

**EFFECTS OF DISRUPTIVE INNOVATIONS ON COMPETITIVE
ADVANTAGE OF YOUTH OWNED SMALL AND MEDIUM
ENTERPRISES IN NAIROBI CITY COUNTY**

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DECLARATION

This Project is my original work and has not been presented in any university for the award of a degree.

Signed.....

Date.....

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Supervisor's Declaration

This proposal was examined with my consent as a university supervisor.

Signed

Date

Dr. Florence Muindi

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Without whom the project would not have succeeded, I am humble and thankful to many excellent individuals. I praise the Almighty God for the health and strength that I have in working on this project. During the many discussions that contributed greatly to the success of a project, I am deeply beholden to my supervisor Dr. Florence Muindi and Professor Bitange Ndemo for their dedication, inspiration, availability, patience and tolerance.

DEDICATION

I commit this project work to my Parent, Joaquim Kabiore Macharia and my late Mum, Anne Wangare Muhoho for their inspiration throughout the period. I thank my loving children, Je ‘doc’ and Ashar Muhoho for their witty and comical relief during the period I undertook the project.

May God bless you all abundantly.

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ABBREVIATIONS AND ACRONYMS

CBD:	Central Business District
ICT:	Information and Communication Technology
RBV:	Resource Based View
SMEs:	Small and Medium Enterprises
SPSS:	Statistical Package for Social Sciences

ABSTRACT

The fluidity of innovation and recent IT growth affected small and medium-sized enterprises. In many companies, disruptive innovation continues to be the subject of either exposing huge opportunities in disturbing innovation, or addressing disruptive innovation problems worldwide. The impacts of technology and thus disruptive innovation can be regarded for entrepreneurs, academics, practitioners and policymakers in Kenya as a very important issue. The research was conducted to determine the competitive advantages of youth-small and medium-sized companies in Nairobi City County as a result of disruptive innovation. The analysis carried out descriptive research to show normal conditions. 551 licensed business owners in the CBD region were target population. A representative sample of 55 businesses were selected using stratified sampling software. For primary data, the study used a questionnaire. The research examined the relation between disruptive innovation and the company's competitive benefit using regression to analyze how disruptive innovation is related to the company's competitive benefit. The author identified product innovation in the policy and purpose of the organization. new goods had been introduced in the business in the last 2 years, there were programmes to stimulate the creation of new ideas for employees and also smooth workflow through process innovation led to customer satisfaction. Customers' needs kept on changing and a sound marketing strategy was important to the organization in the long run, organization expanded its customer base from time to time due to market innovation and a There was a strong connection between innovation and the company's competitive advantage. The study found that change was part of the vision and purpose of the organization. After the introduction of a new model, cost reduction and reliability of service delivery was diminished. The report advises that young-owned small and medium-size businesses focus more on product innovation and that top management of small and medium-sized youth firms be mindful that system innovation encourages new innovations and that customer needs continue to change.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Competitiveness is a critical factor for the survival, development and achievement of a company in the present vibrant economic environment. Intense competition needs companies to innovate and compete for survival. According to Bartes, (2013) the modern business world is based on innovation, innovation is one of the tactics that helps a company remain competitive. It is necessary for companies to have a creative organizational culture, to stay ahead of competition Urbancová, (2013). Small businesses in developing countries must boost their competitiveness to conquer their healthy local markets (Oral & Kettani, 2009). The competitive advantage is essential to a company's success in a competitive market and is the degree to which an entity can establish a role that is defensible to its rivals (Tracey et al., 1999).

The company's advantages are basically derived from the value or benefits generated for the customers by a firm (Aaker, 1989). Competitive advantage arises from the company's many distinct operations in designing, manufacturing, marketing, delivering and sales support (Porter, 1985). Building competitive benefits and retaining them attracts clients, adds to fair prices and creates loyalty. Ultimately, it is the competitive benefit of a firm that enables its shareholders to receive surplus returns. A company has restricted financial reason to have its competitive advantage without a competitive advantage. The company will decrease without it. A sustainable competitive advantage can be the key objective of every company and is the most important element in every market (Tracey et al., 1999).

Innovation is recognized as a major factor in generating value in the new and complex world and maintaining competitive advantage (Ranjit 2004). Montes, Moreno, & Fernandez (2004) agreed that innovation-based companies can gain more success in response to environmental changes and create new opportunities that will help achieve higher performance. Innovation is a significant instrument for the creation of Modern technologies and industries (Kuhn & Marisck, 2010). According to Christensen (2013), disruptive innovations implement performance packages that are lower than the value of mainstream clients. Its importance has been felt across industries over the years, In addition, as an innovation that creates a new market and network of value added, thus undermining the existing market and network of value added, displacing established market players and partnerships, thereby enhancing the competitive advantage of firms. The consequences of a failure to secure disruptive innovation are much worse than losing chances or losing market shares and are deemed competitive (Gilbert and Bower, 2002; Hamel, 2000; Rice etc., 2001).

This research will be driven by disruptive technology theory and asset based view theory. Clayton Christensen created the concept of disruptive innovation through a sequence of academic papers and popularized it through his seminal book, 'The Innovator's Dilemma' (1997). Christensen described how disruptive technology transformed whole sectors and erased incumbents in some sectors that were often unpredictable (Sampere, Bienenstock, & Zuckerman, 2016). The relevance of this theory in today's changing world cannot be ignored. The turmoil of Sme's rivalry has often been likened to a stormy ocean, the theory resonates with professionals in a number of sectors and has also resulted in influence-thinking and research in the fields of innovation leadership, strategy, organization, etc. The resource-based view requires a

firm-specific view of why organizations on the marketplace succeed or fail (Barney, 1995). According to RBV, the resources of the enterprise can help other companies to add value to the value chain of the consumer, develop new goods or extend into a new marketplace. But not all resources of the company will be strategic and thus competitive. Competitive advantages exist only if there is diversity of resources and resource immobility. In order to create viable competitive benefits, the resource-based perspective and disruptive innovation theory both draw on the resources and capacities that live within an organization.

This research focused on the activities of youth SMEs in the Nairobi City County in Kenya. In challenging company settings defined by globalization, the internationalization of the economies, the youth-owned SME is developing and there is a need to increase innovation and knowledge-based efficiency, efficiency and competitiveness (Mateev & Anastasov 2010). According to Nyangori (2012), the small and medium-sized enterprises industry has witnessed continuous development, thus becoming a main industry in the country's economy and generating freshest employment. In many countries, SMEs have created jobs and have become the domestic financial engine power (Abor & Quartey, 2010). In Kenya, the SME sector has both the opportunity and the monumental challenge of bringing millions of people, including the informal economy, from the subsistence list stage to the mainstream economy (Njuguna, 2015). The sector accounts for 98 percent of all companies in the country, absorbing a high population of secondary, college and university leavers (Malick, 2015). Therefore, this sector is essential because it's vital in the improvement of the Kenyan economy and therefore can not be ignored.

1.1.1 Disruptive Innovation

Disruptive innovation is a very different technology from the one already available on the market, with a novel proposition for value (Christensen, 1997). Innovations contribute greatly to the development of businesses and economies, be they in fresh products, new enhanced facilities or new procedures (Kuhn & Marisck, 2010). Clayton M. Christensen (Anthony et al., 2008) launched the disruptive innovation. Christensen (2013) says that disruptive technologies are products or services with a business model that deliver quality offerings that are below the reach of traditional consumers over the years, their significance is recognized and defined as technology which creates a new industry, a demand network and eventually disrupts the current industry, replacing existing industry members and part of it. The effects of disruptive innovation will allow leadership to consider the impacts of policy making. Some challenge the ability to anticipate disruptive development (Thomond & Lettice, 2002). Consequently, findings of disruptive innovation effects can contribute to more cost-effective investments that are both beneficial from a commercial and social point of perspective. Disruptive innovations improve non-market-anticipated products and services through constant enhancement and refinement (Grant, Hackney and Edgar, 2010), disrupting the established mainstream market.

