STRATEGIC RESPONSES ADOPTED BY MICRO AND SMALL ENTERPRISES TO IMPROVE PERFORMANCE IN LIMURU SUB-COUNTY, KENYA

BY

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DECLARATION

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

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

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DEDICATION

This work is dedicated to Almighty God, my wife Njeri and our lovely children.

ABSTRACT

Micro and Small enterprises (MSEs) play a crucial role in the new economic development of nations. Despite their significance, they face many challenges and therefore for MSEs to remain competitive and improve their performance, they have to come up with relevant strategies that would improve their performance. Limuru sub County is home to a majority of MSE's dealing in different businesses. This study sought to evaluate the strategies adopted by these MSEs in their quest to improve performance. Objectives guiding this study were to establish the strategic response adopted by micro and small enterprises in Limuru Sub-County and to determine the extent to which the response strategies have influenced performance of micro and small enterprises in Limuru Sub-County. This study used descriptive cross-sectional survey design because the study included all MSEs in Limuru Sub County. The target population of the study was the 1,237 MSEs operating in Limuru Sub County as at June 2015. Primary data was collected using a questionnaire. The completed questionnaires were first edited for completeness and consistency. The analyzed data was presented through percentages, means, standard deviations and frequencies. The study found that MSEs in Limuru Sub County had adopted strategic responses to improve their performance. The strategies identified were diversification, strategic partnerships, differentiation and restructuring. The study further established that the strategies adopted improved performance as evidenced by increase in sales and profitability. The study concluded that the performance of micro and small enterprises has been influenced to a great extent by the strategic responses that they adopt. These enterprises can dramatically improve their efficiency and quality by focusing on customers and the process that create value for them. The study also recommends that micro and small enterprises should use technology available as a strategy to improve performance. Management should invest resources to incorporate the use of technology e.g. mobile payment so as to enhance settlement of bills and also enhance their operations.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Micro and Small enterprises (MSEs) play a crucial role in the new economic development of nations. It is generally recognized that MSE's face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. According to the Kenya National Bureau of Statistics (2007) the sector contributed over 50 percent of new jobs created in the year 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). According to Amyx (2005), one of the most significant challenges is the negative perception towards MSEs. Therefore, in order for MSEs to remain competitive and improve their performance, they have to come up with relevant strategies that would improve their performance. Limuru sub County is home to a majority of MSE's dealing in different businesses. This study will seek to evaluate the strategies adopted by these MSEs in their quest to improve performance.

This study was led by two theories: resource based view theory and the environmental dependence theory. The resource based view theory dictates that the resources owned by firms can be used in achieving competitive advantage in the industry (Barney, 2001). The resources include both financial resources and human capital and competence. These are key in developing strategic response in organization (Barney, 1991). The environmental dependence theory is concerned with how the external resources of organizations affect the behavior of the organization. Resource dependence theory is based on the notion that environments are the source of scarce resources and organizations are dependent on these finite resources for survival (Pfeffer and Salancik, 1978). A lack of control over these resources thus acts to create uncertainty for firms operating in that environment. In the development of response strategies, organizations have to consider their immediate environment in terms of other competitors, suppliers and customers. These are key stakeholders as they determine the success of the business.

The operation of micro and small enterprises in Limuru Sub-County has been faced with challenges as the County Government of Kiambu raised license fees among other challenges. In order to continue in operations, these challenges have called on MSEs to rethink their survival strategies. This study therefore seeks to evaluate the response strategies adopted and how they have influenced performance of MSEs.

1.1.1 Concept of Strategy

Several scholars have defined what a strategy is. According to Mintzberg (1987), a strategy is a plan, a ploy, a pattern of behavior, a Position in respect to others and a perspective. This means that a strategy specifies the intended course of action of an organization, develops ways to outperform a competitor, is emergent in a process of actions and it is a position in the Market. It is a pattern of actions and resource allocations, designed to achieve the goals of an organization (Bateman and Zeithaml, 1990). Another scholar, Quinn (1980) defined strategy as a pattern or a plan that integrates an organizations major goal, policies and action sequences into a cohesive whole. Goals state what is to be achieved and when the results will be accomplished; and policies guide the units on when action should occur. Quinn (1980) further identifies strategy as a plan that puts together organizations’ major goals, policies and action sequences.

A well formulated strategy enables an organization to plan and allocate resources on the basis of priorities, internal competences and limitations, expected changes in the environment and contingent action by competitors. Chandler (1962) defines strategy as the determination of basic long term goals, the adoption of action and allocation of resources necessary to achieve these goals. Strategy is a direction of an organization over the long term which achieves advantage on changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations, Johnson and Scholes, (1999). This means that an organization stays competitive by providing value to their customers better than their competitors.

1.1.2 Strategic Responses

A response strategy is the search for a favorable competitive positioning in the industry in order to beat competition and remain relevant in the market. It is a means of investing selectively in tangible and intangible resources to develop those capabilities that assures a sustainable competitive advantage (Hax and Majluf, 1996). It aims at establishing a profitable and sustainable position against the forces that determine industry competition. Pearce and Robinson (1999) defined strategic responses as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firms’ objectives. Therefore, it is a reaction to what is happening in the economic environment of an organization. According to Porter (1980), developing a competitive strategy is developing a broad formula on how the business is going to compete, what its goals should be and what policies would be needed to carry out these goals. He observed a competitive strategy as a combination of the ends (goals) for which the firm is starting and the means (policies) by which it is seeking to get there.

Response strategies are broadly categorized into corporate strategy, business strategy and functional strategy (Johnson and Scholes, 1999). Corporate strategies include mergers, acquisitions, takeovers, joint ventures, strategic alliances, turnaround, divestment and liquidation. Business strategies include cost leadership, differentiation and focus. Functional strategy involves developing and nurturing a distinctive competence to provide an organization or business unit with a competitive advantage by maximizing resource productivity.

