COMPETITIVE STRATEGIES AND COMPETITIVE ADVANTAGE OF SMALL MEDIUM ENTERPRISES AT TOI MARKET, NAIROBI CITY COUNTY

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DECLARATION

This research is my original work and has not been presented for a degree in any other university.

Signature…………………………………   Date……………………………………..

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This research project has been submitted for examination with my approval as the university supervisor.

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"Perseverance is not a long race; it is many short races one after the other"
Walter Elliot

DEDICATION

This project is dedicated to my family members, Yussuf and Adam, for the moral support and encouragement throughout my entire studies and completion of this project. A special dedication to the late Shane Godbolt, for being a great mentor and whom many years ago encouraged me to embark on this.

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ABBREVIATIONS AND ACRONYMS

KNBS	Kenya National Bureau of Statistics
KIPPRA	Kenya Institute for Public Policy Research and Analysis
MBV	Market Based View
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
RBV	Resource Based View
SSEs	Small Scale Enterprises
SMEs	Small and Medium Enterprises
UNDP	United Nations Development Programme

ABSTRACT

As competition intensifies in all business, few business environments can be assured of secure returns and it is therefore for this reason that the primary principle of a strategy should be to establish a position of competitive advantage for the business. The study aimed to establish the competitive strategies adopted by SMEs at Toi Market, Nairobi in an effort to achieve competitive advantage. The study which adopted a descriptive survey design, collected data using a structured questionnaire. The target population consisted of the traders who are tasked in the routine running of the SMEs at Toi Market, Nairobi. The study endeavored to select 10% of approximately 600 traders, that is, 60 traders, in the target population as this can be used to reasonably infer the characteristics of the entire population. A total of 60 (100%) respondents responded to the questionnaire. The data was analysed using Statistical Package for Social Science (SPSS). Descriptive statistics was provided in the form of frequencies, percentages and measures of central tendency, that is, mean, media and mode. Inferential analysis in the form of regression analysis was also applied to predict the relationships between the competitive strategies and competitive advantage. The findings of the study established that SMEs at Toi Market adopt competitive strategies in order to remain competitive. The findings also established a strong and positive relationship between the three generic completive strategies and competitive advantage. The study recommends that SMEs in Kenya should endeavor to adopt competitive strategies in order to survive in an ever changing environment. The study also recommends the need for continuous awareness targeted towards SMEs so as to empower those in the industry with the relevant knowledge on the role of competitive strategies and competitive advantage. The study also recommends the need for Government and policy makers to develop favorable polices and framework for SMEs. This is due to the vital contribution of SMEs in social economic development and more so providing employment, and like any business, those in the industry need to have adequate framework and strategies to thrive and sustain competitiveness.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

How businesses survive would depend on how they analyze and understand their strengths and weaknesses and also challenges, opportunities and threats and subsequently respond. Therefore, only those businesses that have put in place appropriate strategies that are able to remain competitive in an unpredictable business environment. Strategy which is basically a game plan that any business entity needs to put in place for achieving competitive advantage is thus of great value. Over the years extensive explanation has been seen in the literature with regards to attaining competitive advantage at the business unit level. There are three fundamental strategies that have been widely discussed and that organisations and businesses can adopt to realize sustainable competitive advantage. These strategies are: cost leadership, differentiation, and focus or niche. (Porter, 1980; Wright, Nazemzadeh, Parnell & Lado, 1991).

A business' comparative position within its industry would dictate if its profit level is lower than or beyond the industry average. The core basis of the average profit being above eventually is sustainable competitive advantage. Competitive advantage is attained when the business obtains features which enable it surpass its competitors. The advancement of theories that help describe competitive advantage has been management forefront for close to half a century. The two prevailing competitive advantage theories in the early period were the Market-Based View and the Resource-Based View.

The Market-Based View of strategy states that industry elements and external market alignment determine how a business performs. The resource-based view refers to the internal environment as a facilitator for competitive advantage. Businesses should therefore be aware of the continuously changing environment and adapt accordingly to stay competitive (Wang, 2004).

SMEs role in Kenya's development is important, especially with regards to generating employment, creation of wealth and providing opportunities for income to large number of the population across the country (KIPPRA, 2014). The SME sector in Kenya occupies a pivotal position towards the country's development and economic growth. This is because the sector has continued to provide job opportunities. Notably, Kenya has continued to be large importer of second hand merchandise (Hanse, 2004). The second-hand industry also known as *mitumba* sector is an informal business sector that is categorized as an SME that has proven to be a lucrative industry and has continued to grow tremendously amidst the huge competition and various challenges experienced in the business environment (Chalhoub, 2012).

The dominance and growth of the industry is evident from the many second hand markets that continue to sprout all over the country. Toi market which is one such market that deals with second hand merchandises attracts customers of all ages as well as those from different socio-economic backgrounds. Due to its important role in the country it is therefore vital for the businesses to adopt proper strategies so as to strive and remain competitive.

1.1.1 Competitive Strategies

Porter (1996) argues that strategy is more than just operational effectiveness but also establishing a unique difference, that is, competitive advantage. It is about creating a vision as well as analyzing the environment critically and a clear comprehension of an organization's internal and external environment taking into consideration suppliers, customers and employees. (Hamel, 2000; Kay 1993). Johnson and Scholes (1995) refer to strategy as the long-term direction and scope of a business, depending on how the business configures its resources in a rapidly changing and dynamic environment. This is in an effort to meet the market needs as well as to satisfy the stakeholders' expectations. Therefore, strategy is generally about getting a match between the capabilities of a company external environment of the business (Dobson, Starkey & Richards, 2009).

As competition intensifies in all businesses, few business environments can be assured of secure returns and it is therefore for this reason that the major principle of a strategy should be to determine a position of competitive advantage for the business (Grant, 1998). Competitive strategies are basically measures and methods utilised by businesses in their operations to attain competitive advantage over rivals (Kay, 2014). A firm that has competitive advantage is that which is capable of generating economic value that is more than the rival firms and this is made possible by making the best choice with regards to which of the strategy or strategies to take (Barney, 2007). The strategies being referred to are: differentiation, low-cost and focus or niche strategies.

Differential strategy entails competing on the basis of a how a firm is able to do things differently from its competitors. Low cost strategy is whereby a business has capability to realise competitive advantage through providing products or services at a cost as low as possible. Focus or niche strategy entails targeting a narrow market segment or specializing on a specific product or service. All these require critical attention for purpose of attaining competitive advantage (Papulova & Papulova, 2006; Porter, 2004).

1.1.2 Organizational Competitive Advantage

Competition is central to the business success or failure. It ascertains the suitability of business's activities that contribute to its competitive advantage. Competitive advantage is about how a business can generate and sustain a competitive advantage through generating and ensuring superior performance. Its importance is based on the need for the survival of the business in an environment that is dynamic and highly competitive (Porter, 2004). Competitive advantage is a concept that has had a long history in the literature of strategic management and has continued to be a foundation concept in the field.

The first attempt to describe competitive advantage was by Ansoff in 1965. Ansoff defined it as the specific attributes or features of distinct product markets which provides a business a competitive position that is strong (Sigalas, 2015). Nonetheless, the introduction of the concept in business strategy is credited to the work of Michael Porter in his publication titled, competitive advantage, published in 1985. Similarly, to the definition provided by Ansoff, Michael Porter stated that competitive advantage is whereby a business generates greater value to its customers. Value is that which customers shall pay for willingly, and value that is superior arises from being able to offer prices that are lower than competitors for similar benefits or being able to provide benefits that are unique so as to compensate a higher price.

This definition by Michael Porter appears to correspond to Ansoff's definition, since creating superior value to ones' customers would result to having a strong competitive position. According to Papulova and Papulova (2006) strategic success is whereby a business understands the market needs and is able to fulfill customers in a more effective and profitable way than its competitors resulting to competitive advantage. Businesses that aim to achieve competitive advantage, should therefore be able to have different attributes or actions from its competitors. Alternatively, the business may have similar attributes or actions as those of its rivals but can only sustain competitive advantage if it carries out these similar activities in a very different way.

1.1.3 Small and Medium Enterprises in Kenya

SMEs is a term that encompasses a variation of definitions and there are different terms used interchangeably. The terms used are Micro and Small Enterprises (MSEs), Micro, Small and Medium Enterprises (MSMEs) and Small and Medium Enterprises (SMEs). The businesses in these sector are basically defined according to employee numbers and economic activity, that is, amount of income generated (KNBS, 2016).

The Micro and Small Enterprise Act of 2012, defines micro enterprises as those whose maximum turnover is KES 500,000 annually, and whereby the employees are less than 10. Small enterprises are those with a turnover ranging from KES 500,000 to 5 million annually that have employed 10-49 people. Under this act, medium enterprises are not covered. However, these have been indicated as those with KES 5 million to 800 million annual turnover, and with 50 – 99 employees (GoK, 2012). KNBS (2016) defined Micro, Small and Medium Enterprises as organizations with 1-99 employees and which the average yearly turnover does not exceed 5 million shillings. Regardless of the quantitative definition of businesses in these sectors, most SMEs are categorized as informal sector and by extension those who are in self-employment.

SMEs role in Kenya's development process is vital, especially with regards to generating employment and providing opportunities for income to various people countrywide (KIPPRA, 2014). The SMEs vital role features in Kenya's Vision 2030, the blue print of the country's development (GoK, 2007). A baseline line survey carried out by Central Bureau of Statistics, International Centre for Economic Growth, and K- Rep Holdings (1999) indicates that businesses growth translates to creation of employment, increased revenues and capital base. According to an Economic Survey the sector generated above 800,000 new jobs in Kenya hence an essential contributor to social and economic development of the country (Kenya National Bureau of Statistics, 2017).

1.2   Research Problem

With the ever transforming business environment, a few businesses can be assured of survival and secure returns and it is for these reasons that the intensity of business competition has increased in all businesses. However, a business that understands the market needs and is able to fulfil customers in a more effective and profitable way than its competitors results to the business attaining competitive advantage. Though this can only be possible whereby the business has adopted effective competitive strategies and hence have the capacity to create economic value that is more than the rival firms. (Grant, 1998; Papulova & Papulova, 2006; Barney, 2007). Porter (2004) indicates that the three generic strategies that a business may utilise are: differentiation, cost and focus or niche strategies.

Like all businesses, SMEs are faced with challenges and threats in turbulent business environments and hence need to ensure they adopt effective strategies to realise competitive advantage. With the elevated increase of unemployment in Kenya, this study acknowledges the important role the SME sector in Kenya plays in providing income for many Kenyans. Toi Market is one such market that has provided an opportunity for many Kenyans to do business mostly through the sale of second hand merchandise also referred to as *mitumba* industry. However, like any business, those in this industry need to have adequate framework and strategies to thrive and sustain competitiveness.

Notably, there are studies in Kenya and globally on competitive strategies in different business sectors. In Kenya for example, Chege (2016) carried out a descriptive research using a semi-structured questionnaire, to examine the competitive strategies that have been employed by SMEs in manufacturing, agricultural, transport, telecommunication, construction and service industries in Kenya. Namanda and Bagire (2010) also investigated competitive strategies used by SSEs in exhibition halls in Nairobi. This descriptive cross-sectional research gathered data using open-ended and closed questions in a questionnaire. Ngugi and Kising'u (2017) carried out a descriptive survey research design study to determine competitive strategies effects on sustainable competitive advantage of SACCOs in Kenya. The study which used semi-structured questionnaires was carried out in Mombasa County. Omwoyo (2016) examined generic strategies on airline industry competitive advantage in Kenya. This study applied a descriptive research method and questionnaires were administered to management employees using a census approach in 3 airlines namely, Kenya Airways, Fly 540 and Fly-SAX.