1.1.2 Competitive Advantage

The notion of competitive benefit is created from generic approaches that included cost management, differentiation and concentrate in a Porter (1985) sector to achieve above average results. If the business can generate excellence through one of the three generic approaches, the competitive benefit will be obtained (Aaker, 1989). The competitive advantage is seen as something that can be applied or understood as a corporate strategy

by looking at the enterprise as a whole. It emerges from the company's many distinct operations in designing, manufacturing, marketing, delivering and sales support (Porter, 1985). The benefits are a collection of distinctive characteristics of a business and its products perceived as important and superior to the competition by the target market. It is good or superior if a company has the same goods that its rivals have, but is able to offer them at a lower price or pay higher prices at a different price. The ability of a company to produce stronger outcomes, revenues, and market share than the other companies (2001) is regarded as competitiveness. He claims that it is vital for them to increase their competitiveness and to protect their market position. Cost-process flexibility, manufacturing efficiency, efficiency, customer service, product quality, and delivery reliability are the most prevalent indicators of competitive advantage in literature (K'Obonyo et al., 2011; Berdine, 2008).

1.1.3 Youth Owned Small and Medium Enterprises

Small and medium-sized enterprises (SMEs) are a primary pillar in most countries. More than 90% of businesses in advanced nations are small and medium sized businesses (ILO, 2009). They are a key source of production and jobs. The research describes youth as a person aged 18 to 35, the age as vigorous, mostly innovative. Kenyan young individuals still face many difficulties, particularly unemployment in most of the developing nations, in particular in Sub-Saharan Africa (SSA). Recent stats show that Kenya has 80% of the nation's inhabitants under the age of 35 years. Regionally, In the informal and formal industry, support for youth-owned SMEs is regarded as a sustainable growth strategy because it fits Africa's resources (Njuguna, 2015). A research by the Kenya National Statistics Bureau (KNBS, 2016) on counties ' financial performance has shown that the contribution of Nairobi County to GDP is 21.7 per cent.

Most of the contributions were made within the county by SME's. In many economies small and medium sized enterprises have helped to create jobs and have evolved into big enterprises and the fuel of domestic economic power (Abor & Quartey, 2010). Recently, innovations have been linked in one manner or another to SMEs. Youth companies globally provide significance, belonging and support for community innovations. This forms youth identity and promotes others to treat them as equal society participants (White & Kenyon, 2011).

1.2 Research Problem

The fluidity of technology and the latest development in IT has strongly influenced small and medium-sized enterprises. Many companies continue to struggle with disruptive innovation, either to unlock enormous opportunities hidden in disruptive innovation or to face challenges of disruptive innovation around the world (Wessel & Christensen, 2012; Adner, 2002). Researcher like Singer (2010) and Markides (2005) agree that only companies that engage in disruptive innovative measures develop winning approaches have success stories characterized by minimizing unit manufacturing costs, rating client satisfaction, minimizing waste manufacturing, rating user satisfaction, contingent deviation from norms, and low frequency delivery errors.

Emphasis on the impacts of technology and therefore disruptive innovation can be seen as a very important issue for businesspeople, researchers, practitioners and policymakers in Kenya, Naikuru (2017). Soliman, (2013), investigated whether technology was the driving force in Australia's sustainable competitive advantages, concluded that innovation was the key to success in organizations. Nevertheless, the Soliman study also explored the role of technology without determining the competitive advantage that this innovation has on competitive advantage. Reguia, (2014) conducted

research on innovation of the product and competitive benefit in Algeria, the results of this research showed that the resilience of a company is associated with the ability of the company to develop a competitiveness in its products through product innovation. Other innovation effects which influence competitive advantage, was not explored by Reguia.

In Kenya, Mathenge (2013) studied the effect of financial innovation on Kenya's telecommunications companies ' competitive advantages. The study found that companies in telecommunications reported growth through financial advances that gave them a competitive advantage. To date, there has been no in-depth investigation into the multifaceted and interrelated disruptive technology challenges, Ngugi (2017) based on mobile money transfer from M-Pesa. This was a case study that included a comprehensive report on M-Pesa technology development and disruption in the corporate environment in Kenya. Nevertheless, there is no profound embedded knowledge of the whole topic. In addition, there is an economic need and a void in academic knowledge in the practical perception of what are the implications of disruptive innovation on youth-owned SMEs ' competitive advantage. Consequently, this analysis tried to answer the question, what is the effect of disruptive innovation on the competitive advantage of youth-operated small and medium-sized enterprises in Nairobi County?

1.3 Objective of the Study

The goal of this study was to assess the competitive advantage of disruptive innovation in Nairobi County for young-owned small and medium businesses.

1.4 Value of the Study

The study would provide empirical evidence of the competitive advantage of SMEs as a consequence of disruptive innovation. Because of this study's epistemological purpose, it would discover empirical support for the multiple concepts underpinning it. Consequently, this would assist refine the hypothesis and map path for further investigation into this phenomenon. Accordingly, the study's results would provide an indication of the potential research purpose.

Through appropriate organizations such as the ICTA and other organizations linked to Information Communication and Technology (ICT), the Kenyan government would consider the research an invaluable source of data for guiding strategy path in attempt to improve the industry. A more efficient ICT scheme would improve the accomplishment of Kenya's Vision 2030 and Big Four Agenda, the African Union's Vision 2063 and the UN's Sustainable Development Goals.

The research results would also provide understanding into the plausibility of multiple policy decisions in Nairobi County regarding Numerous small and medium-sized companies have a competitive advantage. Despite this, businesspeople and people should consider the analysis in studies and development as a major data source not only for policy purposes. decisions but also for social intervention in view of gaining competitive advantage in the increasingly economic sector.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The current literature on this research are examined in this section. It describes the literature review, the appropriate studies have been evaluated to outline the foundations underlying the notion of disruptive innovation and competitive advantage, the theoretical and conceptual frameworks, the empirical review, the study gap and the overview.

2.2 Theoretical Review

The main focus of this research was to select a separate theory to explain more about the research topic In light of this, the Disruptive Technology Theory and Resource Based Light are discussed as suggested here.

2.2.1 Disruptive Innovation Theory

Harvard Professor Clayton M. Christensen established through his work on disk drive the idea of disruptive innovation specifically and then became popular with his book *The innovator's dilemma*, published in 1997. The idea depicts the phenomenon by which innovation changes the present industry by making it simple, convenient, accessible and affordable where the status quo is the complication and high price. Typically, disruptive innovation emerges in a niche market that seems unattractive or incompatible with market-holders., but eventually the fresh product or concept completely redefines the sector (Christensen, Michael & Rory, 2015). Disruption theory emphasizes innovation as a prospective antecedent economic disturbance among companies, thus calling for those companies ' capacity to deal. The theory's forecast is that organisations that create the correct economic decisions appear to have competitive edge over their competitors under circumstances of disruptive innovation.