1.1.3 Organizational Performance

Performance Measures are quantitative or qualitative ways to characterize and define performance (Guest, Michie, Conway and Sheehan, 2003). They provide a tool for organizations to manage progress towards achieving predetermined goals, defining key indicators of organizational performance and Customer satisfaction. Performance Measurement is the process of assessing the progress made (actual) towards achieving the predetermined performance goals (baseline). Performance in organizations takes many forms depending on whom and what the measurement is meant for. According to Manyuru (2005), organizational performance encompasses three specific areas of firm outcomes: financial performance in terms of profits, return on assets, return on investment, among other; product market performance like sales, market share; and shareholder return like total shareholder return, economic value added. Organizational performance as the ability of an organization to fulfill its mission through sound management, strong governance and a persistent rededication to achieving results

Kaplan and Norton (1992) notes that using financial measures alone overlooks the fact that what enables a company to achieve or deliver better financial results from its operations is the achievement of strategic objectives that improve its competitiveness and market strength. Non-financial measures include innovativeness and market standing (Guest et al., 2003). Performance is therefore measured by both financial and non-financial measures. Kaplan and Norton (1992) listed various methods to measure the overall organizational performance which are; accounting measures (profitability measures, growth measures, leverage, liquidity and cash flow measures), operational performance (market share, changes in intangible assets such as patents or human resources, customer satisfaction and stakeholder performance market based measures (return on shareholder performance), market based measures (return on shareholder, market value added, holding period returns, survival measures (takes time horizons of five years and less) and economic value measures (residual income, economics value added and cash flow return on investment) (Guest et al., 2003).

Lee and Boss (2002) note that performance can be measured in numerous ways: sales, profit, productivity, revenue, dividends, growth, stock price, capital, cash flow, return on assets, return on capital, return on equity, return on investment, earnings per share as well as other financial ratios. A number of studies have examined the linkages between relationships and performance. Johnston, McCutcheon, Stuart and Kerwood (2004) demonstrate gains such as being: financial, lead time performance, improved responsiveness, customer loyalty, innovation, quality products, and reduction in inventory and improvements in product/process design.

1.1.4 Micro and Small Enterprises in Limuru

The MSME Bill 2009 used 2 criteria to define MSEs by number of people/employees and the company's annual turnover. For enterprises in the manufacturing sector, the definition takes into account the investment in plant and machinery as well as the registered capital (Kushnir, 2010). The MSE's sector accounts for 60-70 per cent of jobs in most developed and developing countries, and for most of the new jobs created, several countries in Africa have prioritised their investment in MSE's (Iddris, 2012). The MSE definition in this study will be taken to mean a business unit(s) with between 1 to 50 employees, whose annual turnover never exceeds 5 million. For enterprises in the manufacturing sector, the investment in plant, equipment, machinery and registered capital should not exceed 50million (Kushnir, 2010).

In Kenya, MSEs constitute over 75 per cent of the informal sector jobs. According to Kenya Economic Survey 2008, Republic of Kenya, (2008) out of the total new jobs created, micro, small and medium enterprises (MSME)s created 426.9 (89.9%) thousand new jobs out of a total of 474.5 thousand 79.9% new jobs out of 543.3 thousand new jobs created in Kenya (Economic Survey, 2009). In the same year, the sector contributed KSh. 806,170 million of GDP which is 59 per cent of total GDP. Job creation in this sector went up by 5.1 per cent in 2011. The increase was 445,900 indicating a higher growth in absolute terms compared to the increase of 437,300 registered in 2010. Analysis by province shows that Nairobi County recorded a 5.4 increase.

Limuru Sub-County is in Kiambu County and is home to a lot of Micro and Small enterprises dealing in several commodities ranging from agriculture to manufactured products. The agricultural products are sold both locally and to middle men for the Nairobi market.

1.2 Research Problem

The business operating environment continues to change sometimes slowly, occasionally in dramatic shifts thus gradually or suddenly, the organization's strategy moves out of sync with the environment. Mintzberg, Henry and Quinn (1996) points out that change in the environment of business necessitates continuous monitoring of a company's definition of its business; lest it falter, blur or become obsolete. Strategic response therefore creates a strategic fit by identifying opportunities arising from the environmental forces acting upon the organization and adapting resources so as to take advantage of the changing environment. Mukiri, (2012) Strategic responses improve organizational performance because they align organizational functions and operations in line with the changing environment.

Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, Petty, Moore and Palich, 2006). The Government of Kenya has placed a lot of emphasis on development of MSEs as a means of encouraging self-employment, poverty reduction and accelerating economic growth.

Despite their significance, recent studies show that MSE's fail within the first few months of operation (Kenya National Bureau of Statistics, 2013). In addition, several studies have been undertaken on response strategies by organization. Muraya (2010) studied strategic responses adapted by Davis & Shirtliff in the changing environment in Kenya and established that Davis & Shirtliff adopted a reactive response to changes in the external environment rather than being proactive in the development of such response strategies. Muthoka (2012) examined response strategies to challenges of competition by horticultural export firms in Kenya and established that the strategies are having a positive impact to the firms in dealing with the challenges of competition in the industry. Nyakai (2013) studied strategic responses to changes in macro environment in the Kenya Premier League and established that KPL clubs should initiate more organizations to nurture young talents for continuity purposes and better coaching of players. These studies have concentrated on well-established and large organizations' response strategies. However, the MSEs have different strategies in response to the challenges they face. This study therefore sought to establish response strategies by micro and small enterprises in Limuru Sub-County. The study was guided by one research question: What strategic responses had been adopted by micro and small enterprises to improve performance in Limuru Sub-County, Kenya?

1.3 Research Objectives

i. Establish the strategic response adopted by micro and small enterprises in Limuru Sub-County

ii. Determine the extent to which the response strategies have influenced performance of micro and small enterprises in Limuru Sub-County.

1.4 Value of the Study

The findings of this study would be important to a number of stakeholders including the future researchers and academicians, owners of MSEs and their managers, Government of Kenya in development and review of policies and guidelines governing the operations of MSEs.

For future researchers and academicians, the findings of this study would inform them of areas where they can extend future knowledge on in terms of response strategies especially in MSEs. In addition, the study would suggest areas for further research where they can extend knowledge on.

The findings of this study would also be valuable to owners and managers of MSEs as it would inform them of the various response strategies to the challenges that they face so as to learn of the strategies they can develop to overcome them and optimize their returns.

The findings of this study would also be valuable to the Government of Kenya through the Micro and Small Enterprises Authority. Through the findings of this study, they would be able to develop and monitor several policies with the aim of promoting growth and development of MSEs.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, literature is reviewed in line with the objectives of the study. The review focuses on past studies and theoretical review of the study, critical analysis is made and research gaps established.

