeking to strengthen the financial outcomes associated with strategic alliances.

Keywords: strategic alliances, profitability, cultural compatibility, resource accessibility, transaction cost

INTRODUCTION

The Fast-Moving Consumer Goods (FMCG) sector operates in an increasingly volatile business environment characterized by rising production costs, supply chain disruptions, inflationary pressures, and intense competition. Although companies may record nominal revenue growth, such growth may be driven substantially by price increases rather than corresponding volume growth, thereby creating continuing pressure on margins and the sustainability of firm performance (Deloitte, 2025; McKinsey & Company, 2026). These pressures are especially strong

in emerging economies like Nigeria, where exchange-rate volatility and infrastructural weaknesses, along with persistent inflation, drive up operating costs and limit firm performance (Ajagbe & Adeogun, 2026; Soyegbe et al., 2023). This has put FMCG companies under growing pressure to develop and implement strategies that enable them to be more efficient with their resources and continue to be profitable.

Strategic alliances have become one such mechanism, as they allow for independent companies to pool their complementary resources, share risk, and gain access to capabilities that may be hard to develop in-house. Bıyıklı and Özkara (2023) have focused

on the cost and governance benefits of forming alliances, and Gao and Huang (2025) have shown that alliances can support organizational learning and resource acquisition. However, the formation of a strategic alliance does not necessarily guarantee superior financial outcomes. Even as firms have been increasingly relying on inter-firm collaboration, they still face the challenges of profitability, which means that an important question arises about whether specific alliance components, rather than alliance formation itself, are associated with improved profitability.

Existing research provides an incomplete explanation of this issue. While Muthoka et al. (2022) have linked alliance performance to members' collaboration level, Uko et al. (2024) have focused on the overall impact of strategic alliances on organizational effectiveness. Likewise, Ekanem et al. (2025) have discussed strategic decisions and competitive advantage, and Okafor et al. (2026) have explored strategic alliances and organizational performance in Nigerian manufacturing companies. While these studies show the importance of alliances for organizational performance, they provide limited information on how individual alliance components relate specifically to profitability.

Theoretical and empirical evidence suggests that transaction cost, cultural compatibility, and resource accessibility may represent distinct mechanisms through which alliances are associated with financial outcomes. According to Transaction Cost Theory (TCT), collaborative governance arrangements can effectively mitigate negotiation, coordination, and monitoring expenses related to market exchanges (Bıyıklı & Özkara, 2023). The Resource-based View (RBV), on the other hand, argues that firms gain a competitive advantage by accessing valuable, hard-to-replicate resources (Ojukwu, 2024). Due to the relational aspect, cultural compatibility is added, as it can lead to conflict and coordination problems or increase trust and cooperation (Gehrisch & Süß, 2023; Makinde et al., 2023). These views suggest that economic, resource-based, and relational mechanisms may interact to determine an alliance's profitability.

Nevertheless, an important gap remains in the strategic alliance literature. Previous Nigerian research has mainly focused on strategic alliances as a single construct or looked at alliance practices in connection with large organizational outcomes like organizational effectiveness, competitive advantage, and overall firm performance (Ekanem et al., 2025; Okafor et al., 2026; Uko et al., 2024). This approach provides limited evidence on whether the economic, relational, and resource-based mechanisms underlying alliances exhibit distinct associations with firm profitability. Although Muthoka et al. (2022) have focused on collaboration to discuss alliance performance and Gao and Huang (2025) have examined resource acquisition and organizational learning, these studies do not comparatively consider the roles of transaction cost, cultural compatibility, and resource accessibility in a single profitability model.

Theoretically, this omission matters because TCT focuses on efficient exchange, while RBV focuses on access to strategically valuable resources (Barney, 1991; Bıyıklı & Özkara, 2023). By integrating economic, relational, and resource-based alliance mechanisms, the present study moves beyond the aggregate treatment of strategic alliances and provides a comparative assessment of their distinct associations with profitability within the Nigerian FMCG context.