Ouma (2015) sought to establish the link between generic strategies and competitive advantage in bus companies using the route from Kisumu to Nairobi. A descriptive survey research design was utilised and questionnaires administered for data collection. Most aforementioned studies however, are generally with regards to competitive strategies that have been adopted in large companies and not in small enterprises. Studies carried out in small and medium enterprises appear to be comparatively fewer than those carried out in larger companies.

Similarly, in other parts of the world, there appears to be few studies carried out in small and medium enterprises. Yilmaz (2009) sought to investigate competitive advantage strategies among SMEs in the Turkey's tourism sector. Managers were interviewed in small and medium accommodation establishments with an aim to investigate the competitive advantage strategies in these establishments as well as the obstacles affecting them. A study by Ong, Goh and Ismail (2010) investigated the strategies for competitive advantage in SMEs in Malaysia. The study used email and face-to face questionnaires, investigated all listed SMEs in the database of Malaysian Multimedia Development Corporation (MSC Malaysia) but was however limited to lower cost and differentiation strategies. Furthermore, the study applied more focus on how entrepreneurship and luck may contribute to achieving competitive advantage. Rosli (2012) also undertook a study on competitive strategy of Malaysian SMEs. This was an exploratory investigation based on firms in the food and beverage as well as textile and clothing industries in Malaysia. The study used self-administered questionnaires and considered five competitive strategies namely: firm management, human resource management, marketing, innovation and global orientation.

From the above mentioned studies competitive strategies and competitive advantage has been researched, however there is limited research addressing the three generic strategies and competitive advantage in SMEs and more so in Nairobi County. Secondly, it is also notable that a number of the studies done used questionnaires that are either open-ended or semi-structured. Though semi-structured questions have their advantages, such as obtaining standardized responses and in-depth responses, the open-ended questions may result to responses that may not necessarily answer the objectives of the study. A well-structured questionnaire was therefore deemed essential in ensuring the right information was obtained (Mugenda & Mugenda, 2003).

It was thus on the background of this research gap in the small enterprises in Nairobi as well as the research gap in the data collection method that this study attempted to use a structured questionnaire to explore the competitive strategies that small scale enterprises in Nairobi county have adopted in an endeavour to attain competitive advantage. More specifically, the study therefore attempts to answer question on, what competitive strategies have SMEs at Toi Market, Nairobi adopted in order to attain competitive advantage?

1.3   Research Objective

The general objective of the study was to establish the competitive strategies adopted by SMEs at Toi Market, Nairobi in achieving competitive advantage.

1.4 Value of the Study

The study is of benefit to players in the following areas, Firstly; policy makers in Government of Kenya shall have a better understanding of the operations of businesses in this sector so as to be in a better position to identify and develop appropriate policy and regulatory framework for the SMEs sector.

Secondly, the study is useful to the existing traders in this industry to be equipped with knowledge of appropriate strategies so as to have the ability and knowledge of how to integrate these strategies in reaction to the changes they may encounter in the external environment in which the sector operates.

Thirdly, the study is going to support existing competitive strategies that businesses need to have in place so as to attain competitive advantage. It is therefore going to contribute to the general body of knowledge on competitive strategies in a changing and turbulent business environment.

Finally, the study is beneficial to the general Kenyan population due to the fact that number of those unemployed remains high in Kenya and hence the need for those that attempt to venture into the informal sector be equipped with the knowledge of competitive strategies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Review of literature is important in any study as it provides an opportunity to refine the research's theoretical framework. Furthermore, it helps to understand advances in the research area. It also helps to identify the gaps in the knowledge (Bless & Higson-Smith 2000; Mouton 2001).

The review of literature entails the systematic identifying, locating and analysing documents in relation to the study in a systematic manner, hence not a mere collection of existing texts. It should therefore be extensive and thorough so as to obtain comprehensive knowledge of the topic being studied. This is important as it ensures unnecessary duplication is avoided (Mugenda & Mugenda, 2003).

This chapter is guided by the study objectives and thus examines existing related data along the lines of the study objectives. The literature therefore pays attention to competitive strategies role on SMEs competitive advantage. The chapter looks at theoretical and empirical literature on studies in relation to the study.

2.2. Theoretical Foundation, Models and Typologies

Theoretical review aims to identify theories which guided the study. It also provides a conceptual basis to understand, analyse and design ways to explore the study's research problem (Grant & Osanloo, 2014). Theories aim to explain some phenomena as well as envisage and understand phenomena (Creswell, 2009). They allow the researcher to make connections between the abstract and the concrete; the theoretical and the empirical and help in guiding research, organize ideas as well as develop capacity for generating new research.

Theory and research is a two-way relationship. While theory informs our understanding of issues, it also helps us make decisions in research and more importantly be able to make sense of the world. Since theory is not static, it provides provision for revision allowing for more precise and comprehensive explanations about how the social world is made up and operates. A researcher may therefore alter some theory propositions or reject them if several empirical studies demonstrate negative findings.

Theory can be used in a study either deductively or inductively. A deductive approach allows a researcher use theory to guide the study design as well as interpret results. In quantitative research, the theory or theories are therefore identified at the beginning of a proposal for a study with intention of testing or verifying further (Creswell, 2009). This study used a deductive approach and was therefore guided by a number of theories, namely, market based theory and resource based theory.

2.2.1 The Market-Based View

The market-based view (MBV) also referred to as market positioning view, lays emphases on the importance of understanding the market conditions when developing strategies for a business. The theory which originated from Mason and Bain in 1950, argues that success of business is based on the forces in the external environment. Michael Porter developed this argument in 1980 through the five forces framework stating that forces in external environment affect any business and hence there is need to adopt relevant strategies to survive and stay competitive.

Importantly market-based view (MBV) lays emphasis on the role of market conditions in developing strategy for the firm and therefore should not be confused with the resource-based view theory. The latter generally concentrates on the resources and capabilities of the business or organisation. There has however been debate on the relative merits of the two and more so, on the conditions under which one might be preferred over the other.

Market based theory is therefore used in this study to explain how accessible resources in the SME industry may be fully exploited to achieve competitive advantage. In addition to having the necessary resources, it is also important for SMEs to try and be unique. The nature of uniqueness would most likely have an effect on the strategies adopted but nonetheless lead to competitive advantage.

2.2.2 Resource-Based View

The resource based theory introduced by Jay Barney emphasises on the need for businesses to have distinct resources and capabilities to enable them be successful and realize competitive advantage. This theory lays emphasis on the internal environment of a business, such as, assets, capabilities, attributes, knowledge and therefore means both tangible and intangible resources. The resources can also be both financial and non-financial (Johnson, Scholes & Whittington 2005).

According to Igecha (2014) the theory attempts to explain how businesses are operated and the resources used in implementation of the strategies. The theory emphasises the need for businesses to enhance the resources level of being sustainable and appropriate (Barn & Clark, 2007). Thus the theory upholds the assertion that competitive advantage of a business arises from how well the business is able to utilise the resources it has (Pearce & Robinson, 2011). Johnson, Scholes, and Whittington (2005) argue that for resources to provide competitive advantage they should be exceptional and unique.

Resource based theory is therefore used in this study to explain how available resources may be optimally utilized to gain competitive advantage in the SME industry. SMEs must ensure they not only have the necessary resources but must also try to retain being unique. The uniqueness would most likely affect the adopted strategies and subsequently competitive advantage.

2.3 Porter's Generic Strategies

The term generic strategies as proposed by Michael Porter in 1985 implies they are neither firm nor industry dependent and hence can be used to different kind of firms or industries (Mita, Ochieng, & Mwebi, 2017). According to Porter (2004) businesses have an option of three general strategies to choose from that can be applied towards attaining competitive advantage. Since competitive advantage is a focal aspect of strategy, organisations must therefore be able to make the best choice with regards to which of the strategy or strategies to take. The strategies being referred to are: differentiation, low-cost and focus or niche strategies.

Cost leadership strategy is generally where firms endeavor to offer cost that is as low as possible in the industry. Allen, Helms, Takeda and White (2007) explicate that low-cost or cost leadership strategy is achieved by designing, producing, and marketing a similar product or service in a more efficient way than a competitor. A business may reduce cost through adopting technology that is current, easy access of raw material, economies of scale, among others. Cost leadership therefore protects the business against competitive forces and it is a vital strategy, as it enables a business endure competitiveness in the industry and also provides the business with a defense against rivalry from competitors (Porter, 1980).

Differentiation is about having dimensions that are unique and that are value adding to the customers, that is, selling products or providing a service with features that customers perceive to be of high quality or of superior value in that market segment. A business can base its differentiation on the products, or the service delivery, or marketing approach, among others (Porter, 2004). According to Dash (2013) the customers must perceive the product or service as being more desirable than those of a competitor and the customers should be ready to pay more than the marginal cost. A business that differentiates does not therefore necessarily need to charge low cost and can thus charge additional price for its products or services (Porter, 1985).

Focus strategy enables a business to fit its strategies and products to particular segment's needs and to focus on the segment it has chosen. This is to serve the target segment more effectively and efficiently (Porter, 1980). This strategy would entail identifying market niches and ensuring that the strategies are tailored to meet the target market needs (Chepng'etich & Kimencu, 2018).

The business can choose to focus on a number of areas, such as, specific customer group, geographical location, range of product or service line (McCracken, 2002). Through focus strategy the business is therefore able to meet specialized needs and distinct preference of the customers (David, 2000). It is important to note different customers possess varying likings hence a business that adopts focus strategy should therefore be able to combine a number of different policies and skills and direct these to the target that is, combine cost strategy, low cost strategy as well as differentiation strategy (Porter, 1980).

2.4   Competitive Strategy and Competitive Advantage

Although turbulence and uncertainty in the business environment may create numerous impediments for small businesses, it may also be an opportunity for those businesses with concrete business strategies (Yilamz, 2009). McGee and Sammut-Bonnici (2014), argue competitive strategy as being a practice whereby competitive advantage is developed thus resulting to exceeded earnings for stakeholders. For competitive advantage to be reached businesses should tactically manage its resources, capabilities, and core competences, and also react to opportunities and threats within the external environment.

To attain competitive advantage through implementation of a competitive strategy, a business should have the ability to identify the difference of its position with that of its competitors. Porter (1991) argued that, businesses should be in a position to identify competitors constituting their industry when formulating a competitive strategy. Competitive strategy is thus essential in mitigating opportunities and threats in external environment through pro-active and reactive strategies. New opportunities are utilised in the case of new competitive positions arising during the process.

Competitive strategy calls for ongoing changes and realignment to develop internal competences and to anticipate modifications in the external environment. According to Wen-Cheng, Chien-Hung and Ying-Chien (2010) each generic strategy or factor of competitive advantage is not necessarily independent. This means that the strategies can work together to generate the most competitive advantage for business. In addition to external factors it is essential to have a clear comprehension of the internal issues that bring competitive advantage. These factors would include: technology and innovation, human resources, organizational structure.

2.5   Empirical Studies and Knowledge Gaps

The findings of empirical literature reveal the strategies adopted by firms to gain competitive advantage. Chege (2016) explored competitive strategies applied by SMEs in Kenya in manufacturing; agricultural; transport; telecommunication; building and service industries and found cost leadership strategy as being very vital in operations of SMEs. The study did not however address SMEs that operate in the informal sector otherwise referred to as the mitumba sector.

Namanda and Bagire (2010) examined competitive strategies small scale enterprises in exhibition halls in Nairobi adopted. The study found the strategies adopted were related to pricing and cost management, product and marketing. Ngugi and Kising'u (2017) carried out survey research to establish how competitive strategies affect sustainable competitive advantage of SACCOs in Kenya. The study established SACCOs adopted cost leadership, differentiation, focused and innovation strategies. Similarly, a positive relationship between competitive strategies and sustainable competitive advantage of SACCOS in Mombasa County was also established.

Omwoyo (2016) examined generic strategies on three airline companies' competitive advantage in Kenya and found the airlines adopt cost leadership, differentiation and focus strategies for competitiveness. Ouma (2015) sought to establish the association between generic strategies and competitive advantage in bus companies operating Kisumu to Nairobi route through a descriptive survey research method which revealed that though all three strategies were adopted, more bus companies adopted differentiation strategy.

