INFLUENCE OF FOCUS STRATEGY ON PERFORMANCE OF SMALL AND MICRO-ENTERPRISES (SMES) IN MACHAKOS TOWN, MACHAKOS COUNTY, KENYA

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Abstract: *The objective of this study was to establish the influence of focus strategy on performance of small and micro-enterprises (SMEs) in Machakos Town.The study employed a mixed research design where were both quantitative and qualitative data was collected and used. The target population consisted of all the 40 electronics outlets obtained from Machakos county Single Business Permit licensing office and which are operating within Machakos town and environs. The study employed a total population census sampling technique. The census sampling approach was adopted on the total population of 40 electronics retail shops in Machakos town The choice of census sampling approach was guided by various reasons including; need to increase the accuracy of results and easy accessibility of population elements. The study used questioners to collect primary data. Questionnaires are effective tools used to collect data from available respondents who are willing to co-operate. The study conducted a multiple regression analysis to establish the nature and magnitude of the relationship between the competitive strategies and performance of SMEs in Machakos town. The multiple regression analysis helped pick weight that the independent variables (competitive strategies) had on dependent variable (SMEs performance). The study revealed that SMEs which adopt focus strategies concentrate on particular niche markets and, understand the dynamics of that market and the unique needs of their customers then develop uniquely low-cost or well-specified products for the said market. Unique customer's service offered by SMEs in their market results to a strong brand loyalty amongst their customers.*

Recommendations: *The study recommends while adopting a narrow focus, that the SMEs ideally need to focus on a few target markets also called a segmentation strategy or niche strategy. These should be distinct market segments with specialized needs.*

Keywords: *Focus strategy, Customized marketing mix, Adoption of IT for e-marketing*

INTRODUCTION

Both The purpose of any business strategy is to improve the organization performance. SMEs performance indicators therefore measure the effectiveness and efficiency of business strategy in meeting the intended organization objectives. King and McGrath (2002) view business performance in terms of effectiveness and efficiency. Indicator of effective organization performance is accomplishment of the set objectives while efficiency indicator is prudent use of minimum resources to attain maximum SMEs performance.

Business performance measurement plays the role of converting strategies into results. Selecting the right performance measure leads to realization of meaningful results. Until 90s, organization performance

measurement was based only on its financial indicators (sales and profitability).An efficient SME strive to achieve and sustain low production cost of its high quality products and services and runs an efficient distribution channels that ensures products reach the end users at minimal cost and at the right time. This result to increased SME financial gains (sales volumes or profits),and non-financial gains like increased customer loyalty, brand, increased market share, and create value for the organization's shareholders. Non-financial measures are also determines SMEs performance. Nonfinancial measures include; employee motivation, quality of product/service and customer satisfaction (Maylor, 2010).A balanced score card theory Isoraite (2008) is used to measure organization financial and nonfinancial performance in terms of profitability or ROI(for financial measurement),customer base (for customer satisfaction),new skills for product innovation and internal operational processes for efficiency.

In the recent years, SMEs have encountered new competition from formal and established large firms whose activities have infiltrated into niche markets once considered as a preserve for SMEs (Ntakobajira, 2013).Another significant challenge is the negative perception towards small firms. According to Nguyen and Waring (2013), small enterprise sector has struggled with negative perception from the potential clients that they lack ability to provide quality services and capacity to undertake simultaneous projects making them less competitive during award of business. Other challenges contributing to SMEs failure include; lack of strategic planning, poor Leadership (Waihenya, 2014) and lack of finance (Makewa, 2017). However and regardless of the high failure rate, the enormous contribution of the SMEs to the economy cannot be overlooked.

Small and Micro enterprises (SMEs) in Machakos Town

Machakos County is one of the 47 administrative Counties located in eastern part of Kenya with estimated area of area of 6,208 SQ square kilometers. Most parts of the county experience a semi- arid type climate. According to survey report by Kenya national bureau of standard (KNBS, 2015), Machakos County is predominantly inhabited by the Akamba community with average population density of 177 persons per square kilometer. There are 8 sub-counties namely; Machakos Town, Kathiani, Masinga, Mavoko, Kangundo, Mwala, Matungulu, and Yatta. Machakos county economy is heavily supported by the SMEs who dominate almost all sectors of the economy including education, wholesale, retail, hotel and even agriculture. Despite the proximity to Nairobi city, Machakos town lacks large and medium manufacturing industries and majority of businesses in Machakos town comprises of SMEs. Majority of existing SMEs engage in retail economic activities. The SME sector in Machakos is highly fragmented and involves thousands of small producers and traders.

