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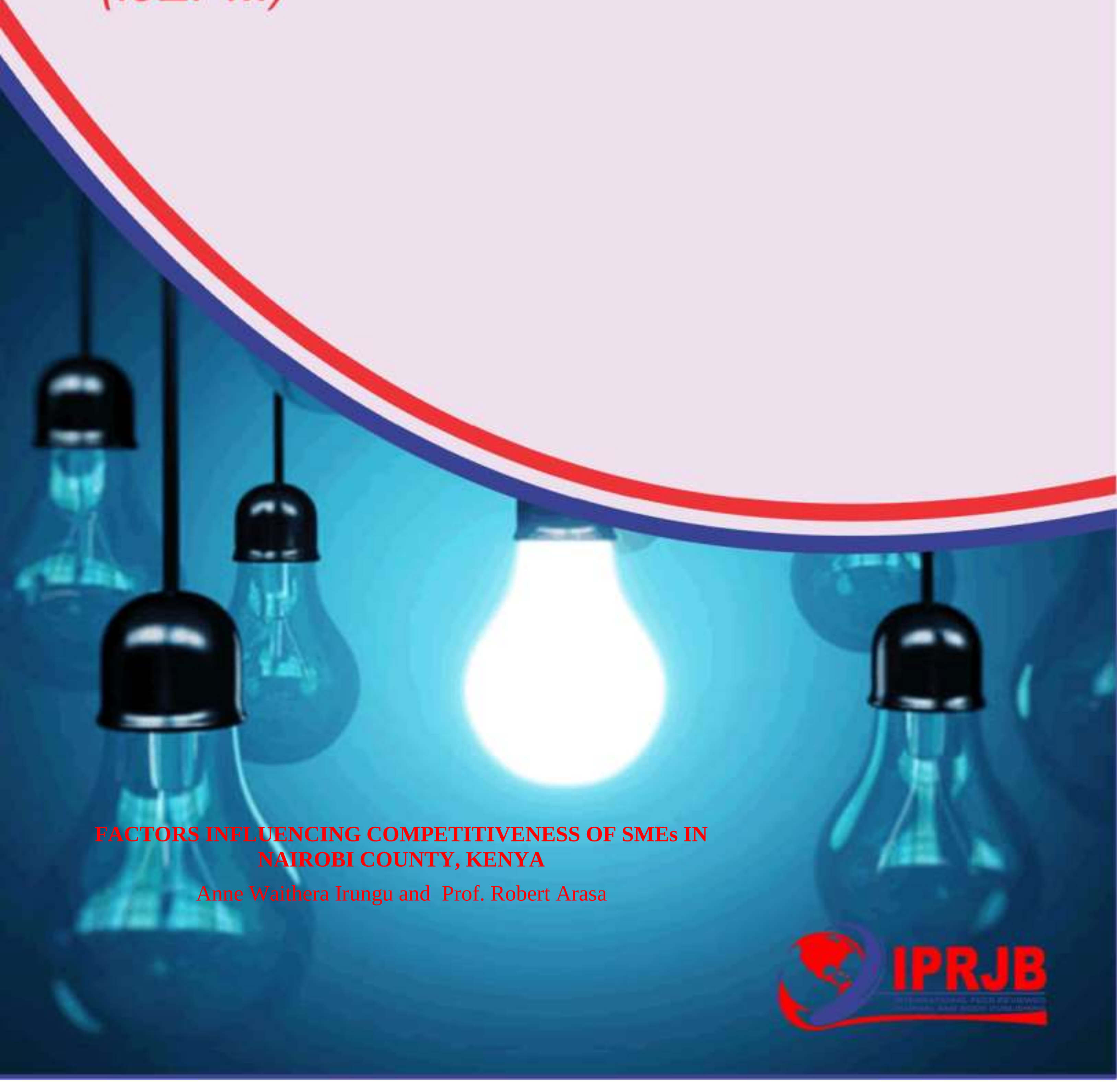

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FACTORS INFLUENCING COMPETITIVENESS OF SMEs IN NAIROBI COUNTY, KENYA

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Abstract

Purpose: The purpose of this study was to determine the factors influencing organizational competitiveness among the Small and Medium Enterprises in Nairobi County, Kenya

Methodology: The study adopted a descriptive research design. The population comprised of top 100 SMEs SMEs. A sample size of 25 SMEs which represented 30% of the target population was selected through stratified random sampling. The study utilized primary data that was collected through questionnaire. The collected data was edited for completeness, coded and transcribed into Statistical Package for Social Sciences (SPSS) where the data was analyzed. The data was analyzed using both descriptive and inferential statistics. The descriptive statistics that was used in the study includes the mean and standard deviations whereas the inferential statistics that the study adopted includes correlation and regression analysis.

Results: The study findings indicated that the management of SMEs was concerned with attaining high profits and thus improved performance which would translate to competitive advantage. The managers therefore are putting in place various measures that are aimed at achieving sustainable competitive advantage. Correlation results indicated that strategic leadership, adoption of technology, resources availability and organization culture had a positive and significant relationship with organization competitiveness.

Unique Contribution to Theory, Practice and Policy: The study concludes that strategic leadership influenced organizational competitiveness through setting of SMART goals and objectives and putting in place clear vision and mission statements to guide the company's operations. Sustainable competitive advantage of the firm stems from the effective strategic leaders, adoption of technology, resources availability and effective organization culture. The study recommends that SMEs should embrace various competitive strategies to remain relevant in the market and to beat their potential competitors. The SMEs management should develop and enhance mechanisms of gathering market intelligence, benchmarking to ensure that they meet the best standards and ensuring that they are in constant touch with their customers. This ensures continuous improvement in services and products that are centered on the customers.

Keywords: strategic leadership competitiveness technology resources organization culture Small and Medium Enterprises

INTRODUCTION

1.1 Background of the Study

Today's business environment requires firms to embed in relationships with other actors in order to gain access to resources needed. Hakanson and Snehota (2007) argue that 'no business is an island' indicating that companies are involved in long-term relationships and that the atomistic company does not exist and in order to be successful, organizations must be strategically aware. They must understand how changes in their environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers in the industry (Abishua, 2010).

