

DECLARATION

**COMPETITIVE STRATEGIES ADOPTED BY SMALL
SCALE ENTERPRISES IN EXHIBITION HALLS
IN NAIROBI**

Juliana Mulaa-Namada
REG. NO. D61/7877/2002

UNIVERSITY OF NAIROBI
LOWER KABETE LIBRARY

By

Namada-Mulaa, Juliana

This project has been submitted for examination and my approval as the University
Supervisor.

A Management Research Project submitted in Partial Fulfillment
of the Degree of Masters in Business Administration (MBA)
Faculty of Commerce, University of Nairobi

Sr. Jackson Masika

Lecturer, Department of Business Administration

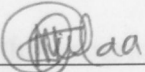
November 2004

DECLARATION

DEDICATION

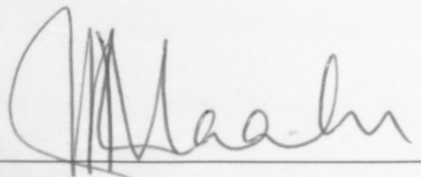
This is my original work and has not been presented for a degree in any other University.

This project is dedicated to my husband Joe Namada and my daughter Simonis Waneka. To Namada, for having committed your limited finances towards this programme, for your time, patience and above all your care. To my little daughter Simonis for all the time and love

Signed:  Date 18/12/2004

Juliana Mulaa-Namada
REG.NO.D61/7077/2002

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

Signed: 

Dated 18/12/04

Mr. Jackson Maalu
Lecturer, Department of Business Administration

ACKNOWLEDGEMENTS

DEDICATION

This research project was made possible by the critical input of several people. There are those who sustain, nurture, inspire and intercede. My deep appreciation goes to those people. This project is dedicated to my husband Joe Namada and my daughter Simonis Waneku. To Namada, for having committed your limited finances towards this programme, for your time, patience and above all your care. To my little daughter Simonis for all the time and love sacrificed for this programme. I am truly indebted to you.

Special thanks to Mr. K. Maahu for the guidance he provided, helping me develop ideas for the project and seeing me through it. I also thank Mrs. M. Omboti who chaired the presentation panel and all those who gave their valuable critique and advice during the presentation.

Further I wish to recognize the input of all my classmates in a lot of time in discussions and group presentations. Special thanks to my friend Rebecca Achi who shared a lot with me in terms of discussions and group work.

Finally, I am deeply indebted to the members of my family for their support and understanding throughout the period I was undertaking this programme. Special appreciation to my husband J. O. Namada and daughter Simonis Waneku whose time and love I sacrificed to complete this project.

To all, God Bless you.

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

Page

This research project was made possible by the critical input of several people. There are those who sustain, endure, inspire and intercede. My deep appreciation goes to those people who in one way or another, made it possible for me to start and complete this research project.

My Sincere gratitude goes to my project Supervisor Jackson K. Maalu for the guidance he provided, helping me develop ideas for the project and seeing me through it. I also thank Mrs. M. Ombok who chaired the presentation panel and all those who gave their valuable critique and advice during the presentation.

Further I wish to recognize the input of all my classmates in 2002 MBA class who we spent a lot of time in discussions and group presentations. Special thanks to my friend Rebecca Atiti who shared a lot with me in terms of discussions and group work.

Finally, I am deeply indebted to the members of my family for their support and understanding throughout the period I was undertaking this programme. Special appreciation to my husband J. O. Namada and daughter Simonis Waneku whose time and love I sacrificed to complete this project.

To all, God Bless you.

TABLE OF CONTENTS

	Page
Declaration.....	ii
Dedication.....	iii
Acknowledgements.....	iv
Table of contents.....	v
List of tables.....	viii
Abstract.....	ix
Chapter One: Introduction	
1.1 Background.....	1
<i>Changes in the external environment</i>	1
<i>The concept of Business clusters</i>	4
1.2 Statement of the problem.....	7
1.3 Objectives of the study.....	8
1.4 Importance of the study.....	8
Chapter Two: Literature review	
2.1 Introduction.....	10
2.2 The concept of competitive strategy.....	11
2.3 Porter's generic strategies.....	14
<i>Cost leadership strategy</i>	15
<i>Differentiation strategy</i>	11
<i>Focus strategy</i>	17
2.4 Relationship marketing.....	18
2.5 Challenges facing small-scale enterprises.....	19
2.6 Competitive strategies in small scale enterprise.....	22
2.7 Role of small scale enterprises in national development.....	23
2.7 Trends in retailing.....	25

2.8	Conclusions.....	27
-----	------------------	----

Chapter Three: Research methodology

3.1	Introduction.....	28
3.2	Research design.....	28
3.3	Population of study	28
3.4	Sampling frame.....	29
3.5	Data collection method.....	29
3.6	Data analysis and interpretation.....	30

Chapter Five: Summary and conclusions

Chapter Four: Findings and Discussions

4.1	Introduction	31
4.2	Enterprise characteristics	31
4.2.1	Years of Operation	31
4.2.2	Branch Network	32
4.2.3	Capital Investment	33
4.2.4	Enterprise Ownership	34
4.2.5	Staffing	35
4.2.6	State of competition	35
4.2.7	Extra products offered by enterprises	37
4.2.8	Reasons for customer patronage	38
4.2.9	Customer perception of enterprise prices	39
4.2.10	Treatment of returned products	39
4.3	Analysis of strategies adapted by enterprises to gain competition advantage	
4.3.1	Competitive Strategies related to products and services	41
4.3.2	Competitive Strategies related to pricing and cost management	42
4.3.3	Competitive Strategies related to marketing	43
4.3.4	Competitive Strategies related to location and interior decor	44
4.3.5	Competitive Strategies related to staffing and customer service	45

4.3.6	Summary of strategies	46
4.4	Generic strategies adapted by enterprises	
4.4.1	Cost leadership strategy	46
4.4.2	Differentiation strategy	47
4.4.3	Focus strategy.....	48
4.4.4	Other strategies	48
4.4.5	Summary of generic strategies	49
4.6	Factors influencing competitiveness of enterprises.....	49

Chapter Five: Summary and conclusions

5.1	Introduction.....	51
5.2	Summary.....	51
5.3.1	Conclusions on competitive strategies.....	52
5.3.2	Conclusion on similarities and differences in strategies.....	53
5.3.3	Conclusion on competitive factors.....	54
5.4	Limitations of the study.....	54
5.5	Recommendations for further research.....	55

Appendices

Appendix 1: Letter of Introduction

Appendix 2: Questionnaire

Appendix 3: Sampling frame

Appendix 4: Nairobi Central Business District Map

Appendix 5: References

LIST OF TABLES

Table 2.3.1	Porter's Generic Strategies
Table 2.5.2	Constraints facing Small Scale enterprises in Kenya
Table 4.2.1	Years of operation
Table 4.2.3	Capital Investment
Table 4.2.4	Ownership of Enterprises
Table 4.2.5	Staffing
Table 4.2.6	State of competition in exhibition halls
Table 4.2.7	Extra products offered
Table 4.2.8	Reasons for Customer patronage
Table 4.2.9	Customer perception of enterprise prices
Table 4.2.10	Returned products
Table 4.3.1	Competitive Strategies related to products and services offered
Table 4.3.2	Competitive Strategies related to pricing and cost management
Table 4.3.3	Competitive Strategies related to Marketing.
Table 4.3.4	Location and interior décor
Table 4.3.5	Staffing and Customer service.
Table 4.3.6	Summary of strategies
Table 4.4.1	Cost leadership strategy.
Table 4.4.2	Differentiation Strategy
Table 4.4.3	Focus Strategy
Table 4.4.4	Other Strategies
Table 4.4.5	Summary of Generic Strategies
Table 4.5.1	Competitive Factors

ABSTRACT

Small-Scale enterprises within Nairobi Central District have witnessed dramatic changes as a result of Business Clustering. This has impacted significantly on the state of competition. For enterprises to survive this stiff competition, it has been necessary to develop competitive strategies to enable them achieve a competitive advantage over their competitors.

This study sought to establish and document the various competitive strategies being adapted by small-scale enterprises to compete effectively. The study also sought to establish factors that determine the competitiveness of enterprises within business clusters. The study focused on 40 small-scale enterprises that had been sampled; only 30 responded positively to the study.

Data was collected through questionnaire method. Questionnaires were administered through personal interview and drop and pick method. Drop and pick method was used where target respondents were not easily available in their outlets. On one hand differentiation strategy was apparent with enterprises located within the city center while those located on town peripheries had deliberate attempts to adapt cost leadership strategy.

From the analysis it was established that small-scale enterprises used generic strategies to some extent in an attempt to gain competitive advantage. Cost leadership strategy had a mean score of 2.88, differentiation had 2.36 while focus strategy had a mean Score of 2.52.

The standard deviations for these strategies did not vary significantly. It shows that these strategies were uniformly used by most enterprises within clusters.

There are several factors determining the competitiveness of enterprises within Nairobi central business district. Research findings on one hand showed that the major determinants of competitiveness were offering variety of products which had a mean score of 1.87, ensuring high quality had a mean score of 1.83, strategic location had a mean score of 1.50, offering discounts and the ability and skills of the enterprise owner. Small scale enterprises should also use other strategies to remain competitive like bench marking, training staff in customer care and carrying out continuous research to keep pace with the ever changing customer preferences.

CHAPTER ONE: INTRODUCTION

1.1 Background

Changes in the external environment

Since the introduction of liberalization in Kenya (GOK, 1986) firms in almost all sectors of the economy are faced with competition. Liberalization primarily involves a movement towards less control of factor markets, financial markets and commodity markets. Liberalization has led to stiff competition in many sectors of the economy and this has made firms to change their strategies in order to survive.

By the end of 1994, most sectors of the economy had been opened up to the market forces and the government had liberalized the domestic market. These changes in the external environment had both positive and negative implications on the existing organizations. (GOK, National Development paper, 1997) Firms are environment dependent and changes in the environment shape the opportunities and challenges facing them. This understanding is important in defining the firm's objectives and developing competitive strategy that will ultimately result in competitive advantage (Theuri, 2003).