RBV and TCT complement each other in explaining the link between strategic alliances and firm profitability. According to RBV, competitive advantage is achieved by the capacity of firms to acquire and use valuable, rare, and difficult-to-imitate resources (Barney, 1991). This resource-based reasoning extends to strategic alliances and competitive advantage in the Nigerian context (Ojukwu, 2024). From this perspective, strategic alliances enable the sharing of complementary knowledge, capabilities, and assets that can be expensive or challenging to build internally. However, access to resources does not necessarily translate into improved outcomes, as firms must possess the capacity to assimilate and utilize alliance-derived resources effectively.

In contrast, TCT explains alliance formation through the efficiency of inter-firm exchanges. Alliances can minimize negotiation, coordination, and monitoring costs when appropriate governance mechanisms are established (Bıyıklı & Özkara, 2023). Nevertheless, excessive emphasis on cost minimization may overlook relational and resource considerations that influence alliance performance. Therefore, TCT explains the efficiency aspect of alliances, while RBV explains the value of resource acquisition. Integrating these two viewpoints provides a more comprehensive theoretical framework for studying the relationship between profitability, transaction cost, cultural compatibility, and resource accessibility.

Transaction costs are related to coordinating, negotiating, and monitoring exchanges with alliance partners. Bıyıklı and Özkara (2023) have shown that transaction costs continue to be significant in the context of strategic alliance formation, especially when the inter-firm relationship needs to be coordinated and governed. According to TCT, alliance governance can help firms to control the costs of exchange more effectively by mitigating opportunism and facilitating effective interfirm coordination (Williamson, 1987; Che et al., 2023). Profitability, however, may not necessarily follow from cost efficiency, particularly where differences in partners' resources or relational dynamics constrain effective collaboration and the realization of alliance benefits (Zhao & Stiles, 2024; Jiang et al., 2024). This suggests that the profitability value of transaction-cost management may depend on firms' ability to control alliance-related exchange costs without undermining strategic collaboration. In the Nigerian FMCG sector, where firms face significant operating and coordination costs, efficient transaction-cost management may be particularly relevant to financial outcomes. Based on this, the

research proposes:

H1: Transaction cost is significantly associated with firm profitability among FMCG firms in Lagos State, Nigeria.

Cultural compatibility reflects the extent to which alliance partners possess compatible organizational values, norms, and working practices. Makinde et al. (2023) have highlighted the relevance of organizational practices to performance outcomes among manufacturing firms in Nigeria. Similarly, Gehrisch and Süß (2023) have demonstrated that relational and behavioral aspects play an important role in strategic alliance performance. In contrast, cultural differences may increase misunderstanding, conflict, and coordination difficulties, potentially reducing the financial benefits expected from collaboration. The importance of cultural compatibility may be more pronounced in strategic alliances because partners remain organizationally independent while working toward a common goal (Wang et al., 2022). Therefore, facilitating trust, communication, and coordinated decision-making can be supported by compatible values and practices. However, limited empirical attention has focused on the direct association between cultural compatibility and profitability in Nigeria's FMCG sector (Soetan & Ekeocha, 2025). Therefore, the second hypothesis is as follows:

H2: Cultural compatibility is significantly associated with firm profitability among FMCG firms in Lagos State, Nigeria.

Resource accessibility represents firms' ability to obtain complementary assets, knowledge, and capabilities through alliance relationships. Gao and

Huang (2025) have shown how strategic alliances enable learning and resource acquisition from outside the organization. Similarly, Ajagbe and Adeogun (2026) have linked strategic management practices to better business performance in FMCG companies. The results confirm the RBV perspective that access to strategically valuable resources can benefit the competitiveness of an organization. Nevertheless, resource accessibility should be distinguished from resource possession. Firms may obtain external resources through alliances but fail to translate them into financial value where integration and utilization capabilities are weak (Jin & Wang, 2021). This is especially significant in emerging markets, where internal resource limitations can make companies even more reliant on allies (Jenkins et al., 2024; Matloob et al., 2025). Accordingly, examining resource accessibility specifically, rather than aggregate alliance performance, provides a clearer assessment of its relationship with profitability. Hence, the research proposes the following hypothesis:

H3: Resource accessibility is significantly associated with firm profitability among FMCG firms in Lagos State, Nigeria.