Machakos town is the Machakos county administrative center and as such it is the county's economic hub with majority of retail outlets located there and offering diverse products and services. Products offered by SMEs in Machakos town include; clothing, foodstuff and hospitality, electrical, electronics, pharmaceuticals, beauty products, books stores, mobile money and IT services. This study was meant to investigate how use of competitive strategies influence performance of SMEs retailing in electronic products and services in Machakos town.

SMEs competitive strategies and competitive Advantage

Despite the critical contributions by SME sector to Kenya's economic development, it is characterized by a myriad of challenges limiting its long-term growth and survival. The major obstacle is ever increasing market competition. The survival and success of small and micro enterprises is crucial since they are known to be the main drivers of economic growth and economic stability (Lange, Ottens & Taylor, 2000). According to Waihenya (2014), the resulting competition leads to decreased retail prices, decreased customer base and

consequently erosion of existing profits. The easy entry into SMEs sector by many players has increased industry competition in Machakos town.

According to Barney (2014), a firm becomes competitive once it achieves a comparative advantage over similar firms in the same market. A business with competitive advantage possesses key strategic competencies which enables it to offer its target customers better products or services than its rivals. SME gains competitive advantage once it's able to create superior value for its customers. Strategic planning helps SMEs identify and adopt unique strategic competencies.

Strategy is a concept developed by an organization and which gives it a coherent direction of growth (Grundy, 2003). Strategy is used as decision-making rules necessary for guiding organizational behavior. Strategy in Greek words is''stragegoi and strategos''or generals and the work of generals (Warner, 2010). Strategy is about defeating the competition. Since no business firm operates in isolation, a strategy assists SMEs develop strategic framework on how to relate with its external environment. Strategy helps to align the SME's internal operational process with its external environment in order to spur its performance.

Strategy development starts with strategic analysis conducted by a business on its operating environment and which guides development and implementation of a competitive strategy. Analytical strategic tools including SWOT and PESTEL expose a business's internal strengths, weakness, opportunities, current and potential external threats. According to Pearce and Robinson (2007), various external factors influence choice of strategies. There is no common single best strategy for enhancing business performance hence each SME needs to adopt one that resonates with its unique operating environment. The SMEs owners/managers need to put in place an evaluation system to continually monitor the adopted strategy's relevance, efficiency, effectiveness and resulting impact on SMEs' performance. Where gaps are identified, appropriate adjustment of the strategy is effected. Monitoring process continues throughout strategy implementation process until best performance is achieved.

Statement of the Problem

SMEs have encounter new and stiff competition not only from other SMEs but also from established formal large firms which continue to infiltrate the niche markets once considered a preserve for SMEs (Ntakobajira, 2013).Majority of SME owners and managers in Machakos town lack necessary strategic business skills critical for navigating this highly competitive and dynamic business environment. Development and use of competitive strategies plays a crucial role in the enhancing performance of SMEs while combating pressure from industry competition. Several studies to investigate the influence of adoption of competitive strategies on SMEs' performance have been carried out in the past(Karanja, 2015; Ogot, 2014; Kariuki, 2018 Isaboke, 2018; Muthoni, Severina, 2018).The studies on strategies practiced by general SME only investigated SMEs sector within Nairobi city, Nairobi county.

No research on the influence of competitive strategies on performance of SMEs (electronics products and services outlets) in Machakos town has been conducted. This study sought to investigate how practice of focus competitive strategies influences performance of SMEs retailing electronics products and services and operating within Machakos town. The findings of this study will provide practical and useful performance enhancing information to existing SMEs in Machakos town and guidance tool to potential entrants into the competitive electronics retail industry.