Strategy is the management's game plan for the business. Competitive strategy is the part of the business strategy that deals with the managements plan for competing successfully-how to build sustainable competitive advantage, how to outmaneuver rivals, how to defend against competitive pressures and how to strengthen a firm's market position (Thompson and Strickland, 1998). Further changes in the economy resulted from the infamous structural

adjustment programs that involved among other issues the civil service restructuring programs and the liberalization of the economy. These developments led to retrenchment in both private and public sectors. (National development plan, 1996). In an effort to find alternative means of livelihood most retrenched people moved to micro and small-scale enterprise development.

Reform process led to stiff competition in key sectors of the economy. Competition became intense after liberalization as firms struggled for the created opportunities (GOK, 1992). This competition meant that players had to formulate competitive strategies that would differentiate them from the rest of the industry. Therefore only firms that are capable of formulating and implementing effective competitive strategies will be able to survive, remain profitable and achieve a level of growth.

As a result of changes in the external environment mentioned above, small-scale enterprises operating in Nairobi have witnessed tremendous changes that have affected the state of competition. Emergence of business clusters and the introduction of exhibition halls in Nairobi have heightened the state of competition. Churchill (1991) states that clustering is assigning objects to groups in order to have as much similarity within groups as possible. Business clustering is grouping business ventures a specific geographic location. He further stated that an exhibition hall is a public display (of works, manufactured articles, natural products...) and it's also a place where the display is made. Enterprises in business clusters have been forced to adapt various strategies in order to survive the competition.

Over the past six years exhibition halls business have stirred a latent but now thriving small-scale business. Mulhern (1995) states that the size of the business may be defined in terms of the number of employees, the turnover or the capital invested in the business. However, in Kenya the most accepted mode of definition is based on the number of employees. Different scholars have fronted different definitions of micro and small-scale enterprises. They vary with countries and the economic sector under consideration.

Using employees as the basis of definition, Mulhern (1995) defines a micro enterprise as that which employs 0-9 employees, small enterprise 10-99 employees, medium enterprise 100-499 employees and large enterprise more than 499 employees. The government of Kenya defines a small business as one employing 0-50 employees (GOK, 1988). A small business is one that is actively managed by its owner(s), highly personalized, largely local in its area of operation and largely dependent on internal sources of capital to finance its growth (Banmback, 1988).

Micro and small-scale enterprises play a significant role in a country's economic development. Kenya has recognized the role played by small-scale enterprises development. Over the years it has put in place various policy papers that underscored this role. They include, the 1974-1979-development plan, the 1984-1988-development plan, sessional paper No. 8 of 1986, the sixth development plan and the development of micro finance bill. This sector has been recognized for creating job opportunities, promoting national productivity, expanding national trade providing materials for other industries and supplying goods and services at reasonable prices.

Small scale enterprise operating in business clusters are faced with various market challenges. They create the need for small firms to use strategies in order to survive. Davidson et al (1984) argue that competition remain one of the major challenges facing small-scale enterprises which are basically retail outlets. Kotler (1999) defines retailing as including all the activities involved in selling goods and services to the final consumer. Davidson et al (1984) further argue that the nature of retail business is highly competitive. This is compounded by various customer expectations. Other things being equal consumers need to spend the least time to get to the retail stores, days and hours of operation need to be convenient to the shopper, store atmosphere need to be appropriate, variety of merchandise is of essence and above all security in the retail store.

The concept of Business clusters

Recent literature on enterprise clusters suggest that the grouping of enterprises into sectoral and geographic clusters give rise to a certain collective efficiency that can enhance competitiveness and foster industrialization (McCormick 1998). Porter (1990) uses the term cluster to designate group of firms engaged in similar or related activities within a national economy. Although Porter believes that the relationship within an industry cluster benefit from firms being located near one another, he does not consider geographic proximity to be a defining characteristic of clusters.

According to Schmitz (1992), a cluster is characterized by geographic and sectoral agglomeration of enterprises. This study adopts the second definition because geographic

proximity appears to be particularly important in developing countries where poor infrastructure, weak information systems and cultures that place high value on face-to-face communication are the norm. In his analysis Schmitz concludes that enterprise clustering can affect industrialization by making it easier for the process of specialization and differentiation to take place.

Schmitz (1997) maintains that local external economies are necessary for the development of Clusters can also be understood by examining their different patterns of specialization and co-operation. Pedersen (1997) from a preliminary analysis of African clusters identifies four general types; the diversified industrial cluster, the subcontractor cluster, the market town or distribution center and the specialized petty commodity cluster. This breakdown has obvious roots in the African reality and as Pedersen's conclusion show; it is useful in tailoring policy to a particular setting.

When firms undertake related activities in close geographic proximity, both the immediate environment and the firms themselves are likely to change (McCormick 1998). The environment begins to adapt to the presence of firms by attracting customers, traders, workers with related skills, individuals and firms waiting to offer services and still more enterprises anxious to benefit from the markets being created.

McCormick (1998) further states that, at its basic level clustering encourages information sharing and opportunities for learning new technologies and designs. One firm may specialize in production process while the other turns from production to trade in inputs or final products, still another may develop links with traders who visit the cluster. Thus

clustering appears to have the potential to enable African countries overcome the barriers to industrial development. This is through increasing market access, fostering communication and information sharing, increasing efficiency and contributing to development of supportive institution. In this way, clustering provide gains not easily available to dispersed enterprises. Schmitz (1997) maintains that local external economies are necessary for the development of a strong cluster. However, he further argues that consciously pursued joint action must also be present for industrial cluster to flourish. The emphasis on "Joint Action" aspects of collective efficiency underscores the importance of inter-firm linkages and networks.

McCormick (1995), Bowen (1998), and Masala et al (1999).

Again more recent studies carried out in the area of competitive strategy like Kibiru (1999), Theoni (2002), Ndubai (2003), Omuyitsi (2003) have all been focused on competitive strategies in medium and large enterprises that are well established leaving the area of small scale enterprise less explored in terms of competitive strategy. This study seeks to determine competitive strategies adapted by small-scale enterprises and establish factors influencing their competitiveness. It also seeks to establish the differences in the strategies adopted in various exhibition halls. This will ensure growth and development of small-scale enterprises. The small-scale enterprises are faced with various market challenges emanating from intensified competition. Emergence of business clusters and the subsequent introduction of

1.3 Statement of the problem

Following the opening up of the market by the Kenyan government, Nairobi has witnessed a fundamental change in the competitive environment. This increased competition is coming at a time when the economy is performing dismally (GOK, Economic survey, 2001) A casual observation indicates that some big stores are closing down and turning their shop floors into exhibition halls.

1.4 Objectives of the study

Small-scale enterprises are basically retail outlets. Their business activity revolves around selling goods and services to the final consumer. Many studies have been carried out in the past on the general area of small-scale enterprises. These studies have been focused among other things problems facing small-scale enterprises, financial services, risk and growth, impact assessment and collective efficiency. They include, Child (1973), Ombok (1992), McCormick (1995), Bowen (1998), and Maalu et al (1999).

1.5 IMPORTANCE OF THE STUDY

Again more recent studies carried out in the area of competitive strategy like Kibiru (1999), Theuri (2002), Ndubai (2003), Omuyitsi (2003) have all been focused on competitive strategies in medium and large enterprises that are well established leaving the area of small scale enterprise less explored in terms of competitive strategy. This study seeks to determine competitive strategies adapted by small-scale enterprises and establish factors influencing their competitiveness. It also seeks to establish the differences in the strategies adapted in various exhibition halls. This will ensure growth and development of small-scale enterprises. The small-scale enterprises are faced with various market challenges emanating from intensified competition. Emergence of business clusters and the subsequent introduction of

exhibition halls have heightened the state of competition. It has become necessary for firms to develop competitive strategies to enable them to achieve competitive advantage. What then are these strategies that make them to survive the cutthroat competition? Why has there been a trend towards establishment of exhibition stalls in the recent past? Are there differences in the strategies adapted by various exhibition halls?

1.4 Objectives of the study

1. To determine competitive strategies used by small-scale enterprises to compete effectively among themselves as well as with large and established corporations.
2. To establish factors influencing the competitiveness of firms within exhibition stalls.

1.5 IMPORTANCE OF THE STUDY

Small Scale Traders

To people involved in small-scale enterprises either as owners or employees, effective management approach and better customer care skills will be acquired.

The Government

The study will highlight the role played by small scale enterprises in national development .It will also point to areas of operational bottlenecks enabling the government to include various support programs at policy formulation level.

Banks and Credit institutions

2.1 Introduction

The study will provide them with vital information about the viability of small-scale business enterprises. These will enable them to determine the amount of loans and credit facilities required by various business enterprises.

Aspiring Entrepreneurs

To aspiring entrepreneurs the study will give them important insights on potential opportunities available in the market and subsequent strategies for survival.

Academicians

Academically the study will contribute to the existing knowledge in the area of strategic management in general and competitive strategy in particular.

2.1 Introduction

Small-scale enterprises have been a subject of discussion for a long time in many forums all over the world. This research paper deals predominantly with Porter's generic strategies and aspects of relationship marketing as competitive strategy. It also focuses on major challenges facing other options have failed (Omeyyad, 2003). Owners of these businesses have been viewed as small-scale enterprises and subsequently examines competitive strategies adapted by small-scale enterprises in an effort to compete effectively. The role of small-scale enterprises in national development is highlighted and finally retailing is discussed as a basis of small-scale enterprise operations.

Webster's international dictionary (1966) defines an enterprise as a plan or design for a venture: an undertaking that is difficult complicated or has a strong element of risk. On the other hand, Canon (1991) defines enterprise as the characteristic of people, groups and organizations, which produce a disposition to self-realization through achievement. He further contends that it encompasses the self-reliance to innovate, accept risk and act independently.

A small business is one that is actively managed by its owners, highly personalized, largely local in its area of operation and largely dependent on internal sources of capital to finance its growth (Banmback , 1988). The size of an enterprise may be defined in terms of the number of employees, the turnover or the capital invested in the in the business. Using employees as the basis of our definition Mulhern (1995) defines a micro enterprise as that which employs

0-9 employees, small enterprise as 10-99 employees, medium enterprise 100-499 employees and large enterprise as that with more than 499 employees.

