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Relationship between Competitive Strategy and Performance of Small and Medium Enterprises in Nairobi County

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Abstract: **Globalization makes the world small and interdependent. In order to survive and remain profitable in the competitive environment, it becomes necessary for companies, regardless of their size, to be aggressive in their search and development of strategies that provide competitive advantage as they step up defensive strategies to improve their performance. Despite numerous contributions of SMEs in the growth economy, findings on the strategy adopted in creating competitive advantage pointed that it is not yet exhaustive given the turbulent business environment that they operate in. This study sought to determine relationship between competitive strategies employed by small medium enterprises and their organization performance with a focus to SMEs in Nairobi County. The study was guided by the following specific objectives, that is, to determine effectiveness of cost leadership strategy on performance of small medium enterprises within Nairobi County, to determine the effectiveness of product differentiation strategy on performance of small medium enterprises within Nairobi County, to determine effectiveness of product diversification strategy on performance of small medium enterprises within Nairobi County and to determine the effectiveness of market focus strategy on performance of small medium enterprises within Nairobi County. The study employed descriptive research design. The study relied mostly on primary data sources where questionnaire were used as a source of the data. The target population of this study was 574 SMEs operating within Nairobi County. The study employed a stratified random sampling technique in coming up with a sample size of 116 respondents from a total population of 574. The study generated both qualitative and quantitative data where quantitative data were coded and entered into Statistical Packages for Social Scientists (SPSS Version 17.0) and analyzed using descriptive statistics. Quantitative data was presented in tables and graphs while the explanation to the same was presented in prose. Based on the study finding, the study concluded that most of the organizations attempt to minimize the costs and pass the savings on customers. Product that is valued and perceived by customers as unique, highly skilled and creative product development personnel and product that serves unique purpose are some of the aspects that organizations considers most. Organization attempt to produce new products, modify existing products or add new products. Organizations match market characteristics and company's competitive advantages. Organizations divide the market into smaller sections that can reach at low cost and that are cost sensitive. There is need for the firms to employ various strategies differentiation and relationship strategies to boost growth and sales. The study recommended that as small and medium sized business had immense opportunities that are not utilized should enlarge their size in terms of market portion and distribution of product where there are no existing business providing the same product. SMEs should seek to adopt more innovative product and services differentiations that make it a stand alone in the market.**

Keywords: **Differentiation, Market, Performance, Product and Strategy.**

1. INTRODUCTION

Globalization makes the world small and interdependent. It also has greatly increased the competition in business especially in the recessionary period. Strategy which is a fundamental management tool in any organization is a multi dimensional concept that various authors have defined in different ways. It is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (David, 2008). Mintzberg and Quinn (2002) also had a hand in strategy definition whereby he perceives strategy as a pattern or a plan that integrates organization's major goals, policies and actions into a cohesive whole

All over the world, Small and Medium enterprises (SMEs) make important contributions to economic and social development of any economy. Consequently, SMEs constitute the vast majority of business establishments and they are usually responsible for the majority of employment opportunities created which account for one third to two thirds of the turnover of the private sector (Ntsika, 2002). It is estimated that SMEs contribute 56% of private sector employment and 36% of the Gross Domestic Product (GDP) worldwide (Arianoff, 2010). SMEs have been a major engine of growth in employment and output over decades in most countries where in developing countries they are seen as a major 'self-help' instrument for poverty eradication.

In Kenya, a micro-enterprise is defined as having no more than 10 employees; a small enterprise with 11-50 employees; and a medium enterprise with more than 50-100 employees, as indicated by National Micro and Small Enterprise Baseline Survey (1999). According to the IMF (2001) report on Poverty Reduction Strategy in Kenya, the potential of small medium enterprises in both employment creation and generation of incomes for many Kenyan families makes them a key element in the poverty reduction strategy. The small business enterprises play an important role in the Kenyan economy.

