

**COMPETITIVE STRATEGIES AND PERFORMANCE OF SMALL AND
MEDIUM ENTERPRISES IN MANDERA TOWN**

BY

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DECLARATION

This research project is my original work which has not been presented to any university or other institution of higher learning in Kenya for the award of any degree.

Signed: _____ Date _____

FATUMA IBRAHIM MAALIM

D61/85659/2016

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

Signed: _____ Date _____

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DEDICATION

I dedicate this research project to my family for being there for me with their support.

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LIST OF ACRONYMS AND ABBREVIATIONS

SMEs	Small Business Enterprises
SPSS:	Statistical Packager for Social Sciences

ABSTRACT

The study examined the strategies in place among SMEs in Mandera town that help them to be competitive and how this influences their level of performance. The researcher applied a descriptive study design. In total, 162 SMEs selected through Creswell's (2012) sampling formula, from the formula the sample size was 353 respondents. To gather data, questionnaires were issued to business owners or their senior managers of these SMEs. The analysis of the collected data was done descriptively and inferentially. The study established that that the key competitive strategic among SMEs in Mandera town include formation of strategic alliances, partnerships, cost minimization, joint ventures and focus strategies. Competitive strategies have a direct and significant influence on how SMEs in Mandera town perform. The study concludes that the key competitive strategic among SMEs in Mandera town include formation of strategic alliances, partnerships, cost minimization, joint ventures and focus strategies. Competitive strategies significantly influence performance of SMEs. As a recommendation, senior managers of all SMEs in Mandera town should increase the adoption of strategic alliances, partnerships, cost minimization, joint ventures and focus strategies. In order to positively influence performance of their organization, the management team and owners of all SMEs operating in Kenya should increase the adoption of competitive strategies.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Small and Medium Enterprises (SMEs) play a critical role in fostering economic growth of nations through provision of employment. Highly competitive environment coupled with increased customer awareness has forced all organizations to rethink their strategies in order to stay ahead of their peers in the industry. The SME industry is characterized by free entry and exit which means competition can sometimes be too high. Successful implementation of strategies enables organizations to realize competitive edge over their competitors. Competitive strategy is realized whenever the plan developed to cover the long-term objectives of an organization is achieved which mean enabling the firm may become more competitive as compared to its rivals. Porter (1996) argues that competitive strategy is about being different from others in the industry which means intentionally choosing a differentiated set of actions that would lead to realization of unique mix of value. This helps organizations in availing unique products and services that match the changing customer needs.

This study was anchored on two schools of thought that explain the interaction between competitive strategies and firm performance. The first theory was the dynamic capabilities which focus on competencies renewal with the sole purpose of achieving congruence with the changes in surroundings. This may involve adaptations by integrating and reconfiguring skills among staff and part time expatriates, resources and functional competencies (Teece, Pisano & Shuen, 1997). It argues that dynamic capabilities which bring about competitiveness are built as they cannot be bought in the market. They generalize arise from internal processes within an organization.

The second theory was the Market Based View Theory developed by Mason (1939). It approaches strategic management from the marketing perspective. The success of an organization can only be based on the competitive position that it enjoys in any given industry (Schendel, 1994). The theory identified strategic position as a firm's Industry unique set of actions that enable it differentiate itself from other players in the industry. The market-based view theory also assumes that the resources are mobile hence the need for firms to take advantage of the market imperfectness for it to emerge successful (Porter 1985). The theory emphasized variations in industries' profitability as majorly arising from the population of sellers and buyers, the extent of product differentiation, existence of substitutes, existence of barriers to entry and exit and the level of vertical integration (Rumelt, 1991).

The SMEs sector in Mandera town is faced with difficult operating environment ranging from insecurity, inter-clan fighting and poor transport infrastructure which have all affected their performance. In addition, the industry is not regulated as there is free entrance and exit. Hence, the study examines the link between competitive strategies and performance of SMEs in Mandera town.

1.1.1 The Concept of Strategy

The term strategy had received varied attention when it comes to what it means. For instance, Quinn (1980) termed it as the pattern or action plan developed by an organization to help integrate key organizational goals and policies into a cohesive whole. Further definition was advanced by Thompson, Strickland and John (2010) who defined strategy as the glue that creates a match between the resources possessed and controlled by an

organization to the environmental opportunities with the aim of minimizing the risks and challenges experienced in day to day organization operations.

A strategy basically describes a game plan developed by management of an organization to stake out a market position that would bring about organizational growth. The strategy could range from achievement of operational goals like attracting and pleasing customers and attaining a competitive position (Thompson & Strickland 2007). It was through strategy that organizations are able to monitor their day to day operations so as to ensure that set goals are achieved (Pearce & Robinson, 2007). It was made up of beliefs on the way an organization plans to attain success because the strategy provides directional cues that enable it to respond to customer concerns in good time. A strategy brings together various functions in an organization so as to build synergies among the strategic business units. It helped to create a common thread pursued by all employees in an organization (Mintzberg, 1994).

1.1.2 Competitive Strategies

The word competitive strategy described all the tactics and moves undertaken by an organization with the aim of attracting customers, surpass the competition and improving on the market standing in the industry (Thompson & Strickland, 2007). It described the action plans developed and implemented by organizations which aim at bringing about competitive advantage. Porter (1996) viewed that competitive strategies are aimed at establishing a position within a given industry where it can defend itself better against the industry competitive forces. Alternatively, it referred to strategies formulated and implemented by an organization with the sole purpose of influencing market competitive

forces in its favor. This started by analyzing and understanding the five key forces shaping industry competition.

Porter (1985) noted in determining the strengths of the business entity, either cost or differentiation advantage is paramount. Application of organization strengths in the two categories result in three generic strategies which include differentiation, cost leadership, and focus. The differentiation strategy is realized whenever a firm is able to build unique features and prepositions which customers are willing to use to make a difference between a company's brand and that of the competitor. Differentiation enabled organizations to charge premium prices which in turn improve organizational performance. Differentiation strategy promotes customer satisfaction and loyalty. Cost leadership strategy involves low levels of differentiation normally attained through application of knowledge gained in previous production which enables lowering of production costs to levels which cannot be matched by the competition. This strategy was normally appropriately applied by organizations seeking to protect their markets from new entrants. Focus strategy is concerned with targeting of an identified particular market segment and may be achieved either through cost leadership or differentiation strictly targeted on a secluded market segment. However, developments in information communication and technology has seen the introduction of other competitive strategies like formation of strategies alliances, partnerships, joint ventures among others

1.1.3 Organizational Performance

This examined the extent that the resources of a firm have been utilized by the management to generate value for various stakeholders within a given time period (Katoh & Standley, 2013). It helped in comparing the actual results realized with the projected or past period

outcomes so as to establish how well the resources were used in creating value for the stakeholders. It can be determined by use of either financial or non-financial measures. Komppula (2013) ascertains that firms can determine their performance in financial terms through profitability, return assets and return equity. At the same time, firms can measure their performance in non-financial terms that include customer satisfaction, customer retention and employee efficiency. Performance in many organizations helps the management and employees to know if they are doing a legit work or not (Omari, Ateka, & Nyaboga, 2013).