Objectives of the Study

(i) The study set out to establish the influence of focus strategy on performance of small and micro-enterprises (SMEs) in Machakos Town, Machakos county. The Specific Objectives of the study were to: examine the influence of Creating niche market, Customized marketing mix and adoption of IT for e-marketing on performance of small and micro-enterprises (SMEs) in Machakos Town, Machakos county.

LITERATURE REVIEW

This chapter presents literature review on the generic strategies and performance of micro and small enterprises. It covers both the theoretical and empirical review of the literature related to the study. Theoretical review covers various theories applied by SMEs to develop competitive strategies and achieve superior performance in their competitive markets. These strategies include, Michael porter's generic strategies, resource based theory and porters five forces. The sources of the information include, books, research papers, printed and internet sourced academic publications. Under empirical review the influence of porter's generic strategies on SMEs performance is discussed by exploring relevant previous studies literature. The literature review summary is then used to formulate this study conceptual frame work.

Porter's five competitive forces Model and SME performance.

The easy entry into SMEs sector by many new players increases the number of service providers resulting to increased industry competition. As competition increases, production, efficiency, quality, innovation and differentiation increases hence the consumers get more and better choices (Pringle and Huisman, 2011). Bargaining buyers increases as the services offered become more standardized and readily available, easily compare offerings and make more informed choices at lowered costs (Pringle and Huisman, 2011). The threat of new entrants places a limit on product's prices, effectively raising required investment capital which serves to scare away potential new entrants.

Threat from the growing numbers of substitute products is the most powerful and growing force particularly from numerous mega online platforms effectively placing competition into a global arena (Anand, 2012). SMEs competition intensifies due to price discounting, introduction of new products, advertising campaigns efforts and service improvements (Porter, 2008). According to Mguni (2013), business rivalry intensity reaches peak levels when competitors' power and sizes are roughly equal and the competitiveness of organizational performance depends on its strategic implementation. The decisions made by SMEs owners/managers to directly or indirectly interact with external factors influence the business growth (Kuratko and Hodgetts, 2014). Porter's five forces model can be used by SMEs to gather information on the potential external business threats, analyze it and develop competitive business strategies for competitive advantage. SME's ability to responds to prevailing local competitive conditions depends on effective and timely deployment of strategic approach.

Focus strategy

Focus strategy direct firm's effort at growing market share in a niche market which is overlooked or is not attractive to competition. Focus strategy has two variants derived from cost and differentiation strategy namely; cost focus and differentiation focus. A differentiation focus strategy requires the presence of a buyer segment with demands for unique product attributes while a low cost focus strategy requires presence of a buyer segment with needs which are less costly to satisfy(Porter,2010).

Relative position of an SME within an industry is determined by its competitive advantage (cost leader/differentiation strategies) and choice of competitive scope. The Competitive scope differentiates between SMEs targeting broad industry segments and those focusing on a narrow market segments. The SMEs with low market share become successful by pursuing market segmentation to focus on a small but profitable market niche (Porter 1985).
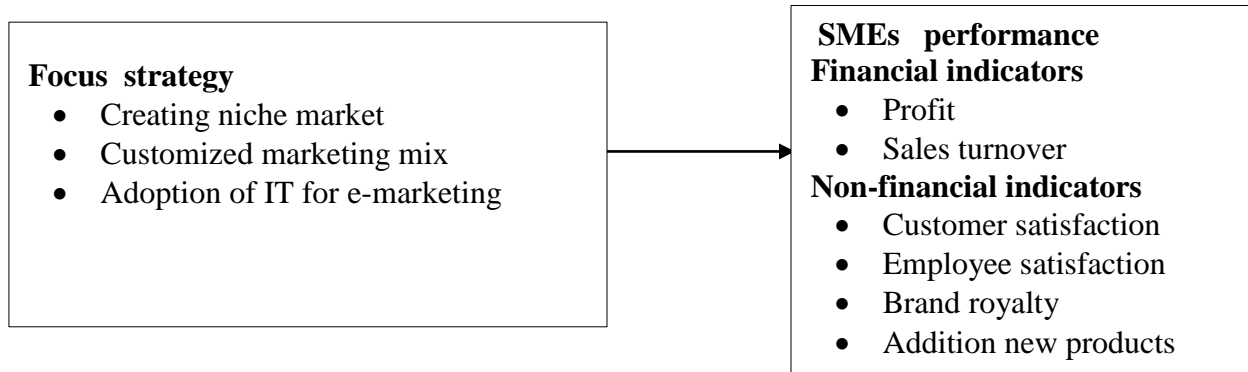
The customers' loyalty to the business acts as its insulation from new entrants and substitute products competition. Focus strategy requires SMEs to stay close to customers and constantly monitor their needs (Hyatt, 2011). However SMEs small production volumes translate into higher production cost leading to diseconomies of scale (Bauer & Colgan, 2011). This exposes such SMEs to possible competition risks from larger suppliers hence. To minimize this threat, SMEs pursue focus strategy in market segments with minimal presence of substitute products or where competition from big firms is weakest.