2.2 Theoretical Foundation

As indicated in chapter one, this study was led by two theories: Resource Based View theory and the Environmental Dependence Theory. These theories are explained in details below:

2.2.1 The Resources Based View Theory

This theory was developed by Penrose in 1959, who argued that it is the heterogeneity, not the homogeneity, of the productive services available from its resources that give each firm its unique character (Barney, 1991). The notion of firm's resources heterogeneity is the basis of the RBV. This theory addresses the question of an organization's identity concerning with the source and nature of strategic capabilities. It emphasizes building competitive advantage through capturing economic rents stemming from fundamental firm-level efficiency advantages. The central proposition of the resource-based research is that firms are heterogeneous in terms of the strategic resources they own and control. Heterogeneity is an outcome of resource-market imperfections, resource immobility (Barney, 1991), and firms' inability to alter their accumulated stock of resources over time.

Resources, which are the basic unit of analysis for RBV, can be defined as those assets that are tied semi-permanently to the firm (Maijoor & Witteloostuijn, 1996; Wernerfelt, 1984). It includes financial, physical, human, commercial, technological, and organizational assets used by firms to develop, manufacture, and deliver products and services to its customers (Barney, 1991). Therefore resources owned and controlled by an organization play a key role in strategic management. The human resources and their expertise skills greatly influence the success of response strategies developed by the firm. These resources can be used by an organization to create and sustain competitive advantage.

2.2.2 Environmental Dependence Theory

Environmental Dependency Theory was developed in the late 1950s under by, Raul Prebisch. The theory is based on the principle that an organization must engage in transactions with other actors and organizations in its environment in order to acquire resources (Pfeffer and Salancik, 1978). While transactions between organizational and environmental actors are advantageous, they also create dependencies that are not (Scott and Davis, 2007). This theory focuses on the relationship between resource acquisition and its related organizational behaviors. Resources the organization needs may be scarce, not always readily obtainable, or under the control of non-cooperative actors (Pfeffer, 2005).

The resulting unequal exchange generates differences in power, authority, and access to further resources. This leads to a rise in dependencies. To avoid dependencies, organizations develop strategies as well as internal structures that will enhance their bargaining position in resource related transactions (Pfeffer, 2003). Such strategies include taking political action, increasing the scale of organizational operations, diversification, and developing inter organizational linkages. Strategies, like diversifying product lines, lessen an organization's dependence on other actors. This theory is appropriate for this study because as organizations operate, they have to rely on other stakeholders to build and maintain their competitiveness in the market place.

2.3 Strategic Responses for Improved Organizational Performance

Organizations develop different strategies to improve their performance. Organizations respond to turbulence in the environment by formulating new strategies. These provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Pearce, Robinson and Mital (2012) urge that the organization have to respond to the turbulence by crafting new strategies that they define as a large scale future oriented plans for interacting with the environment. There exist different strategies that organization can adopt including these discussed below:

2.3.1 Strategic Partnerships arrangements

Strategic Partnerships arrangements are currently being adopted by many organizations as a strategic response to the environmental changes that are taking place in the business environment. Strategic partnership is a formal alliance between two commercial enterprises, usually formalized by one or more business contracts but falls short of forming a legal partnerships or, agency, or corporate affiliate relationship (Lindgreen and Wynstra, 2005). Due to the environment pressure, the public sector and especially the public procuring entities are nowadays engaging in public private partnerships. Public private partnership is an agreement in a form of a written contract recording the terms of a public private partnership concluded between a procuring entity and a private party (The Public Procurement and Disposal (Public Private Partnerships) Regulations, 2009).

Lindgreen and Wynstra (2005) suggested that two widely differing supplier management models have emerged from both practice as well as academic research on the issue of how to optimally manage suppliers. Literature generally distinguishes between two basic purchasing strategies: competitive and collaborative, or in other words, adversarial and partnership strategies. However, Bensaou (2000) suggests a hybrid of the competitive model and a partnership model as another supplier relationship strategy. In public procurement, 18 networking with private sector organizations is posited to be more efficient than traditional governance structures (Kamarck, 2002).

2.3.2 Restructuring Strategies

Wilson and Rosenfeld (1990) defined organization structure as the established pattern of relationships between component parts of an organization outlining communication, control and authority patterns. Thus, structure distinguishes the parts of the organization and delineates the relationship between them; one of the major activities of restructuring is business process reengineering. Hamel (1996) notes that companies can dramatically improve their efficiency and quality by focusing on customers and the process that create value for them. Processes have come to be more important than their products and are in fact defining the market places in which the companies compete". Outsourcing for instance, would enable an organization to concentrate on its core businesses, while benefiting from the cost efficiencies of those companies that specialize on the strategies activity firms can design their strategies based on their processes, for instance, through intensification where processes are mapped and improved to enhance customer service, or through extension where strong processes enable entry to new markets.

Thompson (2007) notes that there are various catalysts for organizational changes such as restructuring. There triggers may include the purchase of new IT equipment or system, business process reengineering through process intensification/extension, the redesign of a group of Jobs, staff right sizing and subsequent staff cutbacks, as well as staff redundancies. With regard to the number of levels in the structure of the organization, often referred to as the scalar chain. Too many levels make it difficult to understand the objectives and to communicate both up and down the hierarchy. Thompson (2007), states that radical business process reengineering implies that a firm completely rethinks how certain tasks are carried out and the searches for new ways through which performance can be improved.

2.3.3 Differentiation Strategies

Differentiation strategy is an approach under which a firm aims to develop and market unique products for different customer segments. Differentiation strategy is one of porter's key business strategies. When using this strategy, a company focuses its efforts on providing a unique product or service. Since the product is unique, this strategy provides high customer loyalty (Porter, 1998).

Pearce and Robinson (2007) contend that strategies dependent on differentiation are designed to appeal to customers with a special sensitivity for a particular product attribute. Product differentiation fulfils a customer need and involves tailoring the product or service to the customer. This allows the organization to capture the market share.

2.3.4 Diversification Strategy

Diversification strategy is the process of entering new business markets with new products. Such efforts may be undertaken either through acquisitions or through extension of the company's existing capabilities and resources (Smith and Watts, 2003). Diversification is meant to be the riskiest of the four strategies to pursue for a firm. According to them, diversification is a form of growth marketing strategy for a company. It seeks to increase profitability through greater sales volume obtained from new products and new markets.