According to the Economic survey report (2008), in Kenya the sector contributed over 50% of new jobs created in the year 2008. According to KNBS (2009) the SME sector generated 469,000 new jobs in 2008-2009 financial year, which was an increase of 5.7% from the previous year. Despite their important contribution in any country, Longenecker (2006) pointed that most of the SMEs failures to prosper is due to lack of planning, improper financing and poor management. According to a survey carried out by the Starehe Constituency development fund and contained in a document titled Starehe Constituency Development Fund (CDF) strategic plan 2013-2015 (2013) indicated that 60% of five small businesses fail within the first few months of operation in the area with only 40% survive. This is a clear indication that SMEs in Kenya are faced with competitive challenges. The report further explained that the failure of the entrepreneurs to come up with effective strategy that can enhance SMEs performance is the major reason behind their failure and poor performance in the area.

Despite numerous contribution of SMEs in the economy, findings on the strategy adopted in creating competitive advantage, is not yet exhaustive given the turbulent business environment that the sector operate The objectives of the study were;

i. To determine relationship between cost leadership strategy and performance of small medium enterprises within Nairobi County.
ii. To determine relationship between product differentiation strategy and performance of small medium enterprises within Nairobi County.
iii. To determine relationship between product diversification strategy and performance of small medium enterprises within Nairobi County.
iv. To determine relationship between market focus strategy and performance of small medium enterprises within Nairobi County.

2. THEORETICAL REVIEW

Theory of Strategic Balancing:

Strategic balancing is based on the principle that the strategy of a company is partly equivalent to the strategy of an individual. Indeed, the performance of companies is influenced by the actors' behavior, including the system of leaders' values (Collins, 1997). An alliance wavers between multiple antagonistic poles that represent cooperation and competition. This gives room to various configurations of alliances, which disappear only if the alliance swings towards a majority of poles of confrontation.

Neo Institutional Theory of Differentiation:

Oliver (1996) posits that neo-institutional theory explains heterogeneity and differentiation. Through institutional embeddedness and interconnection, the creation of competitive advantages can be explained because institutional embeddedness has an impact on organizational behaviour, causing it to seek an economic and social fit (Lounsbury, 1998). Differentiation supports and sustains competitive advantage, but conformity to institutional pressures provides legitimacy, resources, and competitive advantage.

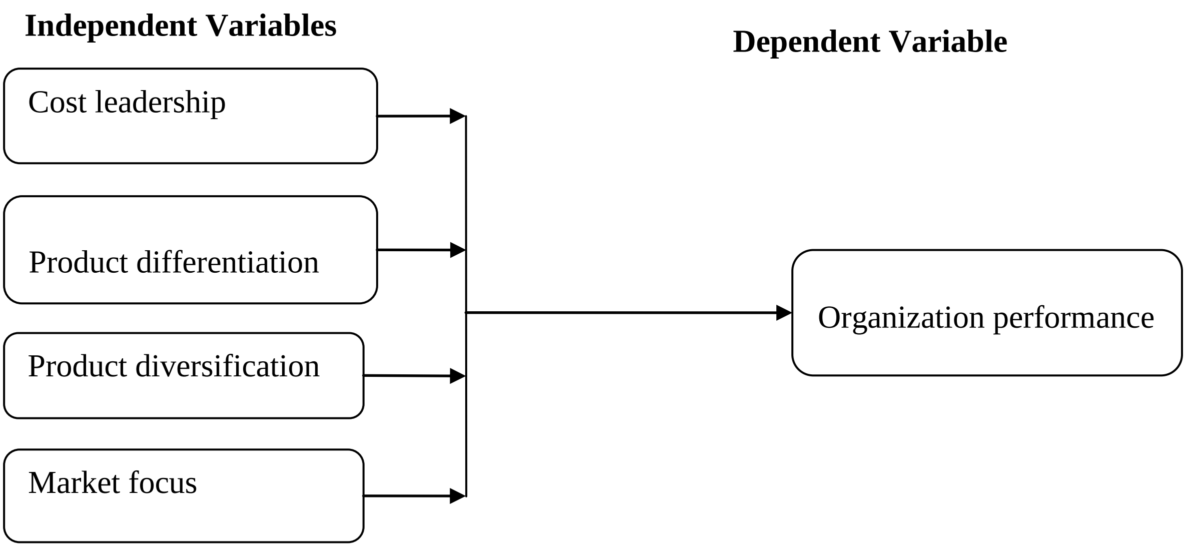
Game Theory:

The mathematical theory of games was invented by John von Neumann and Oskar Morgenstern (1944). Game theory is the study of the ways in which strategic interactions among rational players produce outcomes with respect to the preferences (or utilities) of those players, none of which might have been intended by any of them. Game theorists, like economists and philosophers studying rational decision-making, describe these by means of an abstract concept called utility. This refers to the amount of 'welfare' an agent derives from an object or an event. Welfare refers to some normative index of relative well-being, justified by reference to some background framework. In the case of people, it is most typical in economics and applications of game theory to evaluate their relative welfare by reference to their own implicit or explicit judgments of it, (Shleifer and Vishny 1996).

Contingency Theory:

Lawrence and Lorsch (1967) who coined the term contingency theory observed that such dynamic and uncertain environments require more 'organic' organizational structures with less formalized communication and more decentralized decision-making. Additional organizational responses to complexity and dynamism proposed in the early literature include the increasing decision support from information systems and decentralization of information processing through lateral information flows (Tushman & Nadler, 1978).

Conceptual Framework:



Summary:

This chapter looked at different theories in the literature review which included the discussion of the theoretical framework. The theories include, theory of strategic balancing which states that the performance of companies is influenced by the actors' behavior, including the system of leaders' values. Neo Institutional Theory of Differentiation states that differentiation supports and sustains competitive advantage, but conformity to institutional pressures provides legitimacy, resources, and competitive advantage. Game Theory shows that strategic interactions among rational players produce outcomes with respect to the preferences (or utilities) of those players, none of which might have been intended by any of them. Contingency Theory postulates that the optimal strategy of a firm depends on many factors, for example availability of qualified employees and other resources (external factors), quality of the current employees and the goals and strategic behaviour of the business owner.

From the available literature, today's organizations have to deal with dynamic and uncertain environments. In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes (Malburg, 2000).. Organizations must be able to act quickly in response to opportunities and barriers. To succeed long term, organizations must compete effectively and out-perform their rivals in a dynamic environment. To accomplish this they must find suitable ways for creating and adding value for their customers. Strategies are highly important elements of organizational performance.

The chapter also presented empirical studies where it discussed the research done by other scholars relevant to this study. Frank (2007) argues that competitive strategy enables a firm to define its business today and tomorrow, and determine the industries or markets to compete. Grant (2008) suggest that the intensity of competition in an industry determines its profit potential and competitive attractiveness. Murage (2008) analyzed the competitive strategies in the petroleum industry and found that service stations use differentiation as a method of obtaining competitive advantage over other service stations. Gathoga (2009) focused on competitive strategies by commercial banks in Kenya. The study revealed that banks in Kenya use various means in order to remain competitive, he also concluded that expansion into other areas by opening new branches has also, been used as a strategy. Karanja, (2010) did a survey of competitive strategies of real estate firms in the perspective of Porter's generic model. These studies reveal that firms in different industries adopt different competitive strategies which are unique in each context.

Research Gap:

Selecting appropriate strategy which is supported by organization and management system is important because it is the way firms use to outperform their competitors in the market (Hoque, 2009). It also impacts the competitive strengths and firm's performance. To achieve sustained desired performance to any organization, firms should choose appropriate strategies that are flexible to the environment in which the organization operates. These strategies give the direction that a firm has in mind and in which way they want to achieve their goals. Strategy creates a clear direction for the company and this proves to be an important input for firm policy and operational decisions (Philipsen & Kemp, 2008). Within small and medium-sized firms the strategy remains often implicit, top-down, informal and intuitive (Mintzberg, 1989).