Focus strategy and SMEs performance

A study by Waema (2013), sought to establish effects of competitive strategies on performance of dairy firms in Kenya. The result of the study done on a population of fifteen dairy firms showed that all the three competitive strategies including; low cost, focus and differentiation enhance firms' performance. However the result of the study showed that focus strategy had a bigger positive impact on firms' performance compared to other two strategies. The study therefore recommended focus strategy as the most competitive strategy for dairy farmers. Another study by Isaboke (2018) to establish the influence of competitive strategies on the organizational performance of SMEs in Nairobi County, Kenya targeted proprietors of youth owned SMEs within the 17 sub-counties of Nairobi County. The result of the study showed that use of Michael Porter's generic strategies helped SMEs gain competitive advantage and improved SMEs' performance. The increase in organization performance was seen to be dependent on choice of strategy. SMEs which adopted focus strategy recorded higher performance than those adopting differentiation and low cost strategies.

Njau (2013), carried out a research to establish influence of Porter's generic strategies on organizational performance of tertiary institutions in Nyeri town. The study sort to establish how low cost, differentiation and focus strategies impact on tertiary institutions' revenues, student enrolment, break-even of new courses, graduation rates, ranking and industry reputation. The result of the study revealed that focus strategy has greater positive effect on the performance of the tertiary institutions. Institutions focus on offering evening and weekend classes to working students as well as tailoring a programs targeting a particular segment of students. A study by Chepkwony (2008) on factors influencing marketing strategies by SMEs in Eldoret town revealed that firms employ focus strategy to achieve competitive advantage by concentrating on a specific market or product niche where their product is in high demand. Muthoni and Severina (2018) conducted a study to establish if leveraging on competitive strategies influence attainment of competitive advantage by SMEs in Nairobi County. The study sought to find out how innovation and focus strategy influences the competitive advantage of SMEs operating in Toi Market, Nairobi. The findings showed that those SMEs engaging in other competitive strategies (differentiation and low cost) did not reap much in terms of improving their competitiveness unlike those employing innovation and focus/ niche strategies. Kombo (2007), in a study to investigate strategy employed by firm within competitive motor industry revealed that firms make regular critical adjustments in their strategic approaches. The strategies include segmenting and targeting clients with new differentiated products as well as developing superior customer service. Certo and Peter (2007), indicated

that a focus strategy can be employed by an aggressive SMEs that has no the financial/human resources to carry out involve large scale marketing effort.

Focus strategy	SMEs performance
• Creating niche market • Customized marketing mix • Adoption of IT for e-marketing	**Financial indicators** • Profit • Sales turnover **Non-financial indicators** • Customer satisfaction • Employee satisfaction • Brand royalty • Addition new products