Diversification can occur either at the business unit or at the corporate level. At the business unit level, it is most likely to expand into a new segment of an industry in which the business is already in. At the corporate level, it is generally entering a promising business outside of the scope of the existing business unit (Ansoff and McDonnell, 1990). According to Johnson and Scholes (1999), corporate level responses is the first level of strategy at the top of the organization, which is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to different parts of the enterprise.

Diversification makes sense when good opportunities can be found outside the present business. Armstrong, Kotler & He (2000) states that a good opportunity is one in which the industry is highly attractive and the company has the mix of business strengths to be successful. Three types of diversification are possible. The company could seek new products that have technological and/or marketing synergies with existing product lines even though the new products themselves may appeal to a different group of customers (this is referred to as concentric diversification).

Second the company might search for new product that could appeal to its current customers even though the new products are technologically correlated to its current product line (horizontal diversification). Finally, the company might seek new businesses that have no relationships to the company’s current technology, products or markets (Conglomerate diversification) Strategic responses to a changing competitive environment therefore entail substantial changes to organization long term behaviour.

This adaptation may be gradual or revolutionary depending on the nature and circumstances facing the organization

2.4 Strategic Responses and Firm Performance

As open systems, firms have to adapt to the ever changing and dynamic environment through strategic responses (Burnes, 2004). Ansoff and McDonnell (1990) as well as Ansoff and Sullivan (1993) suggest that for a firm to optimize its competitiveness and profitability, it has to match strategy and supporting capability to the external environment. This is brought out in the strategic success formula which states that firm performance potential is optimized, when the aggressiveness of the firm matches the turbulence of its environment. Ansoff and McDonnell (1990) classify environments in five distinct turbulent levels. At one end there is a stable, placid environment with nothing changing while the other is characterized by major technological discontinuities and social political upheavals.

Competitive advantage and performance depends on anticipation of market trends and quick response to the changes. To maximize long term effectiveness, firms need to develop capabilities not only to cope with day-to-day events in the environment, but also to cope with external events that are both unexpected and of critical importance. Environmental scanning and enacting must be aligned to the environmental context in terms of the capabilities available to choose and affect a strategic response (Hitt, 2011).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the methodology that was used in the study. Specifically, it discusses the research design, data collection and analysis and why they are the most preferred for the study.

3.2 Research Design

The research was carried out through a descriptive cross-sectional survey design normally carried out at one time point or over a short period of time often in the form of a survey. This design was chosen because the study surveyed different categories of MSEs spread across the Limuru Sub-County. Cross-sectional survey design is not only observational but also allows the researcher to compare many different variables at the same time in a more economical manner. The survey asked respondents on the response strategies adopted and the extent to which the response strategies influenced performance. Previous studies that had successfully used this research design include; Nyakai (2013) and Muthoka (2012).

3.3 Population of the Study

According to statistics from the Kiambu County Government, there were 1,237 MSEs registered with the County as at June 2015. The target population of the study comprised all the 1,237 MSEs as at June 2015. The population was stratified into different categories to make the study more representatives as shown in the Table 3.1 below:

Table 3.1: Population and Sample Size Distribution

Categories of MSEs	Population
Food and Beverages	342
Agri-businesses	249
Salon & Barber	173
Hotels, Fast food joints & bars	158
Electronics and repair	41
Furniture dealers	82
Clothing	192
Total	**1,237**

Source: (County Government of Kiambu, 2015)

3.4 Sample Selection

From the population frame the required number of subjects, respondents, elements or firms will be selected in order to make a sample. According to statistics from the County Government of Kiambu, there were 1,237 MSEs as at June 2015. Therefore, the target population of this study was 1,237. The study applied stratified sampling technique in selecting the MSEs in this study. In each stratum, the researcher used systematic sampling technique to select the MSEs to participate in the study. The sampling started by selecting an MSE from the list at random and then every 10^{th} MSE in the frame was selected, where 10 is the sampling interval calculated as N/n (where N= population and n= sample size). Mugenda and Mugenda (2003) suggested that in a large population, a sample of between 10-30% is considered adequate if well selected. This study therefore selected a representative sample of 124 as shown in the Table 3.2 below:

Table 3.2: Sample Size Distribution

Categories of MSEs	Population	Sample Proportion	Sample Size
Food and Beverages	342	10%	34
Agri-businesses	249	10%	25
Salon & Barber	173	10%	17
Hotels, Fast food joints & bars	158	10%	16
Electronics and repair	41	10%	4
Furniture dealers	82	10%	8
Clothing	192	10%	19
Total	**1,237**		**124**

3.5 Data Collection

The study used primary data collected by the use of a questionnaire administered to target respondents. The questionnaire was made use of open and closed ended questions. Open ended questions were used to get more insight from the respondents on the response strategies adopted to improve performance while closed ended questions were used to standardize the responses since the study is targeting a many categories of businesses. The questionnaire had three distinct sections including: demographic information, response strategies and the extent to which the response strategies have influenced performance of the MSEs. The study targeted the business owners and their managers. This was because they were involved in development and execution of strategies in their businesses.

3.6 Data Analysis

To make sense of the data collected using questionnaires from the field, the researcher coded the questionnaires; entered them into analytical software (Statistical Package for Social Sciences) ready for analysis. For closed ended questions, the study used frequency distribution, percentage, mean and standard deviations for analysis. This helped distribute the overall response of the respondents on a five point scale to be able to rate their views on the strategies and extent to which they have affected performance.

In order to evaluate the relationship between the dependent and independent variables, the study conducted a multiple regression analysis of the form:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Where **Y** = organization performance

$\mathbf{X_1}$ = Partnership Strategy

X2 = Restructuring Strategy

$\mathbf{X_3}$ =Differentiation Strategy

$\mathbf{X_4}$ =Diversification Strategy

$\boldsymbol{\varepsilon}$ = Error Term

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents data collected from the field, its analysis, and finally the interpretation of the findings on strategic responses adopted by micro and small enterprises to improve performance in Limuru sub-county, Kenya. The objectives of this study were to establish the strategic response adopted by micro and small enterprises in Limuru Sub-County and to determine the extent to which the response strategies have influenced performance of micro and small enterprises in Limuru Sub-County. The data is presented in form of tables and charts.