It locates an organization to its environment and as a perspective it gives an organization identity.

Small-scale enterprises have been a subject of discussion for a long time in many forums all over the world. Small scale enterprises have been viewed as the last survival option after all other options have failed (Omuyitsi, 2003). Owners of these businesses have been viewed as failures in society. Some people take on small scale enterprises as a supplementary source of income.

He further states that formulation of competitive strategies

use to succeed in the market. However these attitudes are fast changing. Realization that small-scale enterprises play a vital role in national development has greatly contributed to this change. Entrepreneurship as a subject has been incorporated into the syllabus and its now being offered in most of the training institutions. Some people are even quitting formal employment to take up the operation of small enterprises. This calls for the formalization of how things are done including formation and implementation of viable competitive strategies.

Porter (1998) published his findings in a book titled *Competitive Strategy: Techniques for*

2.2 The concept of competitive Strategy

Porter indicated that the essence of formulating

competitive strategy is to relate a company to its environment. He further argues that there are three generic strategies that firms can employ. These are cost leadership strategies, relationship with the environment. Strategy relates a firm to its environment. Strategy is thus competitive strategies and focus strategies. Competitive strategies adopted by a firm management's game plan for the business (Thompson and Strickland, 1998). Mintzberg (1987) defines strategy as a plan, ploy, pattern, position and perspective.

Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating

As a plan it specifies intended course of action, as ploy points to specific maneuvers, as a pattern it merges into a stream of actions, as a position it locates an organization to its environment and as a perspective it gives an organization identity.

Pearce and Robinson (2000) agree with Thompson and Strickland's definition of strategy as the management game plan, but they further argue that by strategy managers mean future oriented plans for interacting with the competitive environment. Ansoff (1988) on the other hand defines competitive strategy as the distinctive approach, which a firm uses or intends to use to succeed in the market. He further states that formulation of competitive strategies include consideration of four factors: The firm's strengths and weaknesses, industries opportunities and threats, personal values of key implementations and broader societal expectations. Competitive strategies comprise of both offensive and defensive actions. Research has shown that in the face of competition firms adopt various competitive strategies in order to survive in the market.

Porter (1998) published his findings in a book titled Competitive Strategy: Techniques for analyzing industries and competitors. Porter indicated that the essence of formulating competitive strategy is to relate a company to its environment. He further argues that there are three generic strategies that firms can employ. These are cost leadership strategies, differentiation strategies and focus strategies. Competitive strategies adopted by a firm should result in competitive advantage. Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating.

Competition in any given industry is based on the three generic strategies. Generally, firms are in competition with each other if they sell goods and services to the same groups of customers or try to employ factors sourced from the same group of suppliers (Murage, 2001)

Exhibition business is comprised of small scale enterprises that operate in various stalls selling goods and services to the same group of customers. They also source their merchandise from the same group of suppliers. The clustered nature of enterprises within exhibition halls make competition even more stiff.

Porter (1998) states that the goal of a competitive strategy for a business unit is to find a position in the industry where a company can best defend itself against the competitive forces or can influence them in its favor. Theuri (2002) states that Knowledge of an underlying sources of competitive pressure highlights the critical strengths and weaknesses of a company, animates its positioning in the industry, clarifies areas where strategic changes are required and points to areas where the industry trends hold greater significance.

Value chain displays total value and consists of value activities and margin. Each activity employs purchased inputs, human resources and some of the technology a firm needs to perform its functions. In examining the significance of value chain Porter, (1998) states that value activities are the discrete building blocks of competitive advantage. He further states that how each value activity is performed determine its contribution to buyer needs and hence differentiation. Value chain is therefore a useful way of describing and analyzing important relationship between organization resources, competencies and strategies. A critical

examination of competitors value chain exposes which generic strategy is being used hence one is able to determine their competitive advantage.

2.3 Porter's Generic Strategies

Porter (1998) calls his strategies generic because they are not firm or industry depended. They can be applied to a firm in any industry. These generic strategies are basically three and they are cost leadership strategy, differentiation strategy and focus strategy. They are applied at business unit level.

Table 2.3.1 Porter's generic strategies.

TARGET SCOPE	ADVANTAGE	
	LOW COST	PRODUCT UNIQUENESS
BROAD (Industry wide)	Cost leadership strategy	Differentiation Strategy
NARROW (Market segment)	Focus Strategy (Low cost)	Focus Strategy (Differentiation)

Source:(http://www.quickmba.com/strategy/generic_shtml, 6th July 2003)

Cost Leadership strategy competitors may leapfrog the technology and production capabilities hence eliminating the competitive advantage acquired from cost reduction.

A cost leadership strategy is one in which a firm strives to have the lowest costs in the industry and offers its products and services to a broad market at the lowest prices. Porter (1998) states that characteristics of cost leadership strategy include low level of differentiation, aim for average customer, use of knowledge gained from the past experience and the addition of new products only after the market demands them. Thompson and Strickland (1998) agree with Porter's view on cost leadership strategies and state that this strategy calls for being the low cost producer in an industry for a given level of quality.

Firms acquire cost advantages by improving processes efficiencies, accessing lower cost materials, making optimal outsourcing vertical integration decisions or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm will be able to sustain competitive advantage based on cost leadership.

Firms sell their products at average industry prices to earn a profit that is higher than that of its rivals or below the average industry prices to gain market share. As industry matures and prices decline firms that can produce more cheaply will remain profitable for a longer period of time (<http://www.quickmba.com/strategy/generic.shtm>, 6th July 2002).

Cost leadership strategy has advantages. Firms that succeed in cost leadership strategy usually has adequate capital, skills experience and efficient distribution channels. The cost advantage protects a firm from new entrants hence reducing competition. However the risk of

cost leadership is that competitors may leapfrog the technology and production capabilities hence eliminating the competitive advantage acquired from cost reduction.

Differentiation Strategy

A differentiation strategy is one in which a firm offers products or services with unique features that customers value (Ndubai, 2003). The value added by the uniqueness commands a premium price. According to Coulter (2002) the key characteristics of differentiation strategy is perceived quality whether real or not. This may be through superior product design, technology, customer service or other dimensions.

Differentiation strategy calls for development of a product or service that offer, unique attributes to the customers. The firm hopes to cover the extra costs by the premium price commanded by the product or service uniqueness. If suppliers increase their prices, the firm may be able to pass along the costs to its customers who cannot find substitute products easily. (<http://www.quickmba.com/strategy/generic.shtml>, 6th July 2002)

The advantage of differentiation strategy is that the perceived quality insulates a company from threats from any of the five forces that determine the state of competition in an industry. Again, firms using differentiation strategy have some internal strength including high research and development capabilities, strong sales team and corporate reputation for quality and innovation. Brand loyalty protects a firm from threat of substitute products. Rothschild

(1984) contends that differentiation is often the secret to extending the life cycle of a business and making it more expensive to enter and follow.

The risks associated with differentiation strategy include imitation by competitors and changing customer tastes and preferences. The shelf life of differentiation strategy is getting shorter and shorter.

Focus Strategy

Focus strategy involves targeting a particular market segment. This means serving the segment more efficiently and effectively than the competitors. Therefore focus strategy can be of cost leadership or differentiation aimed at a narrow market segment.

Porter (1998) states that the advantages of focus strategy include having power over buyers since the firm may be the only source of supply. Buyers do not have a strong bargaining power giving a firm competitive advantage. Customer loyalty also protects a firm from threat of new entrants and threat of substitute products. The firm adopting focus strategy can easily stay closer to its customers and effectively monitor their needs.

However the risks associated with focus strategy include being at the mercy of powerful suppliers since the firm is only able to buy in small quantities. Small volumes also mean higher production costs. These firms do not enjoy lower cost advantages arising from economies of scale. Changes in customer tastes and preferences may lead to disappearance of

the market segment. It may also be fairly easy for a broad market cost leader to adopt its products in order to compete directly with firms pursuing focus strategy. Finally other focuses may be able to carve out segments that they can serve even well.

(<http://www.quickmba.com/strategy/generic.shtml>, 6th July 2002)

Porter (1998) argues that his generic strategies are not compatible to one another. A firm that attempts to achieve an advantage on all fronts may achieve no advantage at all. For example if a firm differentiates itself by supplying very high quality it risks undermining that quality if it seeks to become a cost leader. Therefore according to Porter to be successful over a long term a firm must select one and only one of the three generic strategies. Otherwise with more than one a firm risks being “stuck in the middle” and may not achieve competitive advantage. Those firms that succeed with multiple generic strategies do so by creating separate business units for each strategy.

2.4 Relationship Marketing

Relationship marketing is an organization's effort to develop a long term, cost effective link with individual customers for mutual benefit. (Berkowitz, Kevin, Hartley and Rudelins, 1994). It is a revolutionary extension of market segmentation. Three elements are needed to implement relationship marketing; building a database to store information about customers, using innovative media to communicate with customers and monitoring long term relationships with customers. Relationship marketing starts with the customer-understanding needs and wants and how to satisfy requirements and preferences.

According to Payne (1998) relationship marketing provide sustainable competitive advantage in a number of ways; building barriers to entry, increasing switching costs, and locking customers into essential information and database. Berkowitz et al (1994) state that relationship marketing has been made possible by breakthrough in information technology that enables electronic data collection, online communication, e-commerce and database management.

Advantages of relationship marketing include promoting customer loyalty hence safeguarding against threat of new entrants. Firms are able to deliver superior customer value by personalizing the interaction between the company and the customer. It also enables firms to achieve effective coordination of complex capabilities with the company and around customers. However relationship marketing becomes difficult with changes in customer service personnel especially where employee turnover is high.

2.5 Challenges facing small scale enterprises

Nelson and Mwaura (1997) in the study of business strategies in the medium sized enterprises in Kenya found out that respondents suffered a serious deficiency in marketing and customer related skills. Some firms were forced by competition to divest or invest in other product lines where competition was less severe.