Lebens and Euske (2006) argue that, organizational performance can be measured using four major buckets; effectiveness (whether an organization can achieve its objective), efficiency (proper resource use), relevance (degree to which the organization's stakeholders perceive the organizations activity as being relevant to their needs) and finally financial viability (how long the organization has remained profitable). Measurement of an organization performance may differ on the basis of the type of the firm. Some of the important aspects of organizational performance include: revenue generated, motivated workforce, organizational culture and organizational systems and processes (Kaplan and Norton, 1996).

Kaplan and Norton (1996) identified four measures of organizational performance as including: learning and growth, financial, customer and business processes perspectives respectively. Learning and growth looks at skills growth and expertise among employees so as to determine their efficiency and carrying out their duties (Kaplan & Norton, 1992). Business processes assess how well the processes are aligned to organizational mission and vision. Customer perspective is more concerned with meeting and surpassing customer

expectations. Customer perspectives can be measured using market share and the level of customer satisfaction (Kaplan and Norton, 1992).

1.1.4 Small and Medium Enterprises in Mandera County

SMEs had largely been defined in terms of employment, turnover and assets to allow for flexibility. However, the thresholds applied in each of the identified parameters differ widely among countries. The definition advanced by the Kenya Small and Medium Enterprise Authority (2015) was of a sizeable firm employing less than 50 staff, recording sales revenue of as low as Kshs. 50 million.

The SME sector in Mandera County operates in different industries ranging from health, hospitality industry, engineering among others. There are over 15,764 registered SMEs in Mandera County (PPOA, 2017). The SMEs contribute to economic growth of the County through creation of employment. Over 10% of the revenue collected by the county government of Mandera comes from these SMEs. At the same time, about 30% of the population in Mandera people in Mandera derives their income and revenue from these SMEs (County Government of Mandera, 2017). The main sectors include: retail chain distributions, food and beverages restaurants, open air markets, animal sales among others.

1.1.5 Small and Medium Enterprises in Mandera Town

There are 3162 registered SMEs in Mandera Town. These SMEs in Mandera town significantly contribute towards the growth and development of the economy besides opening up avenues for employment. These SMEs also impart on entrepreneurial knowledge to owners. SMEs in Mandera town further help in the restructuring of large firms by streamlining manufacturing firms as units. They offer them complementary

services by influencing their monopoly in the market. On average, SMEs in Mandera town have a turnover of Kshs. 200,000 on a monthly basis.

SMEs in Mandera town were targeted because they are faced with a number of challenges ranging from insecurity, inter-clan fighting, poor transport infrastructure which have all affected their performance. In addition, the industry is not regulated as there is free entrance and exit. To remain competitive, these SMEs are therefore required to put in place competitive strategies in order to survive in such an environment which forms the basis of the study.

1.2 Research Problem

Despite the key role played by SMEs in enhancing economic growth of Kenya, and other parts of the world, their performance had been poor because of the lack of competitiveness (Soderbom & Teal, 2010). Majority of the SMEs lack the necessary expertise, experience, resources and capital to compete fairly with large enterprises. They normally struggle to keep pace with changes in technology and changes in customer tastes and preferences.

Small and Medium Enterprises in Mandera town have faced a number of challenges which have influenced their competitive positioning. These enterprises are faced with challenges of security and constant movement of customers as they seek water and green pastures for their livestock. The supply of stock is affected by constant insecurity issues and poor transport infrastructure which causes frequent delays. They are also faced with limited capital which forces them to plough back their profits to expand the businesses. These therefore require that the SMEs plan according to avoid overstocking and at the same time avoid running out of stock.

Several scholars had examined the interaction of competitive strategies and firm performance. For instance, Baraza and Arasa (2017) focused on establishing the effect that different strategies adopted with the aim of gaining competitive position affected the financial outcomes of manufacturing firms in Kenya with specific reference to East African Breweries Limited (EABL). It was established that competitive strategies influence performance of the entity. In another study, Muia (2017) examined the how insurance firms in Kenya applied competitive strategies and the way it affected their competitive positions in the industry. The results revealed that most of the firms charge lower prices than the competitors and heavily invest in sales promotion. The findings also established that many deals with broad product serving wider market while majority constantly target a specific market. Sifuna (2014) studied the reaction of public universities' performance in response to diverse competitive strategies. The findings indicated that competitive strategies enabled universities to improve utilization of their internal resources, improve internal efficiency and effectiveness, establish linkages and collaborations with other stakeholders and offer a differentiated education service. From above analysis, it can be seen that a number of studies have been carried out on strategies aimed at remaining competitive and how these influences performance. However, their contexts limit the application of their findings to SMEs in Mandera town because of issues to do with insecurity, infrastructure among other factors which make the area marginalized. Hence, the study assessed effect of competitive strategies on performance among SMEs in Mandera Town.

1.3 Research Objective

The study was guided by the following objectives

- i. To determine the competitive strategies applied by SMES in Mandera town.

- ii. To establish the effect of competitive strategies on performance of SMEs in Mandera Town.

1.4 Value of the Study

A study on adoption of strategies meant to bring about competitiveness of firms on realized outcomes within a given financial period for SMEs in Mandera Town was significant to a number of stakeholders including business community, government of Kenya and future researchers and scholars.

It is hoped that future researchers and scholars benefited from extended literature review in the form of findings of this study. The study therefore would stretch the existing literature on competitive strategies and organization performance. In addition, the study contributed to future discussions on competitive strategies and organization performance by suggesting areas where future studies can concentrate on.

It is further hoped that results reached at and the conclusions drawn from this study would help the business community in identifying the various competitive strategies that can be adopted by organizations in different circumstances to improve on organization performance. Through the findings of this study, the larger business community would learn on the application of different competitive strategies to improve organizational performance.

The results of this research would also be significant in directing the formulation and implementation of policies and guidelines on operations of SMEs in Kenya. The ministry of trade and infrastructure would use the findings of this study in formulation of appropriate policies that spurred growth of SMEs especially in arid and semi-arid regions.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents literature as written by other scholars and researchers on the subject of competitive strategies and firm performance. It outlines the theories on which the study is anchored before presenting the empirical literature guided formulation of research questionnaires. The link between the strategies of remaining competitive and how they determiner performance is provided.

2.2 Theoretical Perspective

This study was grounded on two theories: Dynamic capabilities and Market Based view theories.

2.2.1 Dynamic Capabilities Theory

This theory was developed by Teece et al. (1997) to focus on competencies renewal with the sole purpose of achieving congruence with instabilities in the environment. It argues that dynamic capabilities which bring about competitiveness are built as they cannot be bought in the market (Nair, Rustambekov, McShane & Fainshmidt, 2014). They generalize arise from internal processes within an organization.