Waithaka (2012) carried out a qualitative case study of University of Nairobi to investigate strategies adopted by the university to achieve competitiveness and found strategies like quality customer service, differentiation, marketing, diversification among others as being essential for achieving competitive advantage. The aforementioned studies affirm a link between competitive strategies and competitive advantage, however limited research addressing competitive strategies and competitive advantage in SMEs within the informal sector such as Toi Market in Nairobi County is notable.

Yilmaz (2009) investigated competitive advantage strategies in small and medium accommodation establishments within Turkey's tourism sector and revealed that despite the available strategies, most companies have challenges adopting the strategies. Ong, Goh and Ismail (2010) investigated the strategies for competitive advantage in SMEs in the Malaysian Multimedia Development Corporation Malaysia using email and face-to face questionnaires. The study which was limited to lower cost and differentiation strategies argued that entrepreneurship and luck contributes to competitive advantage.

Rosli (2012) also carried out an explanatory study using self-administered questionnaires to investigate competitive strategy of Malaysian SMEs in the food and beverage as well as textile and clothing industries. In addition to the generic strategies the study emphasised the role of capabilities such as firm management, human resource management, marketing, innovation and global orientation in achieving competitive advantage.

The above studies show competitive strategies and competitive advantage as having been researched and their relationship also evident. However, research addressing the three generic strategies and competitive advantage in SMEs and more so in an informal sector like Toi Market in Nairobi County appears limited. This presents a knowledge gap with regards to competitive strategies adopted in small and medium industries in Nairobi County and this study shall therefore attempt to address this knowledge gap. Secondly, it is also notable that a number of the studies used questionnaires that are either open-ended or semi-structured for example (Omwoyo, 2016; Waithaka, 2012; Ouma, 2015). This study therefore acknowledges the gap in the data collection method in that such questionnaires may not necessarily answer the study objectives (Mugenda & Mugenda, 2003) and hence proposes to use a structured questionnaire.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1   Introduction

Research can be termed as pursuit for knowledge on a specific issue through a coherent and organized approach (Rajasekar, Philominathan & Chinnathambi, 2006). Research methodology incorporates procedures and plan utilised to attain the required knowledge. Kothari (2004) asserts that the process entails generalisation as well as formulation of theories in a methodical manner.

The problem of research and nature of the data determine the methodology to adopt. An empirical approach assists the researcher reach specified objectives of the study. This is made possible through gathering substantiated evidence for the purpose of generating scientific knowledge. However, for this to be attainable the researcher should adopt either quantitative or qualitative paradigm as these are the conventional research approaches (De Vos et al 2004). This chapter therefore advances the methodology used, that is, plan of the research that connects the research method to the desired outcome (Creswell 2003).

This chapter therefore explains the research design, target population of the study, sample frame, sample size, sample design, data collection procedures and tools. It also describes the data analysis methods and presentation for this study. After the data was collected, all information was summarised and discussed in an effort to deduce the role of competitive strategies in the competitive advantage of small medium enterprises, specifically those at Toi Market, Nairobi.

3.2 Research Design

The study utilised a survey design method to demonstrate trends of the population that was the target. The survey design method collected data that was quantitative in nature and analysed the data using descriptive statistics. The researcher drew conclusions for the study from a sample representing the population.

The survey research utilized a design that utilises a standard format primarily applied whereby the study population consists of individual people. Arguably, this is the design normally applied in social sciences because of several factors such as technological advancement thus making it easy to analyse data and also being suitable for descriptive research purpose (Creswell, 2009; Babbie & Mouton 2001).

Through the survey design, the researcher was able to administer questionnaires that were structured. This was for the purpose of generating statistical data for analysis with an aim to generalise from a sample of the population (Balnaves & Caputi 2001; Creswell 2003). The design was found suitable for this research as it was inexpensive and an anticipated higher response rate was expected (Kothari, 2004). Through this design the researcher determined competitive strategies and competitive advantage of SMEs at Toi Market, Nairobi.

3.3 Population of the Study

Target population is generally the precise population that information is sought. It is the complete set of elements or units that are at the centre of the study. Ngechu (2004) states a population is a clearly described set of people or elements under investigation. It was this complete set that formed the study focus and, that which the researcher intended to identify trends and characteristics (Bless & Higson-Smith, 2000).

It is important to clearly define the target population, which the researcher intended to generalize the results. This study was therefore, carried out in Nairobi, targeting SMEs at Toi Market. The population of the study population in this case being all SMEs operating at Toi Market which is located in Kibra subcounty, Nairobi City County.

More specifically, the study population or units of study consisted of the traders who are tasked in the routine running of the SMEs. These traders are the individuals operating the various businesses at Toi Market, Nairobi. The said traders are involved in various small businesses at Toi Market, Nairobi and these range from selling of clothes, handbags, shoes, vegetables, among others.

3.4   Sample Frame

A sample frame is a list or index of subjects where a sample is obtained. It lists all those within the population who can be sampled. It is a list used to outline a population of interest for a study and that which determines a set of elements whereby a researcher can identify a sample of the population that is being targeted (Mugenda & Mugenda, 2003; Lavrakas, 2008).

A representative sample should be used and this is by ensuring the sample frame is complete and correct. Johnson and Christensen (2012) state that sample frame is essentially the initial item a researcher ought to identify. This is because it offers the researcher with the required units of interest in the population. Mugenda and Mugenda (2003) assert sample frames may include a register, lists of professionals, among others.

This study obtained the sample frame from the Toi Market traders' association register. Since the eligible traders are listed, the list was obtained from the chairperson of the association. This list was considered complete and hence deemed to be a suitable sample frame for this study.

3.5   Sample Size

Sample size is an essential element of any empirical study. In a survey, the sample size normally denotes the number of units to be selected from which data is gathered. It is the number (n) of observations taken from a population through which inferences for the whole population are made (Lavrakas, 2008).

Bless and Higson-Smith (2000) expound that at the time of making decisions on the sample, the criterion that is appropriate to utilise is that which the sample is satisfactorily representing the population. It is therefore essential to identify a sample size that is adequate when carrying out a study. This is because the sample must be considered to be adequate, in that it is representative of the study population.

Mugenda and Mugenda (2003) indicate 10% of the population as being sufficient for a descriptive study. A descriptive study aims to identify patterns or trends among the study population. The study therefore endeavored to select 10% of approximately 600 traders, that is, 60 traders, in the target population as this can be used to reasonably infer the characteristics of the entire population.

3.6   Sampling and Sample Design

Sampling is a research technique whereby a sample of the population is selected to represent the population, and the findings from the sample allow the results to be generalized to the entire population. An appropriate sample is vital in research for the purpose of ensuring an accurate generalization of results. This can be attained through an accurate sample frame as earlier mentioned (Bless & Higson-Smith, 2000; Babbie & Mouton, 2001).

There are various techniques for selecting sample. In this study the population is heterogeneous in view of business products and services offered and this may misrepresent the population. The target population was therefore stratified into identified homogeneous sub-groups in order to obtain a higher degree of representativeness (Babbie & Mouton, 2001). A snowball sample technique was thereafter applied to identify respondents. This method is whereby the few identified subjects assist in identifying others in the similar sub-group (Mugenda & Mugenda, 2003).

Snowball sampling is a technique that is relatively easy to apply. The general cost and time necessary to identify a sample through this technique are small in contrast to other sampling techniques. Notably, the target population is operating in an environment that has experienced a number of challenges and it was anticipated that obtaining data may be met with some resistance due to suspicion and distrust. Due the circumstances within the population, the study therefore proposed to use this technique to obtain the required data and information that may not have otherwise been possible.

3.7 Data Collection

The data collection instrument of choice was a close-ended questionnaire that is also referred to as a structured questionnaire. According to Babbie and Mouton (2001) a structured questionnaire is administered in a survey design to a sample of respondents selected by the researcher from the target population. It is one which offers the respondents a selection of answers to choose from.

The advantage of a structured questionnaire is that it allows analysis of results in quantitative and effective way. It is also easier to administer and enables the collection of standardized information from the respondents (Mugenda & Mugenda, 2003; Bless & Higson-Smith, 2000). The researcher administered the questionnaire to the SMEs traders at Toi Market that are tasked in the routine running of the businesses.

The aforementioned traders were the respondents and the data collected directly from these respondents is known as primary data (Mugenda & Mugenda, 2003). The questionnaire used had a section on background information as well as other sections to gather the competitive strategies applied by the SMEs. The respondents were required to rate various summarizing attributes for the competitive strategies so as to obtain varied and structured responses.

3.8 Data Analysis

Data analysis allows the researcher ascertain from the data, patterns and trend that are consistent. The process would be decided upon based on the research approach, design and questions to be answered. Quantitative data is often analysed through descriptive and inferential statistical processes and thus descriptive statistics formed the initial stage of the data analysis (Bless & Higson-Smith, 2000).

Mugenda and Mugenda (2003) explain that descriptive statistics are crucial in providing information or summary of data that is gathered in a meaningful way. In this study, the findings are demonstrated through what is termed as central tendency measure. Central tendency demonstrates a summary of variables studied and is largely presented by identifying the mode, mean and medium.

The Mode is the measurement that most frequently occurs in a certain variable amongst a sample of subjects. The median is the 50th percentile in a group of scores gathered, that is, the point below and above which 50% of the scores fall. Mean is a set of scores or measurements that is averaged and is determined through summing all the scores after which the sum is divided by the total scores (Mugenda & Mugenda, 2013). Descriptive statistics are represented through graphic presentation, that is, bar charts and pie charts. Graphical representation is useful for the reader to easily view the distribution trend. Simple percentages and frequency tables are also used. A frequency distribution table displays the scores distribution for a particular variable or subjects. Percentages are important in descriptive research for comparison purposes.

In addition to descriptive statistics, the study made an attempt to predict relationship between the independent variables and dependent variable through simple regression analysis. Mugenda and Mugenda (2003) express simple regression as, $Y=a+bX$, where X is the independent variable and Y the dependent variable. This was to examine influence of each competitive strategy adopted by the SMEs on competitive advantage.

According to Mugenda and Mugenda (2003) advancement in technology has simplified and made data analysis process relatively less complex. Through the incorporation of technology, data gathered was captured in Microsoft Excel and analysed using Statistical Package for Social Science (SPSS) analysis software version 20.0. Since descriptive and inferential statistics were applied to summarise and describe the findings, the conclusions are depicted from the findings. This is in an attempt to show the contribution of competitive strategies towards the competitive advantage of SMEs at Toi Market.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents results of the study obtained from questionnaires. The competitive strategies adopted by SMEs at Toi Market, Nairobi for competitive advantage are analysed. Results of the statistical analysis provide descriptive statistics as well as simple regression to determine relationship between independent variables, that is, competitive strategies and dependent variable, that is, competitive advantage.

Findings in this chapter are presented as per the questions in the survey questionnaire. Descriptive statistics showing the demographics and background characteristics of the sample are presented first. Then descriptive statistics of the independents variables namely, cost, differentiation and focus strategies are provided. The descriptive statistics of the dependent strategy, competitive advantage are also provided.

As earlier mentioned, the study attempted to predict the relationship between the independent variables and dependent variables. The statistical analysis and results from the simple regression analysis are thus presented. The chapter also discusses the results from the descriptive analysis as well as the simple regression analysis.

4.1.1 Response Rate

Response rate is important in assessing how sound the study is. It is generally identified as the percentage number of questionnaires returned from those that are sent out. Despite its importance in research there appears to be no accepted response rate. Different studies in business and management have reported response rates between 50% and 80%.