The 21st century seems to have begun with events indicative of the turbulence, challenges and opportunities ahead. The attacks of September 2011 and the collapse of giants such as Enron and WorldCom have shaken confidence in business. With Japan passing through a decade-long challenging transition, two biggest economies of the world are in poor shape. Survival and success in such turbulent times increasingly depends on competitiveness (Ajitabh & Momaya, 2004).

Competitiveness can be considered from two levels: national and enterprise. While the competitiveness of each is distinct, they are not exclusive of each other. Competitiveness does not generally refer to a win or lose situation, but rather a comparative advantage in a specific area (Garelli, 2006). While there are a number of policies which can be implemented to improve the competitiveness of a financial system, at its foundation is the competitiveness of firms. In terms of the four elements influencing international competitiveness; government efficiency and infrastructure are more concerned with the public sector, while business efficiency and the outcome of this - economic performance - are the result of corporate activity (Garelli, 2006). A company's competitive strategy deals exclusively with the specifics of management's game plan for competing successfully. Its specific efforts to please customers, its offensive and defensive moves to counter the maneuvers of rivals, its responses to whatever market conditions prevail at the moment, its initiatives to strengthen its market position, and its approach to securing a competitive advantage vis-à-vis rivals (Bintiomari, 2010). A company achieves competitive advantage whenever it has some type of edge over rivals in attracting buyers and coping with competitive forces. There are many routes to competitive advantage, but they all involve giving buyers what they perceive as superior value compared to the offerings of rival sellers.

When focusing on the competitiveness of individual institutions, there are a number of things which represent competitiveness. The two main items used to measure performance are the firms market share within the particular industry in which it operates and its profitability. Profitability is then used to measure the company return on capital employed hence value to its shareholders.
Accountants and economists have derived and used various financial ratios to asses‟ company financial performance. These ratios mainly involve the company liquidity- cash flow ratio, debt management, financial leverage index, asset management-return on total assets, profitability-cash flow margin and finally return on investment –dividend yield. Kaplan and Norton (2011) introduced the balanced score card as a more realistic measure of performance. The balance scorecard defines a strategy's cause and effect relationships and provides a framework to organizing strategic objectives into the financial perspective in line with the vision and mission. Key items linked are financials, customer service and satisfaction index, learning and growth within the organization and

internal business processes. Internal business process is the path to achieving strong financial results and superior customer satisfaction.

1.2 Statement of the Problem

The small and medium-sized enterprise (SME) sector has an important role to play in developing economies not only in economic development, but also in poverty alleviation and job creation. The sector faces a number of constraints especially in accessing finance, markets; training and technology. Although, there are many advantages to use strategic management, there are still many SME organizations that resist using it, since some of them may think this process is only useful for larger organizations and due to this, they do not recognize that it is also very helpful for SMEs as a whole (Pushpakumari & Watanabe, 2010). Besides, no much research has been done in Kenya on factors influencing organizational competitiveness of SMEs. For an organization to achieve competitive advantage it has to differentiate itself in terms of cost and quality of products and services. It needs to be noted that nowadays best quality products and services are not a preserve of one organization. Given the increasing intensity of competition and the demands and expectations of customers and potential customers for quality products and services, organizations day in day out are strategizing to always be within or beat the competition.

Globalization and changes in the world economy over the last years have raised new challenges for firms, industries and countries. The popularity of the concept of competitiveness is clearly demonstrated by the fact that there is an increasing interest around the issue of competitiveness benchmarking at the country level as well as the policies through which governments can enhance national industrial competitiveness (Depperu & Cerrato, 2005). According to Thomson et al. (2012), many factors may explain an organization’s performance and thus competitiveness some are from the external environment while, others are from the internal environment. It is of utmost importance for organization’s to seek to achieve sustainable competitive advantage when it can meet customer needs more effectively or efficiently than rivals. Empirical research has indicated that in competitive and rapidly changing market environments, firms need to possess capabilities that are dynamic to sustain their competitive advantage (Ambrosini, Bowman, & Collier, 2009; Ray, Barney, & Muhanna, 2004).

Some of the notable studies that have been conducted on SMEs both locally and internationally include Qiuhong and Tiorini, (2009) who did a study on strategic Management in East Asia SMEs. Wasonga (2008) did a study on challenges influencing small and medium enterprises (SMES) in Kenya: the Fina Bank experience. Muua (2009) researched on the significance of training for skills required to be effective in export marketing by Small and micro enterprises (SMES) exporting locally manufactured products in Kenya and Mulinge (2009) did a survey on marketing practices adopted by SMES dealing with clothing and footwear: a case of Makueni District. None of the studies carried locally looked at factors that influence competitiveness of SMEs in Kenya. This study therefore, sought to fill this gap by establishing the factors influencing organizational competitiveness amongst the small and medium enterprises in Kenya.

1.3 Objective of the Study

The general objective of this study was to determine the factors influencing organizational competitiveness among the Small and Medium Enterprises in Nairobi County, Kenya The specific objectives were:

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i. To determine the influence of strategic leadership on competitiveness of Small and Medium Enterprises in Nairobi County.

ii. To establish the influence of technology on competitiveness of Small and Medium Enterprises in Nairobi County. iii. To assess the influence of resources on competitiveness of Small and Medium Enterprises
in Nairobi County. iv. To establish the influence of organization culture on Small and Medium Enterprises in Nairobi County.

2.0 LITERATURE REVIEW

2.1 Theoretical Literature

2.1.1 Resource-Based View Theory

From a resource, based view of the firm, it is of high importance to take a close look at the internal organization of a company and its resources in order to understand how competitive advantage is determined within firms (Werner felt, 1984). In other words, the central premise of RBV addresses the fundamental question of why firms are different and how firms achieve and sustain competitive advantage by deploying their resources (Kotsiopoulos et al., 2002).

The resource based perspective of firms is based on the concept of economic rent and the notion of an organization as a collection of capabilities (Kay, 2000). Whereas traditional strategy models focus on the organization's external competitive environment, the RBV accentuates the need for a fit between the external market context in which a firm operates and its internal capabilities. From this perspective, the internal environment of an organization, in terms of its resources and capabilities, is the critical factor for the determination of strategic action (Hunt et al., 2004).