Poor quality business support programs by both the government and non governmental organizations has led to duplication of activities and over concentration on one aspect of business support activities to the detriment of others. This has been due to lack of coordination among agencies and the entrepreneurs.

According to GOK (1994) lack of credit facilities remains the most noteworthy challenge to small-scale enterprises. It has received the most attention in terms of research and development assistance. However, researchers in the past studies have noted that respondents tend to attribute all their problems on lack of credit facilities. This has led to over concentration on credit assistance to the detriment of other important non-financial support services. This leads to mass failure of small-scale enterprises.

Kibera (1996) noted that most people who enter small-scale businesses lack the necessary prerequisite professional skills needed to run their business. For such business the chances of developing into successful enterprise remain minimal. To eliminate this challenge entrepreneurship and the related course should be incorporated into the teaching syllabus from primary level.

There is need to link the financial services to skill development by providing extension services especially on areas of marketing and technology. Entrepreneurs should have tailor made training packages, have access to information on business opportunities, customer trends and general market trends (GOK, 2002).

Poor infrastructure has been for a long time a big challenge to the development and operation of small-scale enterprises (Omuyitsi, 2003). This is a great hindrance especially when considering prospects for linkages between rural and urban enterprises. Movement of

products from urban areas to rural areas is exceptionally costly owing to poor state of roads, sparse banking facilities in the rural areas, and high cost of telecommunication services

Instability in the political environment, the ever changing economic policies and business regulations. This includes bureaucratic procedures of obtaining trading license, high tax rates

and stamp duty. Corrupt nature of the city council employees and the Kenya police force are just but examples.

Another major constraint facing small-scale businesses is their inability to keep records.

Hailes (1983) has argued that good record keeping by a business is not only wise but also a requirement by many laws. Various agencies banks or employees that need records may raise

legal and financial questions. These questions can be accurately answered when written records of business proceedings are kept. Hailes further states that by recording the daily

transactions of a business the owner can learn from the past mistake and avoid errors in the future .A record of all transactions in a business permits evaluation, improvement and a good

chance of business development. It forms a point of reference to the exiting entity be it a small-scale business or a large organization.

Baseline Survey (1999) has indicated that most severe constraints facing micro and small-scale enterprises are:

Table 2.5.2 Constraints facing small scale enterprises in Kenya

Constraints	Percentage
1. Markets and competition	61.5
2. Lack of credit facilities	56.3
3. Poor roads /transport	34.4
4. Shortage of raw materials	50.6
5. Interference from authorities	80.8
6. Poor security	77.7
7. Lack of skilled labor	49.5
8. Power/Electricity problems	100
9. Poor access to water	40.8

Source: CBS, K-REP, National enterprise and baseline survey.

2.6 Competitive Strategies in Small-scale Enterprises

Reid (1993) notes that Porter's framework applies to large firms. To be able to transfer this framework from large enterprises to small firms, one has to be aware of the two crucial modifications. Small firms display the behavior of firms in early life cycle activity. Effort is devoted to establishing by discovery or creation of a competitive niche and little is directed to defending and blocking. Large corporations are much more in mature phase of development. A second modification requires Porters framework to take the market segment rather than the market as a whole.

In small scale Enterprises, strategic targets are market segments very often through small niche exploitation. Reid (1993) further argues that when the owner-manager of small-scale enterprises talks about "market", he usually means a segment of the much larger generic market. On the other hand when a manager of a large corporation talks about market he surely means the whole market.

Porter's generic strategies involve cost leadership, differentiation and focus. Cost leadership strategy and differentiation strategy are not feasible for a small enterprise because they aim at the industry as a whole (Reid 1993). As Reid puts it more appropriate to small-scale enterprises is focus strategy combining elements of cost leadership and product differentiation directed at a specific market segment. Therefore, a focus strategy, aimed at a specific market segment seems most likely to offer small businesses a competitive advantage.

In his findings, Rothschild (1994) notes that given the competitive pressure under which all small firms are operated, there is always pressure to control costs. An important discovery cutting across several of these categories of competitive focus is the role of experience. A small-scale enterprise has a steep learning curve after inception; such experience is readily translated into competitive advantage.

2.7 Role of Small -Scale Enterprises in national development

The role of small-scale enterprises can not be underestimated, owing to peculiar nature of most economies of the underdeveloped and developing countries. Their role has been

highlighted in the sessional paper No.1 of 1986 and the 6th National Development plan (1989-1993) as the primary means strengthening Kenya's economy (GOK, 1992)

Small-Scale Enterprises have also been recognized for providing a platform to indigenous Kenyans, on which they can participate in economic development (GOK, 1992). They provide a unique opportunity for poverty eradication in the country. A worrying trend in the country has been high level of unemployment. The government has recognized this serious socio-economic problem. Small-scale enterprises are recognized for their potential in alleviating this problem.

GOK, (1994) further recognizes the role of small-scale enterprises in creating backward and forward linkages among socially, economically and geographically diverse sections of the economy. Their linkages are particularly important considering that Kenya has a vision of being industrialized by the year 2020. In this respect small-scale enterprises provide an opportunity for development and growth.

According to annual economic survey (2004) Kenya's economic performance improved marginally last year – growing by 1.8 percent compared to 1.2 percent the previous year. This is attributable to the growing informal sector, which comprises of small-scale enterprises. Some 460,000 new jobs were created in the informal sector, constituting 94% of all new jobs created.

However a worrying trend is the increasingly limited link between small-scale enterprises and large-scale counterparts. There exist what is normally referred to as the “missing

middle". The government proposes to industrialize by moving through two phases – with the fast phase entailing promotion and development of small-scale enterprises. Small-scale enterprises are expected to grow and gradually graduate into medium sized enterprises then to large-scale enterprises. (GOK, 1997) It is evident that without the growth of small-scale enterprise the government's economic policy cannot be achieved.

2.8 Trends in retailing

Retailing is the business activity of selling goods and services to the final consumer. Kotler (1999) defines retailing as including all activities involved in selling goods or services to the final customer for personal non-business use. A retailer is any business establishment that directs its marketing efforts towards the final consumer for the purpose of selling goods and services (Lewison and Delozier, 1989)

Retailing has profound effect on society and the people it comprises. Davidson et al (1984) have noted that retailing is undergoing numerous changes in response to environmental trends. As a result, innovative merchandising strategies and operational methods are constantly being developed to meet these competitive challenges. This explains why competitive strategies have to be developed for small-scale enterprises that basically deal in retailing.

Throughout in the history of retail trade there appears to be an alternating movement in the dominant method of conducting operations. One swing is towards specialization of the functions performed on the merchandise handled by an individual firm while the other is

away from such specialization towards integration of related activities under one management. (Lewison and Delozier, 1989). Davidson, Sweeney and Stampft (1988) in agreement with Lewison's ideas have stated that significant change in society, the economy and changes in consumer expectations have caused retail institutions to adjust in adaptation to this changes.

Davidson et al (1988) further states that the following changes have contributed to retail revolution. In terms of demography, baby boom (1946-1964) produced young adult professionals of the 80s, emergence of single parent families, dual career incomes and the wave of immigration altered demographic characteristics. Economically from the industrial age of post world war period to post industrial age world economy has undergone significant changes, which have become the retailers most certain uncertainty.

In terms of the competition from the clear cut retail markets of 1940s and 1950s a new form of retail operating styles have emerged .The arrival of "compete or vanish "managerial imperatives have signaled emergence of off price retailing. And finally fast moving technology has led to the creation of new products that demand different retailing methods particularly in the areas of customer service.

2.9 Conclusion

In a nutshell, as propounded by Porter (1998), competitive strategies are the building blocks upon which firms develop competitive advantage. Environmental turbulence and trends in retailing have led to market challenges leading to stiff competition. As a result, firms have to adapt various competitive strategies in order to survive the competition and remain profitable. The government of Kenya through its various policy papers has recognized the role-played by small-scale enterprises in national development hence the need to determine competitive strategies that will enable them to survive the existing cutthroat competition.

This study was intended to determine the competitive strategies adopted by small-scale enterprises within Nairobi and establish factors influencing their competitiveness. It also seeks to find out the differences in various strategies used in different exhibition halls. To achieve this, a cross sectional study was considered most appropriate. This research design was chosen in order to provide broad and generalized information about small-scale enterprises operating within exhibition halls in Nairobi.

3.3 Population of study

The population of study consists of small-scale enterprises operating within exhibition halls. To obtain the sample element of the population two stage multi-sampling method was used. At stage one, systematic sampling was used. A fifth of the population was considered representative. Therefore $(1/5 \times 102 = 20.2)$ approximately 20 exhibition halls were chosen

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This part represents the research design that was used to achieve the objectives of this study as set out in the introduction.

3.2 Research design

This study was intended to determine the competitive strategies adapted by small-scale enterprises within Nairobi and establish factors influencing their competitiveness. It also seeks to find out the differences in various strategies used in different exhibition halls. To achieve this, a cross sectional study was considered most appropriate. This research design was chosen in order to provide broad and generalized information about small-scale enterprises operating within exhibition halls in Nairobi.

3.3 Population of study

The population of study consists of small-scale enterprises operating within exhibition halls. To obtain the sample element of the population two stage multi-sampling method was used. At stage one, systematic sampling was used. A fifth of the population was considered representative. Therefore $(1/5 \times 102 = 20.2)$ approximately 20 exhibition halls were chosen

for the study. To obtain the 20 exhibition halls, ($k=102/20=5$) each fifth exhibition hall was sampled from the sampling frame.

At the second stage small-scale enterprises were randomly selected from the sampled exhibition halls. It had been established that exhibition halls had an average of 12 enterprises. $1/5$ of 12 gave us 2.4 therefore in each exhibition halls we randomly chose two enterprises for the study. Therefore the total number of enterprises studied were ($2 \times 20 = 40$) forty.

3.4 Sampling frame

The sampling frame for this study constituted a list of exhibition halls located within Nairobi Central Business District (see appendix 3). These exhibition halls were obtained following the specification and boundary limits as given by the central business district map obtained from the Nairobi city council- planning department. This is contained in appendix 4.