Teece et al. (1997) define the concept of dynamic capabilities in their award-winning research work as hoe business entities are able to build, reconfigure and integrate the competencies found within to strategize on how best to align its operations to continuously evolving operational environment. Dynamic capabilities theory arose from the deficiencies discovered in the resource-based view perspective in terms of not considering some key factors that surround resources instead of making assumption on their existence. The theory

attempts to bridge the gaps through the adoption of process approach, changing business environment and acting as a buffer between the resources of a firm. Dynamic capability theory assumes that its core competences should be used in modifying short-term competitive positions that may be of good used in building long-term competitive advantage.

This school of thought assumes that the key skills and competencies possessed by an institution need to be applied in modifying the competitive position within the short run so as to build a competitive position that can be sustained over a long time in the future. Resources can take many attributes of the dynamic capabilities which make it easy for the firm to benefit from the operations in a business environment that is continuously changing (Sklyarov et al. 2015). RBV emphasizes on the choice of resource while dynamic capabilities emphasize on the development and renewal of resources. The theory is concerned with the development of strategies for senior managers to help adopt radical discontinues change for effective competitive survival. This theory focuses mire ion the issue of competitive survival regarding to the rapidly changing business environment.

This theory has been selected in this study because the capabilities it proposes are significant in enabling organizations respond to the challenges posted by the dynamic business environment that has the potential of negatively affecting the continued performance by making the present capabilities obsolete.

2.2.2 Market Based View Theory

This theory was developed by Mason (1939) and approaches strategic management from the perspective of the market. The theory perceived industry and external market orientation

as key determinants of organizational competitiveness. It argues that the success of an organization can only be based on the competitive position that it enjoys in any given industry (Schendel, 1994). The theory identifies strategic position as a firm's Industry unique set of actions that enable it differentiate itself from other players in the industry. The theory holds that strategically important resources are distributed in a homogeneous manner across all firms in an industry (Mintzberg et al. 1998).

The market based view theory also assumes that the resources are mobile hence the need for firms to take advantage of the market imperfectness for it to emerge successful (Porter 1985). This means that organizations need to identify their niche markets where they can easily defend themselves against competitive forces or influence the competitive forces in their favor to survive. An organization should be able to perform strategically important activities at a lower cost as compared to its competitors (Peteraf, 1993). The market based view avails three generic competitive strategies that organizations can pursue either separately or in combination to create long term defensible positions in the market. The three generic strategies include: Differentiation, cost leadership and focus (Grant, 1991). This theory is important in this study because it identifies strategies that organizations can apply to emerge competitive in a given industry.

The theory emphasized variations in industries' profitability as majorly arising from the population of sellers and buyers, the extent of product differentiation, existence of substitutes, existence of barriers to entry and exit and the level of vertical integration (Rumelt, 1991). In terms of the individual firm conduct, the theory considers: pricing behavior, the level of research and innovation, the level of focus in product strategy,

investments in promotion and advertising, intensity of the distribution network and the legal tactics employed (Peteraf, 1993).

2.3 Competitive Strategies and Organizational Performance

Competitive strategies are essential to companies that are competing in heavily customer-based markets. They are normally applied by organizations wanting to attract customers and withstand the competitive pressure and retain the position of the market. Successful competitive strategies play a key role in sustaining a superior performance and competitive advantage. Hernández-Perlines *et al.* (2016) states that these strategies are long term in nature specifically developed to direct the operations of the organization to a competitive position in the industry.

An organization or institution attains a competitive position over its rivals in an industry whenever it enjoys a competitive edge over its rivals so as to secure customer and defend its competitive measures and forces (Urbancova, 2013). Organizational performance on the other hand refers to how well an organization achieves its set goals and objectives (Choudhary, Akhtar & Zaheer, 2013). The approaches used in competitive strategy include those designed to position the organization as a low-cost market producer thereby bringing about a difference in product offering as compared to that of its competitors and focusing on an implementation of a narrow portion of the market.

Mbau (2016) conducted a study on competitive positioning through strategic alliances using a case of Safaricom Limited. The study relied only on the case of Safaricom Limited. Kevin and Yusuf (2016) investigated on challenges facing implementation of PPP projects in Nairobi City County. The study only looked at public partnerships in Nairobi City County.

Namu et al. (2014) focused on ascertaining the different strategies adopted by tea factories in management of their production costs with the Embu region. The study was conducted only in Embu County. Ertug *et al.* (2013) investigated on the trust between international joint venture partners. The study focused on international ventures only. McIntosh and McCabe (2013) concentrated on the English-speaking Caribbean. Lacum, Ossevoort and Goedhart (2014) focused only on education sector as opposed to the SME sector. This therefore presents a gap in research that this study seeks to fill by examining the effect of competitive strategies and performance of small and medium enterprises in Mandera town.

Majority of the SMEs around the world are involved in distribution of similar goods and services with little differentiation. They help in breaking the quantity and promoting the level of efficiency in the distribution network. Competition is high which requires that they strategically rethink their strategies if they are to improve on their performance. Porter (1985) noted that businesses need to develop appropriate competitive strategies to compete successfully in the market place (Bisungo, Chege and Musiega, 2014). Different market dynamics call on firms to employ different strategies to remain competitive. Some of the commonly applied strategies include: strategic alliances, joint ventures, partnerships, cost minimization which are discussed below:

2.3.1 Strategic Alliances

Marchi, Maria and Micelli (2013) investigated on the competitive position of different organizations following their signing of strategic alliance agreements. The study used the case of African population and health research center (APHRC). The study aimed at looking how strategic alliance has been used as a tool in achieving a sustainable competitive position at APHRC and the challenges being faced. The qualitative data collected was analyzed

through inserting them in the context so as to make sense. The results generated indicated that APHRC is involved in strategic alliances as a way to gain sustainable competitive advantage. Strategic alliances can be the most effective way of diffusing new technology advancements to bypass government restrictions, enter a new market and learn new ways of managing business operations from well-established firms. Strategic alliances call for contributions involving specific resources, technologies, economic specialization and capabilities in an organization.

Mbau (2016) conducted a study on competitive positioning through strategic alliances using a case of Safaricom. The purpose of the study involved finding out whether Safaricom Ltd has attained a competitive positioning through the various strategic alliances it has. The research methodology used was descriptive research method. The data was descriptively analyzed and the results indicated that most respondents highly supported strategic alliances to become more competitive on a global scale. Strategic alliances aim at sustaining long-term competitive advantage in a dynamic world by reducing incurred costs, economies of scale, new technology inventions, allowing more knowledge access and developments, quality management improvement and rejuvenation of slow markets. Strategic alliances contribute to the implementation of successful strategic plan meaning that the alliance must be strategic in nature.