The original idea of viewing a firm as a bundle of resources can be traced back to Penrose (1959), who argues that it is the heterogeneity, not the homogeneity, of the productive services available from its resources that give each company its unique character. The view of the firm's resources heterogeneity is the basis of the RBV and was advanced by Werner felt (1984), suggesting that the evaluation of companies in terms of their disposable resources could lead to different insights from traditional perspectives that view competitive advantage as a rather external paradigm and argue that the alignment of a firm to its external environment is the main determining factor for a firm's profitability (Porter, 1985). Barney (1991) developed a framework for the identification of the properties of firm resources needed for the generation of a sustainable competitive advantage. The properties include whether resources are valuable, rare among a firm's current and potential competitors, imitable, and non-substitutable. If resources have these characteristics they can be seen as strategic assets. Subsequently, this notion has been adopted by many researchers (Amit & Schoemaker, 2010; Peteraf, 2010) and expanded to include the properties of resource durability, non-tradability, and idiosyncratic nature of resources.

The RBV can be depicted as an "inside out" process of strategy formulation. A central thrust is the contribution of core competencies as strategic assets, which will be the continuing source of new products and services through whatever future developments may take place in the market, which by their nature, are not known (Connor, 2002). The emphasis of the RBV approach to strategic management decision-making is on the strategic capabilities as basis for superiority of the firm rather than attempting to constantly ensure a perfect environmental fit. Resources are the specific physical, human, and organizational assets that can be used to implement value-creating strategies. Capabilities present the capacity for a team of resources to perform a task or activity (Grant, 1991). In other words, capabilities present complex bundles of accumulated knowledge and skills that are exercised through organizational processes, which enable companies to coordinate their activities and make use of their assets (Day, 1994).

2.1 Empirical Literature

Yasin (2004) pointed out that leading is the influencing of people so that they can contribute to organization and group goals. It involves motivation, leadership styles and approaches and communications. According to Lawler (2008) managers should adopt a leadership style that enhances the brand of the organization as a desirable employer prevalent in Human Capital centre organizations. In such HC-Centric organizations, managers understand and use sound principles when making decisions about motivation, development, hiring organization change, organization design and performance management.

Technology refers to having state of the art operating systems, information systems and real time data as an integral part of operations aimed at light levels of efficiency. This will clearly boost organizational competitiveness. Feurer and Chaharbaglik (2006) stated that technological innovation can be regarded as the driver for changes in a competitive position of an organization which hinges on its ability to drive or at least keep abreast with such changes. In the 21st century information technology is considered as a new source of competitive advantage crucial for sustainable survival. IT enhances management processes and operations as well as productivity and flexibility. Thus Information technology has the potential of improving operational efficiency and effectiveness, (Moghavveni et al., 2012).

Resources are classified in many ways, but the most common classification is based on three categories: tangible, intangible and capabilities. Grant, (2011) identified six categories. Williamson (2009) identified physical capital resources, human capital resources (Becker, 2004), organizational capital resources, financial resources, technological and reputation. What is more, resources have to possess some requisites if they are meant to be sources of competitive advantages. These traits are offered according to some authors, and from all standpoints, even though resources are sources of competitive advantage yet not all resources provide these advantages. What resources and capabilities do for a firm is that they provide the potential for competitive advantage. Thus, competitive advantage, and particularly sustainable competitive advantage; as depends on the nature, type of resources, and the capabilities that a company has, how these have been amassed and how they are used and deployed. The Resource-based view also claims that resources, as such, are tradable and thus transferable and imitable and that instead, capabilities are unique and the source of competitive advantage. Also, those resources must have some capacity to generate profits or prevent losses. If a firm is to obtain high levels of performance and sustained competitive advantage, it needs to possess resources that are heterogeneous, difficult to create, substitute or imitate. Moreover, studies by Hofer and Schendel (2008) under the RBV suggest that the source of competitive advantage is rooted in a firm resources and capabilities. Barney (2011) also found that resources include, among others, capital equipment, skills of individual employees, reputation, and brand names. Most authors have reported that for either of these resources to exist, managerial capabilities need to exist. To clarify, Love and McGee (2009) differentiate capabilities from resources in the sense that no monetary value can be assigned to them, as is the case of tangible resources.

A study by Chittithaworn et al (2010) on the study of factors affecting business success of SMEs in the manufacturing sector in Thailand established that customer and market, ways of doing business, resources, finance, and the external environment significantly affect performance. In addition, environmental factors like the legal, political and regulatory nature of the market, the extent of government intervention also affect the performance of SMEs. Muzenda (2014) also concluded that external environment all have associations with small and medium enterprises performance thus entrepreneurs of small and medium businesses should strategically choose competitive areas for location of their businesses in order to sustain competition in the market.

3.0 RESEARCH METHODOLOGY

The study adopted a descriptive research design and the population comprised of top 100 SMEs SMEs in Nairobi County in Kenya. There are 79 SMEs from Nairobi County in the Top 100 SMEs. A sample size of 25 SMEs which represented 30% of the target population was selected through stratified random sampling. The stratus were the five categories; real estate, supplies, services, distribution and manufacturing. The study utilized primary data that was collected through questionnaire administration to top management employees. The collected data was edited for completeness, coded and transcribed into Statistical Package for Social Sciences (SPSS) where the data was analyzed. The data was analyzed using both descriptive and inferential statistics. The descriptive statistics that was used in the study includes the mean and standard deviations whereas the inferential statistics that the study adopted includes correlation and regression analysis. Correlation analysis was done to establish the nature and strength of the relationships between variables whereas the regression analysis was used to determine the influence of the independent variables on the dependent variable.

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

Table 1 presents the response rate of the respondents.

Table 1: Response Rate

Response Rate	Frequency	Percent
Returned	21	84%
Unreturned	4	16%
Total	25	100%

The number of questionnaires that were administered was 25, out of these a total of 21 questionnaires were properly filled and returned while 4 were not returned. This represents an overall successful response rate of 84%. According to Babbie (2004) a response rate above 50% is acceptable to analyze and publish, 60% is good and 70% is very good. Therefore, a response rate of 84% is very good. Statistical Package for Social Sciences (SPSS) was used to analyze the data which has been presented by use of tables and pie charts.