3.5 Data collection method

Primary data was collected and used for this study. The research instrument was a questionnaire with both open ended and closed ended questions. The questionnaires were administered through two ways, personal interview and drop and pick method. Personal interview was chosen because it yields the highest quality and quantity of data compared to other methods. Cooper and Schindler (1998) have stated that one of the greatest value of

personal interview lie in the depth and detail of the information obtained. Drop and pick method was used where the enterprise owners were not easily found at the stalls.

The questionnaire had three sections A, B and C. Section A was used to gather general enterprise data such as year of establishment, years of operation, product range, target customers and the general view on competition by the owner. Section B was used to determine the competitive strategies adapted by small-scale enterprises in order to survive the cutthroat competition. It was also used to establish differences in the strategies used in different exhibition halls. Closed ended questions and a five point likert scale were used to achieve these objectives. Section C was used to identify factors influencing the competitiveness of enterprises operating within exhibition stalls. Again a five point likert scale was be used.

3.6 Data analysis

Questionnaires were edited for completeness. Data collected were both qualitative and quantitative. Descriptive statistics was used to analyze data. Frequency tables, percentages and mean scores were extensively used.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented in order of objectives i.e. analysis of competitive strategies, similarities and differences adapted by small-scale enterprises and factors influencing competitiveness of enterprises. The total number of questionnaires given out was 40 and 30 were completed and returned. This represents a response rate of 75 %. It is an adequate response rate to base conclusions on.

4.2 Enterprise characteristics

This section analyses key characteristics of small scale enterprises and is intended to establish certain similarities within small scale enterprises like years of operation, number of branches, start up capital, business ownership, staff members and target customer groups. Frequency tables and percentages are extensively used.

4.2.1 Years of operation

The number of years these small-scale enterprises have operated is important. It will enable the establishment of the relationship between strategy and operating period. These will enable us to make a comparison between the number of years in operation and the strategy

applied by various small scale enterprises. It will also make it possible to establish the similarities and differences between strategies applied by enterprises.

Table 4.2.1: Years of operation

Years of operation	Frequency	Percentage
1	10	33.3%
2	6	20.0%
3	4	13.3%
4	6	20.0%
5 – 10	4	13.3%
Over 10	0	0
Total	30	100%

Source: research Data

From the above table the mode years of operation are one. No enterprise has been operating for a period over 10 years. This may be explained by the fact that the concept of business clustering in Nairobi has not been in existence for more than ten years. It was observed that beyond one year many small-scale enterprises collapse due to economic pressure, unavailability of credit facilities and failure to cope with growing competition.

4.2.2 Branch network

This analysis was found necessary in order to establish the market potential for small-scale enterprises and the subsequent ability to expand. Analysis shows that 80% of the firms that

had operated for one year did not have branches while only 20% of the enterprises in these categories had branches elsewhere. On the other hand 92% of the enterprises that had operated for 4 years had branches elsewhere while only 8% did not have branches.

4.2.3 Capital investment

Capital requirement is a constraining factor to many would-be small-scale enterprises. Decision by new entrants to set up operations in an industry is largely determined by capital outlay. Capital outlay is as little as Ksh.50000 because most of this capital is raised by the individual entrepreneurs or from friends and family members. Those which start with capital exceeding Ksh.500, 000 are normally financed by credit institutions which are not easily accessible.

Table 4.2.3. Start up and current capital investment

Start up capital Kshs. "000"	Frequency	Percentage	Current capital Kshs. "000"	Frequency	Percentage
Below 50	13	43.3%	Below 50	3	10%
50-100	11	36.7%	50 – 100	7	23.3%
100–200	4	13.3%	100-200	11	36.7%
200-300	0	0	200-300	0	0
300-400	0	0	300-400	2	6.7%
400-500	2	6.7%	400-500	3	10%
over 500	0	0	Over 500	4	13.3%
Total	30	100%		30	100%

Source: Research Data

This observation is in agreement with other observations made in the literature review that From the above table 43.3% of small-scale enterprises studied had start up capital less than Kshs.100, 000. On the other hand, 36.7% of the enterprises studied had a current capital of between Kshs.100, 000 and 200,000. Only 10% of the enterprises still had current capital of less than Kshs.50, 000. The table also indicates that capital investment grew gradually.

4.2.4 Enterprise ownership

It was important to establish the ownership of enterprises in order to establish management practices.

Table 4.2.4: Ownership of enterprises

Ownership	Frequency	Percentage
Sole proprietorship	18	60%
Partnership	6	20%
Family Business	6	20%
Public Company.	0	0
Total	30	100%

Source: Research Data

The findings from table 4.2.4 indicate that 60% of small-scale enterprises within Nairobi Central Business District are sole proprietorship. Only 20% are partnerships while the other 20% are family business.

UNIVERSITY OF NAIROBI
LOWER KABETE LIBRARY

This observation is in agreement with other observations made in the literature review that individuals who start small-scale business are those retired or unemployed. Such people are unlikely to form partnerships or get into family businesses because they consider the business

as ones sole means of livelihood. Again public companies are unlikely to enter into small-scale businesses.

Table 4.2.5 staffing

No. of staff	Frequency	Percentage
1	16	53.3%
2	11	36.7%
3	0	0
4	1	3.3%
Over 5	2	6.7%
Total	30	100%

Source: Research Data

Most small-scale enterprises are run and operated by the owner. This constitutes 53.3% of the total number of enterprises studied. Those with more than five employees constitute 6.7% of the total enterprises studied. Form the above observation we can conclude that majority of small-scale enterprises have less than five employees

4.2.6 State of competition in exhibition halls.

Small-scale enterprises operate in very competitive environment. The table below summarizes the respondent's views on the state of competition in exhibition halls.

Table 4.2.6: State of Competition in Exhibition Halls

Competition is	Frequency	Percentage	Cumulative
Stiff	19	63.3%	63.3%
Fairly stiff	11	36.7%	100%
Not stiff	0	0	100%
Not sure	0	0	100%
Total	30	100%	

Source: Research Data

The above analysis shows that stiff competition exist in business clusters where small-scale enterprise operates. In our case, the small-scale enterprises exist in exhibition halls in the form of business clusters. As propounded in the introductory part of this research the greatest challenge facing business clusters is competition.

From table 4.2.6, 63.3% of the respondents view competition in exhibition halls as stiff while 33.7% view competition as fairly stiff. None of the respondents interviewed viewed competition as not being stiff. Therefore small-scale enterprises operating in exhibition halls face stiff competition.

The respondents gave various reasons as to why they viewed competition as stiff within exhibition halls. These included similarities in products, huge discounts offered, availability of low quality goods that are sold cheaply, ever changing customer preferences, mushrooming of exhibition halls within Nairobi, and the soaring rate of unemployment. To

compete effectively in the market, respondents observed that firms used various competitive strategies to have a competitive edge over their competitors.

4.2.7 Extra products offered by enterprises to attract more customers.

It was observed that enterprises offered a variety of products and services to attract customers.

Table 4.2.7: Extra products offered

Product/services	Frequency	Percentage	Cumulative
Credit facility	5	16.7%	16.77%
Discounts	19	63.3%	80%
Installment payment	5	16.7%	96.7%
Soft drinks	0	0	96.7%
Non of the above	1	3.3%	100%
Totals	30	100%	

Source: Research Data

Table 4.2.7 shows that 19 out of the 30 enterprises studied (63.3% of the respondents) offer discounts to attract more customers Credit facility and installment payments constitute a total of 16.7 % of the total enterprises studied while only 1 enterprise out of the total 30 studied (3.3% of the total enterprises studied) do not offer the above services to attract more customers.

4.2.8 Reasons for customer patronage

Reason	No. Positive responses	% Of responses
Quality of products and customer service	30	100%
Competitive prices	25	83.3%
Strategic location	16	53.3%
Sales, promotion, advertising	2	6.7%

Source: Research Data

Table 4.2.8 above represents the perceived reasons of enterprise owners as to why customers patronage their outlets. All the respondents indicated that the quality of products and good customer service were the main reason for outlet patronage. Again, 83.3% of the respondents cited competitive prices as being critical in patronage. Strategic location was rated 53.3% as the respondents reason for patronage while sales promotions and advertising received only 6.7% rating for attracting customers.

Source: Research Data

It was observed by the respondents that there were various difficulties and challenges they encounter in day-to-day operation of small-scale enterprises within exhibition halls. Most commonly cited difficulties were: - Impolite, rude and stressed customers, demands for very high discounts, language barriers, bureaucracies in delivery of purchased items especially at airports, high transport expenses for imports, returned products and unpaid debts where items are sold on installment terms.

4.2.9 Customer perception of enterprise prices

It was important to establish respondent's views with regard to their customer's perception on prices offered. This is because pricing is central in marketing mix. Based on this perception, enterprises have various strategic options that they can pursue in order to achieve their strategic goals.

Table 4.2.9 Customer perception of enterprise price

Price	Frequency	Percentage
Very high	2	6.7%
High	3	10%
Fair	22	73.3%
Low	2	6.7%
Very low	1	3.3%
Total	30	100%

Source Research Data

Only 3.3% of from the respondent's observation, products at the exhibition halls are fairly priced. 73.3% of the customers consider prices as fair while only 6.7% considered the prices as very high; on the other hand the customers consider prices as very low.

4.2.10 Returned products

It was important for us to analyze how returned items were treated because this formed the basis of good customer care and relationship marketing. It is from good customer care that

we get customers coming back or referring other customer to specific enterprises. 66.7% of enterprises studied had encountered cases of returned items. Only 33.3% had no cases of returned items, it was also observed that most of the enterprises that did not report cases of returned items had been in operation for a period less than a year.

Table 4.2.10 shows how various enterprises treated returned items.

Action	Frequency	Percentage
Don't accept returned items	10	33.3%
Replace returned items	14	46.6%
Repair products free	4	13.3%
Repair products at a fee	2	6.7%
Total	30	100%

Source Research Data

Ten enterprises from those studied did not accept returned products. A total of 20 enterprises reported returned items and treated them as follows. From the above analysis 46.6% of the enterprises accepted returned items and subsequently replaced them. 13.3% accepted returns and repaired them free of charge while only 6.7% repaired returned items at a fee. The above objective conquers with the earlier observation in the literature review that good customer relations form the basis of competitive strategy.