2.3.2 Partnerships

Partnerships involve the coming together of two or more organizations to work together in delivering specified objectives after which each operates on its own. Meyskens (2010) investigated the extent to which strategic partnerships affected the competitive advantage

of organizations by applying the resource-based view. The findings brought out the role of partnerships in building necessary strengths that enable organizations overcome challenges and enable optimal advantage of their strengths. This research is very important because it contributes to job growth and labor productivity. RBV makes contribution to social venture research. Kevin and Yusuf (2016) investigated on challenges faced in the process of operationalizing public private partnership projects (PPP) in Nairobi City County. The study focuses on addressing the issues that challenge implementation of PPP in Nairobi City County. It was revealed that most of the staff were not actively involved in public private partnerships projects.

Lipsky et al. (2016) investigated the extent that competitive strategies affected the performance of partnerships for policy development in Uganda. The study sought to identify factors influencing the strength of collaborative partnerships. The findings indicated that partnership structures do not promote ownership and project sustainability because partnerships depend on personalized relationships. Kamande (2018) carried out a study on factors influencing partnerships between non-governmental organizations and selected private sector organizations. The findings indicated that top management support affects the success of partnerships between NGOs and private sectors.

2.3.3 Cost Minimization

Keeping operational costs at their lowest possible cost is important in ensuring organizational competitiveness. Minimization of costs enable organizations to charge competitive prices which can help in achieving sustainable competitive advantage and improved overall organizational performance. Akeem (2017) investigated how performance

of an organization related with different cost reduction and control approaches. The study focused on finding out the extent that cost minimization strategy had on performance outcomes recorded by the institution over a specified period of time. The analysis of data was conducted through regression analysis and the findings indicated the two strategies had positive influence on performance outcomes recorded by the organizations. In another study, Ponisciakova, Gogolova and Ivankova (2015) focused on how accounting systems implemented in organizations to manage operational costs affected organizational competitive position. Descriptive research design was used. Interviews were conducted to collect primary data which was analyzed through use of content analysis. The findings of the study established that growth and reserves are found to be the most important determinants of equity cost in the agricultural sector.

Su and Tang (2016) investigated the extent to which different competitive strategies affected financial outcomes of organizations in a post crisis context. The competitive strategies examined included cost reduction, product innovation, strategies alliances and differentiation. The study employed a descriptive research design. Questionnaires formed the main instruments used in collection of data while interview guides complemented them. The collected was analyzed using SPSS and it was established that application of these competitive strategies availed competitive edges to organization which could not be easily rivaled this resulting into a sustainable competitive position. In another study, Namu, Kaimba, Muriithi and Nkari (2014), examined the impact that different mechanisms or strategies applied by tea factories in management of operational costs and how this affected overall factory performance. The study was motivated by the rapid changes taking place in the sector which required that tea factories rethink their strategies to ensure value for the

farmers. Data collected was descriptively analyzed and the results indicated that factories employed cost reduction measures which led to better returns for farmers in terms of bonuses.

2.3.4 Joint Ventures

Joint ventures bring together organizations with different strengths in different areas all working together to enhance their synergies. Ertug *et al.* (2013) studied the trust between international joint venture partners on overall financial outcomes of each partner. Through a descriptive research design, questionnaires were developed in line with objectives. The findings indicated that through joint ventures, the organizations were able to undertake projects which none of the involved partners could handle individually. In addition, the organizations were able to access more businesses jointly and individually which improved their performance outcomes in that period under review. Joint ventures were found to strengthen capital and technical capacity of firms involved.

Reuer, Klijn and Lioukas (2014) investigated how board involvement in international joint ventures affected local firms. The study employed a descriptive survey design. Through primary data collection using a questionnaire, the analyzed data showed that joint venture partners improved their administrative control capacities which provided the boards with a key dimension in advocating for further international joint venture relationships. This helped local organizations in learning new skills and experiences in management of projects for improved performance.

2.3.5 Focus Strategy

Focus strategy focuses on an organization choosing a narrow scope over which it wishes to compete on in any given industry. It involves selection of market segments and tailoring a strategy this market satisfactorily to the exclusion of other market segments (Zhao, Hwang & Yu, 2013). Different strategies have been applied in focus strategy to gain competitive advantage. For instance, Porter (1985) notes that organizations choosing cost focus strives to achieve cost advantage while those pursuing differentiation focus seeks to differentiate their products and services in the identified target market segment. The factors making this strategy successful include: segments buyers possessing unusual needs or are very sensitive to cost element.

Neumann and Brown (2013) established that focus strategies enabled organization in satisfactorily meeting the needs of a selected market segment thereby edging out competing brands. Lacum, Ossevoort and Goedhart (2014) established that through focus strategy, organizations were able to improve their product offering to a given class of customers. An example of a learning institution is used where the quality of graduates improved significantly when they joined the labour market.

Nkohkwo and Islam (2013) analyzed the impediments during the implementation of strategies. The study aimed at determining the challenges of strategy implementation among health focused non- governmental organizations and the measures employed to overcome the challenges. The study findings indicated that structure, leadership, policies, organizational objectives and culture influenced strategy implementation.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter identified the design to be followed by the elements with the population targeted, how the data was sought from the field and how the analysis of the data was carried out.

3.2 Research Design

This study adopted a cross sectional research design because it covers a number of SMEs in Mandera town. Cross sectional research design was appropriate because it collected data from a wide population at the same time hence the data collected is more representative of the sector. This design was applied whenever a research wants to generalize data findings to a greater population of interest.

3.3 Population of the Study

A population refers to a totality of things which could be individuals provided they bear similar characteristics that are of interest to a scholar carrying out the study (Mbabazi, 2008). The population of this research comprised of all the 3162 registered SMEs in Mandera Town (County Government of Mandera, 2017).

Whenever the population of a study is huge and uneconomical to include in a study, researchers normally use scientific methods to select a proportion of it for the purposes of data collection. In order to improve objectivity and conformity of the data collected to the entire population of interest, a researcher is expected to select the sample in a way that the sample collected conforms to the population. This promoted the generalization of findings

to the population (Ngechu, 2004). The study targeted business owners or their senior managers because of their key role in strategy formulation and implementation.

3.4 Sample Size and Sample Procedure

Since the population was large, the study used Kothari (2004) formulated in determining the sample size.

$$n = \frac{Z^2 \cdot N \cdot \sigma^2 \hat{p}}{(N - 1)e^2 + Z^2 \sigma^2 \hat{p}}$$

$$n = \frac{1.96^2 * 3162 * 0.5^2}{(3162 - 1)0.05^2 + 1.96^2 * 0.5^2}$$

$$= \frac{964.2416}{2.5075 + 0.9604}$$

$$n=353$$

Where; n=The sampled elements

N=The targeted population=3162

e= Confidence taken as= 0.05

$\sigma^2 \hat{p}$ = the variability or spread in the population and given as 0.5 when not clear

Z= standard variation at a confidence level given as 1.96 at 95% confidence level.