In view of this, the relationship between the components of strategic alliance and firm profitability among the FMCG companies in Lagos State, Nigeria, is examined. Accordingly, the research examines the association between strategic alliance components and firm profitability among FMCG firms in Lagos State, Nigeria. By examining these alliance components simultaneously, the research provides a multidimensional assessment of the alliance-profitability relationship within an emerging-market context. The research analyzes the multidimensional

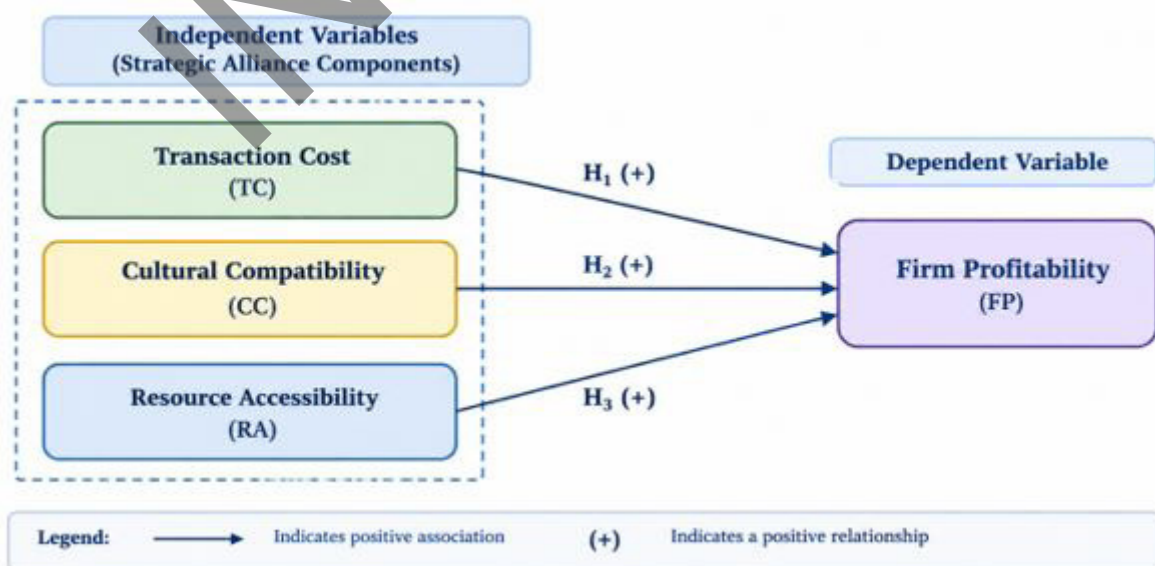


Figure 1 Research Framework
Source: Researcher's Model (2026)

alliance-profitability relationship by examining the economic, relational, and resource-related components of the alliance simultaneously in the context of FMCG in Nigeria. Based on the RBV, TCT, and the developed hypotheses in Figure 1, the study proposes that transaction cost, cultural compatibility, and resource accessibility are independently associated with firm profitability. The three strategic alliance components constitute the exogenous constructs, while firm profitability represents the endogenous construct.

METHODS

The research adopts a quantitative cross-sectional research design to investigate the relationship between strategic alliance components and the profitability of the FMCG companies in Lagos State, Nigeria. A cross-sectional design is adopted because it enables the examination of relationships between the independent and dependent constructs at a specific point in time (El Hammoumi et al., 2024; Tian et al., 2026). The quantitative approach facilitates the empirical assessment of relationships between latent constructs (Okafor et al., 2026; Soetan & Ekeocha, 2025). The analytical technique used is Partial Least Squares-Structural Equation Modeling (PLS-SEM) because it involves multiple latent constructs and requires simultaneous assessment of the measurement and structural models.

The research population comprises 2,500 top- and middle-level managers of selected FMCG companies in Lagos State, Nigeria. The participating firms are purposively sampled by considering their strategic alliance activities and operations in the FMCG sector. Top- and middle-level managers are chosen as respondents because their strategic and operational roles provide insight into alliance decisions and organizational performance. The sample size is determined using the sample-size table by Krejcie and Morgan (1970). To account for potential non-response, the researchers add required sample size by 30%, and a total of 436 questionnaires are distributed. Of these, 413 questionnaires are accepted for analysis (94.7% response rate). The final sample of 413 respondents exceeds the minimum requirement suggested by the PLS-SEM 10 times heuristic. Hence, the final sample size of 413 is considered appropriate (Guenther et al., 2023).