Earlier research demonstrated that firms that set out a clear strategy outperform those firms that deploy a mixed strategy (Baum, 2009). There are, however, some indications that SMEs pay little attention to strategy (Snuif & Zwart, 2009). This may have a negative effect on performance. According to Gikinski (2008) pointed that there is no all-encompassing theoretical framework suggested capable of explaining and guiding the strategies adopted by small firms. It is against this realization that the study aims to determine the relationship between competitive strategy and performance of small and medium enterprises in Nairobi County.

3. RESEARCH METHODOLOGY

The research design employed in this study was descriptive research design.

The study employed stratified random sampling technique in coming up with a sample size of 116 respondents from a total of 594 in specific categories. The study employed 20% in sampling.

	Population	**Percentage**	**Sample Size**
Manufacture of Agricultural Produce	239	20	46
Manufacture of furniture	132	20	26
Manufacture of metal	89	20	18
Manufacture of cosmetics	134	20	26
Total	**594**	**20**	**116**

4. RESULTS AND DISCUSSION

Majority (90%) of the respondents alleged that organization attempts to minimize the costs and pass the savings on customers while the rest (10%) opposed the opinion of majority. The finding of this study complied to Allen and Helms (2006) find that cost leadership strategy has only one significant tactic- minimizing distribution costs that affect organizational performance.

Cost Leadership and Performance of Small and Medium Enterprises:

The respondents were required to indicate their level of agreement with the various statements relating to cost leadership influence on performance of small and medium enterprises. Majority of the respondents strongly agreed that attempt to keep prices low through a division of labour that allows you to hire and train inexperienced employees rather than trained employees as shown by a mean score of 4.76. The respondents further agreed that attempt to source products from cheap domestic supplies and pass the savings on to customers as shown by a mean score of 4.18, staff reduction influence performance of small and medium enterprises as shown by a mean score of 4.03, attempt to keep overheads lower than others and that use of latest technology influence performance of small and medium enterprises as shown by a mean score of 3.88. The respondents indicated neutrality that attempt to offer a very basic level of service in order to keep costs low as shown by a mean score of 3.15. The attempt to offer products at a cheaper rate than competitors on a consistent basis influence performance of small and medium enterprises as shown by a mean score of 3.06. Organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000).

Uniqueness of Product:

Majority (63%) of the respondents indicated that their orgnization use uniqueness of product while 37% were of the opinion that there was no uniqueness of product. In a differentiation strategy, a firm seeks to be unique along some dimensions that are highly valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important and uniquely positions it to meet those needs. It is rewarded for its uniqueness with a premium price (Postma & Zwart, 2001).

Aspects of Differentiation Strategies:

The study requested respondent to indicate their level of agreement on aspects related to differentiation strategies on SMEs performance. From the findings, most of the respondent agreed that product that is valued and perceived by customers as unique as indicated by a mean of 4.01, respondents also agreed that highly skilled and creative product development personnel as depicted by mean of 3.77, strong reputation for quality as illustrated by mean of 3.70, respondents also agreed that product that serves unique purpose as shown by mean score of 3.64, lastly respondents agreed that strong sales personnel influence SMEs performance as depicted by mean score of 3.52. Firms that succeed in a differentiation strategy often have access to leading scientific research, highly skilled and creative product development team, strong sales team with the ability to successfully communicate the perceived strengths of the product and corporate reputation for quality and innovation (Baum and Oliver, 1992).

Company has Developed Innovative in Creating Unique Product:

The researchers requested the respondent to indicate level that company has developed innovative in creating unique innovation. From the findings most of the respondents agreed that quality systems from the coherence of process capabilities as shown by mean score of 4.15, respondents also agreed that conformance to specifications that greatly influence the reliable performance of the product and that design and controls as depicted by mean score of 3.74 and 3.73 respectively. Further respondents were neutral that Many unique and superior products enhance organization innovative in Creating Unique Innovation as depicted by mean score of 3.44. Successful differentiation is based on a study of buyers' needs and behaviour in order to learn what they consider important and valuable (Grant, 2000).