4.2 Demographic Characteristics

This section represents the demographic characteristics such as age bracket, length of employment, current position in the organization, type of business and age of the business. **4.2.1 Age bracket of Respondents**

The respondents were asked to indicate their age brackets.

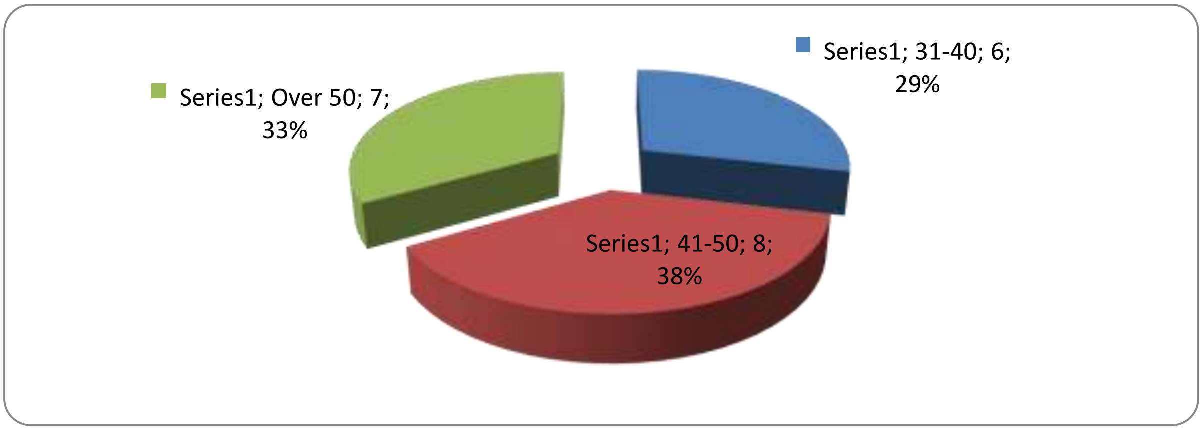

Figure 1: Age Bracket of the Respondents

Figure 1illustrates that 38% of the respondents were aged between 41 to 50years, while 33% were over 50 years and 29% were between 31 to 40 years of age. The findings imply that the respondents are well distributed in different age brackets which could imply that the organization has competent and experienced employees thus accurate responses to the study.

4.2.2 Length of Employment

The respondents were asked to indicate the length of period they have worked in the organization. Figure 2 reveals that 47.6% of the respondents had worked for a period between 5-10 years while 33.3% had worked between 1-5 years and 19% had worked for over 10 years. The findings imply that the respondents had worked long enough in the organizations and thus were knowledgeable on the issues being addressed by the study.

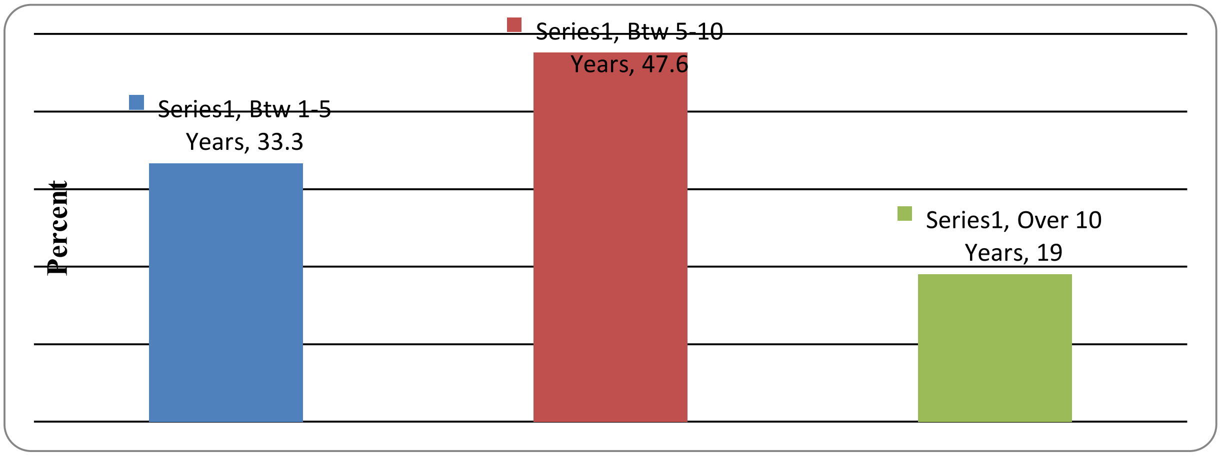

Figure 2: Length of Employment

4.2.3 Position of the Respondents

The respondents were asked to indicate their positions at the organization.

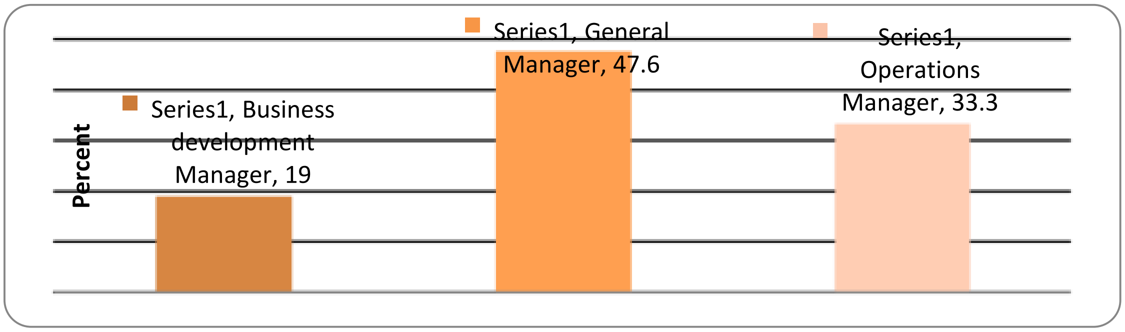

Figure 3: Position of the Respondents

Results on Figure 3 indicate that 47.6% of the respondents were general managers while 33.3% were operations manager and 19% of the respondents were business development managers. The findings imply that the respondents were in managerial level hence were involved in making critical decisions on issues regarding organizational competitiveness and ways of gaining competitive advantage among its competitors.

4.2.4 Type of Business

The respondents were asked to indicate the type of their business.