4.2 Response rate

The study targeted 124 micro and small enterprises in Limuru Sub County. Out of 124 questionnaires administered, a total of 92 filled questionnaires were returned. This translates to a response rate of 74%, which is within Mugenda, and Mugenda (2003) prescribed significant response rate for statistical analysis, which they established at a minimal value of 50%.

4.3 General Information

This section presents general information on the respondents which include gender, level of education, age, length of operation, number of employees and the type of business operated. The findings are presented below.

4.2.1 Gender of the Respondent

on the gender of the respondent, the findings show that 63% of the respondents were male while female respondents made up 37%. It can be seen that majority of the respondents were male at 63%, implying that majority of the people engaged in the small and micro enterprises were men. However, a sizeable number of female 37% were also involved. These statistics meet the constitutional requirement of at least one third either gender inclusion in all activities and sectors.

4.2.2 Level of education

The respondents were asked to indicate their highest level of education. The Table 4.3 shows the findings;

Table 4.1: Level of Education

	Frequency	Percent
Primary School	5	5
Secondary School	11	12
Certificate	23	25
Diploma	29	32
University	24	26
Total	**92**	**100**

As indicated on Table 4.3 above, 32% of the respondents had diplomas, 26% had university degrees, 25% had certificates while 5% had pursued up to primary school levels. These findings show that the study involved entrepreneurs with all levels of education hence they were in a position respond to the questionnaires administered to provide relevant information for the study.

4.2.3 Age of the Respondent

The respondents were asked to indicate their age categories whose findings are well illustrated in the Table 4.2:

Table 4.2: Age Distribution of the Respondent

Age	Frequency	Percent
20-29 years	10	11
30-39 years	45	49
40-49 years	29	32
Above 50 years	8	9
Total	**92**	**100**

Research findings on Table 4.4 above indicate that 49% of the respondents were aged between 30-39 years, followed by 32% aged between 40-49 years while 9% were aged above 50 years. The findings indicate that most of the respondents were in their middle age and hence were more likely to have more experience in management of micro and small businesses.

4.2.4 Length of Operation

The study sought to establish the length of time that the business was in operation. The findings are presented in Table 4.3 below.

Table 4.3: Length of Business Operation

	Frequency	Percent
Below 2 years	13	14
3-4 years	22	24
5-7 years	34	37
8-10 years	17	15
More than 10 years	6	7
Total	**92**	**100**

As indicated on Table 4.3 above, on the length of time that the businesses had been in operation, 37% of the businesses had been in operation for a period of 5-7 years, followed by 24% which had for a period of between 3-4 years while 7% had operated for more than 10 years. The findings indicate that the businesses had been in operation long enough for the respondents to be able to respond to the issues addressed in the study. This therefore means that the data collected is more reliable as it is based on experiences over a number of business cycles.

4.2.5 Number of Employees

The study further sought to establish the number of employees in the various businesses. The findings are presented in Table 4.4 below.

Table 4.4: Number of Employees

Number of Employees	Frequency	Percent
1employee	12	13
2 employees	23	25
3 employees	21	23
More than 3 employees	36	39
Total	**92**	**100**

As indicate on Table 4.6 on the number of employees, 39% of the respondents had more than 3 employees followed by 25% who had 2 employees while 13% had 1 employee each. These findings show that the several sizes of MSEs were included in the study hence the data collected was more representative of the MSE sector. All the sizes under MSEs were included in the study.

4.2.6 Type of Business

The study sought to establish the type of business the respondents were engaged in. The findings are presented in Table 4.5 below.

Table 4.5: Type of Business

Type of Business	Frequency	Percentage
Food and Beverages	26	29
Agri-businesses	21	23
Salon & Barber	13	14
Hotels, Fast food joints & bars	13	14
Electronics and repair	3	3
Furniture dealers	4	4
Clothing	12	13
Total	**92**	**100**

As indicated on Table 4.5 on type of businesses, 29% were in Food and Beverages, 23% were in agri-businesses, 14% were in Salon & Barber business, 14% were in Hotels, Fast food joints & bars, 13% were in clothing, 4% were furniture dealers while 3% were in electronics and repair business. These findings show that the respondents were evenly spread across the various categories of business hence the data collected was more representative of the MSE industry.

4.4 Strategic Responses

This section presents findings on the respondents' views regarding various strategic responses adapted by the MSEs to improve their performance. A number of strategies were proposed upon which the respondents were required to indicate the extent they applied them in their businesses using a five point likert scale ranging from 1-5 where 5= very great extent, 4= great extent, 3= moderate extent, 4= little extent and 1= no extent.

From the responses, the study computed mean and standard deviation using SPSS software. The findings are discussed below:

4.4.1 Strategic Partnership Strategy

The study sought to determine the extent to which respondents agreed with statements relating to the adoption of strategic partnership strategy in micro and small enterprises. Various statements were proposed upon which the respondents were required to indicate their level of application on a five point likert scale from which the researcher computed mean and standard deviation. The Findings are shown in Table 4.6.

Table 4. 6: Strategic Partnership Strategy

	Mean	Std. Deviation
Entered into agreement with supplies to supply me with wares	4.202	0.313
Entered into agreements with customers for my business	3.629	1.409
Entered into partnerships with fellow suppliers to sell our products/services at a standardized price	4.681	0.339
Entered into strategic partnership with the Bank to access financial capital for my business	3.221	1.102
Entered into strategic partnership with local self-help group to share business opportunity ideas	2.544	1.296

The results in Table 4.8 show that the majority of the respondents agreed that; they have entered into partnerships with fellow suppliers to sell their products/services at a standardized price as shown by a mean of 4.681, they have entered into agreement with supplies to supply wares as shown by a mean of 4.202 and that they have entered into agreements with customers for their business as shown by mean of 3.629.

The respondents also indicated that they have entered into strategic partnership with the Bank to access financial capital for my business with a mean of 3.221 and that they have e entered into strategic partnership with local self-help group to share business opportunity ideas with a mean of 2.544. The findings concurs with literature on strategic partnership where the practice is currently being adopted by many organizations as a strategic response to the environmental changes that are taking place in the business environment. According to Bensaou (2000) two models of partnership exist, one is the competitive model and a partnership model commonly adopted with suppliers.