A structured questionnaire, developed in line with the study objectives and constructs, serves as the research instrument. Primary data are collected using a five-point Likert scale, ranging from 'strongly disagree' to 'strongly agree'. The measurement items for transaction cost, cultural compatibility, resource accessibility, and profitability are adapted from Tan and Adejuwon (2024), with Cronbach's Alpha (CA) coefficients of 0.87, 0.87, 0.78, and 0.80, respectively. The items are adapted to reflect the context of strategic alliances between FMCG companies in Lagos State, Nigeria. Five items are kept in each construct.

Indicator reliability, internal consistency, and convergent validity are evaluated for the measurement model. Indicator loadings of 0.70 or above are generally preferred. Indicator loadings ranging from 0.60 to 0.70 are retained if the Composite Reliability (CR) and Average Variance Extracted (AVE) values are satisfactory for their respective constructs. Cronbach's alpha (CA) and CR values of 0.70 or higher and AVE values of 0.50 or higher are considered acceptable. Harman's single-factor test is used to assess potential common method bias because the predictor and outcome constructs are measured using self-report questionnaires. A preliminary Exploratory Factor Analysis (EFA) is conducted using all 20 measurement items (Chatterjee et al., 2023). The first factor accounts for 24.01% of the total variance, which is below the recommended 50% threshold, indicating that no single factor dominates the variance and that common method bias is unlikely to be a serious concern (Chatterjee et al., 2023). The first factor accounts for 24.01% of the total variance, which is below the recommended threshold of 50% (Shore et al., 2024). This indicates that common method bias is unlikely to represent a serious concern in the research.

Ethical approval for the study is also obtained. The research ethics committee of Lagos State University gives permission for the study. The survey is voluntary, and informed consent is obtained before administering the survey instrument. The respondents are told what the research is about and their rights to withdraw from the study. Confidentiality and anonymity are maintained by excluding personally identifiable information from the research instrument and limiting the data collected to research purposes.

Discriminant validity is assessed using the Fornell-Larcker criterion. It is examined whether each construct is empirically different from the other constructs in the model using the Fornell-Larcker criterion. According to this criterion, the square root of the AVE of each construct must be higher than the correlation of each construct with other constructs (Afthanorhan et al., 2021). This assessment ensures that each construct measures a different phenomenon in the measurement model. For the research, the construct distinctiveness in the PLS-SEM measurement model is evaluated using the Fornell-Larcker criterion.

The structural model is assessed using path coefficients (β), t-statistics, and p-values based on bootstrapping of 5,000 resamples. The coefficient of determination (R^2) indicates explanatory power, the effect size (f^2) assesses each predictor construct's contribution, and predictive relevance (Q^2) evaluates the model's predictive ability. The structural model specifies direct relationships between transaction cost, cultural compatibility, resource accessibility, and profitability (Abdalkrim & Guizani, 2022; Gao & Huang, 2025). Profitability is the endogenous construct, and transaction cost, cultural compatibility, and resource accessibility are the exogenous constructs. The structural relationship is expressed as Profitability

$= \beta_1(\text{Transaction Cost}) + \beta_2(\text{Cultural Compatibility}) + \beta_3(\text{Resource Accessibility}) + \zeta$, where β_1 – β_3 are path coefficients, and ζ represents the residual term.

The model is estimated with SmartPLS software (version 3.5.2). Following the standard two-stage PLS-SEM assessment procedure, which includes evaluating the measurement model for reliability and validity, the study then assesses the structural model and hypotheses. Bootstrapping with 5,000 resamples assesses the statistical significance of structural relationships, with significance evaluated at $p < 0.05$.

RESULTS AND DISCUSSION

This section presents the results of the data analysis and discusses the findings in relation to the study objectives and existing literature. Consistent with the PLS-SEM two-stage assessment procedure, the measurement model is evaluated before the structural model. The findings are subsequently interpreted in relation to their theoretical and practical implications.

The survey administration is quite comprehensive. A total of 413 questionnaires is returned fully completed and considered valid for further statistical analysis, out of the 436 questionnaires sent to the target respondents. The rest of the 23 questionnaires are not returned or not filled out properly. The overall response rate is favorable at about 94.7%, with a non-response/invalid rate of 5.3%. Statistically, this rate is well above the norm for empirical research in organizations. It does not pose a major risk of non-response bias, while also ensuring the study's empirical results are statistically powerful and generalizable (Holtom et al., 2022).