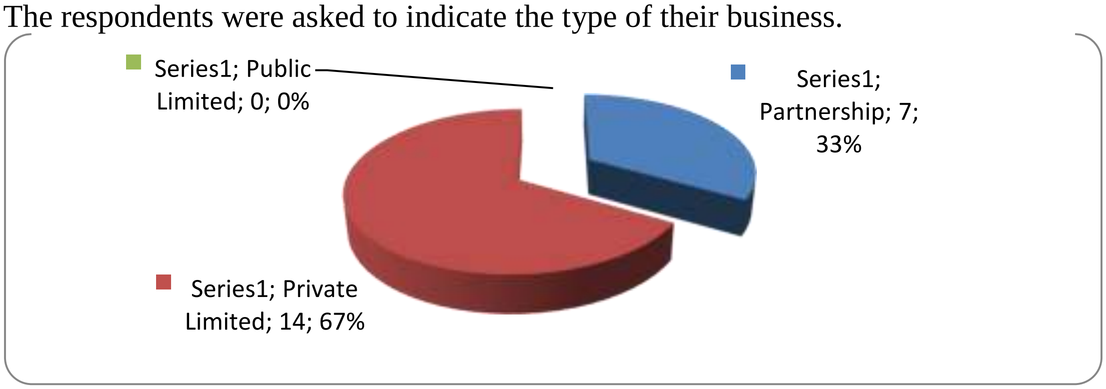

Figure 4: Type of Business

Figure 4 illustrates that 67% of the respondents indicated their businesses were private limited companies and 33% indicated they were in partnerships. **4.2.5 Managing Business**

The respondents were asked to indicate whether their company is managed by its owners;

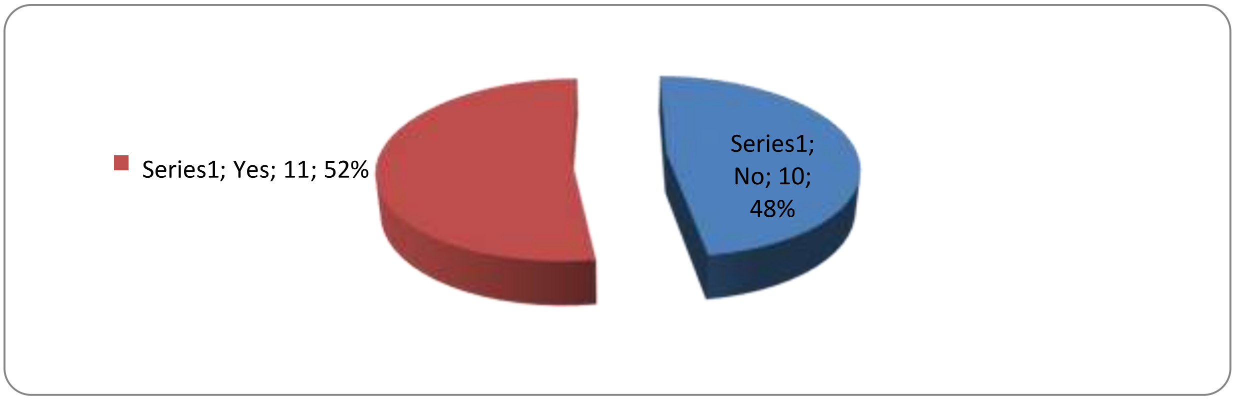

Figure 5: Management of Business

Figure 5 shows that 52% of the respondents indicated yes while 48% indicated No. the findings imply that most of SMEs are managed by owners.

4.2.6 Age of Business

The study sought to find out the age of the business or the years the business has been in operation.

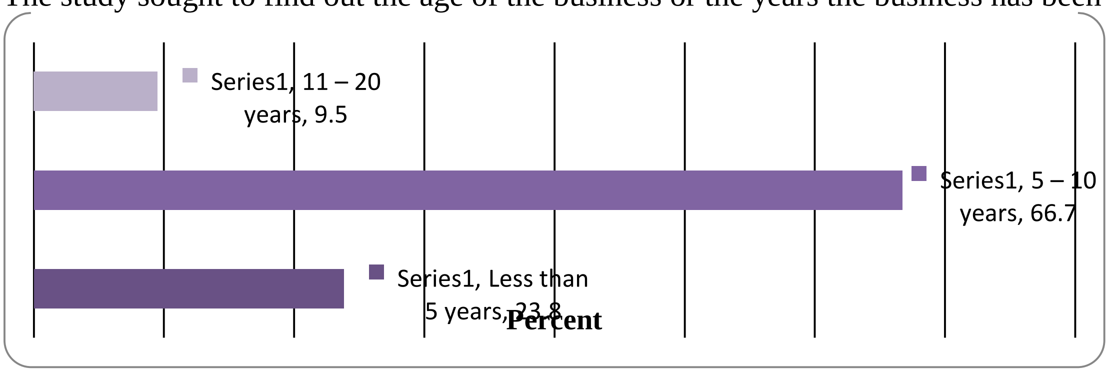

Figure 6: Age of Business

Figure 6 illustrates that 66.7% of the respondents indicated that their businesses had been in operation for a period of between 5-10 years, while 23.8% indicated less than 5 years and 9.5% indicated between 11-20 years. The findings imply that most of the companies are young and they are being established and thus the need for them to relook at the factors that can improve their competitiveness.

4.2.7 Relationship between Demographics and Level of Competitiveness

Bivariate analysis was carried out through cross tabulation to find out the relationship between demographic factors and the level of competitiveness amongst SMEs in Nairobi County. Demographic factors included age of the business, type of business and age bracket of the respondents. The results are presented in Table 2.

Table 2: Relationship between Demographics and Level of Competitiveness within SMES

	Level of competitiveness	Chi-square Low	high	
Age of business	Less than 5 years	5	0	
	5 – 10 years	1	13	
	11 – 20 years	1	1	X2=14.571(p=0.001)
Age bracket	31-40	5	1	
	41-50	0	8	
	Over 50	2	5	X2=10.821(p=0.004)
Type of business	Partnership	3	4	
	Private Limited	4	10	X2=0.429(p=0.531)

Age of business was found to be statistically significant with the level of competitiveness (P=0.001). Comparing young businesses those that are less than 5 years and old business those that are above 5 years; older business had a higher likelihood of being competitive as compared to the businesses less than 5 years old. Age bracket of the respondents was a significant factor to level of competitiveness (P=0.004). Aged (over 40 years) respondents had a higher likelihood of being competitive as compared to young managers, this could be attributed to by the experience and knowledge gained by older managers in comparison with younger managers. Type of business was not a significant factor to the level of competitiveness. The findings imply that all types of businesses whether partnerships or private limited companies can be competitive if correct measures are put in place to gain competitive advantage.