Respondents were further asked to indicate to what extent strategic partnership has affected performance of their business. Findings are presented on the Table below.

Table 4.7: Strategic Partnership Effects on Performance of Business

	Frequency	Percent
No extent	8	9
Small extent	13	14
Moderate extent	17	18
Great extent	46	50
Very great extent	8	9
Total	**92**	**100**

The results on Table 4.9 on the extent to which strategic partnership has affected performance of micro and small businesses indicate that, 50% of the respondent agreed to a great extent, 18% to a moderate extent, 14% to a small extent, 9% to no extent and 9% to a very great extent. The findings indicate that strategic partnership affects business performance to a great extent; Ansoff and Sullivan (1993) suggest that for a firm to optimize its competitiveness and profitability it has to match strategy and supporting capability to the external environment and strategic partnership is one of the strategies that a business can adopt.

Other strategic partnerships that the respondents have entered into are partnership with SMEs that are not in direct competition but address the same customer, partnering with other SMEs whose products and services will help their business to grow they have entered into to grow their businesses and some have partnered with micro finance institutions to access finance and gain training on managing their businesses.

4.4.2 Restructuring Strategy

The study also sought to establish the extent to which restructuring strategies had been adopted by micro and small enterprises. The findings are presented on Table 4.8 below.

Table 4. 8: Restructuring strategies

	Mean	Std. Deviation
Developed better ways of doing my business	4.002	0.211
Developed better ways of doing business with focus on the customer	3.502	1.340
Improved the process involved in my business to improve efficiency	4.143	0.277
Adopted the mobile phone payment for my business	3.261	1.102

As indicated on Table 4.8, the study revealed that majority of the respondents agreed that; they have improved the process involved in their business to improve efficiency with a mean of 4.143 and that they have developed better ways of doing business with a mean of 4.002 while on developing better ways of doing business with focus on customer had a mean of 3.502 and adoption of mobile phone payment for business had a mean of 3.261. This indicates that restructuring has become an important aspect in the running of a business and as a matter of fact, processes that are achieved through restructuring have come to be more important than their products and are in fact defining the market places in which the companies compete (Hamel, 1996).

The study also sought to establish the extent to which restructuring strategies had affected the performance of micro and small enterprises. The findings are presented on Table 4.9 below.

Table 4. 9: Restructuring Strategies Effect on the Performance of Business

	Frequency	Percent
No extent	6	7
Small extent	17	18
Moderate extent	21	23
Great extent	37	40
Very great extent	11	12
Total	**92**	**100**

The results on Table 4.9 on the extent to which restructuring strategies have affected performance of micro and small businesses indicate that, 40% of the respondent agreed to a great extent, 23% to a moderate extent, 18% to a small extent, 12% to a very great extent and 7% to no extent. Hamel (1996) notes that companies can dramatically improve their efficiency and quality by focusing on customers and the process that create value for them. Thompson (2007), states that radical business process reengineering implies that a firm completely rethinks how certain tasks are carried out and the searches for new ways through which performance can be improved.

Other restructuring strategies employed by SMEs include cutting down on the number of employees and expanding to new locations. Operating hours and schedules that fit customer requirement was also identified.

4.4.3 Differentiation Strategy

The study also sought to establish the extent to which differentiation strategies had been adopted by micro and small enterprises. The findings are presented on Table 4.10 below.

Table 4.10: Differentiation strategies

	Mean	Std. Deviation
I have differentiated my products/services from those of my competitors	3.502	0.241
I offer a wide variety of goods and services for my customers	3.436	0.251
I formulate my products/services based on customer needs	3.367	0.283
I have incorporated technological developments in my products/services	2.545	1.296
I have incorporated other products in my business for customers	3.362	0.283

As indicated on Table 4.10, respondents agreed that they had differentiated their products and services from those of their competitors with a mean of 3.502, they offer a wide variety of goods and services for their customers with a mean of 3.436, they formulate their products and services based on customer needs with a mean of 3.367, they have incorporated other products in their business for customers with a mean of 3.362 and that they have incorporated technological developments in their products and services with a mean of 2.545. Differentiation strategy is one of porter's key business strategies. When using this strategy, a company focuses its efforts on providing a unique product or service. Since the product is unique, this strategy provides high customer loyalty (Porter, 1998).

The study further sought to establish the extent to which differentiation strategies had affected the performance of micro and small enterprises. The findings are presented on Table 4.11 below.

Table 4.11: Differentiation Strategy effect on Performance of Business

	Frequency	Percent
No extent	4	4
Small extent	10	11
Moderate extent	37	40
Great extent	36	39
Very great extent	5	6
Total	**92**	**100**

As indicated on Table 4.11 on the extent to which differentiation strategy has affected the performance of small and micro businesses, 40% of the respondent agreed to a moderate extent, 39% to a great extent, 11% to a small extent, 6% to a very great extent and 4% to no extent. Pearce and Robinson (2007) contend that strategies dependent on differentiation are designed to appeal to customers with a special sensitivity for a particular product attribute. Product differentiation fulfils a customer need and involves tailoring the product or service to the customer. This allows the organization to capture the market share.

Other differentiation strategies employed by SMEs include improving on existing product quality, packing their products in a unique way that differentiates them from their competitor and others provide deliveries for their products to customer’s doorsteps.

4.4.4 Diversification Strategy

The study sought to establish the extent to which diversification strategies had been adopted by micro and small enterprises. The findings are presented in Table 4.12 below.

Table 4.12: Diversification Strategies

	Mean	Std. Deviation
I have invested in several business ventures different from my main business area	3.365	1.128
I offer a variety of products/services in my business	3.488	1.346
I stock products for different purposes in my business	2.923	1.1196

The results on Table 4.12 indicate that, respondents agreed that they offered variety of products and services in their business with a mean of 3.488, they had invested in several business venture different from their main area with a mean of 3.365 and that they had stocked products for different purposes in their business with a mean of 2.923. The findings concur with Smith and Watt (2003) description of diversification where they stated that diversification may be undertaken either through acquisitions or through extension of the company's existing capabilities and resources.

The study further sought to establish to what extent diversification strategies had affected the performance of micro and small enterprises. Findings are presented in Table 4.13 below.