Nonetheless, the higher the rate of responses the better as this is an indication of the representativeness of data gathered (Mellahi and Harris, 2016). Figure 4.1 illustrates the number of respondents that responded.
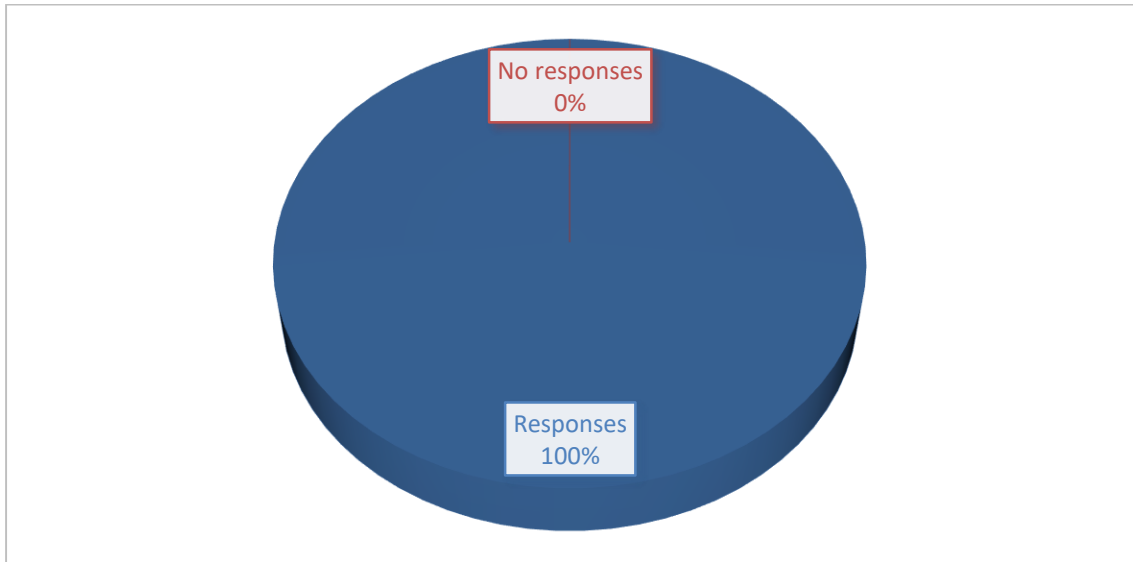
Source: Primary data, 2019.
Figure 4.1 Representation Chart of the Response Rate

The study administered 60 questionnaires, a sample size derived from 10% of the approximately 600 traders that formed the target population of this study. Figure 4.1 shows that 60 respondents completed the questionnaire. This indicates 100% rate of response and hence the data gathered can be deemed representative.

4.2 Background Information

Section one of the questionnaire sought to gather background information of the target population, that is, traders at Toi Market, Nairobi. The information gathered included age of respondents, age, gender, level of education, nature of business, type of business ownership, how long the business has been in operation, number of employees and the turnover annually.

Though this was not the focus of the study it is nonetheless important in a survey as this information puts the findings into context and also determines whether the sample is representative of the target population for the purpose of generalisation.

4.2.1 Age of Respondents

The respondents were required to specify their ages which the questionnaire provided different age group ranges to select from. Table 4.1 presents the frequency and percentage for each age group.

Table 4.1 Age Group of Respondents

Range	Frequency	Percentage
Below 20	4	6.7
21-30	14	23.3
31-40	17	28.3
41-50	24	40.0
Above 50	1	1.7
Total	60	100.0

Source: Primary data, 2019.

The results showed 6.7% are below 20 years; 23.3% are between 21 and 30 years; 28.3% range between 31 and 40 years of age; 40% are within 41 and 50 years and 1.7% are above 50 years. The findings show that the largest number of traders are between 41 – 50 years. Figure 4.2 graphically illustrates these findings.
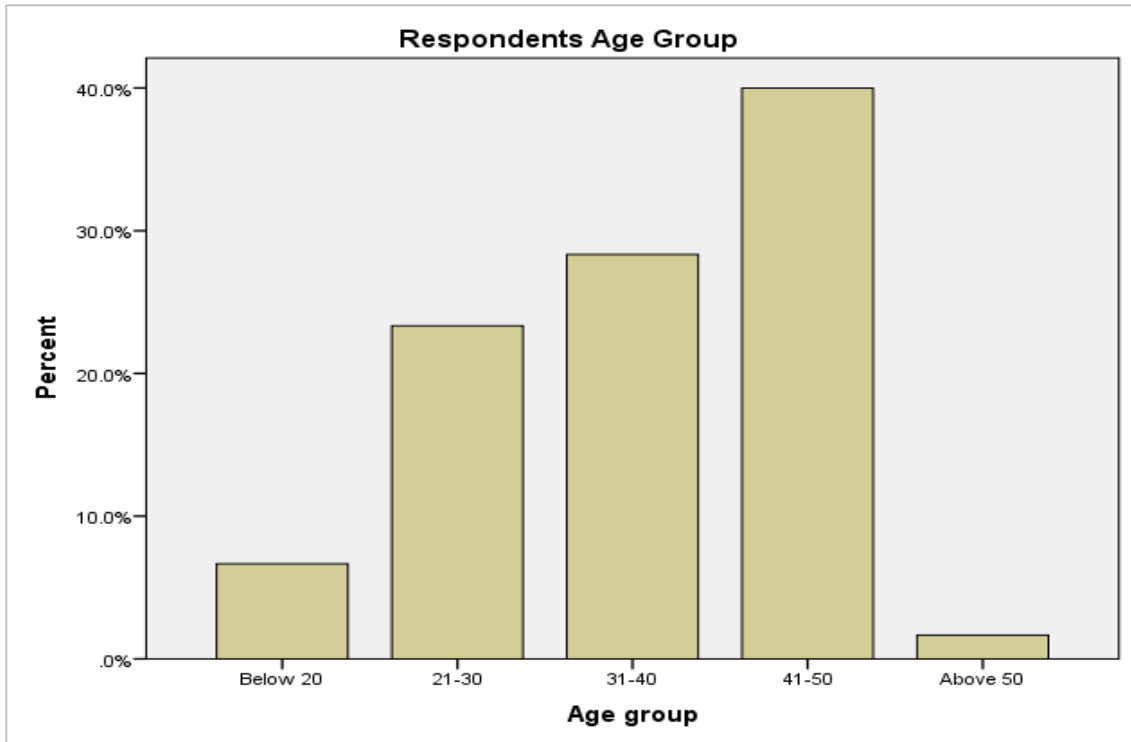
Source: Primary data, 2019
Figure 4.2 Age Group of Respondents

4.2.2 Gender of Respondents

The respondents were required to specify their gender. 30 respondents were male, that is, 50% of the respondents. The female respondents were also 30 in number, that is, 50% of the respondents. Figure 4.3 illustrates this using a pie chart.
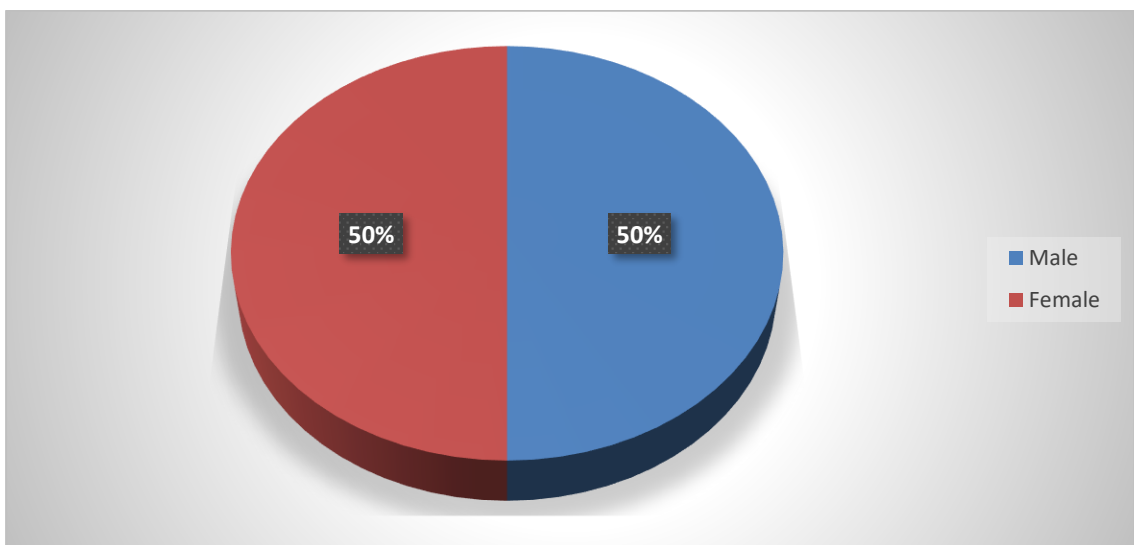
Source: Primary data, 2019
Figure 4.3 Gender of the Respondents

4.2.3 Respondents Highest Level of Education

The respondents were required to provide information on the highest attained level of education. The results show 17 of the respondents (28.3%) have obtained primary education as the highest level of education. 30 respondents' (30%) highest level of education was secondary school. Those whose highest level of education is a college certificate was 10 respondents (16.75%). 3 respondents (5%) indicated their highest level of education being undergraduate degree and no respondent (0%) indicated postgraduate degree as the highest level of education. Figure 4.4 illustrates these findings using a bar chart.
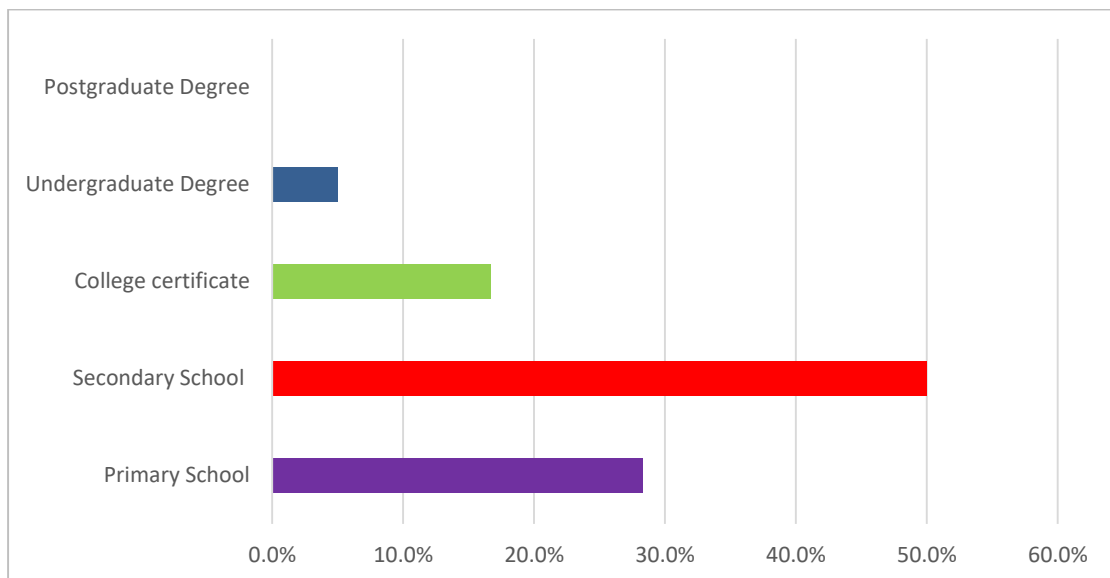
Source: Primary data, 2019
Figure 4.4 Respondents Highest Level of Education

4.2.4 Nature of Business

The survey attempted to inquire about the nature of business that the respondents engaged in. The traders in Toi Market engage in various types of businesses and indicating these was important in view of determining the representativeness of the study findings.