4.3 Descriptive Analysis

This section presents the study findings based on the objectives of the study.

4.3.1 Strategic Leadership and Competitiveness

The first objective of the study was to determine the influence of strategic leadership on competitiveness of Small and Medium Enterprises in Nairobi County.

Table 3 shows that 61.9% of the respondents agreed that leadership was a critical factor that enhances organizational competitiveness in this organization, 62% agreed that the leadership in their institution was effective in setting SMART goals and objectives for team members and 76.2% agreed that leaders in their institution have put in place a clear vision statement to guide the company's operation. Furthermore, 61.9% of the respondents agreed that leaders in their corporation motivate the employees to increase their productivity, while 66.7% agreed that leaders in their corporation always communicated about an achievable view of the future and another 66.7% agreed that leaders in their corporation inspired to set an example for employees to

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accomplish tasks in the organization. Finally, 71.4% of the respondents agreed that leaders in their institution encouraged employees' participation and involvement in decision making process.

Means greater than 1 and less than 1.5 implied that the strategic leadership influenced competitiveness to no extent. Means greater than 1.5 and less than 2.5 implied that strategic leadership influenced competitiveness to a little extent. Means greater than 2.5 and less than 3.5 implied that strategic leadership influenced competitiveness to a moderate extent. Means greater than 3.5 and less than 4.5 implied that strategic leadership influenced competitiveness to a greater extent. Means greater than 4.5 implied that strategic leadership influenced competitiveness to a very great extent.

The standard deviation on the other hand describes the distribution of the response in relation to the mean. It provides an indication of how far the individual responses to each factor vary from the mean. A standard deviation of more than 1 indicates that the responses are moderately distributed, while less than 1 indicates that there is no consensus on the responses obtained. An average of 1.274 for all statements on strategic leadership indicates that the responses are moderately distributed.

Table 3: Strategic Leadership Practices within SMEs in Nairobi County

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Deviation
Leadership is a critical factor that enhances organizational competitiveness in this organization.	9.5%	9.5%	19.0%	33.3%	28.6%	3.62	1.284
The leadership in our institution is effective in setting SMART goals and objectives for team members	9.5%	9.5%	38.1%	23.8%	19.0%	3.33	1.197
Leaders in our institution have put in place a clear vision statement to guide the company's operation.	4.8%	4.8%	14.3%	47.6%	28.6%	3.9	1.044
Leaders in our corporation motivate							

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the employees to increase their productivity	14.3%	9.5%	14.3%	28.6%	33.3%	3.57	1.434
Leaders in our corporation always communicate about an achievable view of the future.	4.8%	14.3%	14.3%	28.6%	38.1%	3.81	1.25
Leaders in our corporation inspired to set an example for employees to accomplish tasks in the organization	9.5%	14.3%	9.5%	28.6%	38.1%	3.71	1.384
Leaders in our institution encourage employees' participation and involvement in decision making process	9.5%	9.5%	9.5%	33.3%	38.1%	3.81	1.327
Average	8.8%	10.2%	17.0%	32.0%	32.0%	3.68	1.274

The respondents were asked to indicate to what extent strategic leadership influenced organizational competitiveness in their organization.

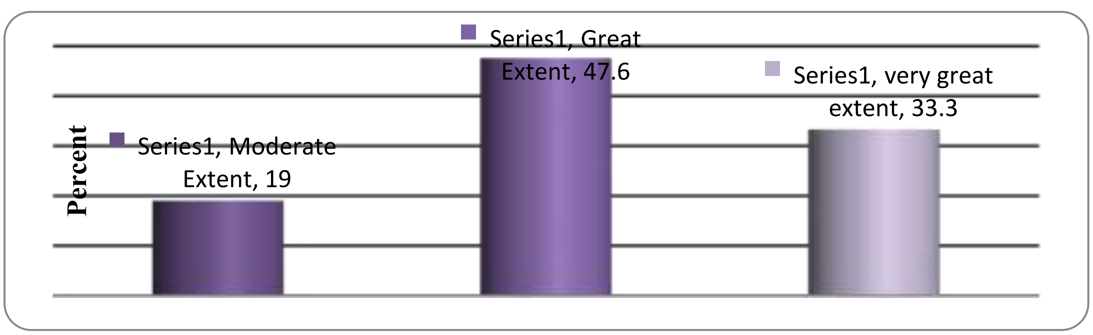

Figure 7: Extent to Which Strategic Leadership Influences Competitiveness

Results in Figure 7illustrates that 47.6% indicated strategic leadership influences competitiveness to a great extent while 33.3% indicated to a very great extent and 19% indicated to a moderate extent.

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4.3.2 Technology and Competitiveness

The second objective of the study was to establish the influence of technology on competitiveness of Small and Medium Enterprises in Nairobi County.

Table 4 shows that 76.2% of the respondents agreed that adoption of technology had a significant correlation with organizational competitiveness, 61.9% agreed that technology advancement has significantly promoted market-like forms of production and distribution in their company and 61.9% agreed that adoption of technology promotes high levels of efficiency and performance within their organization. Seventy six point two percent of the respondents agreed that Ecommerce was certainly a very effective tool when it comes to establishing customer relations and provision of access to global markets, 85.7% agreed that through technology their company has been able to increase the market size and market structure and 71.5% agreed that the Internet was helping us to enlarge existing markets by cutting through many of the distribution and marketing barriers. In addition, 71.5% agreed that E-commerce lowers information and transaction costs for operating on overseas markets and providing a cheap and efficient way to strengthen customersupplier relations and 76.2% agreed that technology has encouraged their company to develop innovative ways of advertising, delivering and supporting their marketing efforts.