4.3 Analysis of strategies pursued by outlets to gain competitive edge in the market.

Tables 4.3.1 to 4.3.5. present the findings on the strategies used by the outlets to gain a competitive edge in the market. These are categorized in the categories of product and service offerings, price and cost management, marketing, location, interior décor and staffing.

Table 4.3.1 Competitive Strategies related to Products and Services Offered.

Competitive Strategy	Frequency	Percentage	Cumulative%
Offering products not offered by competitors	12	40.0	40.0
High Quality products	10	33.3	73.3
Home and Office Deliveries	2	6.7	80.0
Reliable Suppliers	6	20.0	100.0
Total	30	100	

Source: Research Data.

Table 4.3.1 above show that 12 out of the 30 enterprises studied offer products not offered by their competitors to gain competitive advantage. This is 40% of the total enterprises. Offering high quality products has a frequency of 10 out of 30. This constitutes 33.3% of the total enterprises studied. Reliable suppliers have a total of 20% of the total. Home and office deliveries are the least strategy used to gain competitive advantage. It has a percentage

of 6.7% offering high quality products is the second most applied strategy to achieve competitive advantage

Table 4.3.2 Competitive Strategies related to pricing and cost management.

Strategy	Frequency	Percentage	Cumulative Percentage
Selling at low Prices	5	16.7	16.7
Keeping Price lower than competitor	3	10.0	27.7
Keeping prices same as competitor	2	6.7	34.4
Giving Discounts	6	20.0	74.4
Clearance prices	6	20.0	75.4
Installments	8	26.6	100
Total	30	100	

Source: Research Data

Table 4.3.2 shows that there are various strategies related to pricing and cost management used by enterprises to achieve competitive advantage. Installment payments are widely used with a percentage of 26.6. Offering clearance prices follows it and giving discounts, which have 20% while keeping prices lower than competitors has 10%.

Table 3.3.3 Competitive Strategies related to Marketing.

Strategy	Frequency	Percentage	Cumulative
Promotions and Marketing	6	20.0	20.0
Relationship Marketing	6	20.0	40.0
Enhanced Distribution	2	6.7	46.7
Customer preference	10	33.3	80
Price tags	6	20	100
Total	30	100	

Source: Research Data.

By and large all enterprises use some form of marketing. As established from the literature review, marketing is an important aspect in today's competitive market environment. Enterprises both small and large use various aspects of the marketing mix in order to compete effectively. This is a clear indication that competition is very stiff.

From the above table, Out of the 30 enterprise that responded, 10 of them keep with customer preferences, this represents 33.3% of all enterprises, 6 enterprises out of a total of 30 that responded use promotions and advertising, 6 use relationship marketing while again 6 out of the total use price tags to attract more customer. All the above three are represented by 20% of the total. On the other hand only two enterprises use enhanced distribution as a Marketing Strategy translating to 6.7%.

Table 4.3.4 Location and Interior Décor

Strategy	Frequency	Percentage	Cumulative
No. of Branches	2	6.7%	6.7
Security Measures	3	10.0	16.7
Attractive Layout and design	5	16.7	33.4
Strategic Location	12	40.0	73.4
General Cleanliness	8	26.6	100
Total	30	100	

Source: Research Data.

Of 30 respondents, 12 enterprises use Strategic Location. This translates into 40% of the total enterprises studied 8 use general cleanliness (26.6% of all enterprises). Only 2 Enterprises (6.7% of all Enterprises use number of branches as competitive Strategy. A total, of 8 enterprises out of 30 that participated in the study observed general cleanliness as a strategy to compete effectively (26.6% of the total enterprises). Only 3 (10% of the total enterprises) consider cleanliness as an aspect of competitive strategy.

Customer Service

Customer service is an important aspect in today's businesses. It will enable a company to survive or make a company to collapse. Modern customer service techniques have to be

embraced with utmost importance. This explains why many firms have to invest in refresher courses for their staff. Contents of such courses are basically modern customer service techniques.

Table 4.3.5 Staffing and Customer Service

Strategy	Frequency	Percentage	Cumulative %
Employing Trend Adults	8	26.7	26.7
Using Competent Staff	10	33.3	60.0
Offering customer Service Financing	7	16.7	100
Use of feedback	5	16.7	100
Total	30	100	

Source: Research Data

Staffing in an Enterprise has a strong influence on customer patronage. Staff ought to be highly skilled, friendly and kind to all customers out of 30 respondents. 10 respondents enterprises use competent staff as competitive strategy. This translates to 33.3% of all the enterprises studied. Only 5 respondents out of the total 30 use feedback mechanisms (16.7% of the total enterprise).

Table 4.3.6 Summary of Strategies

Strategy	Mean	Standard Duration
Products and Services offered	2.78	0.5403
Pricing and Cost Management	2.72	0.1723
Marketing Aspects	3.21	0.5847
Location and Interior Décor	2.24	0.7536
Staffing and Customer Service	2.72	0.1500

Source: Research Data

Interior décor and location have the highest rate of variability of 0.7536. It is the most inconsistently used strategy. While on the other hand, staffing and customer service has the least standard deviation meaning it is the most consistently used.

4.4 Generic Strategies used by enterprises

According to Porter, there are three generic strategies that firms can adapt. They are cost leadership, differentiation and focus strategies. In this research it was found necessary to analyze these strategies in relation to the strategies used by small scale enterprises within Nairobi. It was important to establish the significance placed on each generic strategy by the enterprises operating within exhibition stalls in Nairobi. Tables 4.4.1 to 4.4.3 present these findings.

Table 4.4.1: Cost Leadership Strategy

Item	Mean	Standard Deviation
Cost Cutting	2.23	0.0967
Staff Reduction	3.43	0.5533

Source: Research Data

Staff reduction has the highest mean score of 3.43. It is the aspect of generic strategy to achieve cost leadership. Cost cutting has a mean score of 2.23. This strategy is used to some extent. It has a variance of 0.00967. However these findings reveal some inconsistencies among small-scale enterprises

4.4.2 Differentiation Strategy

Item	Mean	Standard Deviation
Customer Service	2.07	0.2953
Increased advertising	3.44	1.0813
New products and services	2.30	0.0620
Strategic Location	1.80	0.5620
Staff Training	2.20	0.1620

Source: Research Data

From table 4.4.2, differentiation strategy is used by most of the enterprises. This can be observed by the mean score column. For example enterprises are keen on Strategic location staff training and the quality of customer service to differentiate them from the other. However, the high standard deviation of 1.0813 of increased advertising shows that it is not uniformly used

Table 4.4.5 Summary of generic strategies used

4.4.3 Focus Strategy

Strategy	Mean	Standard Deviation
Cost Leadership	2.88	0.6020
Differentiation	2.36	0.6165
Market Focusing	1.90	0.6165
Market Segmentation	3.13	0.6165

Source: Research Data

The above results indicate that small-scale enterprises focus on specific market segments of the people served. The standard deviations do not vary significantly. The mean score of 2.36 while focus strategy has a mean score of 2.52. Other strategies adopted like lobbying, market focusing is 1.9 while that of market segmentation is 3.13.

Table 4.4.4 Other Strategies

Strategy	Mean	Standard Deviation
Lobbying	2.67	0.2455
Public relations	2.50	0.0784
Diversification	2.10	0.3222

Source: Research Data

The findings above show that other strategies used by small-scale enterprises include lobbying and public relations Lobbying has a mean score of 2.67, public relations has 2.5 while diversification has a mean score of 2.10. The above mean scores show that these strategies are used to some extent.

Table 4.4.5 Summary of generic strategies used

Strategy	Mean	Standard Deviation
Cost Leadership	2.88	0.6020
Differentiation	2.36	0.5661
Focus	2.52	0.6164
Others	2.42	0.1677

Source: Research Data

Most of the generic strategies adopted by small scale enterprises are used to some extent. Cost leadership strategy has a mean score of 2.88; differentiation strategy has a mean score of 2.36 while focus strategy has a mean score of 2.52. Other strategies adopted like lobbying, public relations and diversification are also used to some extent.

4.4 Factors influencing competitiveness of enterprises

Table 4.5.1 Competitive factors

Competitive Factor	Mean	Standard Deviation
Strategic location	1.50	0.921
Discounts offered	2.27	0.151
Access to Credit facilities	3.47	1.049
Ability and skills of owner	2.10	0.321
Customer sensitive staff	2.40	0.021
Marketing	2.27	0.151
Offering varieties	1.87	0.551
Security within premises	2.40	0.021
Quality of items	1.83	0.591
Display of price tags	4.10	1.679

Source: Research Data

CHAPTER FIVE: SUMMARY, CONCLUSIONS & RECOMMENDATIONS

Table 4.6 show that there are a number of competitive factors influencing the competitiveness of enterprises. The findings reveal that strategic location, offering variety of products and emphasis on quality are used to a great extent to determine the competitiveness of enterprises. They have a mean score of 1.

On the other hand accessing credit facilities, display of price tags least affects the competitiveness of enterprises. They have mean scores of between 3 and 4. Otherwise the standard deviation for competitive factors does not vary significantly. The degree of variability of displaying price tags is the highest with a standard deviation of 1.679. It does not apply uniformly to small-scale enterprises.

Findings show that the mode years of operation for small-scale enterprises are two. This finding is consistent with literature review observations that a large number of some enterprises do not operate beyond two years, in fact many of them collapse after one year of operation.

It was observed that very few firms operate branches. Majority of enterprises are single outlets. Inability to open several outlets can be attributed to lack of adequate capital and stiff competition. Most enterprises collapse do so because of inability to effectively compete. Competition was one of the major challenges facing small-scale enterprises.