Disruptive innovation within a company depends on how well the components are combined, a technology which allows the widest possible industry to benefit from a more inexpensive and available item. Second, the item is delivered to the lowest lucrative section of the industry. Christensen (1997) maintains that only when it balances the diverse concerns of stakeholders, such as customers, providers and other technology development members are referred to as disruptive innovation. In principle, companies making the correct policy decisions would appear to achieve competitive advantage under disruptive innovation. The theory, however, overly assumes that leadership has ideal access to data on disruptive trends in the setting. Furthermore, in its postulation on the effects of disruptive state of competitiveness (Helfat et al., 2007), hypothesis recognizes the impact of strong heterogeneity. Companies that generate innovation that breaks the path develop faster than others (Tushman and Anderson 1986, p. 439). The strategy of Christensen (1997) also claims that disruptive technologies create important market changes (cf. Henderson 2006). Technological and industry changes generally encompass expertise-killing and increasing competence, because certain companies can either ruin or improving sector expertise (Hill and Rothaermel, 2003; Tushman and Anderson, 1986). In reality, fresh companies appear to create discontinuities to destroy skills and boost economic turbulence, whereas incumbent primarily concentrate on increasing skills.

2.2.2 The Resource Based View

Initially presented by Penrose (Penrose 1959) but improved by others, the Resource Based View is an outstanding notion of the study of growth and competition (Wernerfelt, 1984, Barney, 2002; Teece, 1997). The view is that businesses can make profit with their own resources. The assumption indicates that a business can become competitive by

having valuable, difficult to imitate and exceptional differentiating resources and capabilities on the industry (Baark et al. 2011). In the light of global competitive energy mechanisms rather than internal resources, RBV proponents argue that the use of current support is far more feasible than attempting to gain new skills every time (Barney, 1995; Barney, 2002; Teece et al., 1997). Enterprises have considerable resources and processes to influence their conduct. A unique, uncommon instrument that is difficult to replicate without having an immediate replacement, in particular in the areas of resources, expertise, organisation, knowledge, ability and capability (Barney 2002).

Special resources that lead to a constant profitability and improved shareholder profit (Wernerfelt 1984; Barney 2002; Teece et al. 1997) The cohesive asset package a company can use for a sustainable social benefit is viewed as a company (Barney 1995). Semi-permanent properties, including human, social, electronic, physical and economic assets, are business resources (Barney, 2002). Companies of limited and unpretentious resources gain a durable competitive advantage in the form of innovative fresh goods (Trott, 2008).

Organizational investments are having a positive effect. Innovation cycle by integrating and transforming variables to produce products that contribute to high competition (Trott, 2008). Innovation provides the company with potential to succeed by delivering innovative, unusual and unexpected services (OECD, 2009). Financial resources for an organization, particularly research and development, are among the most important resources, to encourage innovative activities. Equally, human capital, organizational efficiency and profitability are main determinants. Knowledge-based services are another important asset for productivity. Knowledge allows exploration of ideas and growth opportunities. Other strategic properties, however, are useful to monitor, turn and

develop: Wiklund & Shepherd, 2003; Lee, & Sukuco, 2007; Wang, He, & Mahoney, 2009.

2.3 Types of Disruptive Innovations

Disruptive innovations are new and extremely distinct than what is currently on the market (Christensen, 1997). In contrast to established products on the mainstream markets and frequently stripped, lower, more convenient, less characteristic and less money-costing products are usually deemed to be disruptive innovations (Christensen 1997) Three kinds of disruptive innovations exist: Low End, New Markets (Christensen & Raynor 2003) and High End (Govindarajan & Kopalle, 2006a).

2.3.1 Low End Disruptive Innovations

Christensen et al. (2015) contend that tiny companies with lower funds generate innovations which contest existing companies effectively. The main concentrate of the incumbents is on the enhancement of their industries (normally more lucrative) products and facilities, while entrants are trying to create disruptive technologies in some sections of the industry that are demanded by major clients (Christensen et al., 2015, Christensen, 1997, Calabrese et al., 2005). In attempt for high-value non-precious clients to continuously buy more products or goods and therefore achieve profit, well-established companies innovate and rapidly develop technological changes (Grant, Hackney & Edgar, 2010). However, there is a restricted rate of product changes in all sectors that clients can absorb by generating an overshoot of performance whereby clients do not require or use the latest characteristics. This happens originally at the lower start but also at the elevated start over moment. This generates a chance for rival companies to manufacture superior, faster products, with characteristics that meet most user requirements, originally marketed to low-end, less challenging clients, but over moment

(enhancing consumer efficiency) shifting up the industry to satisfy high-value clients as well (Grant, Hackney, & Edgar, 2010, p. 84).

2.3.2 New Market Disruptive Innovations

In order to survive in an ever more challenging competitive market, small and medium-sized companies have to adjust accordingly. New market disruptions are not competitive with established incumbents, but with no consumer (Christensen & Raynor, 2003). Companies generate lower, affordable and easier goods and/or facilities that turn past non-customers into effective clients, generating a fresh market (Grant, Hackney, & Edgar, 2010). Improvements are being made over time and the brand's performance is growing, moving buyers from the conventional into the new industry and the original consumer business is being undermined (Christensen & Raynor, 2003). As with the low end, low-values shoppers are drawn to the new market in the beginning, but also to high-value consumers over time.

2.3.3 High End Disruptive Innovations

Companies exhibiting high-end disruptive technologies deliver goods and/or facilities that originally have lower efficiency on characteristics prized by conventional clients but deliver better efficiency on characteristics preferred by low-price clients. As a result, these products are subject to a discount cost (Govindarajan & Kopalle, 2006a). These products enhance over moment, attracting more clients and thus spreading horizontally and disrupting from above the full mainstream market. High-end disruptive innovations are technologically more radical than conventional products, while low-end innovations are less radical (Govindarajan & Kopalle, 2006).

At the moment of their implementation, the innovators customer segment originally buys radical innovations, strongly accompanied by the early adopter group, before spreading

over moment as client acceptance through the surviving sections and thus increasing business reach (Rogers, 2003). With high-end disruptive innovations, customers are far lower-priced. The high end disturbing inventions are also more radical than the current standard products. At the moment it was launched, the innovators segment originally purchased, closely followed by the late adoptant community, high-end innovative technologies before increasing over the others as consumer acceptance and market penetration grew (Rogers, 2003). At first high-end disruptive innovations are costlier and the niche implementation still makes room for incumbent products substituted by high-end disruptive technologies. This latter argument applies to high-end disruptions, because the replaced product was often an object of luxury and consequently of intrinsic value.

2.4 Disruptive Innovations and Competitive Advantage – Empirical Review

Bharadwaj (2000) found that the effective use of technology can enhance the general efficiency and competitiveness of a company. The rivals should try to improve and eventually strengthen the technologies used to neutralize effective clients' competitive advantages (Kettinger, et al. 1994; Mata et al. 1995). In some instances, it may be immediate or rather take some time to respond to a competitor. In small and medium enterprises, competitive advantages include primarily through the products and facilities of the company, its business stocks and the implementation of the latest products and facilities that its clients need to boost their customer sales and thus stay viable.

On the other hand, Mac and Bhaird (2013) carried out a survey on microenterprises (SMEs) in order to show how economic resources, which are considered to be intangible resources, are efficient to disrupt the shipping sector in Kenya. The study investigated 15 SMEs and employed the multivariable regressive assessment strategy of Irish small and

medium-sized businesses. The results of the research study show that economic funds are essential in an organization's undertakings and results and that Kenya's shipping sector has not been able to cause a viable disturbance in the tiny companies. Thus it is hedged on the reality that value creation remains conditional on their efficient and effective leadership as obvious in the resource-based perspective. Product designs, characteristics and fresh raw material sources. These measures are essential to the market's achievement.