The sample size therefore was 353 SMEs directors / managers were included in this study.

3.5 Data Collection

Primary data was selected upon because majority of the competitive strategies applied by organizations differ according to the nature of their work. Questionnaires played an important role in collection of information from respondents. By use of these instruments, possible biasness was eliminated in the study.

3.5 Data Analysis

The collected information was analyzed descriptively and inferentially (Mutunga, 2010). In order to facilitate the drawing of conclusions on the interaction between various strategies of maintaining competitiveness and how they influence performance, the study was carried out a multiple regression analysis taking the form of:

$$Y = \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \beta_5X_5+ \varepsilon$$

Where Y is = Organizational Performance

X₁ = Strategic alliances

X₂ = Partnerships

X₃ = Cost Minimisation

X₄ = Joint Ventures

X₅ = Focus Strategy

ε = Error Term

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The analyzed findings on each specific objective are presented in this chapter. The collected data was analyzed descriptively and inferentially. Presentation is indicated in subsequent sections.

4.1.1 Response Rate

The researcher distributed out 353 questionnaires among SMEs in Mandera town, from which 263 were entirely marked and forwarded to the researcher. This was equivalent to a return rate of 74.5% which concurred with Mugenda (2008).

4.2 Background Information

This section presents the background information about respondents and the SMEs studied.

4.2.1 Background Information of Respondents

From the findings, 59.3% of the respondents were managers and 40.7% directors. The researcher concluded that the respondents were viable to the test study. The finding revealed that tertiary college and degree were the majority with 21%, diploma with 19%, secondary with 15%, certificate with 14%, primary with 5%, masters and none- educated with 25% and lastly PhD at 1%. The study therefore concluded that the respondents were well educated to understand and provide viable information asked in the questionnaire.

4.2.2 Background Information on SMEs

The researcher sought to determine the number of years that the company had been operating. From the findings, companies operating between 7-10 years were the majority

with 37.2%, followed by 4-6 years at 27.8%, more than 10 years at 21.3% and lastly below 3 years at 13.7%. The study established that most of the SMEs businesses were trade and commerce (37.3%) followed by service (33.8%) and lastly manufacturing (28.9%).

The study indicated that most of the companies were private limited company with 36.9%, partnerships were second with 36.5%, sole trader and others follows respectively. The findings indicated that respondents were significant for the test study. The finding indicated that majority of company had between 31-40 employees, 27.8 % had more than 50 employees, 17.4% had 21-30, 18.6% had between 31-30, 15.3% had between 6-10 employees, 11.4% had 11-20 employees while 5.7% had less than 5 employees.

4.3 Competitive Strategies

The first competitive strategy was strategic alliances. The findings on this competitive strategy are shown in Table 4.1.

Table 4.1: Strategic Alliances

Statement	Mean	Std. Dev
Our organization has entered into some form of strategies alliances with other organizations	4.08	.714
Strategic alliances have promoted quality of goods / services to customers	3.86	.694
Strategic alliances have expanded the scope of goods / services offered by our company	3.96	.481
Strategic alliances have ensured continuous supply of inventory to our company	3.54	.519
Strategic alliances have reduced our operational costs	4.03	.694
Strategic alliances have improved our adoption of new technologies	4.04	.564
Strategic alliances have expanded the level of knowledge in our organization	3.68	.888
Strategic alliances have brought about economies of scale for our organization	4.00	.601

The study found out that the organization had entered into some form of strategies alliances with other organizations, strategic alliances have improved the adoption of new technologies, strategic alliances have reduced the operational costs and that strategic alliances had brought about economies of scale for the organization with means of 4.08, 4.04, 4.03 and 4.00 respectively. The values of standard deviations on these statements are all less than 1.

The study further established that strategic alliances have expanded the scope of goods / services offered by the company, strategic alliances have promoted quality of goods / services to customers and that strategic alliances have expanded the level of knowledge in the organization with means of 3.96, 3.86 and 3.68 respectively. Some respondents also

agreed that strategic alliances have ensured continuous supply of inventory to the company with a mean of 3.54.

The researcher sought to determine the ways that partnerships affected the performance of your organization. The findings are reported in Table 4.2.

Table 4.2: Partnerships

Statement	Mean	Std. Dev
Our organization has entered into partnerships with other organizations	4.06	.919
Partnerships have strengthened our capacity to meet customers' needs	3.83	.694
Partnerships have enabled our organization overcome challenges in its operations	3.73	.481
Our senior management have always supported partnerships on delivering quality to customers	3.88	.504
Partnerships has enabled our organization to differentiate its operations	3.96	.719

From Table 4.2, the study established that the organization had entered into partnerships with other organizations and this has enabled the organization to differentiate its operations with means of 4.06 and 3.96 respectively. The senior management has always supported partnerships on delivering quality to customers, partnerships have strengthened the capacity to meet customers' needs and the partnerships have enabled the organization overcome challenges in its operations with means of 3.88, 3.83 and 3.73 respectively. The values of standard deviations on these statements are relatively low showing that there was strong convergence in the views expressed by respondents on strategic alliances and how they influenced performance of SMEs.

The researcher sought to examine ways that cost minimization had affected the performance of your organization. The findings are shown in Table 4.3.

Table 4.3: Cost Minimization

Statement	Mean	Std. Dev
Our organization has always strived to keep its operating costs at an optimal level	4.18	.467
Cost minimization strategy has promoted the growth of our organization	4.00	.601
Cost minimization strategy has led to improved overall sales for our company	3.93	.982
Cost minimization strategy has given our company a competitive edge	4.01	.527
Cost minimization strategy has improved the overall profitability level of our organization	3.98	.836

As shown in Table 4.3, the organization had always strived to keep its operating costs at an optimal level which has promoted the growth of the organization while giving the company a competitive edge with means of 4.18, 4.00 and 4.01 respectively. These statements were supported by low values of standard deviation showing that there was strong convergence in the views expressed by the respondents. The study further established that cost minimization strategy has improved the overall profitability level of the organization and this has led to improved overall sales for the company with means of 3.98 and 3.93 respectively. These statements also were supported by low values of standard deviations of less than 1.

The study sought to determine how joint venture as a competitive strategy affected performance of SMEs. The findings are shown in Table 4.4.