Table 1 presents the demographic characteristics of the 413 respondents. Most respondents are senior management personnel (53.5%), followed by middle management personnel (42.9%). Regarding industry experience, the largest proportion has 11–15 years of experience (33.2%), while 50.8% hold master's degrees. In terms of organizational tenure, 28.8% have worked in their current firms for more than 10

Table 1 Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Position Within the Firm	CEO/Managing Director	15	3.6
	Senior Management	221	53.5
	Middle Management	177	42.9
Years of Experience	Less than 5 years	66	16.0
	5–10 years	82	19.9
	11–15 years	137	33.2
	16–20 years	84	20.3
	More than 20 years	44	10.7
Educational Background	Bachelor's Degree	84	20.3
	Master's Degree	210	50.8
	Doctoral Degree	97	23.5
	Professional Certification	22	5.3
Tenure at Current Firm	Less than 1 year	25	6.1
	1–3 years	87	21.1
	4–6 years	100	24.2
	7–10 years	82	19.9
	More than 10 years	119	28.8
Involvement in Strategic Alliance Operations	Occasionally Involved	113	27.4
	Frequently Involved	202	48.9
	Primarily Focused on Strategic Alliance Operations	98	23.7
Gender	Male	269	65.1
	Female	144	34.9
Age	21–30 Years	43	10.4
	31–40 Years	135	32.7
	41–50 Years	171	41.4
	51–60 Years	56	13.6
	60 Years and Above	8	1.9

Source: Field Survey (2026)

years, while 48.9% report being frequently involved in strategic alliance operations. The gender distribution shows that 65.1% are male and 34.9% are female. In terms of age, the largest proportion of respondents is between 41 and 50 years (41.4%), followed by those aged 31–40 years (32.7%). Overall, the demographic profile indicates that the respondents are predominantly experienced managerial personnel with substantial organizational experience and direct involvement in strategic alliance activities.

Table 2 presents the measurement model in terms of construct reliability and validity. To determine construct validity and reliability, items with loadings above 0.60 are retained because the

composites have satisfactory composite reliability and convergent validity. CA and CR are used to measure reliability. Meanwhile, AVE measures convergent validity. CA values range from 0.792 to 0.849, while CR values range from 0.858 to 0.892, exceeding the recommended threshold of 0.70. The AVE values range from 0.550 to 0.623 and are above the minimum threshold of 0.50. Although three indicators record loadings below 0.70, they exceed 0.60 and are retained because the corresponding constructs demonstrate satisfactory composite reliability and convergent validity. Overall, the results support the reliability and convergent validity of the measurement model.

Table 2 Results of Indicator Loadings and Construct Reliability

Construct	Item Code	Indicator Description	Loading	Cronbach's Alpha	CR	AVE
Transaction Cost	TC1	Costs associated with the alliance are expensive	0.630	0.792	0.858	0.550
	TC2	Negotiating with alliance partners involves substantial costs	0.672			
	TC3	Coordinating activities with alliance partners involves substantial costs	0.811			
	TC4	Monitoring alliance partners involves substantial costs	0.790			
	TC5	Managing alliance-related transactions involves substantial costs	0.788			
Cultural Compatibility	CC1	Alliance partners have compatible organizational values	0.683	0.797	0.861	0.553
	CC2	Alliance partners have compatible organizational norms	0.733			
	CC3	Alliance partners have compatible working practices	0.774			
	CC4	Alliance partners communicate effectively with each other	0.759			
	CC5	Alliance partners are compatible in their approaches to joint decision-making	0.766			
Resource Accessibility	RA1	The alliance provides access to valuable resources	0.765	0.849	0.892	0.623
	RA2	The alliance provides access to complementary assets	0.762			
	RA3	The alliance provides access to useful knowledge	0.787			
	RA4	The alliance provides access to capabilities that are difficult to develop internally	0.828			
	RA5	The alliance improves access to resources needed for business operations	0.803			
Profitability	PR1	The firm has experienced improvement in profitability	0.753	0.814	0.870	0.573
	PR2	The firm's profit margin has improved	0.753			
	PR3	The firm's financial returns have improved	0.763			
	PR4	The alliance contributes to improved financial performance	0.751			
	PR5	The firm's ability to generate profits has improved	0.765			