Table 4: Level of Adoption of Technology within SMEs in Nairobi County

	Very Low	Low	Neither high nor low	High	Very High	Mean	Std. Deviation
Adoption of technology has a significant through many of the distribution and marketing barriers. correlation with organizational competitiveness.	0.0%	14.3%	9.5%	38.1%	38.1%	4	1.049
Technology advancement has significantly							

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promoted market-like forms of production and distribution in our company.	9.5%	4.8%	23.8%	23.8%	38.1%	3.76	1.3
Adoption of technology promotes high levels of efficiency and performance within our organisation.	14.3%	9.5%	9.5%	38.1%	28.6%	3.57	1.399
E-commerce is certainly a very effective tool when it comes to establishing customer relations and provision of access to global markets.	9.5%	4.8%	9.5%	33.3%	42.9%	3.95	1.284
Through technology our company has been able to increase the market size and market structure.	4.8%	9.5%	0.0%	47.6%	38.1%	4.05	1.117
The Internet is helping us to enlarge existing markets by cutting	0.0%	14.3%	14.3%	28.6%	42.9%	4	1.095
E-commerce lowers information and transaction costs for operating on overseas markets and providing a cheap and efficient way to strengthen customersupplier relations.	0.0%	4.8%	23.8%	42.9%	28.6%	3.95	0.865
Technology has encouraged our company to develop innovative ways of advertising, delivering and supporting our marketing efforts.	0.0%	4.8%	19.0%	42.9%	33.3%	4.05	0.865
Average	4.8%	8.4%	13.7%	36.9%	36.3%	3.92	1.122

Means greater than 1 and less than 1.5 implied that adoption of technology influenced competitiveness to no extent. Means greater than 1.5 and less than 2.5 implied that adoption of technology influenced competitiveness to a little extent. Means greater than 2.5 and less than 3.5 implied that adoption of technology influenced competitiveness to a moderate extent. Means greater than 3.5 and less than 4.5 implied that adoption of technology influenced competitiveness to a greater extent. Means greater than 4.5 implied that adoption of technology influenced competitiveness to a very great extent.

The standard deviation on the other hand describes the distribution of the response in relation to the mean. It provides an indication of how far the individual responses to each factor vary from the mean. A standard deviation of more than 1 indicates that the responses are moderately distributed, while less than 1 indicates that there is no consensus on the responses obtained. An average of 1.122 for all statements on adoption of technology indicates that the responses are moderately distributed.

The study sought to determine the extent to which technology deployment affects competitiveness in organization.

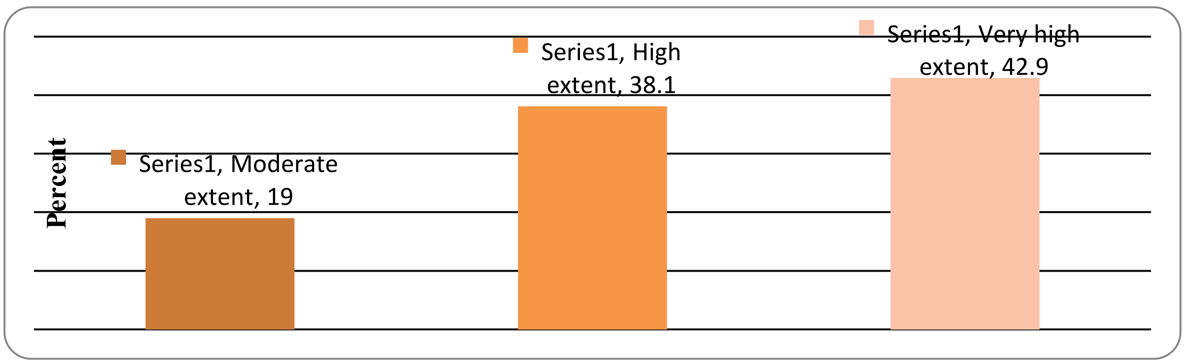

Figure 8: Extent to Which Technology Influences Competitiveness

The study findings in Figure 8 shows that 42.9% of the respondents indicated that technology influenced competitiveness to a very high extent while 38.1% indicated to a high extent and 19% indicated to a moderate extent.

4.3.3 Resources and Competitiveness

Table 5: Resources Availability within SMEs in Nairobi County

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
We emphasis on human capital which is crucial to the recognition and exploitation of business opportunities	4.8%	9.5%	9.5%	33.3%	42.9%	4	1.183
We develop qualified							

personnel who are relevant internal resource barrier to SME growth.	4.8%	0.0%	9.5%	66.7%	19.0%	3.95	0.865
We evaluate our resources and capabilities and understand their value for the firm	0.0%	4.8%	19.0%	57.1%	19.0%	3.9	0.768
We develop human resources which help in identifying and operating in markets	0.0%	14.3%	9.5%	33.3%	42.9%	4.05	1.071
We demonstrate timely responsiveness and rapid and flexible product/service innovation coupled with internal and external competencies.	0.0%	14.3%	14.3%	38.1%	33.3%	3.9	1.044
We have rare resources in our organization as compared to our competitors	0.0%	14.3%	9.5%	38.1%	38.1%	4	1.049
We have non-substitutable resources in our organization amongst our potential competitors	4.8%	4.8%	14.3%	42.9%	33.3%	3.95	1.071
We have non-imitable resources in our organization amongst our potential competitors	0.0%	4.8%	23.8%	47.6%	23.8%	3.9	0.831
Average	1.8%	8.4%	13.7%	44.6%	31.5%	3.96	0.985

Results on Table 5 indicate that 76.2% of the respondents agreed that they emphasized on human capital which was crucial to the recognition and exploitation of business opportunities, 85.7% agreed that they developed qualified personnel who are relevant internal resource barrier to SME growth and 76.1% agreed that they evaluated their resources and capabilities and understood their value for the firm. In addition, 76.2% of the respondents agreed that they developed human resources which help in identifying and operating in markets while 71.4% agreed that they demonstrated timely responsiveness, rapid and flexible product/service innovation coupled with internal and external competencies and 76.2% agreed that they had rare resources in their organization as compared to their competitors. Finally, 76.2% of the respondents agreed that they had non-substitutable resources in their organization amongst their potential competitors and another 71.4% agreed that they had non-imitable resources in their organization amongst their potential competitors.