In the Study carried out by Wu (2008), he tried to examine how innovation mediates the development of SME's. The study was conducted in the manufacturing and non-manufacturing sectors of Taiwan. Seven hundred study questionnaires were sent to companies. The study's reaction frequency was 22.71%. The research discovered that development impacts occur at important concentrations, implying that innovation has a ideal mediating impact on development. Abouzar (2009) steered a study on the position of free enterprise in Iran, the research discovered that operational, structural or managerial procedures are substantially linked to development achievement. Nevertheless, large companies were the businesses selected for the study, the results may not extend to small and medium-sized firms. The research was only performed in one nation (Iran).

Technology has dramatically beneficial effects on the competitive advantage of small and medium-sized companies in the food manufacturing industry. Aziz and Samad, (2016), stated that technology leads 73.5% to SMEs ' economic benefits. Studies also show that the industrial era's modest effect on the link between innovation and competitive advantage. As a result, Lemanowicz (2015) conducted studies on 150 SMEs in Israel. Through the use of organizations particular profits in a study to assess the

nature of social organisations within the sector and their effect on the accomplishment of organisational aims as a proximal measure of their disruptions. The research concentrated heavily on intangible and endless assets, which led in a strong variance in the research results. The research disclosed that by the incorporation of economic assets, neither the sustenance of a company nor the purchase of its disruptions can be accomplished. In this situation, organisations can integrate fresh procedures that can lead to increased demand for produced products.

Innovation, which is affected by the accessibility of important company assets, is one of the main company procedures influencing competitiveness. In his research on "Factors influencing strong competitiveness: data from an evolving industry," Secluk (2016) discovered that company volume had a favorable important impact on strong competitiveness stated by profitability and asset yield. Liargovas and Skandalis (2010) explored economic and non-financial determinants of strong competitiveness in their research of variables influencing strong competitiveness. Research results showed that investment, company volume, import operation and leadership skills had a major impact on the competitiveness of the company, stated by revenue yield and return on assets.

Kiiru (2015) In the context of research on SMEs in Kenya, performed a survey to determine how businesses in this competitive setting and organizational market have undergone important and drastic adjustments over the previous few centuries as a result of the incorporation of the concept of knowledge. The study performed surveys through interviews with 230 small and medium-sized grocery enterprises in Nairobi and found that the technological modifications that have marked the company climate have created incentives for businessmen and companies that seek possibilities in today's industry,

attempts that have been seen organizations invest heavily in harnessing and transforming knowledge into a valuable resource that meets the current market needs of companies.

Gakure et al. (2013) carried out a multivariate linear regression analysis analyzing Kenya's role in innovation in electrical and electronic companies. The results showed that the company's growth and profitability had a significant benefit. The findings of the research have also demonstrated the significant contribution to growth of research, development, capital human resources and learning sharing and knowledge.

Najib (2013) conducted a survey in small and medium-sized Indonesian meat handling businesses on inner sources of competitiveness. He explored the possibilities of business alignment and development in meat production SMEs as sources of competitiveness in the research. Business performance depicted competitiveness in the research. The combined factor of three variables was operationalized for company results: sales volume and productivity and market share. Research results showed that technology has had beneficial effects on SMEs ' competitiveness. They found that innovation was one of the key variables that could be used to boost competitiveness.

Mbogo & Asika (2005) carried out a survey with the aim of identifying variables influencing consumer development in the microfinance organizations in the SMES enrolled with Nairobi County in Kenya. A census study layout was used and 138 respondents were provided a self-administered questionnaire. The questionnaire consisted of the building products tailored from past research and some demographic issues. The collected information were evaluated and processed using the Statistical Social Science Package (SPSS, edition 15.0). It was proved that, the legal environment, liquidity management and human capital for SMES and product innovation are

positively correlated. Lin & Chen (2007) states that corporate size may be a precedent for corporate performance.

Ngugi (2010) conducted a survey on the innovative impact on SME development in Kenya. The research targeted 4560 small and medium-sized enterprises in Nairobi County, recorded by the Ministry of Industry and Trade. Models of regression were used in order to investigate the impact of innovative abilities on Kenya's SME development. As the primary set of information, questionnaires were used. The assessment of collected information was performed using descriptive statistical and information assessment methods. Analysis was performed using the SPSS version 21 software program, the latest version in the marketplace, and with Microsoft, quantitative reports were generated. The results stated that the development of SMEs in Kenya is influenced by innovation. Owner/ manager's inclination to participate and promote fresh thoughts, novelty, testing, and innovative procedures leads to fresh products, facilities, or technology procedures that have a major impact on SME performance.

2.5 Summary of Literature Review

This research is motivated by a number of theories like disruptive innovation theory and resource-based theory. These ideas were thoroughly discussed and related to the study area. From the empirical results Mbogo & Ashika (2005) The findings show that a good correlation exists between legal framework, liquidity and human capital in Kenya for small and medium-sized companies and consumer development in research into factors impacting product innovation. A research conducted by Mwangi (2007) on factors affecting financial innovation in the stock industry in Kenya, the results show that technology significantly impacts the efficiency of economic organizations. Ngugi et al (2010) found that managers are willing to participate and promote refreshment in their

research on effects of innovations on SME development in Kenya., novelty, testing and innovative procedures leads to fresh products and facilities that have a major impact on SME development. Innovativeness therefore immediately affects the development of Kenya's SMEs.

None of these surveys addressed the effect of disruptive innovation on the competitiveness of SME's in Nairobi City County. This investigation was intended to complete the literary gaps in this field through the study of independent variables selected in innovation disruptive innovation in relation to the competitive advantage of SMEs owned by young people. This research would make an important contribution to current literature by providing empirical proof of its economic impact on the economic benefits of small and medium-sized companies in the county of Nairobi and by covering existing theoretical and conceptual gaps.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

A wide panorama of research design, research factors and a specific view of population identification and selection can be found in each section. The research concept and methodology are discussed in this section. The study tools, data collection methods and data analysis methods were also provided.

3.2 Research Design

The design of the studies is a proposed model, which shows clearly how the researcher plans to conduct several research activities routinely to get the intents of the analysis. Descriptive experimental development is intended to illustrate situations as they generally do (Burns & Grove, 2003). The descriptive system of Mugenda and Mugenda (2003) is a gathering method for testing the hypothesis or responding to questions on the subject. Descriptive experimental model has been used for this analysis. The concept helps to define the three dimensions of (disruptive) technology: product, system and market development, and how it affects the competitive advantage of Youth Owned SMEs. The design was used to support studies to check the interaction between test variables and collect data.

3.3 Population of the study

The study involved a population where the researcher used to collect data and draw population conclusions. Population. The total number of people, items or units that are important to the research is the population of the sample according to Quinlan (2011). The County of Nairobi has approximately 98,600 NCC trading license businesses (Nairobi County, 2019). In Nairobi CDB, there are about six concentrations of separate sub-sectors. These primary sectors that were targeted in this research, include: Retail,

Transport, Hospitality, Media, Pharmaceuticals & Health, Technology. The Nairobi Department of Business Licensing estimates that there are about 21,100 in the CBD region from the above primary industries.

The target population was the population to whom an investigator wishes the outcomes of a research to be generalized (Mugenda and Mugenda, 2003). The study focused on SME owned by youths located in Nairobi City County's main business district. In this investigation, trade licenses in the Nairobi City County (NCC) was considered and the studies included only SMEs with accreditation. The researcher focused on young owners of small and medium-sized companies from all sectors of the CBD of Nairobi listed in the city district licensing office in Nairobi in 2019.