Table 4.4: Joint Venture Strategy

Joint Ventures	Mean	Std. Dev
Our organization has entered into joint ventures with other organizations for improved performance	4.06	1.07
Joint ventures have led to improved quality offering to customers	3.82	1.52
Joint ventures have improved the business portfolio of our company	3.99	.497
Joint ventures have strengthened our capital base	3.68	.658
Joint ventures have strengthened our technical capabilities	4.01	.507
Joint ventures have improved the profitability of our organization	3.87	.503

As indicated in Table 4.4, the organization has entered into joint ventures with other organizations for improved performance and this has strengthened the technical capabilities with means of 4.06 and 4.01 respectively. Joint ventures have improved the business portfolio of the company and therefore profitability of the organization with means of 3.99 and 3.87 respectively. Joint ventures have also led to improved quality offering to customers while strengthening the capital base as shown by mean of 3.82 and 3.68 respectively. The values of standard deviations are so low showing that there was convergence in the views expressed by the respondents.

The researcher sought to determine ways that focus strategy affected the performance of SMEs. The findings are indicated in Table 4.5.

Table 4. 5: Focus Strategy

Statement	Mean	Std. Dev
Our organization has identified a small market segment to sale differentiated products	4.03	.936
Our organization has identified a market segment to supply at lower costs	3.75	1.026
Small market segment identification has improved the performance of our organization	3.73	.846
Small market singling out has enabled our organization to emerge low cost	3.70	.979
Small market segmentation have enabled our organization to stand out from the rest	3.91	.802

From Table 4.5, the organization had identified a small market segment to sale differentiated products and the small market segmentation has enabled the organization to stand out from the rest with means of 4.03 and 3.91 respectively. The organization had identified a market segment to supply at lower costs, small market segment identification has improved the performance of our organization and that small market singling out has enabled the organization to emerge low cost as shown by means of 3.75, 3.73 and 3.70 respectively. The values of standard deviations on these statements are relatively low.

4.4 Organizational Performance

The study sought to establish the margin that the organization improved performance over the last five years. The findings are shown in Table 4.6.

Table 4.6: Organizational Performance

Years	Less than 5%	5-10%	11-15%	More than 15%
2017	40 (15.2%)	47 (17.9%)	50(19.0%)	126(47.9%)
2016	56(21.3%)	41(15.6%)	53(20.2%)	113(43.0%)
2015	53(20.2%)	48(18.3%)	60(22.8%)	102(38.8%)
2014	48(18.3%)	57(21.7%)	58(22.1%)	100(38.0%)
2013	43(16.3%)	58(22.1%)	67(25.5%)	95(36.1%)

As indicated in Table 4.6, there has been a consistent rise in margin of the studied SMEs over the period of five years 2013-2017. The rise in margin was mainly by over 15% for the entire period. It can be inferred from these findings that the competitive strategies in place resulted into better performance of the studied SMEs.

4.5 Competitive Strategies and Organizational Performance

In order to determine how competitive strategies affected performance of the studied SMEs, the researcher carried out regression analysis. The findings are shown in sections below.

4.5.1 Model Summary

The Model Summary indicates the coefficient of correlation R, the coefficient of determination R square and the adjusted R square.

Table 4. 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.888 ^a	.789	.778	1.37457

a. Predictors: (Constant), Strategic alliances, Partnerships, Cost Minimisation, Joint Ventures and Focus Strategy

From the Model Summary Table 4.7, the coefficient of determination R square is 0.789, an indication that 78.9% variation in organizational performance is explained by the five factors (Strategic alliances, Partnerships, Cost Minimisation, Joint Ventures and Focus Strategy) and therefore other factors explain the remaining 22.1%. These other factors can be explained by other factors affecting organization performance.

4.5.2 Analysis of Variance

An analysis of the variance was done at 5% level of significance. The findings are indicated in the following Table 4.8.

Table 4.8: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	526.327	5	105.265	192.93	.001 ^b
Residual	140.754	258	0.5456		
Total	667.081	262			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Strategic alliances, Partnerships, Cost Minimisation, Joint Ventures and Focus Strategy

The finding indicated that the value of $F_{\text{calculated}} = 192.93$ while $F_{\text{critical}}(5, 258) = 2.249$. As the value of $F_{\text{calculated}} > F_{\text{critical}}$ this finding indicate that the overall regression model was significant

4.5.3 Regression Coefficients

The regression coefficients were determined by the p values. The result in Table 4.9

Table 4.9: Regression Coefficients

	Unstandardized		Standardized		Sig.
	B	Std. Error	Beta	t	
(Constant)	4.460	1.436		3.106	.001
Strategic alliances	.101	.033	.284	3.032	.003
Partnerships	.264	.084	.346	3.137	.000
Cost Minimisation	.240	.058	.192	4.146	.002
Joint Ventures	.305	.051	.439	5.925	.001
Focus Strategy	.354	.086	.356	4.103	.000

a. Dependent Variable: Organizational Performance

The finding of the multiple regression models indicated that;

$$Y = 4.460 + 0.101X_1 + 0.264X_2 + 0.240X_3 + 0.305X_4 + 0.354X_5 + \epsilon$$

Where Y is = Organizational Performance

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ and β_4 are Coefficients of competitive strategies

X_1 = Strategic alliances

X_2 = Partnerships

X_3 = Cost Minimisation

X_4 = Joint Ventures

X_5 = Focus Strategy

ϵ = Error Term

Holding other variables constant, organization performance would be at 4.460, a unit increase in strategic alliances would result to 10.1% of organization performance, a unit increase in partnerships would lead to 26.4% of organization performance, a unit increase in cost minimisation would lead to 24.0% of organization performance, a unit increase in joint ventures would lead to 30.5% of organization performance and a unit increase in focus strategy would lead to 35.4% of organization performance.

On the other hand p-values of the independent variable were p (p=0.001<0.05), strategic alliances (p=0.003<0.05), partnerships (p=0.000<0.05), cost minimisation (p=0.002<0.05), joint Ventures (p=0.001<0.05), and Focus Strategy (p=0.000<0.05) all were significantly influencing organization performance of SMEs as their respective p values were less than 0.05 with their t values greater than 1.96. Therefore, all the factors were critical for organization performance.

4.6 Discussion of Findings

The finding established that organization had entered into some form of strategic alliances with other organizations. This finding is consistent with Gatoto (2013) who aimed at looking how strategic alliance has been used as a tool in achieving a sustainable competitive position at APHRC and the challenges being faced. The study revealed that strategic alliances had promoted quality of goods / services to customers. This finding concurs with Mbau (2016) who indicated that most respondents highly supported strategic alliances to become more competitive on a global scale. Strategic alliances aim at sustaining long-term competitive advantage in a dynamic world by reducing incurred costs, economies of scale, new technology inventions, allowing more knowledge access and developments, quality management improvement and rejuvenation of slow markets.

The study also established that strategic alliances had expanded the scope of goods/ services offered by their company. This finding is consistent with Gatoto (2013) who stated strategic alliances call for contributions involving specific resources, technologies, economic specialization and capabilities in an organization. The study revealed that strategic alliances have ensured continuous supply of inventory to their Company. This finding concurred with Mbau (2016) who indicated that strategic alliances aim at sustaining long-term competitive advantage in a dynamic world by reducing incurred costs, economies of scale, new technology inventions, allowing more knowledge access and developments, quality management improvement and rejuvenation of slow markets.