METHODOLOGY

This study employed a mixed research design (Creswell,2009) where collected quantitative and qualitative data was used to describe the influence of competitive strategies on SMEs performance. Descriptive survey research design is most suitable because it is economical and efficient. Use of questionnaires in the study enabled to efficiently and economically collect large amount of data from a sizeable population. The target population consisted of all the 40 electronics outlets obtained from Machakos county Single Business Permit licensing office and which are operating within Machakos town and environs. The respondents of this study consisted 40 owners or managers of the targeted electronic retail shops in Machakos town CBD and residential estates as shown in table below. The study employed a total population census sampling technique adopted on the total population of 40 electronics retail shops in Machakos town. The choice of census sampling approach was guided by various reasons including; need to increase the accuracy of results and easy accessibility of population elements. The study used questioners to collect primary data. Questionnaires are effective tools used to collect data from available respondents who are willing to co-operate (Saunders et al, 2016). Secondary data for this study was obtained from literature including published journals, which have information relevant to this study. The collected quantitative data was coded and entered into Statistical Packages for Social Sciences (SPSS Version 24.0) and analysed using descriptive statistics. Use of Statistical packages software aid researcher in statistical data exploration and analysis. The study conducted a multiple regression analysis to establish the nature and magnitude of the relationship between the focus competitive strategies and performance of SMEs in Machakos town. The multiple regression analysis helped pick weight that the independent variables (competitive strategies) had on dependent variable (SMEs performance).

RESEARCH FINDINGS , ANALYSIS AND DISCUSSION

The study sought to determine Influence of practice of generic competitive strategies on performance of small and micro enterprises (SMEs) in Machakos Town, Machakos County, Kenya specifically the study looked at cost leadership strategy, Market Segment, Customizing Product , hybrid strategy and performance of Small and Micro Enterprises (SMEs). This chapter presents the data analysis and interpretation of study findings.

Response Rate

The results presented in Table 1 indicated that out of 40 questionnaires administered, 38 were completed and returned constituting to 95.0% response rate. The study employed a drop and pick later technique to administer questionnaires. The commendable 95% response rate was sufficient to to draw study implications based on research objectives.

Table 1: Study Response Rate

Response	Frequency	Percentage
Returned questionnaires	38	95.0
Unreturned questionnaires	2	5.0
Total	**40**	**100**

Demographic information

Duration Business has been in Operation

The respondents were requested to indicate the number of years they have been in business. The finding shown in figure 1. Shows that 7.9% of the respondents had operated for less than a year, 21.1% for between 1- 2, 26.3% for between 3- 5 years, and majority 38.9 % for 6-8 years with only 15.9% of the respondents having worked for period of more than 9 years. This implied that the majority of the respondents understood well key competition strategies to have survived in competitive Machakos county business.
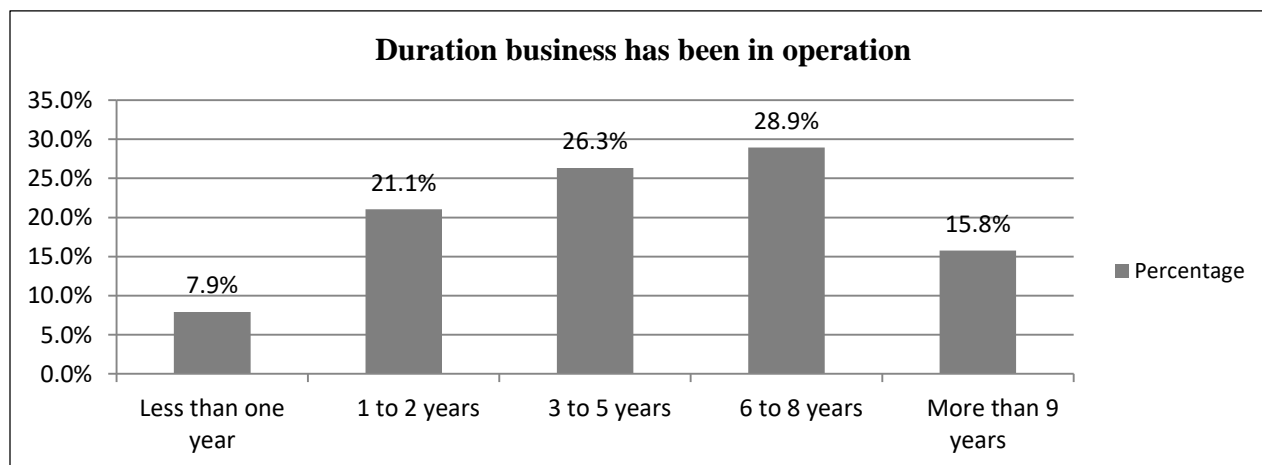

Figure 1: Duration business has been in operation

Nature of business

The respondents were requested to indicate types of products or services offered in their respective outlets within Machakos Town. The findings are shown in figure 2. From the finding, respondents from Mobile phone and mobile phone accessories sales, Sales of household electronic goods, Mobile phones repair services and Repair and services of household electronic equipment's were 39.5 %, 34.2%, 15.8% and 10.5 % of the respondents. This was an indication that majority of the SMEs in Machakos County were in mobile phone and

house hold electronics business an indication that key competitive strategies must be used for their growth and long term survivor.