All youth-owned SMEs in Nairobi CBD, Nairobi County, were the target population in this research study. Through this survey, 562 SMEs of distinct industries, including CBD SMEs in the County of Nairobi, were described as the population of this research. This research was critical because the destination population offered the scientist first-hand data.

3.4 Sampling Design and Technique

The research technique lays out the test method, the sampling box, The sampling process and the study sample element for the study. The classification system lays out the list of all the population groups from which the assessment is obtained (Cooper and Schindler, 2003). Stratified random selection shall be used if the population of concern is not standardized. It can be split into groups and sections for a separate survey. Fast, discreet and cluster sampling will be applied to the study. Sampling of clusters was appropriate because the SMEs are divided into different industries.

Table 3.1: Frame for sampling

Category of SME in Nairobi County	Target	Pattern Proportion (%)	Sample Size
General Trade, (Retail Sector)	93	10	9
Transport and Storage	135	10	14
Accommodation and Catering (Hospitality)	86	10	9
Media & Entertainment	94	10	9
Health Sector.	79	10	8
Technology	64	10	6
TOTALS	551	10	55

The population was divided into several subpopulations or strata which were exclusively mutually exclusive and referred to in table 3.4.1 as classifications of company. 10 copies of the samples were collected throughout the strata. Mugenda and Mugenda (2003) say that 10 to 30 % of the population as a whole would be a good number. The research used 10% because the population was high and this percentage would provide a representative sample. A sample of 55 respondents has been chosen as shown in Table 3.1.

3.5 Data Collection

As regards disruptive innovations and competitive advantages of SME's companies, this study used the primary data acquisition questionnaire as used in several previous research projects (Lumpkin 2001). There were two sections to the questionnaire planned for this study. The first section included demographic and organizational features intended to identify essential questions, including the respondent's demographic features. The second portion focused on identifying developments by SMEs that focused on the four factors of the research. The survey was conceived to include structured questions only. The investigator used primary data sources. The questionnaire was created by the researcher and relied on the study issues that were also available for review if the investigator found gaps that were not resolved with the first tool.

3.5.1 Data Collection Method

A self-administered survey of quantitative data was used in this study. However, where the participants found it hard to finish the questionnaires instantly, the questionnaire was given to the participants and picked later. In order to guarantee accurate answer and decrease the non-response level, the questionnaires were individually supplied and administered at the participants' location of company. The real research did not include the outcomes of the test research. A cover document from the University of Nairobi was received to allow the questionnaire to be administered. The interviewees were assured that their names and answers were secret and that no one else was processed, but used solely for academic purposes. Each questionnaire was coded and only the investigator was aware of the individual who answered.

3.6 Data Analysis and Presentation

The assessments are structured so that the errors are eradicated and accuracy is preserved during assessment and regression, so as to evaluate the influence of independent variables on the dependent data analysis and on the descriptive statistics used. In the Statistical Package of the Social Scientist (SPSS), the information was then encoded, cleaned and encoded. The study examined the relation between disruptive innovation and the competitive advantage of the enterprise with regression, to examine how disruptive innovation interacts with the company's competitive advantage

3.6.1 3.6.1 Conceptual model

The researcher uses an application of regression as a tool to examine how disruptive innovation contributes to the competitive advantage. A regression equation analytical model of the kind shown below has been established.

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$ Where:

Y= Competitive advantage

β_0 = Regression Constant

β_1 to β_3 = represented factors of the coefficients

X1= Product innovation

X2= market innovation

X3= Process innovation

ϵ = Error term

Whereby: β_0 is regression constant; ϵ is error term from regression model significance;

β_1 to β_3 are regression coefficient;

Y is the competitive advantage score as an index of technology products and is the median collected by businesses.

Where-as it was helpful to evaluate the association between scores in two or more variables as a correlation study. The measures adopted are Pearson R, determination coefficients and regression analyses. A content analyzing scheme was used for logically and systematically coding open-ended questions.

The parameters of the test were calculated using the Pearson equation. The comparison Pearson R used to demonstrate the frequency and orientation of the relation between two variables for a period or a ratio scale. Determination coefficients were used to assess how well the data set is actually described by regression equations.

3.7 Chapter Summary

The research methodology obviously indicated the information collection procedure. Details were well demonstrated regarding study layout, demographic and survey layout. In order to acquire data from these samples, the questionnaire has been used. The findings of the research were analyzed with the specimens chosen from the workforce and acquired information.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This section analyzes, interprets and discusses the results according to the purpose of studying the influence of disruptive innovation on the competitive advantage of SMEs in Nairobi County operated by Youth. The questionnaire used for data collection was focused on study questions. Which study query was included in the questionnaire in their respective chapter.

4.2 Response Rate

The investigator sent out 55 questionnaires and 34 questionnaires were received back. It culminated in a response rate of 61.8%. A response rate of 50% according to Mugenda (2003) is satisfactory, 60 percent is fine and over 70 percent is well qualified. The answer has therefore been rated as solid. The praiseworthy response rate was possible after the investigator personally administered the questionnaires and made personal visits and phone calls to remind participants to complete and submit the questionnaires. In concise statistics, relative frequencies are analyzed with the aid of Likert scale ratings in the sample utilizing mean scores in certain questions. There was also a straight line prediction regression method

4.3 Background Information

Background information for respondents and companies such as sex, age, employment, type of company, the business sector, the position of business, number of staff and company size would be included in this section.

4.3.1 Respondents' Gender

The interviewees were asked to state their gender. Tables 4.1 below displays the results.

Table 4.1: Respondents' Gender

Gender	Rate	Percent
Male	26	76
Female	8	24
Total	34	100

Source; Research Data (2019)

Most of the respondents (76%) were male, while 24% were female, from Table 4.1. This shows that valued and recognized diversity organizations are imperative, thus maintaining a competitive advantage in attracting and retaining high-quality staff.

4.3.3 Age Distribution

Statistics for the age distribution of individuals were obtained and presented as shown in Table 4.2.

Table 4.2: Age Distribution

Age Category	Rate	Percent
18-24 years	6	18
25 - 31 Years	19	58
32-35 Years	8	24
Total	34	100

Source; Research Data (2019)

In this analysis, the allotment of respondents was calculated of those who gave their opinions and from the findings in table 4.2 above, it showed that 58% of them were 25-31 years, 24% were 32-35 years and 18% were 32-35 years. This is a consequence of the fact that different age groups were represented in the study and therefore the information obtained represented the perceptions of different age groups on the competitive advantages of the Youth-Owned Small and Medium Enterprises in Nairobi County.

4.3.2 Highest Educational Qualification

Table 4.3 shows the highest academic achievements of respondents.

Table 4.3: Highest Educational Qualification

Highest Education Level	Frequency	Percent
Secondary	2	6
Diploma	9	26
Degree	15	44
Masters	7	21
PhD	1	3
Total	34	100

Source; Research Data (2019)

Based on the outcomes in Table 4.3 above, the study found that 44% of respondents had graduated with degrees, while 26% had Diploma degrees. It was also reported that 21% of respondents had a master's degree, 6 percent had a secondary level, while only 3 percent had a PhD. This indicated that all respondents had attained secondary and higher levels of education. They could therefore read and interpret the research question sought by the study.

4.3.3 Type of organization

The interviewees were asked to identify the categories of organizations, as revealed in table 4.4.