Table 4.13: Diversification Strategies effects on Performance of Business

	Frequency	Percent
No extent	6	7
Small extent	21	23
Moderate extent	23	25
Great extent	33	36
Very great extent	9	10
Total	**92**	**100**

As indicated on Table 4.15 on the extent to which diversification strategy has affected the performance of small and micro businesses, 36% of the respondent agreed to a great extent, 25% to a moderate extent,23% to a small extent, 10% to a very great extent and 7% to no extent. Smith and Watt (2003) states that diversification is a form of growth marketing strategy for a company which seeks to increase profitability through greater sales volume obtained from new products and new markets. Other diversification strategies identified include moving into new locations and also developing products that are unique to client needs.

4.5 Influence of Strategic Responses on the Performance of the Business

The study further sought to establish the influence of strategic responses on the performance of businesses. The findings are presented Table 4.14 below.

Table 4.14: Influence of strategic responses on the performance of business

	Frequency	Percent
Increased the sales for my business	47	51
Increased the profitability of my business	39	43
Reduced the sales of my business	2	2
Reduces profits for my business	4	4
Total	**92**	**100**

The results on Table 416 indicate that, 51% of the respondents indicated that strategic responses increased sales while 39% of the respondents indicated that strategic responses increased profitability. Ansoff and Sullivan (1993) suggest that for a firm to optimize its competitiveness and profitability, it has to match strategy and supporting capability to the external environment. These strategies seek to increase profitability through greater sales volume obtained from new products and new markets (Smith & Watt, 2003).

4.6 Regression Results

In addition to descriptive analysis, the study conducted regression analysis to determine how strategic partnerships, restructuring, differentiation and diversification strategies were related to organization performance.

Table 4.15(a): Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.877	0.769	0.659	0.741

The value of R was 0.877; the value of R square was 0.769 and the value of adjusted R square was 0.659. From the findings, 76.9 % of changes in the organization performance were attributed to the four independent variables in the study. Positivity and significance of all values of R shows that model summary is significant and therefore gives a logical support to the study model.

Table 4. 16

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.598	4	0.150	2.586	.056
Residual	0.292	5	0.058		
Total	0.890	9	0.208		

From the data findings in table 4.18 above, the sum of squares due to regression is 0.598 while the mean sum of squares is 0.150 with 4 degrees of freedom. The sum of squares due to residual is 0.292 while the mean sum of squares due to residual is 0.058 with 5 degrees of freedom. The value of F calculated is 2.586 and the significance value is

0.056. The value of critical F is 6.256. Since F calculated is less than the F critical (6.256<2.586), this shows that the overall model was significant

Table 4. 17

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.085	0.294		7.092	0.002
Strategic partnership	0.892	0.074	0.288	12.054	0.001
Differentiation	0.722	0.124	0.196	5.823	0.000
Diversification	0.704	0.108	0.04	6.519	0.010
Restructuring	0.669	0.193	0.338	5.098	0.001

From the regression findings, the substitution of the equation:

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4)$ becomes

$Y=2.085+0.288X_1+0.196X_2+0.04X_3 + 0.338 X_4$

Where Y is the organizational performance, X_1 is Strategic partnership, X_2 is differentiation, X_3 is the Diversification and X_4 is restructuring strategy.

From the findings of the regression analysis if all factors (strategic partnerships, restructuring, differentiation and diversification) were held constant, organization performance of the firms would be at 2.085. An increase in strategic partnership would lead to an increase in the organization performance by 0.288, an increase in the differentiation strategy would lead to an increase in the organization performance by 0.288. An increase in the diversifications strategy would lead to an increase in the firm's performance by 0.04 and an increase in restructuring strategy would lead to 0.338

increase in performance. All the variables were significant as the P-values were less than 0.05, an indication that all the factors were statistically significant.

4.7 Correlation Results

A correlation is a number between -1 and +1 that measures the degree of association between two variables. The correlation coefficient value (r) ranging from 0.10 to 0.29 is considered to be weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong. A positive value for the correlation implies a positive. A negative value for the correlation implies a negative or inverse association.

Table 4.18

		Performance	Strategic partnership	restructuring strategies	differentiation strategies	diversification strategies
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	92				
Strategic partnership	Pearson Correlation	.193	1			
	Sig. (2-tailed)	.001				
	N	92	92			
Restructuring strategies	Pearson Correlation	.079	.494**	1		
	Sig. (2-tailed)	.001	.000			
	N	92	92	92		
Differentiation strategies	Pearson Correlation	.121	.676**	.769**	1	
	Sig. (2-tailed)	.011	.000	.000		
	N	92	92	92	92	
Diversification strategies	Pearson Correlation	.191	.217*	.180	.124	1
	Sig. (2-tailed)	.042	.038	.086	.239	
	N	92	92	92	92	92

According to the correlation matrix, there is a positive and significant relationship between performance and strategic responses (strategic partnership, restructuring, differentiation and diversification) adopted by MSEs. The correlation between performance and strategic partnership was of magnitude 0.193 with a p value of 0.001. There was a positive correlation between performance and differentiation strategies of a magnitude 0.121 with a p-value of 0.011. The correlation between performance and diversification strategies was of a magnitude of .191 and a p-value of 0.042.

The positive relationship indicates that there is a correlation between performance and the strategic responses adopted. The positive p- values indicates that there is a correlation between the strategies. This notwithstanding, all the factors were significant (p-value <0.05) at 95% confidence.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the study based on the research objectives. The objectives of this study included: establishing the strategic response adopted by micro and small enterprises in Limuru Sub-County; and determining the extent to which the response strategies have influenced performance of micro and small enterprises in Limuru Sub-County. The summary, conclusions and recommendations are presented below:

5.2 Summary of the Findings

The objectives of this study were to establish the strategic response adopted by micro and small enterprises and to determine the extent to which the response strategies have influenced performance of micro and small enterprises. The study revealed that micro and small enterprises develop different strategies to improve their performance. These strategies provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Pearce, Robinson and Mital (2012) urge that the organization have to respond to the turbulence by crafting new strategies that they define as a large scale future oriented plans for interacting with the environment. The strategies adopted include Strategic partnerships, restructuring, differentiation and diversification.