Company has Developed Innovation in Creating Unique Product:

	Mean	STDev
Conformance to specifications that greatly influence the reliable performance of the product	3.74	1.041
Quality systems from the coherence of process capabilities	4.15	1.009
Design and controls	3.73	0.871
Many unique and superior products	3.44	0.943

Factors that Ensure Success of Creating Product Uniqueness:

The researcher requested the respondents to indicate the extent to which company attempt to apply some factors to ensure success of creating uniqueness. Most of the respondents agreed that field briefings is one of the main factors that ensure success of creating product uniqueness as depicted by mean score of 4.01, In-depth analysis, Frequent communications via liaison devices, Group decision making, Increased delegation, Reduced formality and Scanning activities also are some of the factors that ensure success of creating product uniqueness as depicted by mean score 3.77, 3.71, 3.64, 3.62, 3.57 and 3.52. A firm that can achieve and sustain differentiation will be an above-average performer in its industry if its price premium exceeds the extra costs incurred in being unique (Phillips, Chang & Buzzell (1983).

Product Diversification Strategy:

Innovativeness on Products:

The study further aimed to investigate whether organization attempt to produce new products, modify existing products or add new products. Majority (63%) of the respondents indicated that organization attempt to produce new products, modify existing products or add new products while 37% were of the opinion that there is not attempt done to produce new products, modify existing products or add new products. Khanna and Palepu (2000) have also examined the extent of diversification and firm value, arguing that beyond a threshold diversification is beneficial. The predominant rationale for the existence of groups that researchers explore in literature relates to transaction cost economics and weaknesses in market institutions.

Product Diversification and Organization Performance:

The study requested respondents whether the aspects related to product diversification are done to enhance organization performance. Most of the respondent agreed that there is an attempts to achieve high growth by identifying new markets for your new but related products as indicated by a mean of 4.21, respondents also agreed that organization attempt to take licensing agreements to manufacture or supply products developed by other companies as depicted by mean of 3.90. Organization offer new products to your existing customers as illustrated by mean of 3.79, Modify existing products so that the new version appeals to a different group of customers as shown by mean score of 3.69, organization attempt to distribute products from other suppliers as illustrated by mean score of 3.52. Guillen (2000) argues that pooling and distribution of heterogeneous resources through related and unrelated diversification is an important role of business groups through which they add value to affiliated firms. Li and Wong (2003) suggested that when analyzing the performance effects of corporate diversification strategies, one should keep in mind the different institutional contexts in the emerging economies. Li and Wong (2003) found that it was the joint effect of both related and unrelated diversification strategies that are affecting firm performance.

Market Focus Strategies:

Matching Market Characteristics on Company's Competitive Advantages:

The researcher was also inquisitive in determining whether organization matches market characteristics and company's competitive advantages. According to the findings, majority (60%) of the respondents alleged that organization matches market characteristics and company's competitive advantages while the rest (40%) did pointed that there organization matches market characteristics and company's competitive advantages. A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market (Stone, 1995).

Matching Market Characteristics on Company's Competitive Advantages:

Market Focus Strategies and organization Performance:

Respondents were requested to indicate the extent that organization use markets focus strategies in order to improve performance. Most of the respondents agreed that organization divide the market into smaller sections that can reach at low cost and that are cost sensitive as depicted by mean score 3.71, respondent also agreed that use of latest technology, offering high quality services, offering services not offered by competitors and that introducing new services in market as shown by mean score of 4.17, 4.15, 4.12 and 4.02 respectively. Regular market surveys for customer needs, branding of services, identifying market segments that will buy your higher priced products and receive it as of higher quality and value and that provision of superior customer service focused on high levels of customer satisfaction as illustrated by mean score of 3.96, 3.85, 3.71 and 3.60. A successful focus strategy (Porter, 1980) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors.