Table 4.4: Type of organization

Type of organization	Frequency	Percent
Sole proprietorship	6	18
Partnership	14	41
Limited Liability Company	11	32
Other	3	9
Total	34	100

Source; Research Data (2019)

Depending on the above estimates in Table 4.4, the analysis tried to classify the categories of entities operated by the respondent and noticed that 41% were private, 32%

stood for limited liability, 18% were sole ownership and only 9% identified others. It suggested that most youth served organizations form of relationship.

4.3.4 Industry that Organizations Operated

Table 4.5 displays the various industries that the respondents' firms were established.

Table 4.5: Industry that organizations operated

Industry	Frequency	Percent
Manufacturing	1	3
ICT	7	21
Education	3	9
Food and Beverages	3	9
Banking and Financial Services	2	6
Medical	2	6
Hospitality	5	15
Transport	6	18
Fashion and Design	3	9
Other	2	6
Total	34	100

Source; Research Data (2019)

From Table 4.5 above, the analysis sought to classify the sector in which the organizations worked, it was noted that 21% of the organizations operating in the ICT industry, 18% operating in the transport industry, 15% operating in the hospitality industry, while the organizations operating in the education, food and beverages industries had a tie of 9% Nevertheless, 6% of companies are involved in banking and financial services, the health industry and other sectors. At the end of the day, just 3% of the companies working in the manufacturing industries. This therefore implies that the study gathered data across different industries in the wider Kenyan economy.

2.3.5 Position in the Business

Table 4.6 gives the findings on various positions in the studied organizations

Table 4.6: Position in the Business

Position	Frequency	Percent
Owner	23	68
Employee	11	32
Total	34	100

Source; Research Data (2019)

According to the findings, 68 % of the respondents were owners of the organization and 32 % were employees of the organization. This indicated that the respondents in the organizations owned a business that was consistent with the study.

4.3.6 Number of Employees in the Organization

Table 4.7 shows the effect of the number of staff in the organizations surveyed by the investigator.

Table 4.7: Number of Employees in the Organization

Number of Employees	Frequency	Percent
1 to 5	8	24
6 to 10	15	44
11 to 20	7	21
more than 20	4	12
Total	34	100

Source; Research Data (2019)

From Table 4.7, the study uncovered out that 44% of the organizations had 6-10 employees while 24% had 1-5 employees. However, 21% of the organizations had 11-20 employees while only 12% had more than 20 employees. This is an indication that they are all small and Medium Enterprises.

4.3.7 Business Age

Information related to the period that the organizations had been in operations was tabulated as shown in the Table 4.8

Table 4.8: Business Age

Business Age	Frequency	Percent
0 to 2 years	8	24%
3 to 5 years	16	47%
6 to 8 years	7	21%
above 9 years	3	9%
Total	34	100%

Source; Research Data (2019)

Table 4.8 reveals that 47% have been operating for 3-5 years, 24% have been in service for 0-2 years, while 21% have been operating for 6-8 years and just 9% have been in operation for more than nine years. This indicated that most of the organization had operated for 3-5 years hence they could be stable

4.4 Product Innovations

The study proposed a number to show the rate of consent of the respondents with each of them on a scale of 1-5 with 5-Strongly agreed, 4-Agreed, 3-Neutral, 2-Disagree, 1-Strongly disagreed. The study then calculated the mean and standard deviations to help derive the average perceptions held by the respondents on each statement.

Table 4.9: Product Innovations

Statement	Mean	Std. Dev
Innovation of product is part of the vision and mission of the organization.	4.01	0.637
Employees were praised for innovative ideas for improving existing products.	3.99	0.824
New goods have been introduced in the business in the last 2yrs	3.98	0.869
Improving product quality is one of the organization's main goals	3.97	0.922
The owner of the business allows communication within the business for new ideas	3.86	0.826
Product creativity is viewed as a way to make a company competitive.	3.82	0.791
The business specializes on goods that are most preferred by the customers	3.76	0.918
Average	3.91	0.827

Source; Research Data (2019)

Product development formed part of the dream and purpose of the company (M=4.01) in Table 4.9. Employees were praised with innovative ideas for improving existing products (M=3.99). New goods had been introduced in the business in the last 2yrs (M=3.98). One of the organization's key objectives were improving the quality of products (M=3.97). The owner of the business allowed communication within the business for new ideas (M=3.86). Product innovation was considered as means of achieving a firm's competitive advantage (M=3.86). Product innovation was considered as means of achieving a firm's competitive advantage (M=3.82). The business specialized on goods that are most preferred by the customers (M=3.76).

The overall mean indicate that product innovation was highly practiced in the studied firms. This is because most organizations have ensured that product development is part of the vision and purpose of their company and that employees receive better rewards for innovative ideas.

The analysis above implies that youth Owned SMEs have a lot of product innovations. They have been able to continuously introduce new products which are preferred by customers. They also put product innovations higher on their vision and key objectives. This has been evidenced by high agreements with statements on product innovations as seen in the means which are above 3.5.

4.5 Process Innovation

Respondents were asked to suggest ways in which products produced by their organizations could be more attractive to customers. Table 4.10 is a review of the study results.

Table 4.10: Process Innovation

	Mean	Std. Dev
There are programmes to stimulate the creation of new ideas for employees	4.05	0.721
Smooth workflow through process innovation leads to customer satisfaction	3.95	0.961
The quality of the service after the introduction of a new program improved costs and productivity	3.91	0.838
Improving service quality through process innovation is one of the key objectives of the organization	3.86	0.867
Technological changes within the company have contributed to the overall good quality of the organisation.	3.86	0.818
After the company introduced new workflow management systems, sales were increasing	3.70	0.891
There has been increased savings with introduction of proper inventory management systems such as Just in time systems	3.68	0.869
New business methods are usually worth trying even though they may prove risky and costly	3.48	1.086
New systems were implemented to boost cash flows	3.04	0.968
Average	3.73	0.891

Source; Research Data (2019)

From Table 4.10, there were programmes to stimulate the creation of new ideas for employees (M=4.05). Smooth workflow through process innovation led to customer satisfaction (M=3.95). After the introduction of a new system cost savings and reliability of service delivery (M=3.91). Improving service quality through process innovation was one of the key objectives of the organization (M=3.86). The overall good success of the enterprise had been induced by technological changes in the business (M=3.86). Sales increased following the introduction of new workflow management systems by the organization (M=3.68). New business strategies worth trying cautiously, given their risky and expensive characteristics (M=3.48). New systems were introduced to improve cash flows (M=3.04).

From the results, it can be deduced that bulk of the studied youth owned SMEs practiced process innovation. They came up with new and improved processes that were efficient for better production. Through this process innovation, the firms had in place programmes to stimulate the creation of new ideas for employees besides having in place

smooth work flow. Process innovation had also enhanced the level of efficiency and costs reduction efforts of the firms. However, in as much as process innovation is highly practiced in the studied firms, the firms moderately embraced new business models as well as introduction of new systems.

4.6 Market Innovation

Study participants were asked to show the level of agreement on market innovation. The participants who participated in the study made several statements on the question.