Table 4.2 Nature of the Respondents' Business

Item	Frequency	Percentage	Cumulative Percent
beddings	5	8.3	8.3
c and others(toys)	1	1.7	10.0
carpets	2	3.3	13.3
clothes	18	30.0	43.3
food	6	10.0	53.3
handbags	4	6.7	60.0
other(curtains)	1	1.7	61.7
other(electronics)	1	1.7	63.3
other(kitchen ware)	2	3.3	66.7
shoes	5	8.3	75.0
vegetable	15	25.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The results show that 30% of the respondents are selling clothes. 25% of the respondents are in the business of selling vegetables while 10% sell food. 8.3% of the respondents sell shoes and another 8.3% are in the business of selling beddings. 6.7% of the respondents indicated that they sell handbags, while 3.3% indicate that they sell carpets. 8.4% of the respondents indicated other types of merchandise, namely, toys (1.7%), curtain (1.7%), electronics (1.7%) and kitchenware (3.3%). From these findings it is evident the majority of traders at Toi Market are in the business of selling clothes.

4.2.5 Type of Business Ownership

The respondents were required to give information on the type of business ownership. 78% of the respondents indicated that their business was sole proprietorship. 20% of the respondents indicated partnership as their business type. 1.7% indicated 'other' but did not specify the type.

Table 4.3 Type of Respondents' Business Ownership

Item	Frequency	Percentage	Cumulative Percent
other	1	1.7	1.7
partnership	12	20.0	21.7
sole proprietorship	47	78.3	100.0
Total	60	100.0	

Source: Primary data, 2019

4.2.6 Duration the Business has been in Operation

The survey sought to find out the duration the business has existed. Results show 40 respondents (40%) have been operating their business for 6 – 10 years. 20 of the participants (33.3%) have been in the business for less than 5 years. Those that have been in the business for 11 – 15 years constitute 12 of the respondents (20%). 2 respondents indicated that they have been operating the business for 16 – 20 years (3.3%) and another 2 respondents indicated over 20 years (3.3%). Figure 4.5 illustrates these results using a bar chart.
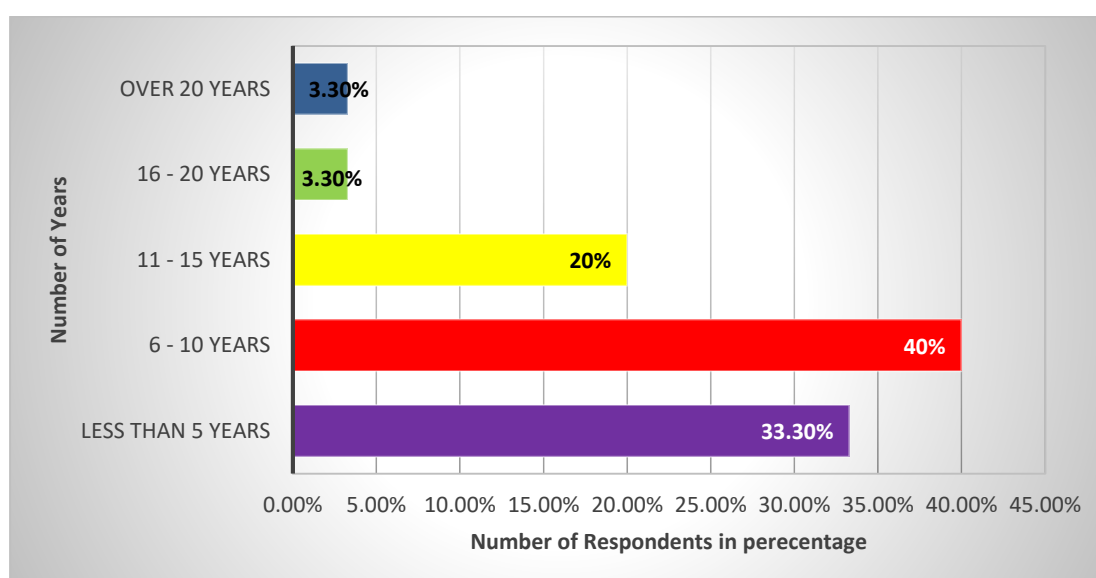
Source: Primary data, 2019
Figure 4.5 Duration the Business has been in Operation

4.2.7 Number of Employees in the Business

The survey attempted to find out the number of employees for each business. This question was deemed important for this study as employee numbers in a business is one of the factors used to define SME ((KNBS, 2016). The results indicate that 51 of the respondents (85%) have 1-5 employees. 7 respondents (11.7%) indicated that they have 6 – 10 employees while 2 respondents (3.3%) had 11- 20 employees. Figure 4.6 illustrates these results using a pie chart.
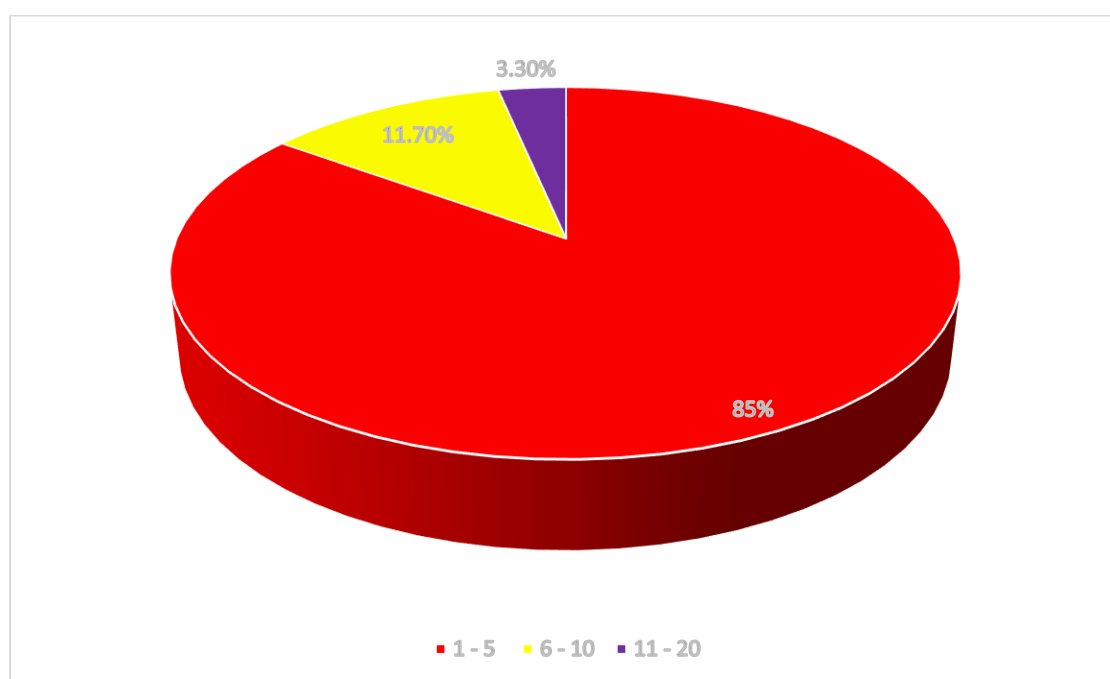
Source: Primary data, 2019
Figure 4.6 Number of Employees in the Business.

4.2.8 Annual Profit of the Business

The amount of income generated by a business is also a factor used to define SMEs (KNBS, 2016). It was therefore deemed necessary to ask respondents to indicate the annual profit of the business. The results indicate that 59 respondents (98.3%) have an annual profit below 1 million Kenyan shillings. 1 respondent (1.7%) had an annual profit of over 2 million Kenyan shillings. Figure 4.7 illustrates these results using a bar chart.
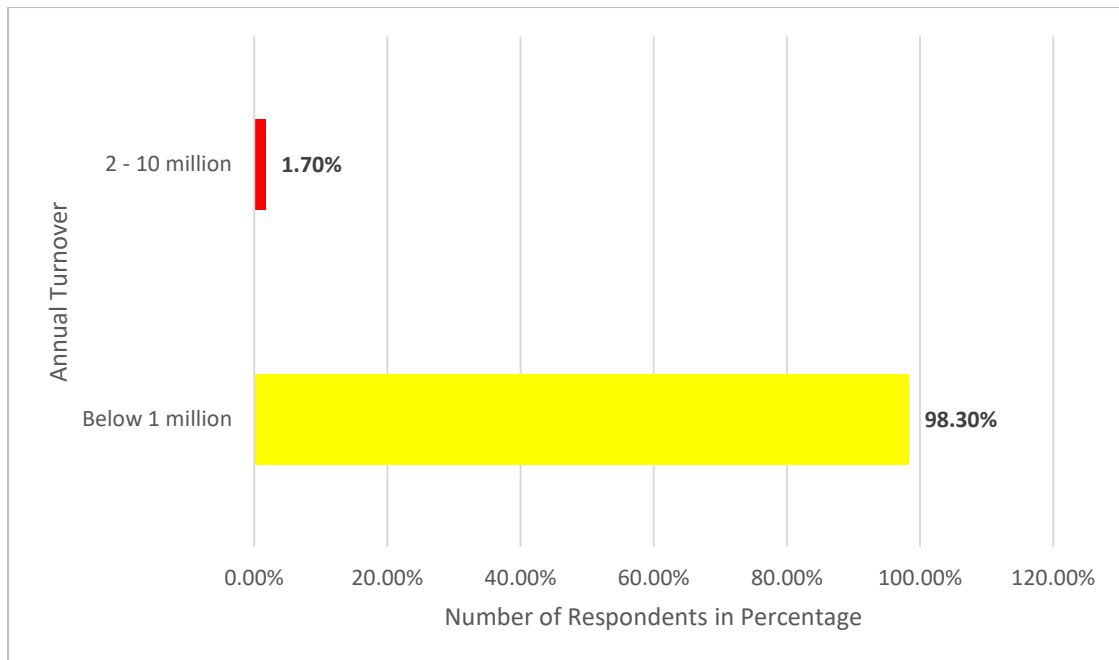
Source: Primary data, 2019
Figure 4.7 Annual Profit of the Business in Kenya Shillings

4.3 Competitive Strategies Adopted by the Businesses

The questionnaire sought to gather information that would inform the competitive strategies adopted by SMEs at Toi Market, Nairobi for achieving competitive advantage. This was divided in three sections for each generic strategy, that is, section B: cost leadership strategy; Section C: Differentiation Strategy; Section D: Focus Strategy. The respondents were required to rate different qualifying statements provided for each strategy indicating their view with regards to the strategy applied in the business. For each statement the respondents indicated their view on a scale of 1 to 5 where 1 - strongly disagree; 2 – disagree; 3 – somehow agree; 4 – Agree; 5 – Strongly agree.

4.3.1 Cost Leadership Strategy

The questionnaire provided six statements in reference to cost leadership strategy of which respondents indicated their views for each statement on a scale of 1 to 5. Tables 4.4 to 4.9 provide descriptive summaries showing the frequencies of the respondents' feedback for each statement.

Table 4.4 Reducing Operational Costs

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	1	1.7	1.7
Disagree	1	1.7	3.3
Somehow Agree	12	20.0	23.3
Agree	13	21.7	45.0
Strongly Agree	33	55.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views regarding reducing operational costs. The results established 1(1.7%) strongly disagreed; 1 (1.7%) disagreed; 12(20%) somehow agreed; 13(21.7%) agreed; and 33(55%) strongly agreed. From the results it is evident that majority of the respondents strongly agreed to reducing operational cost.

Table 4.5 Tight Controls for Overhead Costs

Item	Frequency	Percentage	Cumulative Percent
Disagree	1	1.7	1.7
Somehow Agree	18	30.0	31.7
Agree	15	25.0	56.7
Strongly Agree	26	43.3	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views with regards to having tight controls for overhead costs. The results established 1 (1.7%) disagreed; 18 (30%) somehow agreed; 15 (25%) agreed; and 26(43.3%) strongly agreed. From the results it is apparent that majority of the respondents strongly agreed to having tight controls for overhead costs.