Table 4.1: Market Focus Strategies and organization Performance

	Mean	STDev
Divide the market into smaller sections that you can reach at low cost and that are cost sensitive.	4.27	0.598
Identifying market segments that will buy your higher priced products and receive it as of higher quality and value.	3.71	1.109
Provision of superior customer service focused on high levels of customer satisfaction.	3.60	0.846
Offering services not offered by competitors	4.12	0.641
Offering high quality services	4.15	0.573
Introducing new services in market	4.02	0.505
Use of latest technology	4.17	0.58
Regular market surveys for customer needs	3.96	0.74
Branding of services	3.85	0.67

Organization Performance:

The study found that most (43%) of SMEs were making a sales volume of between Ksh 20,000,000 to Ksh 40,000,000, 32% were making sale volume of 80, 000,000 to Ksh100, 000,000 at least (25%) were making a sales volume of 60,000,000 to 80,000,000. On profit registered, the study found that the minimum profit registered by SMEs was between Ksh 40,000 to 60,000 as shown by 31% of the respondents, 45% of the SMEs registered a profit between Ksh 600,000 and 1,000,000, 31% of the respondent indicated that their organization registered a profit a of Ksh 5, 000,000 to 10,000,000 while 3% indicated that their organization registered a profit of Ksh 11,000,000 to Ksh 15, 000,000. To the investment, most (48%) of the respondents indicated that had invested 60 million to Ksh 65 million while 52% from Ksh 70 million to over Ksh 75 million. To the gain of investment the study established SMEs have gained through their investment where some SMEs registered a growth of 6 million in assets to Ksh 12 million. The average net assets also increased from Ksh 75.2million to over Ksh 102.5 million in total.

5. CONCLUSION

The study aimed at finding out relationship between competitive strategy and performance of small and medium enterprises in Nairobi County. Based on the findings the study made the following conclusion.

On the objective of cost leadership the study concluded that most of the organizations attempt to minimize the costs and pass the savings on customers. Cost leadership influence performance of small and medium enterprises. Further the study concluded that organization attempt to keep prices low through a division of labour that allows you to hire and train inexperienced employees rather than trained employees and that attempt to source products from cheap domestic supplies and passes the savings on to customers.

To the objective of differentiation strategies, the study established that orgnization use uniqueness of product. Product that is valued and perceived by customers as unique, highly skilled and creative. Product development, personnel and product that serves unique purpose are some of the aspects that organizations considers most. Quality systems from the coherence of process capabilities, conformance to specifications that greatly influence the reliable performance of the product, and that design and controls were some of the innovative ways in creating unique products that the organizations have adopted. Field briefings is one of the main factors that ensure success of creating product uniqueness, in-depth analysis, frequent communications via liaison devices, group decision making, increased delegation, reduced formality and scanning activities also are some of the factors that ensure success of creating product uniqueness.

On product diversification strategy, the concluded that organization attempt to produce new products, modify existing products or add new products. There is an attempt to achieve high growth by identifying new markets for your new but related products. Organization attempt to take licensing agreements to manufacture or supply products developed by other companies and that organization offer new products to your existing customers.

To the objective of market focus strategies, the study concluded that organizations matches market characteristics and company's competitive advantages. Organizations divide the market into smaller sections that can reach at low cost and that are cost sensitive. Organizations use latest technology, offers high quality services, offering services not offered by competitors and that introducing new services in market.

Inferential Analysis:

Coefficient of Correlation:

To compute the correlation (strength) between the study variables and their findings the researcher used the Karl Pearson's coefficient of correlation (r). From the findings, it was clear that there was a positive correlation between SMEs performance and cost leadership as shown by a correlation figure of 0.523, it was also clear that there was a positive correlation between SMEs performance and product differentiation strategy with a correlation figure of 0.614, there was also a positive correlation between SMEs performance and product diversification strategy with a correlation value of 0.746 and a positive correlation between SMEs performance and market focus strategy with a correlation value of 0.521. This shows that there was a positive correlation between SMEs performance and cost leadership strategy, product differentiation strategy, product diversification strategy and market focus strategy