Table 4.11: Market Innovation

Statement	Mean	Std. Dev
Customer needs keeps on changing.	4.18	0.691
A sound marketing strategy is important to the business in the long run	4.06	0.763
Usage of online tools and social media has helped the company grow and attract new clients	3.86	0.958
Goods / services made by the firm are deemed exclusive by other firms.	3.86	0.967
The company looks at what consumers want before they ask	3.62	1.135
There are new opportunities of doing business that have been identified by the business	3.61	0.917
The business has changed its way of marketing in the last one year	3.43	1.009
There is sufficient access to information on what the competition is doing.	3.35	1.086
The company's prices are lower than those of other firms in the same sector.	3.28	1.082
Average	3.66	0.956

Source; Research Data (2019)

Table 4.11 indicate that the customer needs keep on changing (M=4.18). A sound marketing strategy is important to the organization in the long run (M=4.06). The use of online tools and social media has helped the company grow and attract new clients (M=3.86). The goods / services provided by the company are considered to be distinct from other companies (M=3.86). The business researched on what customers want before they asked for it (M=3.62). There were new opportunities of doing business that

have been identified by the business (M=3.61). The business had changed its way of marketing in the last one year (M=3.43). There was sufficient access to information on what the competition is doing (M=3.35). The company's prices were lower than those of other firms in the same sector (M=3.28).

On overall, it was shown that the studied youth owned SMEs practiced marketing innovation probably to remain competitive. They have done this by developing new markets for their existing products and creating new products completely for new markets. This helped improve their survival rate in the market. The firms recognized the constantly changing needs of the customers as well as enhancing the soundness of their marketing strategies. The firms however moderately practiced some aspect like changing the ways of marketing, accessibility to information on the market and lowering the prices relative to competitors in the industry.

4.7 Competitive Advantage

The analysis aimed to create different views on the competitive advantage of the participants' statements. Table 4.12. Reveals the findings.

Table 4.12: Competitive Advantage

Statement	Mean	Std. Dev
A affirmative relationship exists between technology and the company's competitive advantage	3.91	0.865
The organization expands its customer base from time to time due to market innovation	3.91	0.817
The organization's innovation activities have enabled it perform well in the market	3.86	0.763
We detect changes in customer preferences very fast	3.76	0.933
The organization expands its customer base from time to time due to market innovation	3.59	0.915
Because of the innovation activities in the organization we are able to compete favourably with competitors	3.58	0.798
Average	3.77	0.849

Source; Research Data (2019)

Table 4.12 indicates a positive relationship between creativity and the organization's competitive advantage (M=3.91) and that the organization expanded its customer base

from time to time due to market innovation (M=3.91). The organization's innovation activities had enabled it perform well in the market (M=3.86). It was shown that the firms detected changes in customer preferences very fast (M=3.76). The study noted that organizations expanded their customer base from time to time due to market innovation (M=3.59). Because of the innovation activities in the organizations, they are able to compete favourably with competitors (M=3.58).

The results show that most SMEs operated by young people are likely to be competitive because disruptive technology was adopted. The desire to gain competitive advantage had enabled the studied firms to expand their branch network to other areas. Disruptive innovation had also enabled majority of the studied firms to perform better in the market and thus competitive advantage.

4.8 Regression Analysis

Analysis of regression was used to evaluate the impact of disruptive innovation on the competitive advantages of small and medium-sized youth companies in Nairobi City County. The following sections show the findings.

4.8.1 Model Summary

Table shows the results of the model description of the studies

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.873 ^a	.762	.734	.09345

Source; Research Data (2019)

From the Summary Model above the correlation coefficient R is 0,873, suggesting a strong positive correlation between disruptive developments on youth-owned small and medium-sized enterprises ' competitive advantages in Nairobi County. Determination

coefficient R square is 0.762, which indicates that the competitive advantage shifts of 76.2 percent are clarified by disruptive advances (process, product and market). The other factors explain 23.8%.

4.8.2 Analysis of Variance

Variance analysis (ANOVA) was carried out at a 5% scale and the discoveries are shown in the table.

Table 4.12: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.977	3	.326	31.961	.000 ^b
Residual	.306	30	.0102		
Total	1.282	33			

Source; Research Data (2019)

The results of ANOVA at a meaning level of 5 % indicate a calculated F of 31.961. The measure of F is greater than F critical in comparison to the estimate of F critical (df.3, 33). This indicates that the total regression model was an important indicator in relation to the competition gain of young-owned small and medium-sized companies against disruptive innovation. With a price $p\ 0.000 < 0.05$, it demonstrates that transformative technologies impact youth-owned SME's significantly in the market.

4.8.3 Regression Beta Coefficients and Significance

Table 4.15 shows the results of beta regression and significance calculated by p values.

Table 4.13: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	1.661	.213		7.798	.000
Product Innovation	.036	.004	.879	9.000	.000
Process innovation	.183	.052	.437	3.519	.001
Market innovation	.059	.011	.719	5.364	.000

Source; Research Data (2019)

The defined formula of regression is:

$$Y = 1.661 + 0.036X_1 + 0.183X_2 + 0.059X_3$$

Where Y = competitive advantage

X_1 = Product innovation

X_2 = Process innovation

X_3 = Market innovation

The results indicate that the youth-owned SME's would have a competitive advantage of 1661. The competitive advantage of SME's in youth would increase by 3.6 per cent if product innovation increased once again, and other factors were kept constant. An expansion of the unit in system development will raise the competitive advantage of small and medium-sized youth businesses by 18.3 percent. A constant growth in Group business development will bring a 5.9% increase in Youth Small and Medium-sized Enterprises ' competitive advantage.

The analysis noted that consumer innovation ($p < 0.05$) had a significant impact on competitive advantage at a rate of 5 percent of significance. System improvement ($p < 0.05$) has also been shown to have a major influence on competitive advantage. Innovations in the industry ($p < 0.05$) have also had a considerable impact on their competitive advantage.

4.9 Discussions of the Findings

It has been shown that majority of the studied youth owned SMEs in deeded practiced product innovation so as to remain competitive. It is seen in the many products and services that have been developed to help fulfill their consumers ' changing needs. This is consistent with Reguia, (2014) who conducted research on product innovation and competitive advantage in Algeria, the results of this research showed that the resilience of a company is associated with the capability of the company to develop a competitiveness in its products through product innovation. It has been shown that consumer development is part of the vision and purpose of the company. Regression

research results showed that the company's competitive advantage was significantly affected by product innovation. The finding is consistent with Mbogo and Asika (2005) who carried out a survey with the aim of identifying variables influencing consumer development in the microfinance organizations in the SMES enrolled with Nairobi County in Kenya and proved that, the legal environment, liquidity management and human capital for SMES and product innovation are positively correlated.

The study revealed that process innovation was largely practiced among the youth owned SMEs. Process innovation can help an organization to have in place programmes that stimulate the creation of new ideas for employees. This enabled the youth owned SMEs to come up with processes that were more efficient and effective for cost minimization. This study found innovation in the process had a significant impact on the company's competitive advantage. This is in line with the Wu report (2008) who examined how innovation mediates development and of small and medium-sized enterprises discovered that development impacts occur at important concentrations, implying that innovation has a ideal mediating impact on development.

It was shown that most of the studied firms practiced market innovation probably to meet the ever changing desires of the clientele. This is in line with Kuhn and Marisck (2010) who argued that innovation is a significant instrument for the creation of new inventions and new markets. The market innovation efforts were driven by sound marketing strategies which were important to the organization in the long run. Market innovation has been noted to have a positive as well as a significant effect on the company's competitive advantage. An innovative company is deemed competitive and the effects of failing to secure disruptive technologies are far more disastrous than merely losing chances or losing market share.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The results investigated were summarized as being motivated and recorded in this section for the purpose of the review. Also presented are the findings drawn from the results with recommendations educated and driven by specific goals. Areas for extra analysis will also be identified.