Source: SmartPLS Output (2026)

Table 3 presents the assessment of discriminant validity using the Fornell-Larcker criterion. Diagonal values represent the square roots of the AVE for the respective constructs. Under the Fornell-Larcker criterion, the square root of each construct's AVE should exceed its correlations with other constructs (Afthanorhan et al., 2021; Rhayha & Alaoui Ismaili, 2024). Although most diagonal values are compared favorably with the corresponding inter-construct correlations, some overlap is observed between cultural compatibility and profitability. The results should therefore be interpreted with caution, as the measurement model indicates potential construct overlap.

Figure 2 presents the bootstrapped structural model showing the hypothesized relationships between the three strategic alliance components and firm profitability. The t-statistics indicate that cultural compatibility, resource accessibility, and transaction

cost each have statistically significant direct relationships with profitability. Cultural compatibility records the highest t-statistic ($t = 7.310$), followed by transaction cost ($t = 6.824$) and resource accessibility ($t = 5.645$). Thus, the bootstrapping results support H1, H2, and H3.

Table 4 presents the structural model results. Transaction cost is positively and significantly associated with profitability ($\beta = 0.300$, $t = 6.824$, $p < 0.001$), supporting H1. Similarly, cultural compatibility positively and significantly affects profitability ($\beta = 0.353$, $t = 7.310$, $p < 0.001$), supporting H2. Resource accessibility also shows a positive and significant association with profitability ($\beta = 0.304$, $t = 5.645$, $p < 0.001$), supporting H3.

The coefficient of determination ($R^2 = 0.712$) indicates that the three strategic alliance components collectively explain 71.2% of the variance in profitability, demonstrating substantial

Table 3 The Results of Discriminant Validity (Fornell-Larcker Criterion)

	Cultural Compatibility	Profitability	Resource Accessibility	Transactional Cost
Cultural Compatibility	0.744			
Profitability	0.765	0.757		
Resource Accessibility	0.753	0.757	0.79	
Transactional cost	0.612	0.705	0.623	0.742

Source: Field Survey (2026)

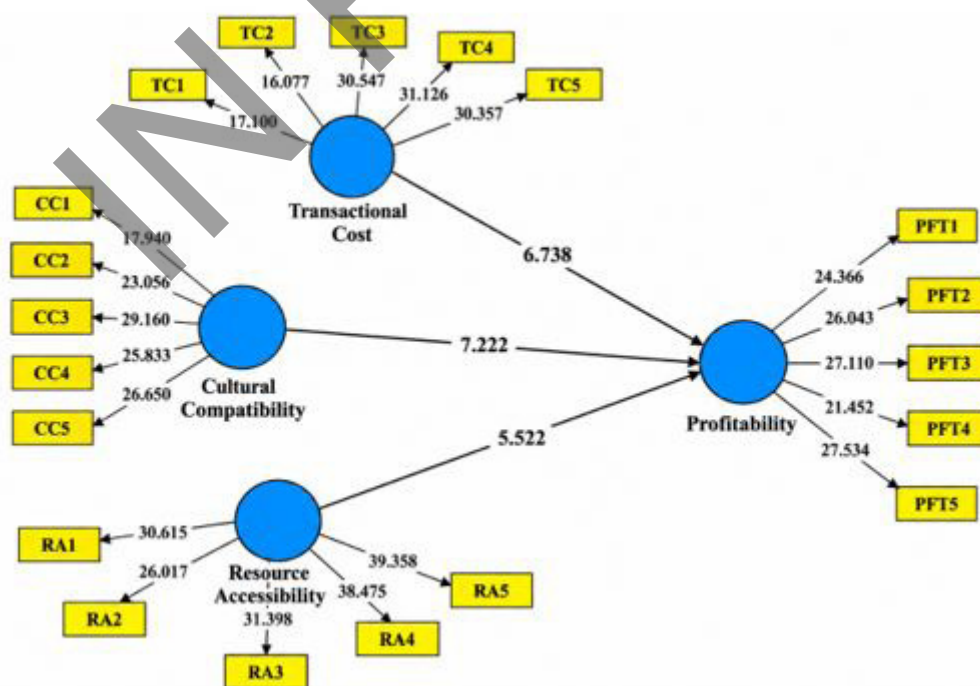


Figure 2 Bootstrapped Structural Model of Strategic Alliance Components and Firm Profitability Source: Field Survey Data via SmartPLS 3.5.2 (2026)