Table 4.6 Low Prices due to Reduced Operations Costs and/or Overhead Costs

Item	Frequency	Percentage	Cumulative Percent
Disagree	1	1.7	1.7
Somehow Agree	11	18.3	20.0
Agree	8	13.3	33.3
Strongly Agree	40	66.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views with regards to charging low prices due to reduced operational costs and/or overhead costs. The results established 1 (1.7%) disagreed; 11 (18.3%) somehow agreed; 8 (13.3%) agreed; and 40 (66.7%) strongly agreed. From the results it is apparent that majority strongly agreed to charging low prices due to reduced operational costs and/or overhead costs.

Table 4.7 Consumer Prices that are Lower than Competitors

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	1	1.7	1.7
Somehow Agree	6	10.0	11.7
Agree	20	33.3	45.0
Strongly Agree	33	55.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views with regards to offering consumer prices that are lower than the competitors. The results established 1 (1.7%) disagreed; 6 (10%) somehow agreed; 20 (33.3%) agreed; and 33 (55%) strongly agreed. From the findings it is evident that majority strongly agreed to offering consumer prices that are lower than the competitors.

Table 4.8 Latest Technology in Operations

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	1	1.7	1.7
Disagree	19	31.7	33.3
Somehow Agree	9	15.0	48.3
Agree	13	21.7	70.0
Strongly Agree	18	30.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views with regards to adopting latest technology in their operations. The results established 1 (1.7%) disagreed; 19 (31.7%) disagreed; 9 (15%) somehow agreed; 13 (21.7%) agreed; and 18(30%) strongly agreed. From these results it is notably that majority of the respondents disagreed to adopting latest technology in their operations.

Table 4.9 Improved Deliveries and Accessibility for Customers

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	3	5.0	5.0
Disagree	17	28.3	33.3
Somehow Agree	6	10.0	43.3
Agree	13	21.7	65.0
Strongly Agree	21	35.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views with regards to providing improved deliveries and accessibility for customers. The results established 3 (5%) strongly disagreed; 17 (28.3%) disagreed; 6 (10%) somehow agreed; 13 (21.7%) agreed; and 21 (35%) strongly agreed. Evidently majority of the respondents strongly agreed to providing improved deliveries and accessibility for customers.

The results established that majority of the respondents' view with regard to cost leadership strategies was between 'somehow agree" and strongly agree". Notably, from the 6 statements provided the results show that the respondents do not seem to adopt latest technology in their operations and they also do not provide improved deliveries and accessibility for customers. Nonetheless, the combined cost leadership strategy statements have a mean of 3 and above and this can therefore be deduced to mean that traders at Toi Market apply cost leadership strategy in their businesses. Table 4.10 summarises these results.

Table 4.10 Summary Descriptive Statistics for Cost Leadership Strategy

Item	We reduce operation costs	We ensure tight controls for overhead costs	We charge low prices due to reduced operations costs and/or overhead costs	We offer consumer prices that are lower than our competitors	We adopt latest technology in our operations	We provide improved deliveries and accessibility for customers
Mean	4.27	4.10	4.45	4.40	3.47	3.53
Median	5.00	4.00	5.00	5.00	4.00	4.00
Mode	5	5	5	5	2	5

Source: Primary data, 2019

4.3.2 Differentiation Strategy

The questionnaire provided seven qualifying statements in reference to differentiation strategies of which respondents were to provide views for each statement on a scale of 1 to 5. Tables 4.11 to 4.17 provide descriptive summaries showing the frequencies of the respondents' feedback for each statement.

4.11 Strategic Location

Item	Frequency	Percentage	Cumulative Percent
Somehow Agree	5	8.3	8.3
Agree	23	38.3	46.7
Strongly Agree	32	53.3	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views with regards to their business being strategically located. The results established 5 (8.3%) somehow agreed; 23 (38.3%) agreed; and 32 (53.3%) strongly agreed. Regarding the businesses being strategically located it is evident from the results that the respondents strongly agreed.

4.12 Reputation that gives an Advantage over Competitors

Item	Frequency	Percentage	Cumulative Percent
Somehow Agree	3	5.0	5.0
Agree	22	36.7	41.7
Strongly Agree	35	58.3	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views regarding their reputation that gives their business an advantage over competitors. The results established 3 (5%) somehow agreed; 22 (36.7%) agreed; and 35 (58.3%) strongly agreed. From the results it is notable that the majority strongly agreed their reputation gave an advantage over competitors.

4.13 Suitable Business Timings

tem	Frequency	Percentage	Cumulative Percent
Somehow Agree	2	3.3	3.3
Agree	24	40.0	43.3
Strongly Agree	34	56.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views with regard to offering suitable business timings. The results established 2 (3.3%) somehow agreed; 24 (40%) agreed; and 34 (56.7%) strongly agreed. It is evident from the results that the majority strongly agreed their reputation gave an advantage over competitors.

4.14 Intensive Marketing

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	4	6.7	6.7
Disagree	22	36.7	43.3
Somehow Agree	9	15.0	58.3
Agree	12	20.0	78.3
Strongly Agree	13	21.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views on whether they undertook intensive marketing. The results established 4 (6.7%) strongly disagreed; 22 (36.7%) disagreed; 9 (15%) somehow agreed; 12 (20%) agreed; and 13 (21.7%) strongly agreed. From the results it is evident the majority disagreed, that is, they did not undertake intensive marketing.

4.15 Superior Customer Service and Support

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	3	5.0	5.0
Disagree	17	28.3	33.3
Somehow Agree	12	20.0	53.3
Agree	15	25.0	78.3
Strongly Agree	13	21.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views with regards to offering superior customer service and support. The results established 3 (5%) strongly disagreed; 17 (28.3%) disagreed; 12 (20%) somehow agreed; 15 (25%) agreed; and 13 (21.7%) strongly agreed. Though the majority disagreed, the results show that the respondents view on offering superior customer service greatly varied

4.16 High Prices Offered due to Unique Features and/or High Quality

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	42	70.0	70.0
Disagree	7	11.7	81.7
Somehow Agree	3	5.0	86.7
Agree	1	1.7	88.3
Strongly Agree	7	11.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views on whether they offered high prices as a result of unique features. The results established 42 (70%) strongly disagreed; 7 (11.7%) disagreed; 3 (5%) somehow agreed; 1 (1.7%) agreed; and 7 (11.7%) strongly agreed. From these results it is apparent the majority strongly disagreed that they offered high prices as a result of unique features.

4.17 Flexibility in Pricing than Competitors

Item	Frequency	Percentage	Cumulative Percent
Somehow Agree	2	3.3	3.3
Agree	12	20.0	23.3
Strongly Agree	46	76.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views regarding their prices being more flexible than competitors. The results established 2 (3.3%) somehow agreed; 12 (20%) agreed; and 46 (76.7%) strongly agreed. It is evident from the results the majority strongly agreed that their prices were more flexible than competitors.

Generally, the results established that majority of the respondents' view with regard to differentiation strategy was between 'somehow agree" and strongly agree". Notably, from the 7 statements provided the results show that respondents strongly disagreed with the statement that indicated they offered high prices due to unique features. Nonetheless, 6 out of the 7 combined differentiation strategy statements have a mean of 3 and above and therefore this can be inferred to mean that traders at Toi Market apply differentiation strategy in their businesses. Table 4.18 summarises these results.

Table 4.18 Summary Descriptive Statistics for Differentiation Strategy

Item	Our business is strategically located	Our reputation gives as an advantage over our competitors	We offer suitable business timings	We undertake intensive marketing	We offer superior customer service and support	We offer high prices due to unique features and/or high quality	Our prices are more flexible than our competitors
Mean	4.45	4.53	4.53	3.13	3.30	1.73	4.73
Median	5.00	5.00	5.00	3.00	3.00	1.00	5.00
Mode	5	5	5	2	2	1	5
Std. Deviation	.649	.596	.566	1.308	1.239	1.351	.516

Source: Primary data, 2019

4.3.3 Focus Strategy

The questionnaire provided six qualifying statements in reference to focus strategy. The respondents' views for each statement on a scale of 1 to 5 were obtained. Tables 4.19 to 4.24 provide descriptive summaries showing the frequencies of the respondents' feedback for each statement.

Table 4.19 Selling Products to a Particular Market Niche Only

Item	Frequency	Percentage	Cumulative Percent
Somehow Agree	4	6.7	6.7
Agree	13	21.7	28.3
Strongly Agree	43	71.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views on whether they focused on selling products to a particular market niche only. The results established 4 (6.7%) somehow agreed; 13 (21.7%) agreed; and 43 (71.7%) strongly agreed. From these results it is apparent the majority strongly agreed that they focused on a particular market niche only.

Table 4.20 Innovation in Products/Services for a Market Niche

Item	Frequency	Percentage	Cumulative Percent
Somehow Agree	9	15.0	15.0
Agree	15	25.0	40.0
Strongly Agree	36	60.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate whether they innovated products/services for a market niche. The results established 9 (15%) somehow agreed; 15 (25%) agreed; and 36 (60%) strongly agreed. It is evident from the results the majority strongly agreed that they innovated their products/services for the market niche.

Table 4.21 Focusing on Products for a Particular Customer Group Only

Item	Frequency	Percentage	Cumulative Percent
Disagree	5	8.3	8.3
Somehow Agree	6	10.0	18.3
Agree	16	26.7	45.0
Strongly Agree	33	55.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated their views on whether they focused on products for a particular customer group only. The results established 5 (8.3%) disagreed; 6 (10%) somehow agreed; 16 (26.7%) agreed; and 33 (55%) strongly agreed. From the results it is evident the majority strongly agreed that they focused on products for a particular customer group only.

Table 4.22 Sending Customers Notifications when New Products Arrive

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	2	3.3	3.3
Disagree	20	33.3	36.7
Somehow Agree	1	1.7	38.3
Agree	9	15.0	53.3
Strongly Agree	28	46.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate whether they send customers notifications when new products arrive, for example, via short messages, social media platforms. The results established 2 (3.3%) strongly disagreed; 20 (33.3%) disagreed; 1 (1.7%) somehow agreed; 9 (15%) agreed; and 28 (46.7%) strongly agreed. Though the results show the majority having strongly agreed, it is notable that a large number of those who responded also disagreed that they send customers notifications.

Table 4.23 Extending Business to Locations where Customers Come From

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	2	3.3	3.3
Disagree	19	31.7	35.0
Somehow Agree	10	16.7	51.7
Agree	10	16.7	68.3
Strongly Agree	19	31.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were to indicate their views on extending business to locations where customers come from. The results established 2 (3.3%) strongly agreed; 19 (31.7%) disagreed; 10 (16.7%) somehow agreed; 10 (16.7%) agreed; and 19 (31.7%) strongly agreed. There appeared to be an almost equal number of respondents who agreed and those who disagreed regarding the extending business to locations where customers come from.

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Table 4.24 Changing Products and Services in Response to Customer Demand

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	5	8.3	8.3
Disagree	17	28.3	36.7
Somehow Agree	3	5.0	41.7
Agree	7	11.7	53.3
Strongly Agree	28	46.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate whether they changed products and services in response to customer demand. The results established 5 (8.3%) strongly disagreed; 17 (28.3%) disagreed; 3 (5%) somehow agreed; 7 (11.7%) agreed; and 28 (46.7%) strongly agreed. Though these results show the majority having strongly agreed, it is notable that a large number of respondents also disagreed that they changed their products and services in response to customer demand.

Generally, the results established that majority of the respondents' view regarding differentiation strategies was between 'somehow agree" and strongly agree". However, there appears to be statement that the respondents strongly disagreed and these were referring to changing products and services in response to customer demand, extending business to locations where customers come from and sending customers notifications when new products arrive. Despite respondents disagreeing to the aforementioned statements, the results showed a high standard deviation for three statements hence an indication that there was a high variance on the views for the same. Nonetheless, the results from the combined focus strategy statements show a mean of 3 and above and this can therefore be inferred to mean that traders at Toi Market apply focus strategy in their businesses. Table 4.25 summarises these results.