On strategic partnerships, the study revealed that majority of the respondents agreed that they have entered into partnerships with fellow suppliers to sell their products/services at a standardised price and that they have entered into agreement with supplies to supply wares. The findings further revealed that strategic partnership strategy affected performance of micro and small enterprises to a great extent.

On restructuring strategies, it was revealed that majority of the micro and small enterprises have improved the process involved in their business to improve efficiency and that they have developed better ways of doing business with focus on customer. It was identified that restructuring strategies affected performance of MSEs to a great extent.

On differentiation strategies, the study revealed that MSEs had differentiated their products and services from those of their competitors and that they offered a wide variety of goods and services for their customers. It was further established that MSEs formulate their products and services based on customer needs and that they have incorporated other products in their business for customers. On the extent to which this strategy has affected business performance, the study established that the effect was to a great extent.

On diversification strategies, the study established that MSEs offered variety of products and services in their businesses and that they had invested in several business venture different from their main area. It was further established that they had stocked products for different purposes. On the extent to which diversification strategy affects the performance of micro and small businesses, the study revealed that it was to a great extent.

5.3 Conclusion

The study made the following conclusions:

Micro and small enterprises have developed different strategic responses to improve their performance. These strategies include strategic partnerships, restructuring strategies, differentiation and diversification strategies. In the development of response strategies, organizations have to consider their immediate environment in terms of other competitors, suppliers and customers.

The study concludes that the performance of micro and small enterprises has been influenced to a great extent by the strategic responses that they adopt. These enterprises can dramatically improve their efficiency and quality by focusing on customers and the process that create value for them. The study further concludes that adoption of technology has been minimal in the micro and small enterprises, from the findings on strategic response, technological response scored the lowest.

5.4 Limitations of the Study

The following limitations were faced in the study.

The time within which the study was to be conducted was limited. However, the researcher countered this limitation engaging research assistants who were familiar with the area and the businesses to help in collection of data

Some of the respondents were afraid in providing the data fearing that the information provided may be used for other purposes other than academic. The researcher went about dealing with this limitation by assuring the respondents of the strict confidentiality of the information obtained which would only be used for academic study purposes.

5.5 Recommendation

Foremost, the study found that the performance of micro and small enterprises had been influenced to a great extent by the strategic responses that they adopt it therefore recommends that, micro and small enterprises should adopt strategic responses to meet customer needs, counter competition and also to remain relevant in their business area. The study also recommends that the particular response strategy employed by a business should be in line with the business objectives and should suit the customers for the business to improve performance.

Secondly, the study found that adoption of technology by micro and small enterprises has been minimal; it therefore recommends that micro and small enterprises should use technology available as a strategy to improve performance. Management should invest resources to incorporate the use of technology e.g. mobile payment so as to enhance settlement of bills and also enhance their operations.

5.6 Suggestion for Future Research

The study established the strategic responses adopted by micro and small enterprises to improve performance in Limuru Sub County. The study recommends that further studies are required to establish the impact of the strategic responses on growth of micro and small enterprises in Kenya.

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APPENDIX I: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Personal Data

What is your level of Education of the entrepreneur?

Primary School (…….) Secondary School (……) Certificate (……) Diploma (……) University (…..)

Gender Male (……) Female (……..)

Age 20-29 Years (……) 30-39 Years (……) 40-49 Years (……) Above 50 Years (……)

2. For how long have you been operating this business?

Below 2 years [ ] 3-4 years [ ] 5-7 years [ ]
8-10 years [ ] More than 10 years [ ]

3. How many employees do you have in your business?

1 employee (…….) 2 employees (…..) 3 employees (….)
More than 3 employees (….)

4. The type of business you operate

Food and Beverages	[ ]	Agri-businesses	[ ]
Salon & Barber	[ ]	Hotels, Fast food joints & bars	[ ]
Electronics and repair	[ ]	Furniture dealers	[ ]
Clothing	[ ]		

SECTION B: STRATEGIC RESPONSES

1. Below are several questions regarding several strategic responses adopted by organizations to improve performance. Kindly indicate the extent to which you have

applied each of this in your business. Use a scale of 1-5 where 5= very great extent, 4= great extent, 3= moderate extent, 4= little extent and 1= no extent.

Strategic Partnership Strategy	**1**	**2**	**3**	**4**	**5**
I have entered into agreements with my suppliers to supply me with the wares					
I have entered into agreements with customers for my business					
I have entered into partnership with fellow suppliers to sale our products/services at a standardized price					
I have entered into strategic partnership with the Bank to access financial capital for my business					
I have entered into strategic partnership with local self help group to share business opportunity ideas					

2. Kindly identify other strategic partnerships which you have entered into to grow your business.

____

____

3. To what extent has the strategic partnership affected the performance of your business?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

Restructuring Strategy	**1**	**2**	**3**	**4**	**5**
I have developed better ways of doing my business					
I have developed better ways of doing business with focus on the customer					
I have improved the process involved in my business to improve efficiency					
I have adopted the mobile phone payment for my business					

4. Kindly identify other restructuring strategies which you have used to improve the performance of your business.

5. To what extent has the restructuring strategies affected the performance of your business?

   Very great extent [ ]

   Great extent [ ]

   Moderate extent [ ]

   Little extent [ ]

   No extent [ ]

Differentiation Strategy	**1**	**2**	**3**	**4**	**5**
I have differentiated my products/services from those of my competitors					
I offer a wide variety of goods and services for my customers					
I formulate my products/services based on customer needs					
I have incorporated technological developments in my products/services					
I have incorporated other products in my business for customers					

6. Kindly identify other differentiation strategies which you have used to improve the performance of your business.

7. To what extent has the differentiation strategies affected the performance of your business?

   Very great extent [ ]

   Great extent [ ]

   Moderate extent [ ]

   Little extent [ ]

No extent [ ]

No extent [ ]

Diversification Strategy	1	2	3	4	5
I have invested in several business ventures different from my main business area					
I offer a variety of products/services in my business					
I stock products for different purposes in my business					

8. Kindly identify other diversification strategies which you have used to improve the performance of your business.

____

____

9. To what extent has the diversification strategies affected the performance of your business?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

10. In general, how has the above strategies influenced the performance of your company? Select all that apply:

Increased the sales for my business [ ]

Increased the profitability of my business [ ]

Reduced the sales of my business [ ]

Reduces profits for my business [ ]

THANK YOU