Nature of Business

Percentage	Mobile phone and mobile phone accessories sales	Sales of household electronic goods	Mobile phones repair services	Repair and services of household electronic equipment's
Percentage	39.5%	34.2%	15.8%	10.5%
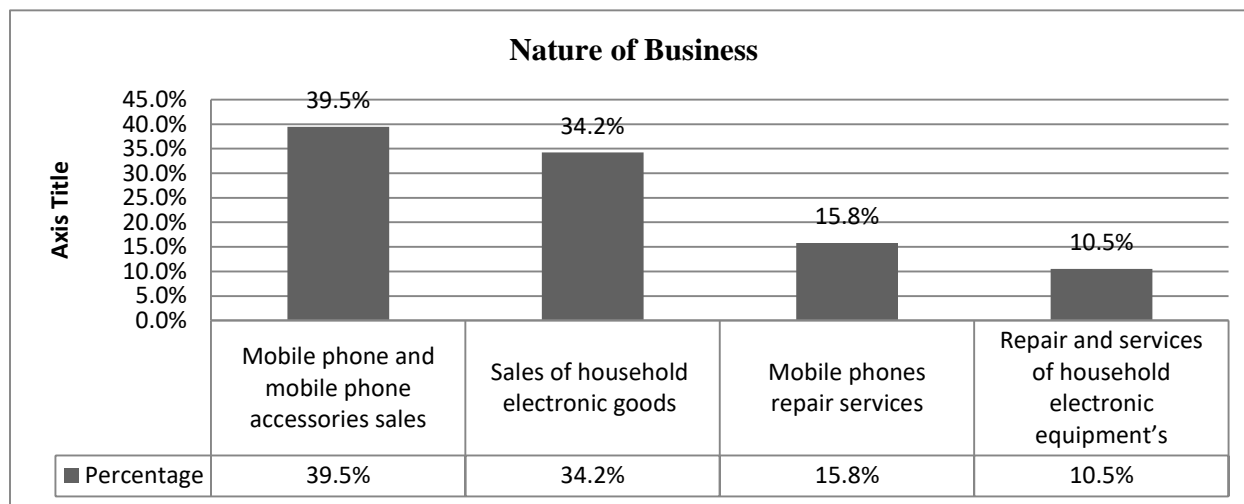
Figure 2: Nature of business

Descriptive Statistics

Descriptive statistics are a set of brief descriptive coefficients that summarizes a given set of data, which can either be a representation of the entire population or a sample. The measures used to describe the data set are measures of central tendency and measures of variability or dispersion.

Focus Strategy

Various statements on the role of focus strategy on performance of small and micro enterprises (SMEs) in Machakos Town were identified and the respondents were requested to indicate the extent they agree with each of the statements using a scale of 1 to 5 where; 1= SD - Strongly Disagree 2=D - Disagree, 3=N - Neutral, 4=A - Agree and 5= SA - Strongly Agree. Mean and standard deviation were calculated for ease of comparison and generalization of findings. The finding presented in Table 2 next page; indicated that Selling unique products exclusively to high end market segment enables SMEs maximize on profits as well serve different customers markets with different unique product items which was supported by a mean of 3.47 and standard deviation 0.75. The study findings established that using different marketing mix including pricing and product placement for each market segment allowed the SMEs in Machakos was key to better performance and was supported by a mean score of 3.50 and standard deviation of 0.85.