4.25 Summary Descriptive Statistics for Focus Strategy

Item	We focus on selling products to a particular market niche only	We innovate our products/services for this market niche	We focus on products for a particular customer group only	We send customers notifications when new products arrive via phone message, whatsapp etc.	We have extended our business to locations where customers come from	We change our products and services in response to customer demand
Mean	4.65	4.45	4.28	3.68	3.42	3.60
Median	5.00	5.00	5.00	4.00	3.00	4.00
Mode	5	5	5	5	2[a]	5
Std. Deviation	.606	.746	.958	1.432	1.319	1.509

Source: Primary data, 2019

4.4 Competitive Advantage

The questionnaire provided six competitive advantage indicators of which respondents views for each indicator were obtained on a scale of 1 to 5. Tables 4.26 to 4.31 provide descriptive summaries showing the frequencies of the respondents' feedback for each indicator.

Table 4.26 Business Profitability Level on the Rise Every Year

	Item	Frequency	Percentage	Cumulative Percent
	Disagree	7	11.7	11.9
	Somehow Agree	29	48.3	61.0
	Agree	14	23.3	84.7
	Strongly Agree	9	15.0	100.0
	Total	59	98.3	
Missing	System	1	1.7	
Total		60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views regarding the business profitability level being on the rise every year. 7 (11.7%) disagreed; 29 (48.3%) somehow agreed; 14 (23.3%) agreed; and 9 (15%) strongly agreed. It is apparent from the results that the majority relatively agreed their profitability is on the rise every year.

Table 4.27 Ensuring Customers are Satisfied with the Services/Products

Item	Frequency	Percentage	Cumulative Percent
Somehow Agree	9	15.0	15.0
Agree	22	36.7	51.7
Strongly Agree	29	48.3	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated whether they ensured customers are satisfied with their services/products. 9 (15%) somehow agreed; 22 (36.7%) agreed; and 29 (48.3%) strongly agreed. From the results it is evident the majority strongly agreed they ensured customers are satisfied.

Table 4.28 Effective and Timely Delivery of Services/Products

Item	Frequency	Percentage	Cumulative Percent
Strongly Disagree	1	1.7	1.7
Disagree	2	3.3	5.0
Somehow Agree	18	30.0	35.0
Agree	14	23.3	58.3
Strongly Agree	25	41.7	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views regarding effective and timely delivery of services/products. 1 (1.7%) strongly disagreed; 2 (3.3%) disagreed; 18 (30%) somehow agreed; 14 (23.3%) agreed; and 25 (41.7%) strongly agreed. Evidently the majority of respondents strongly agreed to having effective and timely delivery of services/products.

Table 4.29 Frequent Product Development

Item	Frequency	Percentage	Cumulative Percent
Disagree	14	23.3	23.3
Somehow Agree	12	20.0	43.3
Agree	13	21.7	65.0
Strongly Agree	21	35.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents indicated whether the business ensured frequent product development. 14 (23.3%) disagreed; 12 (20%) somehow agreed; 13 (21.7%) agreed; and 21 (35%) strongly agreed. It is apparent from the results that majority relatively agreed that they ensured frequent product development.

Table 4.30 Meeting Business Target Goals Successfully

Item	Frequency	Percentage	Cumulative Percent
Disagree	5	8.3	8.3
Somehow Agree	24	40.0	48.3
Agree	13	21.7	70.0
Strongly Agree	18	30.0	100.0
Total	60	100.0	

Source: Primary data, 2019

The respondents were required to indicate their views regarding the business meeting the target goals successfully. 5 (8.3%) disagreed; 24 (40%) somehow agreed; 13 (21.7%) agreed; and 18 (30%) strongly agreed. From the results it is apparent that majority relatively agreed that they met the business target goals successfully.

Table 4.31 Superior Positioning in the Industry

Item		Frequency	Percentage	Cumulative Percent
	Disagree	5	8.3	8.5
	Somehow Agree	11	18.3	27.1
	Agree	12	20.0	47.5
	Strongly Agree	31	51.7	100.0
	Total	59	98.3	
Missing	System	1	1.7	
Total		60	100.0	

Source: Primary data, 2019

The respondents provided their views regarding the business having superior positioning in the industry. 5 (8.3%) disagreed; 11 (18.3%) somehow agreed; 12 (20%) agreed; and 31 (51.7%) strongly agreed. It is evident form the results that majority strongly agreed to having superior positioning in the industry.

The results established that the majority of the respondents' views regarding their business competitive advantage was between 'somehow agree" and strongly agree". The results from the combined competitive advantage indicators showed a mean of 3 and above an indication that the traders at Toi Market generally viewed their businesses as having achieved competitive advantage. Table 4.32 provides summarised descriptive statistics that support these findings.

Table 4.32 Summary Descriptive Statistics for Competitive Advantage

Item	The business profitability level is on the rise every year	The business ensures that customers are satisfied with their services/products	The business has effective means of delivery of timely services/products	The business ensures frequent product development is practiced	The set target goals of the business are met successfully	The business has superior positioning in the industry
Mean	3.42	4.33	4.00	3.68	3.73	4.17
Median	3.00	4.00	4.00	4.00	4.00	5.00
Mode	3	5	5	5	3	5
Std. Deviation	.894	.729	1.008	1.186	.989	1.020
Sum	202	260	240	221	224	246

Source: Primary data, 2019

4.5 Relationship between the Competitive Strategies and Competitive Advantage

This section attempts to predict relationship between the independent variables and dependent variable through simple regression analysis. The independent variables being cost strategy, differentiation strategy and focus strategy, while the dependent variable being competitive advantage. The section therefore attempts to predict relationship between cost strategy and competitive advantage. It also attempts to predict relationship between differentiation strategy and competitive advantage as well as relationship between focus strategy and competitive advantage.

4.5.1 Relationship between Cost Strategy and Competitive Advantage

This study attempts to predict relationship between cost strategy and competitive advantage using simple regression analysis. The analysis helped to quantify the direction of the relationship, that is, if the relationship is a positive one or a negative relationship. This analysis also provides coefficients which indicate whether the relationship is statistically significant and also the magnitude of the relationship.

The analysis shows a standardized beta coefficient of .660, an indication of a strong positive relationship between cost strategy and competitive advantage. Since the p-value coefficient is .000 this means the positive relationship is statistically significant. The results from the analysis therefore mean that cost strategies adopted by SMEs at Toi Market have a significant strong and positive relationship on competitive advantage. Table 4.33 presents the analysis that support these findings.

Table 4.33 Cost Strategy and Competitive Advantage Linear Regression Analysis Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	8.410	2.303		3.652	.001	3.797	13.023
SUM_COST	.616	.094	.660	6.571	.000	.428	.804

a. Dependent Variable: SUM_COMPETITIVE ADVANTAGE

Source: Primary data, 2019

4.5.2 Relationship between Differentiation Strategy and Competitive Advantage

This study attempts to predict the relationship between differentiation strategy and competitive advantage using simple regression analysis. The analysis helped to quantify the direction of the relationship, that is, if it is a positive or a negative relationship. This analysis also provides coefficients which indicate whether the relationship is statistically significant and also the magnitude of the relationship.

The analysis shows a standardised beta coefficient of .706, an indication of a strong positive relationship between differentiation strategy and competitive advantage. Since the p-value coefficient is .000 this means the positive relationship is statistically significant. The results from the analysis therefore mean that differentiation strategies adopted by SMES at Toi Market have a significant strong and positive relationship on competitive advantage. Table 4.34 presents the analysis that support these findings.

Table 4.34 Differentiation Strategy and Competitive Advantage Linear Regression Analysis Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	3.957	2.624		1.508	.137	-1.300	9.213
	SUM_DIFFERENTIATION	.732	.098	.706	7.451	.000	.535	.929

a. Dependent Variable: SUM_COMPETITIVE ADVANTAGE

Source: Primary data, 2019

4.5.3 Relationship between Focus Strategy and Competitive Advantage

This study attempts to predict the relationship between focus strategy and competitive advantage using simple regression analysis. The analysis helped to quantify the direction of the relationship, that is, if it is a positive or a negative relationship. This analysis also provides coefficients which indicate whether the relationship is statistically significant and also the magnitude of the relationship.

The analysis shows a standardized beta coefficient of .809, indicating a strong positive relationship between focus strategy and competitive advantage. The p-value coefficient being .000 is an indication that the positive relationship is statistically significant. The results from the analysis therefore mean that focus strategies adopted by SMEs at Toi Market have a significant strong positive relationship on competitive advantage. Table 4.35 presents the analysis that support these findings.

Table 4.35 Focus Strategy and Competitive Advantage Linear Regression Analysis Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	5.923	1.716		3.451	.001	2.485	9.361
	SUM_FOCUS	.724	.070	.809	10.310	.000	.583	.864

a. Dependent Variable: SUM_COMPETITIVE ADVANTAGE

Source: Primary data, 2019

4.6   Discussion of the Findings

The results of the study show the three generic strategies have a positive relation to competitive advantage of SMEs at Toi Market. According to Porter (2004) the strategies that a business can adopt are considered generic as they can be applied to different kind of business. Businesses that adopt competitive strategies are thus able to attain competitive advantage. A strategy is thus important for business competitiveness in an environment that is turbulent and ever changing.

SMEs must be able to make the best choice with regards to which of the strategy or strategies to adopt. Different environments may require different kind of strategies and is therefore vital for SMEs to evaluate the external environment and adopt the appropriate strategy so as to remain competitive. Market –based view theory is therefore applicable in the SME setting and more so the SMEs at Toi Market as the external environment greatly influences the strategy that businesses in this industry adopt. This is because the market-based view theory lays emphases on the importance of understanding the market conditions when developing strategies for a business.

The study found 6 out of the 7 combined differentiation strategy statements have a mean of 3 and above hence a clear indication that differentiation strategy is adopted by SMEs at Toi Market. These findings therefore conform with resource-based view theory and implies the theory is applicable in SME setting and more so the SMEs at Toi Market. This is because resource-based view theory emphasises on the need for businesses to have capabilities that are exceptional and unique for sustainable competitiveness.

4.6.1 Relationship between Competitive Strategies and Competitive Advantage

The study established that cost strategies adopted by SMEs at Toi Market have a strong positive relationship on competitive advantage. The low cost strategy is whereby business has capability to realise competitive advantage through providing products or services at a cost as low as possible (Porter, 2004). The SMEs at Toi Market have generally been able to achieve this through applying a number of cost related strategies. These generally include reducing operational costs, ensuring tight controls of overhead costs and also charging low prices due to reduced operations cost and/or overhead costs.

The findings of this study appear to be consistent with the study by Namanda and Bagire (2012) which examined competitive strategies adopted by SMEs in exhibition stall in Nairobi. The said study found the strategies adopted were related to pricing and cost management. The findings are also consistent with the study by Chege (2016) that investigated competitive strategies adopted by SMEs in Kenya in the manufacturing; agricultural; transport; telecommunication; building and service industries. These study established that cost leadership strategy is very vital to operations of SMEs.

The outcomes of the study show that differentiation strategies adopted by SMEs at Toi Market have a strong positive relationship on competitive advantage. Differentiation strategy is whereby a business is able to produce or deliver in a manner different from its competitors (Porter, 2004). The SMEs at Toi Market have generally been able to achieve competitive advantage by adopting a number of differentiation strategies. These generally include strategically locating the businesses, ensuring they have a good reputation, offering suitable business timings, undertaking intensive marketing, offering superior customer service and support and ensuring flexibility in their pricing.

Findings of this study with regards to the positive relationship of differentiation strategies and competitive advantage appear to be consistent with existing studies. For example, Omwoyo (2016) carried out a study to examine generic strategies on three airline companies competitive advantage and differentiation strategy was among the strategies adopted in order to remain competitive. The results appear to be consistent with a study by Ouma (2015) which sought to establish the relationship between generic strategies and competitive advantage in bus companies operating Kisumu to Nairobi route. The said study established that differentiation strategy had a stronger relationship than the other strategies in realising competitive advantage.