CHAPTER FIVE: SUMMARY, CONCLUSIONS & RECOMMENDATIONS

5.1 Introduction

The aim of this study was to get an insight into competitive strategies adopted by enterprises operating within exhibition halls in Nairobi. It also sought to determine factors influencing the competitiveness of enterprises within exhibition halls. This chapter contains a summary of the results from the study, limitations of the study and suggestions for further research.

5.2 Summary

The findings from the study show that there are various similarities among enterprises in terms of characteristics like target customer groups, products and services offered, competitive strategies adopted and factors influencing the competitiveness of enterprises. This reveals the fact that enterprises belong to some business clusters within exhibition halls.

Findings show that the mode years of operation for small-scale enterprises are two. This finding is consistent with literature review observations that a large number of some enterprises do not operate beyond two years, in fact many of them collapse after one year of operation.

It was observed that very few firms operate branches. Majority of enterprises are single outlets. Inability to open several outlets can be attributed to lack of adequate capital and stiff competition. Most enterprises collapse do so because of inability to effectively compete. Competition was one of the major challenges facing small-scale enterprises.

In terms of ownership, it was observed that 60% of the enterprises were sole proprietorship while none was a public company. The average number of employees in small-scale enterprise was one. This person coupled up as the owner as well as the worker. With regard to competition, 100% of enterprises studied cited fairly stiff competition contributing factors cited were presence of various exhibition halls within Nairobi competitive prices offered, high bargaining power of customers and availability of poor quality products that were cheaply priced against a backdrop of non-performing economy.

5.3 Conclusions

5.3.1 Competitive Strategies

Small-scale enterprises regarded competitive strategies as an important aspect survival. Growth development and profitability were achieved through such competitive strategies. Thus competitive strategies were a means through which enterprises achieved competitive advantage. With regard to products and services offered, small-scale enterprises offer variety of product and services to their customers. Home and office deliveries were also used as a form of competitive strategy to have an edge over their competitors. It shows that enterprises went out of their way to maintain customers.

The study also revealed that various enterprises target specific markets segments. This is basically determined by the location of these enterprises. Those at the city center target

young professionals while those at the periphery target the common man. On competitive strategies relating to products and services offered, the mean score summaries showed that majority of enterprises perceived quality and variety as significant.

5.3.3 Factors influencing competitiveness of enterprises

In relation to pricing and cost management, the homogeneous strategy used was keeping prices lower than competitors and offering clearance prices. It was also observed that small scale enterprises, practiced some form of marketing. Enterprisers carried out various promotions and advertising, enhanced their distribution and placed price tags to attract more customers. Relationship marketing was of essence to all enterprises. All the above aspects of competitive advantage were pursued to assure survival within business clusters.

Location and interior décor were of essence to all enterprises. Well designed layout and general cleanliness were important to enterprises while in regard to staffing and customer service, use of feedback mechanism and employing trendy adults were of significance. Customer service training was also adversely mentioned by enterprises as important aspects..

This study was constrained by various limitations as outlined below:

5.3.2 Similarities and differences in strategies adapted

Strategies adapted by various enterprises were found to be different according to location of the exhibition halls. Similarities existed in strategies adapted by various enterprises located in the same exhibition hall. For instance it was observed according to analysis that those enterprises in the city center differentiated their products and services. This is because the market segments served consisted mainly of young professional groups whom embraced style and quality.

On the other hand, those enterprises in the town peripheries like along River Road and Tom Mboya Streets were keen at costs cutting strategies

not only Nairobi Central Business District but also other Key Centers in Nairobi like Westlands, East lands, Southland's etc.

5.3.3 Factors influencing competitiveness of enterprises

3. The study also suffered from general problems associated with questionnaire

The study established various factors affecting the competitiveness of enterprises within exhibition halls. Factors widely applied were use of customer sensitive staff and security within exhibition halls, which had variance of 0.021. However, according to the study, the major factors influencing the competitiveness of enterprises strategic location, offering variety of products and ensuring quality. Another major factor was marketing and skills and ability of owner. Ability and skills of owner was a major competitive factor because it determined the extent of trade links with other enterprises.

5.4 Limitations of the study

This study was constrained by various limitations as outlined below:

1. The findings are based on responses from 30 enterprises operating within Nairobi Central Business District. This was because the study sampled 40 enterprises. Only 30 of the sampled enterprises participated because some enterprises owners were suspicious of the data collected. Some enterprises owners were not able to participate in the study due to limited time period the study was carried out.

2. The study would have obtained even better results had the following aspects been included: - a large sample including not only Nairobi Central Business District but also other Key Centers in Nairobi like Westlands, East lands, Southland's etc.

3. The study also suffered from general problems associated with questionnaire based data collection method like misunderstanding of the questions and willfully giving misleading information where suspicion became a major issue. It was also considered by some respondents that some questions were too sensitive and personal especially on financial requirements and current status; answers to such questions may have been falsified intentionally.

5.5 Recommendations for further research

A comparative study on competitive strategies adapted by both small scale and medium scale business should be carried out in order to shed more light on Competitive Strategies used. Such a study will help draw parallels between the two categories of enterprises. Again such a study should be done in rural areas. This will enable a comparison of strategies adapted in urban areas with those adapted in the in rural areas.

Another study can be carried out to establish the challenges facing enterprises within business clusters. This will enable enterprise owners to formulate strategies of overcoming the challenges.

APPENDIX 1: LETTER OF INTRODUCTION

OCTOBER 2004

Dear Respondent,

RE: MBA RESEARCH PROJECT

SECTION A

As part of the requirement for the degree of Master of Business Administration (MBA) of the University of Nairobi, the undersigned who is a student in the Faculty of Commerce at the University is required to undertake a management paper. She intends to undertake a study on Small-Scale enterprises within Nairobi's Central Business District.

This questionnaire is designed to gather information on the competitive strategies adapted by small scale enterprises in Nairobi, Kenya. Your response will be treated in strict confidence and in no circumstance will your name be mentioned in the report. Further confidentiality will be ensured through the necessary coding of the findings.

Your cooperation will be highly appreciated.

Yours faithfully,

NAMADA – MULAA, J.

MBA STUDENT

JACKSON MAALU

SUPERVISOR

APPENDIX 2: QUESTIONNAIRE

This questionnaire is divided into three parts:

Section A, B and C. Kindly answer all questions in each Section. Your answers will remain anonymous and strictly confidential and in no incidence will your name be mentioned in the report.

SECTION A

1. Title of the respondent _____
2. Name of the outlet and location

3. How many years have you been operating in the exhibition business?

4. How much capital did you use to start the business?

5. How much is your investment in business now?

6. What is the size of your enterprise?

7. How would you describe the ownership of your business
Sole proprietorship Family Business
Partnership Public Company
Others (Please specify)

Others (Please Specify) _____

8. How many employees do you currently have?

9. a) Do you have any branches ? Yes _____ No _____

If yes give actual number and their location _____

Very high High Fair Low Very low

b) Please indicate some of the basic requirements an entrepreneur needs to operate an Exhibition stall

Financial requirements _____

Physical requirements _____

Other (Please specify) _____

Stiff Fairly stiff Not stiff Not sure

c) What are the challenges encountered in trying to meet the above requirements.

9. Who influences the decision to stock the variety of products you have?

Customers

Suppliers

Owner

Competitor

Others (Please Specify) _____

1. Please _____
customers _____

Credit facilities _____

10. In your opinion, indicate how your target customers view your current prices.

Very high High Fair Low Very low

11. Please indicate three major costs you incur every month

(i) _____

(ii) _____

(iii) _____

12. How would you rate the state of competition in the exhibition business

Stiff Fairly stiff Not stiff Not sure

13. What are your reasons for 12 above?

Other (Please Specify) _____

SECTION B

1. Please indicate the extra products and services that your outlet(s) offer to attract more customers.

Credit facilities

Discounts

Installment payment

Soft drinks

Others (Please Specify)

b) Why do you think these customers patronize your business? Because of;

Quality items and good customer service

Competitive prices

Strategic location

Sales promotion, advertising

Other (Please Specify)

2. Please indicate some of the difficulties you encounter in trying to meet the needs of your customers

3. Have you ever had cases of customers returning products because they were faulty?

Yes

No

If yes, how do you deal with such cases?

You don't accept returned products.

You replace returned products

You repair products free

You repair products at a fee

4. Please indicate (X) the extent to which you have used the following action plans to beat competition. Use the following Scale

1. Used to a great extent

2. Used to Some extent

3. Moderately used

4. Not used

5. Not used at all

Product and Service Offerings

15. Increase number of branches

1. Offering products not offered by competitors
2. Offering high quality products
3. Home and office deliveries
4. Use of reliable supplier

1 2 3 4 5

Pricing and cost Management

5. Selling at the lowest prices
6. Keeping prices lower than competitors
7. Keeping prices same as competitor
8. Giving discounts
9. Offering Clearance prices
10. Allow installment payments

1 2 3 4 5

5. How important has each of the following strategic options been to your business in response to changes in the market? (Use scale ranging 1-5 above).

Marketing

11. Carrying out promotion advertising
12. Use of relationship marketing
13. Enhance distribution (home deliveries)
14. Keeping with customer preferences
15. Displaying price tags

1 2 3 4 5

Location and interior décor

1 2 3 4 5

- 16. Increase number of branches
- 17. Security measures
- 18. Attractive layout & design
- 19. Strategically located
- 20. General Cleanlines

Staffing and Customer service

1 2 3 4 5

- 21. Employing trendy young adults
- 22. Employing competent staff
- 23. Training in customer service
- 24. Use of feedbacks to rate customer service

5. How important has each of the following strategic options been to your business enterprise in response to changes in the market? (Use scale outlined in 4 above).

Cost leadership

1 2 3 4 5

Cost cutting					
Staff reduction					

SECTION C

1. The following are some of the factors influencing the competitiveness of business enterprises. Please indicate the extent to which they give your enterprise a competitive edge to other enterprises.

Differentiation

	1	2	3	4	5
Customer Service					
Increased advertising					
New products and services					
Strategic Location					
Staff training					

Focus

	1	2	3	4	5
Market focusing					
Market Segmentation					

Other Strategies

	1	2	3	4	5
Lobbying					
Public relations					
Diversification					

2. What are some of the problems you encounter in operating your enterprise?

Thank you for completing this questionnaire. Please write below any other comments you may wish to include that are relevant to this subject.