Table 4 Structural Model Results Showing the Relationships between Strategic Alliance Components and Firm Profitability

Path Description	Original Sample (o) Unstandardized Beta (β)	Standard Deviation (STDEV)	T	Sig.	F ²	R ²	Q ²	Decision
Cultural Compatibility → Profitability	0.353	0.048	7.31	0.000	0.173	0.712	0.397	Supported
Resource Accessibility → Profitability	0.304	0.054	5.645	0.000	0.126			Supported
Transactional Cost → Profitability	0.300	0.044	6.824	0.000	0.176			Supported

Source: Field Survey Data (2026)

Table 5 Results of Model Fit Indices

Model	Saturated Model	Estimated Model
SRMR	0.101	0.101
d_ ULS	2.153	2.153
d_ G	0.475	0.475
Chi-Square	1055.427	1055.427
NFI	0.415	0.415

Note: Standardized Root Mean Square Residual (SRMR), Squared Euclidean distance (d_ ULS), Geodesic Distance (d_ G), and Normed Fit Index (NFI).

Source: SmartPLS Output (2026)

explanatory power. The Q² value of 0.397 further indicates predictive relevance. Regarding effect sizes, transaction cost (F² = 0.176) and cultural compatibility (F² = 0.173) demonstrate medium effects, while resource accessibility (F² = 0.126) shows a small-to-medium effect. Collectively, these results indicate that the three strategic alliance components meaningfully explain profitability within the sampled FMCG firms.

Table 5 presents the model-fit indices for the saturated and estimated models. The saturated model represents the model in which relationships among all constructs are freely estimated, whereas the estimated model represents the model based on the structural relationships specified in the research framework. Both models produced identical fit indices, with a Standardized Root Mean Square Residual (SRMR) of 0.101, squared Euclidean distance (d_ ULS) of 2.153, geodesic distance (d_ G) of 0.475, Chi-square of 1055.427, and a Normed Fit Index (NFI) of 0.415. These indices provide supplementary information regarding the correspondence between the empirical data and the specified model. Given the prediction-oriented application of PLS-SEM, the structural model assessment primarily focuses on explanatory power (R²), predictive relevance (Q²), effect sizes (F²), and the statistical significance of the hypothesized relationships.

Among the three strategic alliance components, cultural compatibility exhibits the strongest positive association with profitability (β = 0.353). In the

Nigerian FMCG industry, this finding suggests that relational alignment between alliance partners may be particularly important for financial outcomes. FMCG businesses face pressures on their supply chain, market volatility, and regular demands to coordinate, meaning that variances in organizations' values and working practices can lead to more conflict and slower decisions on joint action. Cultural compatibility may reduce these relational tensions by facilitating trust, communication, and coordinated action. This finding is consistent with Gehrisch and Süß (2023), who have emphasized relational compatibility in alliance performance and extended the relational perspective by demonstrating that cultural compatibility is positively associated with profitability in the Nigerian FMCG sector.

Resource accessibility also shows a significant positive association with profitability (β = 0.304). From an RBV perspective, alliances can provide firms with resources, knowledge, and capabilities they lack or cannot develop themselves. This is especially pertinent for FMCG companies in Nigeria operating in an environment of limited resources and infrastructure. Gao and Huang (2025) have also illustrated strategic alliances' resource-acquisition and organizational-learning benefits. However, the slight difference in the coefficient for cultural compatibility indicates that access to resources alone may be insufficient when alliance partners are not relationally aligned to coordinate and use resources effectively.

Transaction cost shows the smallest, though still significant, association with profitability ($\beta = 0.300$). This finding is consistent with TCT, as it suggests that efficient management of negotiation, monitoring, and coordination cost remains relevant to financial outcomes. However, its relatively low coefficient suggests that cost efficiency alone may not be a strategic option when firms lack complementary resources or cannot build compatible relationships with alliance partners. In the Nigerian FMCG context, alliances may create financial value through a combination of efficiency, resource access, and relational coordination rather than through transaction-cost reduction alone.