These findings are also consistent with those of Waithaka (2012). His study which investigated strategies adopted by University of Nairobi for achieving competitive advantage found differentiation strategy among one of the strategies that was essential for realising competitive advantage. The results of the study show focus strategies adopted by SMEs at Toi Market have a strong positive relationship on competitive advantage.

Focus strategy or niche strategy entails targeting a narrow market segment on a specific product or service (Porter, 2004). It is whereby a business is able to produce or deliver in a manner different from its competitors. The results of the study show that SMEs at Toi Market have generally been able to achieve competitive advantage by adopting a number of focus strategies. These generally include focussing on selling products to a particular market niche only, innovating products and services for this market niche and also sending customers notifications via phone message, social media platforms when new products arrive.

With regards to the positive relationship of focus strategies and competitive advantage, the study results are seemingly consistent with a number of studies. For example, Ngugi and Kising'u (2017) sought to establish effect of competitive strategies on competitive advantage of SACCOs in Kenya and found that focus strategy was one of the strategies adopted by the SACCOs. Similarly, the study by Omwoyo (2016) on airline companies also found that the airlines adopt focus strategies for sustainable competitiveness.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter is a culmination of the research and aims to summarise the study. According to Mugenda and Mugenda (2003) the summary recollects the objective of the study. The summary also accurately informs on the methodology and the major findings. It is therefore important that the chapter provides a true reflection of the study.

This chapter therefore deduces from the study outcomes, analysis and discussion that are offered in chapter 4 and chapter 5. This is to draw conclusions and practical recommendations in line with the study objectives. The conclusions and recommendations is thus consistent with competitive strategies and competitive advantage of SMES at Toi Market, Nairobi.

The chapter provides limitations of the study and also suggests possible further research. The limitations attempt to capture issues such as scope, methodology or study design that may have had an impact on the study. Suggestions for further researcher are essential as these contribute to the growing body of knowledge.

5.2 Summary

The general objective of the study was to establish the competitive strategies adopted by SMEs at Toi Market, Nairobi in an effort to achieve competitive advantage. The study further sought to predict relationship between each of the generic competitive strategy and competitive advantage. The study therefore sought to predict relationship between cost leadership strategy and competitive advantage; differentiation strategy and competitive advantage as well as focus strategy and competitive advantage.

From the outcomes of the study it is apparent that SMEs at Toi Market adopt competitive strategies in order to remain competitive. According to Wen-Cheng, Chien-Hung and Ying-Chien (2010) each generic strategy or factor of competitive advantage is not necessarily independent. This means that the strategies can work together to create the most competitive advantage for a business. This notion is evident from the study as the findings show that SMEs at Toi Market adopt cost leadership strategy, differentiation strategy and focus strategy in order to remain competitive.

The study established a positive relationship between competitive strategies and competitive advantage. Evidently, the analysis showed a strong and positive relationship between cost strategy and competitive advantage. Notably, a strong and positive relationship between differentiation strategy and competitive advantage was established. Similarly, a strong and positive relationship was established between focus strategy and competitive advantage.

5.3 Conclusion and Recommendations

Evidently, results of the study prove that to attain competitive advantage through implementation of a competitive strategy, a business should have the ability to identify the difference of its position from that of its competitors. Competitive strategy is thus essential in mitigating opportunities and threats in the external environment through pro-active and reactive strategies. SMEs are no exception as they are faced with a myriad of challenges like any other business. Since the competitive strategies are generic, they are not industry specific and are therefore applicable to the businesses in the SME sector.

Critical role of SMEs in providing a source of income for numerous Kenyans is recognized and well documented. The study therefore recommends that SMEs in Kenya should endeavor to adopt competitive strategies for survival in a turbulent business environment. The study also recommends the need for continuous awareness targeted towards SMEs so as to empower those in the industry with the relevant knowledge.

Like any business, those in the industry need to have adequate framework and strategies to thrive and sustain competitiveness. The SMEs role in Kenya is evidently undisputable and thus feature in Kenya's Vision 2030, the blue print of the country's development (GoK, 2007). It is therefore important for the government and policy makers to provide favorable policies and frameworks for the SME sector. The study therefore recommends the need for the government to provide favorable policies and structures that would help those in this sector operate and thrive. Despite having to operate in a turbulent business environment, such policies and structures would assist SMEs operate in a more structured manner and more so continue generating employment, creating wealth and providing income to a large number for the population across the country.

The unemployment rate in Kenya has continued to rise over the years. According to the Kenya National Bureau Statistics (2017) the SME sector generated above 800,000 new jobs in Kenya, hence an important contributor to the social development of the population. The study therefore recommends the need for education curriculum review to ensure that students are introduced to entrepreneurship skills from an early age. This is to ascertain that those not able to get employment have the necessary skills required to operate a business such as those found in the SME sector and subsequently thrive.

5.4 Limitations of the Study

The study's limitation included limited scope of the target population. Due to unemployment in Kenya SMEs such as the informal sector has continued to provide opportunities for a large number of the population. Such informal businesses have continued to mushroom in different parts of the city. It would therefore have been interesting to investigate competitive strategies adopted by similar kind of businesses in other parts of the city besides Toi Market. Lack of adequate time and resources was also a limitation of the study. Although 10% of the target population is considered adequate, it would have been interesting to sample a larger number of SMEs in the target population. This would have helped to confirm the findings so as to ascertain that they are a true representation of the population.

The businesses in this industry have been faced with a myriad of challenges. Some of the challenges include threats of demolition of their business structures as a number of them are located in spaces considered inappropriate for such businesses. Due to this challenges the researcher experienced some resistance and unwillingness to give information. This was however mitigated by approaching the traders' association chairperson and explaining the purpose of the survey. Through the assistance of the chairperson the researcher was therefore able to achieve the required sample.

The choice of data collection tool was a questionnaire that was structured, to gather only data that answer the study objectives. The nature of having structured questions for respondents to answer posed a challenge to some respondents in understanding the terminologies and interpreting the questions. This limitation had however been anticipated and was mitigated by ensuring the questionnaire was not self-administered. The researcher therefore administered the questionnaire one by one allowing time for the respondents to fill and seek clarification where the question was not clear.

5.5 Suggestions for Further Research

The research purpose is essentially to support a theory or theories as well as contribution of knowledge in a particular field. Despite the limitations encountered when carrying out the research, the researcher is optimistic that the intended objectives of this study were met. Nonetheless, research continues to contribute to the growing body of knowledge hence suggestions for further research are therefore important.

The focus of the study was SMEs at Toi Market only. As earlier mentioned such informal businesses have continued to mushroom in different parts of the city. Further studies should therefore be carried out in other areas where there are similar kind of businesses for comparison purposes in regards to competitive strategies adopted. This is to establish any common or unique factors.

In-depth exploration of the reasons SMEs choose a particular competitive strategy is important. This was however not possible in this study as that was not the main objective of the study. Further research in establishing such reasons is therefore suggested. Such in-depth exploration would assist put the findings into context through an understanding of the reasons SMEs choose a particular competitive strategy.

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APPENDICES

Appendix I:Research Questionnaire

I am a MBA student at University of Nairobi. As part of the requirements for the award of the Master degree, I am carrying out a study on the competitive strategies and competitive advantage of SMEs at Toi Market. I am therefore kindly requesting you assist in filling this questionnaire to inform the findings. The answers provided for this questionnaire will be for academic purposes only and your information will be treated with the highest level of confidentiality.

Thank you for your cooperation.

Section A: Background information

1. Please indicate the age group you belong.

	Below 20 years		21 – 30 years		31 – 40 years
	41 – 50 years		Above 50 years		

2. Please indicate your Gender?

	Male		Female

3. What is your highest level of education?

	Primary School		Secondary School		College certificate
	Undergraduate degree		Postgraduate Degree		Other (specify)

4. What is the nature of the business?

	Clothes		Shoes		Handbags
	Carpets		Beddings		Vegetables
	Food		Other (Specify)		

5. What type of ownership is the business?

	Sole proprietorship		Partnership		Family –owned
	Limited Company		Other (specify)		

6. How long has the business been in operation?

	Below 5 years		6 – 10 years		11 – 15 years
	16 – 20 years		Over 20 years		

7. How many employees does the business have?

	1 – 5		6 – 10		11 – 20		21–50
	51 – 100		101 – 150		151 – 250		Above 250

8. What is the business annual profit range in Kenyan shillings?

	Below 1 million		2 – 10 million		11– 20 million		21– 30 million
	31– 40 million		41 – 50 million		51 million and above		

Section B: Cost leadership strategy

Kindly indicate your view on the following cost leadership strategies applied in the business.

(1) Strongly Disagree   (2) Disagree   (3) Somehow Agree   (4) Agree   (5) Strongly Agree

	1	2	3	4	5
We reduce operational costs					
We ensure tight controls for overhead costs					
We charge low prices due to reduced operations costs and/or overhead costs					
We offer consumer prices that are lower than our competitors					
We adopt latest technology in our operations					
We provide improved deliveries and accessibility for customers					

Section C: Differentiation Strategy

Kindly indicate your view on the following differentiation strategies applied in the business.

(1) Strongly Disagree   (2) Disagree (3) Somehow Agree (4) Agree (5) Strongly Agree

	1	2	3	4	5
Our business is strategically located					
Our reputation gives us an advantage over our competitors					
We offer suitable business timing (operating days/hours)					
We undertake intensive marketing					
We offer superior customer service and support					
We offer high prices due to unique features and/or high quality					
Our prices are more flexible than our competitors					

Section D: Focus Strategy

Kindly indicate your view on the following focus strategies applied in the business.

(1) Strongly Disagree   (2) Disagree (3) Somehow Agree (4) Agree (5) Strongly Agree

	1	2	3	4	5
We focus on selling products to a particular market niche only					
We innovate our products/services for this market niche					
We focus on products for a particular customer group only e.g. children products, ladies products, men products etc.					
We send customers notifications when new products arrive via phone message, whatsapp, facebook messenger etc.					
We have extended our business to locations where customers come from.					
We change our products and services in response to customer demand					

Section E: Competitive Advantage

Kindly indicate your view on the following competitive advantage indicators with regards to the business.

(1) Strongly Disagree   (2) Disagree   (3) Somehow Agree   (4) Agree   (5) Strongly Agree

	1	2	3	4	5
The business profitability level is on the rise every year					
The business ensures that customers are satisfied with their services/products					
The business has effective means of delivery of timely services/product					
The business ensures frequent product development is practiced					
The set target goals of the business are met successfully					
The business has superior positioning in the industry					

Thank you!

Appendix II: Letter for Data Collection from University of Nairobi

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-8095398
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities

Tel: 020 8095398
Nairobi, Kenya

DATE: 16-10-2019

TO WHOM IT MAY CONCERN

The bearer of this letter ANNE GATHONI of Registration Number D61/85387/2016 is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report
We would, therefore, appreciate if you assist him/her by allowing him/her to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.

PROF. JAMES NJIHIA
DEAN, SCHOOL OF BUSINESS

Appendix III: Letter Confirming Collection of Data Collection

TOI MARKET TRADERS
KIBRA - NAIROBI, KENYA

Joseph Kangethe Road |Off Joseph Kangethe Road (Toi Road) | Suna Road

26th October 2019

TO WHOM IT MAY CONCERN

RE: DATA COLLECTION AT TOI MARKET

I DOUGLAS KAMAU MWANGI I AM THE CHAIR PERSON OF TOI TRADERS ASSOCIATION I CONFIRMED THAT ANN GATHONI COLLECTED DATA AS REQUIRED FOR HER RESEARCH. IN CASE OF ANY CLARIFICATION YOU CAN CONTACT ME ON TELEPHONE NUMBER 0728 262496

Yours Faithfully
Douglas Kamau Mwangi
Chair Person Toi traders