SECTION C

APPENDIX 3: EXHIBITION HALLS IN NAIROBI CENTRAL BUSINESS DISTRICT

1. The following are some of the factors influencing the competitiveness of business enterprises. Please indicate the extent to which they give your enterprise a competitive edge to other enterprises.

- i) To a great extent
- ii) To some extent
- iii) Fair
- iv) A little
- v) Not at all

1 2 3 4 5

1. Strategic location					
2. Discount offers					
3. Access to credit facilities					
4. Ability and skills of owner					
5. Customer sensitive staff					
6. Marketing					
7. Offering variety of items					
8. Security within the premises					
9. Quality of items sold					
10. Display of price tags					

Others (Please Specify)

2. What are some of the problems you encounter in operating your enterprise?

Thank you for completing this questionnaire. Please write below any other comments you may wish to include that are relevant to this subject.

APPENDIX 3: EXHIBITION HALLS IN NAIROBI CENTRAL BUSINESS DISTRICT

1. Uptown Shopping place
2. Kigali exhibition Centre
3. Ushindi expo Centre
4. Expo Camera Centre
5. Queens Collection exhibition
6. The Plaza buying point
7. H. M. exhibition Centre
8. Capital exhibition
9. Eureka general exhibition
10. Grand arcade exhibition
11. Ark land exhibition centre
12. Shopping Plaza
13. Leaders Shopping Complex
14. Joint Mart Exhibition
15. African House Exhibition
16. Sunbeam Exhibition Centre
17. Sims shopping Paradise.
18. Elegant Exhibition
19. East gate exhibition centre
20. Noor exhibition Centre
21. Beaver business Centre
22. Mago general exhibition
23. Market Center exhibition
24. Maridadi fabrics exhibition
25. Red apple exhibition
26. Superior Centre (All time Shopping Mall)
27. All inclusive Shopping Mall

28. The Shopping Mall
29. Nairobi Stalls.
30. Rosinnah Exhibition centre
31. Terry Exhibition
32. Delight Business Centre
33. Commodity Enterprises
34. Bazaar Shopping Centre
35. Dubai Shopping Centre
36. Baraka Exhibition
37. P. Fashions Exhibition
38. Mucert Exhibition Centre
39. Omar exhibition Centre
40. New Caring III Shopping Mall
41. Kike Textiles Mutarabara Mall
42. Joy land Exhibition
43. Exhibition Sekea Sales
44. Exhibition Jopo Shopping Point
45. Perida Centre
46. St. Bakhita stalls
47. Tsavo Road trade Centre
48. Habari Bazaar Exhibition
49. Sunning Hill Exhibition
50. Mbiritech exhibition
51. Al-noor exhibition
52. Latema road exhibition
53. Khuzeema Mohsin Mamujee Exhibition
54. Mamujee free market
55. Drywood market Centre
56. General Exhibition
57. Soko Centre

58. Nijimatt Sales Exhibition
59. Luthuli Trading Complex
60. Edma Exhibition
61. Nkimwa Sales Exhibition
62. Special bargain
63. Dry wood Market Centre
64. Mamujee Free Market exhibition
65. Mecca Shopping Centre
66. Star world market
67. Torson exhibition sale
68. Concepts Shopping Mall
69. Al-noor Exhibition III
70. Kassico Trade Centre
71. Superior Arcade Centre
72. All time Shopping Complex
73. Beauty shopping mall
74. New Kansas II Shopping Complex
75. Central Stalls Exhibition
76. Haaki Stalls Exhibition
77. New Nyama Shopping Complex
78. Sunbeam Shopping Complex
79. Phiokam Exhibition Centre
80. Alfulela Exhibition 2001
81. Bilal Exhibition Centre
82. Old Nation Exhibition Centre
83. Moonlight exhibition
84. Summit Exhibition
85. City Stalls Exhibition Centre
86. Fashion Stalls
87. Madukha exhibition

88. Mishal exhibition
89. New Accra house Exhibition
90. World business Centre
91. Mago General Exhibition
92. Gilat Market Centre
93. Sunshine Exhibition
94. Red Apple Exhibition
95. Superior Centre Shopping Mall
96. Eleven Exhibition Centre
97. Theofillas Exhibition Centre
98. Techno trade Pavilion
99. Biggest Bargain exhibition
100. Faulu Kwa Soko exhibition
101. Shelly Shopping Complex
102. Jecca Centre

APPENDIX 4: NAIROBI CENTRAL BUSINESS DISTRICT MAP



APPENDIX 5: REFERENCES

- Kotler, P. (1999) Marketing Management Millennium Edition, Prentice Hall, New Jersey.
- Ansoff, I. (1988) Corporate Strategy McGraw – Hill.
- Banmback, C. M. (1988) How to Organize and Operate a Small business, Prentice Hall, London.
- Berkowitz, E. N., Kerin, A. R., Hartley, S. W and Rudelins, W. (1994) Marketing, 4th Edition, Irwin Publishers.
- Canon, T. (1991) Enterprise: Creation, Development and Growth. Heinemann Ltd, London
- Churchill, G.A. (1991) Marketing Research: Methodological foundation 5th Edition, The Dryden Press, New York
- Cooper, D. R. and Schindler P. S. (1998) Business Research Methods 6th Edition, McGraw - Hill, London.
- Coulter, M (2002) Strategic Management in Action 2nd Edition, Prentice Hall.
- Daily Nation May 28th 2004, Economy Picks Up, Nation Media Group Limited Nairobi, Kenya.
- Davidson, W. Sweeny, D. and Stampfl (1984) Retail Marketing John Wiley and sons, New York.
- Government of Kenya/ILO/UNDP Centre Project (1988) A Strategy for Small Enterprise Development in Kenya towards the year 2000. Nairobi Kenya.
- Government of Kenya (1992) Sessional Paper NO. 2 of 1992 on Small Scale Enterprise and Jua Kali Development in Kenya, Government Printer, Nairobi, Kenya.
- Government of Kenya (2001), Economic Survey of Kenya
- Newman W. H, Logan, J. P. and Hergarty W. B (1989) Strategy: A multilevel approach, McGraw-Hill, New York.
- Hailes, W. W. (1983) Management Small Business 3rd Edition, Delman Publishing Inc. Nairobi.
- Kibera, F. W. (1996) Introduction to Business: A Kenyan Perspective, Nairobi, KLB

- Kotler, P. (1999) **Marketing Management** Millennium Edition, Prentice Hall, New Delhi.
- Lewi, M. D and Delozier, W. W. (1989) **Retailing** 3rd Edition, Mervill Publishers, London.
- McCormick (1998) **Collective Efficiency and Increasing Returns**, IDS working paper No. 50, Sussex: Institute of Development Studies.
- Mintzberg, H. (1987) **Value of Strategy** in California Management Review Vol. 34 NO. 4 Pp 136 – 172.
- Mulhern, A. (1995) **“The MSE Sector in Europe; A broad Perspective”** Journal of Small Business Management Vol. 33 No. 3
- Murage, S. N. (2001) **Competitive Strategies adopted by members of the Kenya Independent Petroleum Dealers Association**. Unpublished MBA Project, University of Nairobi.
- Nachmias, V.F. and Nachmias, D. (1996) **Research Methods in social sciences** 5th Edition Edward Arnold inc
- National Enterprise and Baseline Survey (1999) CBS, **International Center of economic Growth**, K-Rep Holdings, Nairobi, Kenya.
- National Development plan 2002-2007 **Effective Management for Sustainable Economic Growth and Poverty Reduction**, Government printer, Nairobi.
- Needham, D. and Dramsfield, R (2004) **Advanced Business**, Heinmann Educational Publishers.
- Nelson, R. and Mwaura, M (1997) **Profiles and Business Strategies of Owner Managers of Medium size firms in Kenya** in Ndubai, N. (2003) competitive strategies applied by the retail sector of pharmaceutical Industry in Nairobi, Unpublished MBA Project University of Nairobi, Kenya.
- Newman W. H. Logan, J. P. and Hergarty W. H (1989) **Strategy: A multilevel, Intergrated Approach**, South Western Publishing Company.
- Ndubai, N (2003) **Competitive Strategies applied by retail Sector of the Pharmaceutical Industry** in Nairobi, Unpublished MBA Project, University of Nairobi, Kenya.

Nickels, G. W. (1990) Understanding Business, Irwin Inc

Omnyitsi, N. R. (2003) Marketing Research in Micro and Small Enterprises: A case of Enterprises in the Nairobi Central Business District, Unpublished MBA Project, University of Nairobi, Kenya.

Payne, A. (1998) Relationship Marketing for Competitive Advantage: Winning and Maintaining customers, Heinemann, New York

Pearce, J. and Robinson, R. (2000) Strategic Management: Formulation, Implementation and Control, 7th Edition, McGraw – Hill.

Pedersen, P. O. (1997) Cluster Enterprises within Systems of Production and Distribution: Collective efficiency and Transaction costs, London, Francass.

Porter, M. (1990) The Competitive Advantage of Nations, New York, Free Press.

Porter, M. E (1998) Competitive Strategy; Techniques for Analyzing Industries and Competitors, The Free Press, New York.

Porter, M. E. (2002) Porters Generic Strategies:
<http://www.qiuckmba.com/strategy/generic.shtml>, 6th July 2003.

Reid, C. G. 1993 Small Business Enterprise: An Economic Analysis, Routledge, London.

Schmitz, (1992) 'On the clustering of Small Firms', IDS Bulletin, University of Nairobi

Rothschild, W. E (1984) How to Gain (and Maintain) Competitive Advantage in Business McGraw – Hill, New York.

The oxford English Dictionary (1989) 2nd Edition Vol 5, Oxford University Press, New York

Thompson, A. and Strickland, J. (1998) Crafting and Implementing Strategy, Texts and Readings, 10th Edition, McGraw – Hill, New York.

Webster's Third International Dictionary (1966) G. Bell and Sons Ltd, London.