Taken together, the findings suggest that neither the RBV nor TCT individually provides a complete explanation of the alliance-profitability relationship in the Nigerian FMCG sector. The strong connection between access to resources and profitability aligns with the RBV proposition that access to external resources can influence firm results, consistent with the findings of Gao and Huang (2025) and Ojukwu (2024). The higher score for cultural compatibility, however, suggests that resource supply may depend on relational conditions that enable effective coordination and use, lending weight to Gehrisch and Süß (2023) on the importance of cultural compatibility in alliance performance.

Likewise, the important transaction-cost relationship is also confirmed for the case of TCT. However, Bıyıklı and Özkara (2023) have shown that transaction costs are just one part of the strategic alliance process. Soyge et al. (2023) and Soetan and Ekeocha (2025) both have indicated the significance of contextual operating conditions in the Nigerian FMCG context, where infrastructural and supply-chain pressures have an impact on organizational performance. The present findings therefore extend existing alliance research by showing that economic, resource-based, and relational mechanisms represent distinct but complementary dimensions of the alliance-profitability relationship.

CONCLUSION

Three strategic alliance components, namely transaction cost, cultural compatibility, and resource accessibility, are examined for their associations with the profitability of fast-moving consumer goods (FMCG) firms in Lagos State, Nigeria. The findings indicate positive and statistically significant associations between all three components and profitability. The strongest association is with cultural compatibility, followed by resource accessibility and transaction cost. These findings suggest that the profitability associated with strategic alliances depends not only on cost efficiency but also on relational compatibility and access to complementary resources.

The findings suggest that the relationships between the components of a strategic alliance and profitability are complex and context-dependent. The

research extends the RBV of the firm. It suggests that access to external resources is positively associated with profitability and that the value derived from such resources depends on their effective integration and utilization. The findings also reinforce the relevance of TCT, with a focus on the relevance of exchange efficiency in strategic alliance relationships. The study uses evidence from the Nigerian FMCG sector, which is an area where there is a dearth of research in the emerging markets. It also offers a more nuanced take on research on emerging markets and a more sophisticated perspective on the alliance-performance relationship.

The results have practical implications for the managers of the FMCG companies engaged in strategic alliances. Managers should evaluate potential alliance partners beyond short-term cost considerations, taking into account cultural compatibility, resource complementarity, and the capacity for sustained strategic coordination. The stronger link between cultural compatibility and profitability indicates a need to factor in organizational values, working practices, and communication processes in partner selection.

FMCG firms should also establish systematic processes for evaluating partners and for formal resource sharing and alliance coordination. Having a capability for internal alliance management can facilitate the most effective integration of complementary resources. It can reduce relational conflicts while increasing the potential economic value generated from inter-firm relationships.

Several research limitations remain. First, the cross-sectional design captures respondents' perceptions at a single point in time. It does not allow for any causal and temporal interpretation of the observed relationships. Future studies should use longitudinal designs to examine changes in alliance components and profitability over time. Second, self-reported measures may also introduce response bias, even though the study includes a common method bias assessment. Future research can combine a mix of financial metrics and perceptual ones such as return on assets, net profit margin, and revenue growth. Thirdly, the research is restricted to FMCG companies in Lagos State, which may limit the generalizability of the results to other industries and regions. A comparative study across states in Nigeria, industries, and other emerging economies can provide better context. Lastly, future research should build on the model by testing alliance governance, trust, partner opportunism, and alliance management capability as mediators or moderators between the alliance and profitability.

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AUTHOR CONTRIBUTIONS

Developed the research concept, formulated the research objectives and hypotheses, and designed the research methodology, O. S. O.; Performed the statistical analysis and interpreted the research findings, O. S. O.; Co-drafted the manuscript and participated in revising and approving the final version for publication, O. S. O.; Coordinated and conducted the data collection process, A. A. O.; Contributed the research dataset and supported the preparation of the analytical materials, A. A. O.; and Co-drafted the manuscript and critically revised and approved the final version for publication, A. A. O.

DATA AVAILABILITY

The data that support the findings of this study are available from the corresponding author, Obasuyi Saturday Okogua, upon reasonable request. The data are not publicly available because they contain confidential information obtained from participating firms and respondents, and public disclosure can compromise their privacy and confidentiality.

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