 Study finding strongly indicated that in focus strategy, use of IT marketing activities (e-business) enable SMEs in Machakos access a rich customers base for enhanced sales which was supported by a mean of 3.63   and standard deviation of 0.93.The respondents indicated that through the focus strategy, marketing efforts focused on high potential market enable the SMEs to focus on specific products and services needs and was supported by a mean score of 4.00 and standard deviation of 1.21.This implies that a focused strategy requires offering unique product/services with features which fulfill the demands of a narrow market.The study findings concurred with those of Njau (2013) that focused low-cost strategies for a narrow markets are defined in different ways in different settings. Some firms adopt a focused differentiation strategy concentrate their efforts on a particular sales channel while others target particular demographic groups.

Table 2: Practices for Focus strategy

Statements	N	Mean	StD
Selling unique products exclusively to high end market segment	38	3.47	0.75
Using different marketing mix for each market segment	38	3.50	0.85
IT marketing activities (e-business)	**38**	3.63	0.93
Focusing marketing efforts in high potential market	38	4.00	1.21

Performance of Small and Micro Enterprises (SMEs)

The study sought the extent to which the SMEs relate with the stated indicators on their performance. These indicators include reduction in operation costs, annual/monthly sales turnover, number of clients served monthly/annually, the net profit realized per month or per year, customer satisfaction, employees turnover, new products or services and Market share size. The results indicated Micro & Small trading enterprises in Machakos Town registered an increase in profitability level due to implementation of generic competitive strategies practices systems from which 40.00% of the respondents agreeing and 40.00% of respondents strongly agreeing .

The level of operating Cost reduction in Micro & Small trading enterprises with 27.69% of the respondents were neutral 43.08% of the respondents agreed and 20.00% of the respondents strongly agreeing. The study indicated that generic competitive strategies in Micro & Small trading enterprises in Machakos Town registered an increase in market share due to diversifying customer needs, focused customer services and products with 50.77% of the respondents agreeing and 18.46% of the respondents strongly agreeing with 3.08% of the respondents disagreed. This implied that to reduce operating costs, SMEs need to standardize the product and achieve a humongous output. This reduces the overheads and spreads fixed costs throughout. The study findings were in line with those Ndungu, (2018) that to maintain SMEs performance over the value chain, the firm should achieve control over all functional groups like procurement, finance, and inventory.

Table 3: Performance of Small and Micro Enterprises (SMEs)

Performance indicators	1	2	3	4	5
Annual/monthly sales turnover	1.54%	9.23%	9.23%	40.00%	40.00%
Number of clients served monthly/Annually	3.08%	9.23%	7.69%	53.85%	26.15%
Cost reduction per month or per year	4.62%	4.62%	27.69%	43.08%	20.00%
Customer satisfaction	4.62%	10.77%	29.23%	36.92%	18.46%
Employees turnover	4.62%	6.15%	24.62%	49.23%	15.38%
New products or services	3.08%	6.15%	9.23%	47.69%	33.85%
Market share size	3.08%	9.23%	18.46%	50.77%	18.46%

Regression Analysis

The study found in the table below the R Square, which is the coefficient of determination, was used to measure the dependent variable variations and their effect on the dependent variables. As observed, the R Square value is 0.643; this value is between 0 and 1. Analytically, this shows that 0.573 of variations in the dependent variable can be explained by the independent variables. Analytically, 57.3% of variation in Small and Micro Enterprises (SMEs)which is explained by Creating niche market, Customized marketing mix, Adoption of IT for e-marketing while the remaining 42.7 % is associated with factors that re not within the scope of this study.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757a	.573	.535	.616

a. Dependent Variable: Performance of Small and Micro Enterprises (SMEs)

b. Predictors: (Constant) Creating niche market, Customized marketing mix, Adoption of IT for e-marketing

Coefficient Analysis

The established regression equation was;

$$Y = 1.8892 + 0.873X_1 + 0.073X_2 + 0.284X_3 + \varepsilon$$

From regression results in Table 4. the 1.941 represented the constant which predicted Performance of Small and Micro Enterprises (SMEs) when all the Influence of material management effects remains constant at zero (0). This implied that SMEs performance would be at 1.8892 holding Creating niche market, Customized marketing mix, Adoption of IT for e-marketing at zero (0).