The study revealed that strategic alliances had reduced our operational costs. The study also identified that strategic alliances had improved our adoption of new technologies. This find also concurred with Mbau (2016) on the idea that strategic alliances aim at sustaining long-

term competitive advantage in a dynamic world by reducing incurred costs, economies of scale, new technology inventions, allowing more knowledge access and developments, quality management improvement and rejuvenation of slow markets. The study indicated that strategic alliances had expanded the level of knowledge in their organization. The finding also echoed Gatoto (2013) who indicated that Strategic alliances call for contributions involving specific resources, technologies, economic specialization and capabilities in an organization. The study also indicated that strategic alliances had brought about economies of scale for their organization.

From the findings, the study identified that their organization had entered into partnerships with other organizations. This finding concurred with Lambert et al. (2017) who revealed partnerships organization performance is to overcome the challenges. The study also indicated that partnerships had strengthened their capacity to meet customers' needs. This finding was consistent with Lipsky et al. (2016) who stated that partnership structures do not promote ownership and project sustainability because partnerships depend on personalized relationships. The study identified that partnerships had enabled their organization overcome challenges in its operations. These findings concurred with Kevin and Yusuf (2016) who indicated that most of the staff was not actively involved in public private partnerships projects.

The study also identified that their senior management had always supported partnerships on delivering quality to customers. This finding is consistent with Kerzner and Kerzner (2017) who indicated that top management support affects the success of partnerships between NGOs and private sectors. Lastly the study indicated that partnerships had enabled their organization to differentiate its operations. This finding was consistent with Meyskens

(2010) who brought out the role of partnerships in building necessary strengths that enable organizations overcome challenges and enable optimal advantage of their strengths which was very important because it contributed to job growth and labor productivity.

The finding from the study revealed that their organization had always strived to keep its operating costs at an optimal level. This finding was consistent with Akeem (2017) who indicated positive influence on performance outcomes recorded by the organizations. The study also identified that cost minimization strategy had promoted the growth of our organization. This finding was consistent with Ponisciakova et al. (2015) who established that growth and reserves are found to be the most important determinants of equity cost in the agricultural sector.

The study identified that cost minimization strategy had led to improved overall sales for our company. This finding concurred with Su and Tang (2016) who revealed that application of these competitive strategies availed competitive edges to organization which could not be easily rivaled this resulting into a sustainable competitive position. The study also identifies that cost minimization strategy had given our company a competitive edge. This finding is consistent with Namu et al. (2014) who revealed that factories employed cost reduction measures which led to better returns for farmers in terms of bonuses. The study established that cost minimization strategy had improved the overall profitability level of our organization. This study was consistent with Akeem (2017) who revealed that positive influence on performance outcomes recorded by the organizations.

The study indicated that their organization had always strived to keep its operating costs at an optimal level. This finding was consistent with Ertug *et al.* (2013) who revealed that through joint ventures, the organizations were able to undertake projects which none of the

involved partners could handle individually. The study had also identified that cost minimization strategy had promoted the growth of their organization. This finding was also consistent with Reuer et al. (2014) who indicated that joint venture partners improved their administrative control capacities which provided the boards with a key dimension in advocating for further international joint venture relationships.

The study revealed that with cost minimization strategy had led to improved overall sales for their company. This finding was consistent with Ertug *et al.* (2013) who the organizations were able to access more businesses jointly and individually which improved their performance outcomes in that period under review. Joint ventures were found to strengthen capital and technical capacity of firms involved.

The study established that cost minimization strategy had given their company a competitive edge. This finding was consistent with Reuer et al. (2014) who revealed joint venture partners improved their administrative control capacities which provided the boards with a key dimension in advocating for further international joint venture relationships. The study lastly revealed that cost minimization strategy had improved the overall profitability level of their organization. The findings were also consistent with Ertug *et al.* (2013) who stated that through joint ventures, the organizations were able to undertake projects which none of the involved partners could handle individually.

From the findings, the study agreed that organization had identified a small market segment to sale differentiated products. This finding concurred with Zhao et al. (2013) who indicated that focus strategy focuses on an organization choosing a narrow scope over which it wishes to compete on in any given industry. It involves selection of market segments and tailoring a strategy this market satisfactorily to the exclusion of other market segments.

The study also revealed that organization had identified a market segment to supply at lower costs. This finding concurred with Porter (1985) who noted that those organizations choosing cost focus strives to achieve cost advantage while that pursuing differentiation focus seeks to differentiate their products and services in the identified target market segment. The factors making this strategy successful include: segments buyers possessing unusual needs or are very sensitive to cost element.

The respondents agreed that small market segment identification has improved the performance of their organization. This finding was consistent with Neumann and Brown (2013) who established that focus strategies enabled organization in satisfactorily meeting the needs of a selected market segment thereby edging out competing brands. The identified indicated that small market singling out has enabled their organization to emerge low cost. This finding was consistent with Lacum et al. (2014) established that through focus strategy, organizations were able to improve their product offering to a given class of customers.

The study also revealed that small market segmentation had enabled organization to stand out from the rest. This finding is consistent with Adongo (2018) who indicated that structure, leadership, policies, organizational objectives and culture influenced strategy implementation. The study revealed that improved the performance of organization had an influence on p-values the study established that all the independent variables (strategic alliances, partnerships, cost minimisation, joint ventures, and focus strategy had significantly influenced organization performance in Mandera Town.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The researcher summarizes the key findings of the study based on specific objectives in this section. The key findings were used in drawing relevant conclusions and formulate recommendations of the study. This chapter brings the limitations of the study and suggests areas that future studies can be carried on.

5.2 Summary of the Findings

On strategic alliances, the study established that the organization had entered into some form of strategic alliances with other organizations, strategic alliances have improved the adoption of new technologies, strategic alliances have reduced the operational costs and that strategic alliances had brought about economies of scale for the organization. The study further established that strategic alliances have expanded the scope of goods / services offered by the company, strategic alliances have promoted quality of goods / services to customers and that strategic alliances have expanded the level of knowledge in the organization.

With regard to partnership, the study established that the organization had entered into partnerships with other organizations and this has enabled the organization to differentiate its operations. The senior management has always supported partnerships on delivering quality to customers, partnerships have strengthened the capacity to meet customers' needs and the partnerships have enabled the organization overcome challenges in its operations.

In view of cost minimization strategy, the study found out that the organization had always strived to keep its operating costs at an optimal level which has promoted the growth of the

organization while giving the company a competitive edge. Cost minimization strategy has improved the overall profitability level of the organization and this has led to improved overall sales for the company.

The findings on the joint venture indicated that the organization has entered into joint ventures with other organizations for improved performance and this has strengthened the technical capabilities. Joint ventures have improved the business portfolio of the company and therefore profitability of the organization. Joint ventures have also led to improved quality offering to customers while strengthening the capital base.