Coefficient of Correlation

		SMEs Performance	Cost leadership	Product differentiation strategy	Product diversification strategy	Market focus strategy
SMEs Performance	Pearson Correlation	**1**				
	Sig. (2-tailed)					
Cost leadership	Pearson Correlation	.523	1			
	Sig. (2-tailed)	.0032				
Product differentiation strategy	Pearson Correlation	.6140	.3421	1		
	Sig. (2-tailed)	.0021	.0014			
Product diversification strategy	Pearson Correlation	.7460	.1240	.0621	1	
	Sig. (2-tailed)	.0043	.0120	.0043		
Market focus strategy	Pearson Correlation	.5210	.3420	.0000	.1660	1
	Sig. (2-tailed)	.0172	.0031	1.000	.0031	

Coefficient of Determination:

The coefficient of determination was carried out to measure how well the statistical model was likely to predict future outcomes. The coefficient of determination, r^2 is the square of the sample correlation coefficient between outcomes and predicted values. The four independent variables that were studied, explain only 83.4% of the SMEs performance as represented by the adjusted R^2. This therefore means that other factors not studied in this research contribute 16.6% of the SMEs performance. Therefore, further research should be conducted to investigate the other competitive strategies (16.6%) that influence SMEs performance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.913	0.834	0.751	0.4538

Multiple Regression

Multiple regression analysis was conducted as to determine the relationship relationship between competitive strategy and performance of small and medium enterprises and the four variables. As per the SPSS generated table 4.22, the equation

($\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon}$) becomes:

$Y = 1.308 + 0.558X_1 + 0.785X_2 + 0.620X_3 + 0.731X_4$

The regression equation above has established that taking all factors into account (cost leadership strategy, product differentiation strategy, product diversification strategy and market focus strategy) constant at zero, SMEs performance will be 1.308. The findings presented also shows that taking all other independent variables at zero, a unit increase in cost leadership strategy will lead to a 0.558 increase to SMEs performance; a unit increase in Product differentiation strategy will lead to a 0.731 increase to SMEs performance; a unit increase in product diversification strategy will lead to a 0.785 increase in SMEs performance and a unit increase in market focus strategy will lead to a 0.620 increase in SMEs performance. This infers that product diversification strategy contribute most to SMEs performance followed by product differentiation strategy then market focus strategy while cost leadership strategy contributed the little to SMEs performance.

Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.308	1.342		1.623	0.357
Cost leadership strategy	0.558	0.310	0.172	4.342	.0276
Product differentiation strategy	0.731	0.156	0.210	3.532	.0285
Product diversification strategy	0.785	0.322	0.067	3.542	.0202
Market focus strategy	0.620	0.245	0.148	3.458	.0249

6. RECOMMENDATION

Based on the objectives of the study, the following recommendations were reached.

The study recommends that for SMEs in Kenya to remain competitive, there is need for the firms to employ various strategies differentiation and relationship strategies to boost growth and sales. Strategy as a combination of competitive moves and business approaches that manager's employ to satisfy organizational vision and objectives.

The study recommended that as small and medium sized business had immense opportunities that are not utilized should enlarge their size in terms of market portion and distribution of product where there are no existing business providing the same product. Further the study recommended that marketing strategies should be emphasized on to increase the number of clients and increase market area.

To the objective on competitive strategies adopted by small medium enterprises, the study recommends that firm should employ all strategies both internal and external form processing and to the market for prior competition. The study further recommended that as the business operates in unpredictable environment which are largely affected by the technological changes, the management should accept to adopt technological changes that affect marketing strategies to cope with the competitors.

The SMEs should also engage in nationwide promotion and advocacy for its products and services in order to enhance its market focus strategies. The study also recommends that since application of differentiation strategies as a competitive strategy greatly affects the performance of the SMEs, the SMEs should seek to adopt more innovative product and services differentiations that make it a stand alone in the market.

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