Regression results revealed that Creating niche market has significance influence in Performance of Small and Micro Enterprises (SMEs) as indicated by $\beta_1=0.873$, $p=0.000<0.05$, $t= 3.309$ The implication is that an increase in Creating niche market lead to increase in Performance of Small and Micro Enterprises (SMEs) by $\beta_1=0.873$. This implied that an increase in Creating niche market would lead increase in firm's performance. Regression results revealed that Customized marketing mix has a significance influence on Performance of Small and Micro Enterprises (SMEs) as indicated by $\beta_2= 0.073$, $p=0.003<0.05$, $t=0.370$. This implied that an increase in Customized marketing mix would lead to an increase in Performance of Small and Micro Enterprises (SMEs) by $\beta_2= 0.073$, this implied that Customized marketing mix was effective in improving the Performance of Small and Micro Enterprises (SMEs). From the regression findings, the study revealed that there existed a significant positive relationship between Adoption of IT for e-marketing and Performance of Small and Micro Enterprises (SMEs)as indicated by $\beta_3=.0.284$, $p=0.000<0.05$, $t=1.074$. The implication is that an increase in Adoption of IT for e-marketing would lead to increase in Performance of Small and Micro Enterprises (SMEs). by $\beta_3=.0.284$.

Table 5: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.892	.453		4.180	.001
	Creating niche market	.873	.264	.976	3.309	.000
	Customized marketing mix	.073	.199	.107	.370	.003
	IT for e-marketing	.284	.264	.353	1.074	.000

Optimal Model

$Y = 1.8892 + 0.873X_1 + 0.073X_2 + 0.284X_3 + \varepsilon$

Where:-

Y= Performance of Small and Micro Enterprises (SMEs)

β_0=constant

X_1= Creating niche market

X_2= Customized marketing mix

X_3= IT for e-marketing

ε=Error Term

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter describes the summary of the study, conclusions, and recommendations of the study. The main purpose of the study was to investigate the influence of practicing generic competitive strategies on performance of small and micro enterprises (SMEs) in Machakos Town, Machakos County, Kenya. The study sought to determine the influence of independent variables: Creating niche market, Customized marketing mix and adoption of IT for e-marketing on performance of Small and Micro Enterprises (SMEs)

Summary of the Findings

In this chapter, the researcher makes a summary of the study then draws a conclusion and gives recommendations based on the research findings and analysis done in the previous chapter. The summary is a brief overview of the research process while the conclusion is the report of the crucial findings and the recommendations are suggestions and advice based on the research findings. The main purpose of the study was to determine the influence of generic competitive strategies on performance of Micro & Small trading enterprises in Machakos town.

Focus Strategy and Performance of Small and Micro Enterprises (SMEs)

The study objective was "To establish the influence of focus strategy on performance of small and micro-enterprises (SMEs) in Machakos Town, Machakos County. The study finding indicates that Focus Strategy has influence on performance as indicated by (β_3=0.355, p=0.002<0.05). The study answered the research

question on how practice of focus strategy does influence performance of small and micro enterprises (SMEs) in Machakos Town, Machakos County. The study revealed that SMEs which adopt focus strategies need to concentrate on particular niche markets, and develop uniquely low-cost or well-specified products for the said market based on customers unique needs. Excellent and unique customer service result to a strong brand loyalty in their segment market making it less attractive to competitors.

Conclusion

From the findings, the study concludes that:

Focus Strategy and Performance of Small and Micro Enterprises (SMEs)

The study findings concluded that the choice of offering low prices or differentiated products/services should depend on the needs of the selected market segment and the resources and capabilities of the firm. SMEs need to focus their marketing efforts on one or two narrow markets segments with a well tailored marketing mix. SMEs meet the needs of that target market better. A focused strategy should target market segments that are less vulnerable to substitutes or where a competition is weakest to earn above-average return on investment.

Recommendations

Focus Strategy and Performance of Small and Micro Enterprises (SMEs)

The study recommends that SMEs adopting a focus segmentation strategy or niche concentrate on a few targeted segmented markets comprising specific customer group, geographical region, or product line. Depending with the niche market target group, SMEs can seek either a cost or differentiation advantage. The focus strategy can be used by start-ups SMEs.

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