On focus strategy, the findings of the study indicated that the organization had identified a small market segment to sale differentiated products and the small market segmentation has enabled the organization to stand out from the rest. The organization had identified a market segment to supply at lower costs, small market segment identification has improved the performance of our organization and that small market singling out has enabled the organization to emerge low cost.

At 5% level of significance, the study established that strategic alliances ($p=0.003<0.05$), partnerships ($p=0.000<0.05$), cost minimisation ($p=0.002<0.05$), joint ventures ($p=0.001<0.05$) and focus strategy ($p=0.000<0.05$) all had significant influence on the performance of SMEs. Thus, competitive strategies have a positive and significant effect on performance of SMEs.

5.3 Conclusion

The study concludes that the key competitive strategies among SMEs in Mandera town include formation of strategic alliances, partnerships, cost minimization, joint ventures and focus strategies. Most of the studied SMEs have entered into some form of strategies

alliances with other organizations and this has improved the adoption of new technologies, reduced the operational costs and brought about economies of scale for the organization. Majority of the studied SMEs have entered into partnerships with other organizations and this has enabled the organization to differentiate its operations. The studied SMEs always strived to keep its operating costs at an optimal level and this has promoted the growth of the organization while giving the company a competitive edge with. The studied SMEs have entered into joint ventures with other organizations for improved performance and this has strengthened the technical capabilities. The studied SMEs have also identified small market segments to sale differentiated products and this has enabled them to stand out from the rest.

The study further concludes that competitive strategies had positive and significant effect on performance of SMEs. Strategic alliances significantly influence performance of SMEs. Partnerships have significant effect on performance of SMEs. Cost minimization has positive and significant effect on performance of SMEs. Joint venture has positive and significant effect on performance of SMEs. Focus strategy has a positive and significant effect on performance of SMEs.

5.4 Recommendations

The study recommends that the management team of all SMEs in Mandera town should increase the adoption of strategic alliances, partnerships, cost minimization, joint ventures and focus strategies. This would help their organizations to stay competitive in their environments.

Since competitive strategies significantly influence performance of SMEs, the study recommends that regular training and workshops should be conducted to equip with owners of SMEs with skills on how best to adopt competitive strategies in their organizations.

In order to positively influence performance of their organization, the study recommends that the management team and owners of all SMEs operating in Kenya should increase the adoption of competitive strategies.

5.5 Limitations of the Study

This study was limited to Mandera Town only and therefore, similar studies should be done in other towns to draw relevant conclusion. The study was further limited to competitive strategies and how they influence organizational performance. Specifically, the study focused on strategic alliances, partnerships, cost minimization, joint venture and focus strategy and how they influence organizational performance. The was also limited to SMEs, specifically those operating within Mandera Town.

5.6 Suggestions for Further Studies

The study indicated R square of 78.9 which is an indication that there are other factors which affect organization performance; therefore, further analysis should be carried out to determine the other 21.1% which affect organization performance. The study focused itself on Mandera town this is a small area to sample and make conclusion of the effect on the whole country, study should therefore be carried out to draw conclusion. Since the current study focused on SMEs, future studies should be extended to other forms of organizations including state corporations.

APPENDICES

APPENDIX 1: QUESTIONNAIRE

1. Please indicate the name of your organization (Optional)

2. How many years has your organization been in operations?

Below 3 years [] 4-6 years []

7-10 years [] More than 10 years []

3. What is your position in this organization?

Director [] Manager []

Other please specify []

4. What is the nature of your business?

Manufacturing [] Trade and Commerce []

Service []

5. What is the legal business ownership of this firm?

Sole trader [] Private limited company []

Partnership [] Other (Please specify) []

6. How many employees does your organization have now?

Less than 5 [] 6-10 [] 11-20 []

21-30 [] 31-40 [] 41-50 []

More than 50 []

7. Does your organization have branches?

Yes [] No []

If the answer is yes, please indicate the number of branches

8. What is your highest level of education?

None [] Primary [] Secondary []
 Certificate [] Diploma [] Tertiary College []
 Degree [] Masters [] PhD []

SECTION B: COMPETITIVE STRATEGIES

9. Below is a number of statements related to different competitive strategies applied by organizations to improve their performance. Kindly indicate your level of agreement using a scale of 1-5 where 1= strongly disagree and 5 = strongly agree with 3 being neutral.

Strategic Alliances	1	2	3	4	5
Our organization has entered into some form of strategies alliances with other organizations					
Strategic alliances have promoted quality of goods / services to customers					
Strategic alliances have expanded the scope of goods / services offered by our company					
Strategic alliances have ensured continuous supply of inventory to our Company					
Strategic alliances have reduced our operational costs					
Strategic alliances have improved our adoption of new technologies					
Strategic alliances have expanded the level of knowledge in our organization					

Strategic alliances have brought about economies of scale for our organization					
Strategic alliances have resulted in improved quality management in our organization					
Strategic alliances have improved the level of efficiency in our Company					

10. In what other ways has strategic alliances affected the performance of your organization?

Partnerships	1	2	3	4	5
Our organization has entered into partnerships with other organizations					
Partnerships have strengthened our capacity to meet customers' needs					
Partnerships have enabled our organization overcome challenges in its operations					
Our senior management have always supported partnerships on delivering quality to customers					
Partnerships has enabled our organization to differentiate its operations					

11. In what other ways has partnerships affected the performance of your organization?

Cost Minimization	1	2	3	4	5
Our organization has always strived to keep its operating costs at an optimal level					
Cost minimization strategy has promoted the growth of our organization					
Cost minimization strategy has led to improved overall sales for our company					
Cost minimization strategy has given our company a competitive edge					
Cost minimization strategy has improved the overall profitability level of our organization					

12. In what other ways has cost minimization strategy affected the performance of your organization?

Joint Ventures	1	2	3	4	5
Our organization has entered into joint ventures with other organizations for improved performance					
Joint ventures have led to improved quality offering to customers					
Joint ventures have improved the business portfolio of our Company					
Joint ventures have strengthened our capital base					
Joint ventures have strengthened our technical capabilities					
Joint ventures have improved the profitability of our organization					

13. In what other ways has joint venture strategy affected the performance of your organization?

Focus Strategy	1	2	3	4	5
Our organization has identified a small market segment to sale differentiated products					
Our organization has identified a market segment to supply at lower costs					
Small market segment identification has improved the performance of our organization					
Small market singling out has enabled our organization to emerge low cost					
Small market segmentation has enabled our organization to stand out from the rest					

14. In what other ways has focus strategy affected the performance of your organization?

SECTION C: ORGANIZATIONAL PERFORMANCE

By what margin has your organization improved performance over the last five years

Years	Less than 5%	5-10%	11-15%	More than 15%
2017				
2016				
2015				
2014				
2013				