5.2 Summary of Findings

The research had the aim of evaluating the competitive advantage of small to medium-sized youth enterprises in Nairobi County as a consequence of disruptive innovation. This research focused primarily on the selection of different theories to explain the research topic further.

The study revealed that product development was part of the vision and purpose of the company, which culminated in the introduction of new goods in the sector over the past 2 years, which in turn increased organizational efficiency and created wider markets for their products. Correlations amid product innovation and the youth-owned medium and small enterprises ' competitive advantage in Nairobi County have culminated in strong negative relations. Decreased product innovation reduces youth-owned small and medium enterprises ' competitive advantage in the County of Nairobi. The approach for consumer diversification and therefore the competitive advantages for young-owned small to medium companies was greatly predicted through the analyzes of regression.

Research also found that, with the introduction of a new model, the research of association revealed there was a positive relationship between method change and youth-owned small and medium businesses, which contributed to cost savings and the quality

of services. Data from the simulation showed that process technology thus greatly projected the competitive advantage of youth-owned small to medium-sized enterprises.

The study discovered that customer needs continued to evolve and that a strong marketing strategy was essential for the company in the eventually. The findings of the comparison revealed that there was a affirmative association between business development and the competitive advantage of the Youth-Owned Small and Medium Enterprises. Results of regression indicate that risk gains from investment strategies and consequently the competitive advantages of youth-owned small and medium businesses are substantially anticipated by market innovation.

5.3 Conclusion

Product development was part of the vision and mission of the company and new products had been launched in the sector in the last 2 years, a strong negative correlation between product innovation and Youth-Owned Small and Medium Enterprises ' competitive advantage in Nairobi City County existed. Thus the competitive advantage of young small and medium-sized companies in Nairobi City County was negatively affected by reduced product innovation.

There were initiatives to promote the creation of new ideas for workers after the introduction of a new process, as well as cost lessening and flexibility in service conveyance and a successful association between product innovation and the competitive advantage of the small and medium businesses run by young people.

Consumer expectations have continued to change with most companies, and a sound marketing strategy has also been important to the company on a long term basis. The good connection between market innovation and the competitive advantage of the Youth-Owned Small and Medium Enterprises was revealed.

5.4 Recommendation

The study suggests that the Youth-Owned Small and Medium Enterprises focus more on product innovation in order to increase the competitiveness of their products in organizations with other competitors.

The top management of the Youth-Owned Small and Medium Enterprises should be conscious that process innovation encourages the creation of new ideas for workers, cost reduction and productivity in the delivery of services. The senior management of Youth-Owned Small and Medium Enterprises should be mindful that customer needs continue to change and that a sound marketing strategy is essential to the company in the long run.

5.5 Limitations of the Study

One of the key limitations are data collection; all the companies hold very similar records and are not able to provide details. The organizations' workers have a strong degree of privacy. The organizations cooperated and provided sufficient data to improve the reporting of young and medium-sized enterprises and research students. Lack of awareness about disruptive innovations was also a limitation.

5.6 Suggestions and Further Research

This report suggests other studies to consider the various effects of technological technologies on the competitive advantage of Youth-Owned Small and Medium Enterprises. This will help inform SME's youth establishments on the way forward to the solution to enlargement. The research further reveals a large-scale review. The inquiry could include Kenya as a whole.

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APPENDICES

Appendix I: Research Questionnaire

Effects of Disruptive Innovation on Competitive Advantage of Youth Owned Small Medium Enterprises in Nairobi City County.

SECTION 1: GENERAL INFORMATION

Please note that this analysis is instructive and all the interviewee information is provided and will be handled as confidential as possible. Check with (/) the tick boxes or write in the given rooms for all your questions. You are highly appreciated for your unbiased response.

1. Please specify your sex

Male { } Female { }

2. Please specify the age bracket

18 -25 () 26-33 () 34-41 () 42-49 () 50 and above ()

3 What is your educational level?

Secondary { } Diploma { } Degree { } Masters { }

PhD { }

4. The type of organization

Sole proprietorship { } Partnership { } Limited liability Company { } other

{ } If other, please specify.....

5. Kindly indicate the industry your organization falls in

Manufacturing { } ICT { } Education { } Food and beverage { } Banking

and Financial Services, { } Medical { } Hospitality { } Transport { }

} If Other, Please specify.....

6. Level in the business, Owner { } Employee { }

7. The number of staff in the company

1-5 { } 6-10 { } 11-20 { } Above 20 { }

8. The age bracket of the business

0– 2 years { } 3– 5 years { } 6- 8 years { } above 9 years { }

SECTION 2: PRODUCT INNOVATION

On a scale of 1-5 Tick the fitting response provided for each question with 5- Strongly in agreement, 4- Agree, 3-Uncertain, 2-Disagree, 1- Strongly in Disagreement

Scale	1	2	3	4	5
In the last two years, new goods were introduced in the company					
The business specializes on goods that are most preferred by the customers					
Innovation in products is part of the vision and mission of the organization.					
The company owner enables contact for new ideas within the company.					
One of the organization's key objectives is to improve the quality of the goods					
Innovation in products is considered to achieve the competitive advantage of an enterprise.					
Staff are rewarded for new product ideas to improve existing products.					

Please suggest ways to appeal more to the customers to the products produced by the company

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SECTION 3: PROCESS INNOVATION

On a scale of 1-5 Tick the applicable alternate provided for each question with 5- Strongly in agreement, 4- Agree, 3-Uncertain, 2-Disagree, 1- Strongly in Disagreement

Scale	1	2	3	4	5
Service quality improvement through process innovation is one of the key objectives of the organization					
The cost and quality of service delivery have been reduced after a new system has been implemented					
There are programmes to stimulate the creation of new ideas for employees					
New business methods are often worth trying, even if they can be risky and expensive					
Smooth workflow through process innovation leads to customer satisfaction					
The introduction of new technologies leads to better cash flow					

<p>There has been increased savings with introduction of proper inventory management systems such as Just in time systems</p>					
<p>Technological changes within the organization have led to the overall good performance of the organization</p>					
<p>After the organization introduced new workflow management systems, sales increased</p>					

Please recommend ways to attract consumers to the products produced by the organization.....

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SECTION 4: MARKET INNOVATION

On a 1-5 scale Tick the suitable alternate for each problem. 5- Strongly in Agreement, 4- Agree, 3-Uncertain, 2-Disagree, 1- Strongly in Disagreement

Scale	1	2	3	4	5
There is sufficient access to information on what the competition is doing.					
The use of online tools and social media has helped the company grow and attract new clients					
A sound marketing strategy is important to the organization in the long run					
There are new opportunities of doing business that have been identified by the business					
Customers needs keeps on changing.					
The business has changed its way of marketing in the last one year					
The company's prices are lower than those of other companies in the same industry.					

The business explores what consumers want before they ask					
Goods / services produced by the company are unique to other companies.					

Suggest ways through which the products produced by the organization can be more appealing to the customers

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SECTION 5 : COMPETITIVE ADVANTAGE

Below are different statements about competitive advantage in your organization.

Please express your opinion on each of the statements. Use a scale of 1-5 where: 1- Strongly in disagreement; 2-Disagree; 3-Neutral; 4- Agree; 5-Strongly in agreement

Competitive Advantage	1	2	3	4	5
The organization's innovation activities have enable it perform well in the market					
The organization expands its customer base from time to time due to market innovation					

We detect changes in customer preferences very fast					
Because of the innovation activities in the organization we are able to compete favourably with competitors					
The organization expands its customer base from time to time due to market innovation					
There is a good connection between innovation and the competitive advantage of the company.					

THANK YOU.