Means greater than 1 and less than 1.5 implied that availability of resources influenced competitiveness to no extent. Means greater than 1.5 and less than 2.5 implied that availability of resources influenced competitiveness to a little extent. Means greater than 2.5 and less than 3.5 implied that availability of resources influenced competitiveness to a moderate extent. Means greater than 3.5 and less than 4.5 implied that availability of resources influenced competitiveness to a greater extent. Means greater than 4.5 implied that availability of resources influenced competitiveness to a very great extent.

The standard deviation on the other hand describes the distribution of the response in relation to the mean. It provides an indication of how far the individual responses to each factor vary from the mean. A standard deviation of more than 1 indicates that the responses are moderately distributed, while less than 1 indicates that there is no consensus on the responses obtained. An average of 0.985 for all statements on availability of resources indicates that the responses are moderately distributed.

The study sought to find out the extent to which availability of resources affect competitiveness in their business.

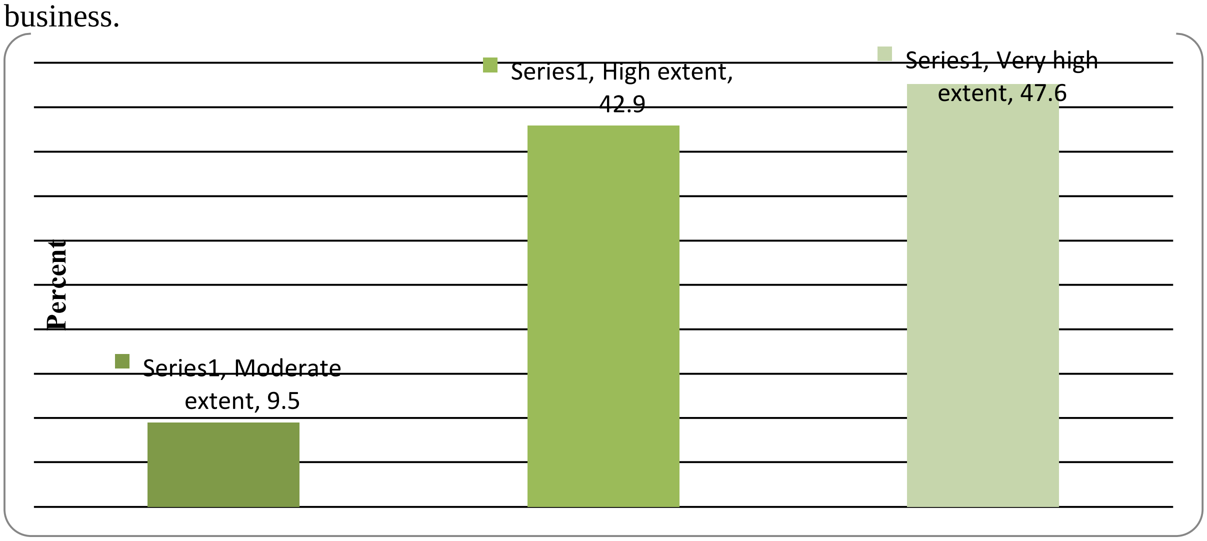

Figure 8: Effect of Resources on Competitiveness

Figure 8shows that 47.6% of the respondents indicated to a very high extent while 42.9% indicated to a high extent and 9.5% indicated to a moderate extent as shown in Figure 4.8 below.

4.3.4 Organizational Culture and Competitiveness

The fourth and last objective of the study was to establish the influence of organization culture on Small and Medium Enterprises in Nairobi County.

The findings indicate that 57.2% of the respondents agreed that their organization allowed employees to be innovative, 61.9% agreed that employees in their organization are willing to experiment new things and 95.2% agreed that employees in their organization have high expectations for performance. Furthermore, 76.2% of the respondents agreed that employees in their organization are competitive while 76.2% agreed that employees in their organization work in collaboration with others and 85.7% agreed that employees in their organization have respect for individual rights. Eighty-five-point seven percent of the respondents agreed that there is fairness in their organization, 80.9% agreed that their organization has security of employment,
71.4% agreed that their organizations are customer oriented and puts the customer needs first and 76.2% agreed that their firms have shaped a customer responsive culture by hiring employees who are outgoing and friendly. Results are presented in Table 6.

Table 6: Organizational Culture within SMEs in Nairobi County

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
Our organization allows employees to be innovative	4.8%	19.0%	19.0%	28.6%	28.6%	3.57	1.248
Employees in our organization are willing to experiment new things	0.0%	28.6%	9.5%	19.0%	42.9%	3.76	1.3
Employees in our organization have high expectations for performance	0.0%	0.0%	4.8%	33.3%	61.9%	4.57	0.598
Employees in our organization are competitive	0.0%	4.8%	19.0%	33.3%	42.9%	4.14	0.91
Employees in our organization work in collaboration with others	0.0%	4.8%	19.0%	33.3%	42.9%	4.14	0.91
Employees in our							

organization have respect for individual right.	0.0%	9.5%	4.8%	38.1%	47.6%	4.24	0.944
There is fairness in our organization	0.0%	4.8%	9.5%	23.8%	61.9%	4.43	0.87
Our organization has security of employment	0.0%	14.3%	4.8%	9.5%	71.4%	4.38	1.117
Our organization is customer oriented and puts the customer needs first	4.8%	19.0%	4.8%	23.8%	47.6%	3.9	1.338
Our firm has shaped a customer responsive culture by hiring employees who are outgoing and friendly	4.8%	4.8%	14.3%	14.3%	61.9%	4.24	1.179
Average	1.4%	11.0%	11.0%	25.7%	51.0%	4.14	1.041

Means greater than 1 and less than 1.5 implied that organization culture influenced competitiveness to no extent. Means greater than 1.5 and less than 2.5 implied that organization culture influenced competitiveness to a little extent. Means greater than 2.5 and less than 3.5 implied that organization culture influenced competitiveness to a moderate extent. Means greater than 3.5 and less than 4.5 implied that organization culture influenced competitiveness to a greater extent. Means greater than 4.5 implied that organization culture influenced competitiveness to a very great extent.

The standard deviation on the other hand describes the distribution of the response in relation to the mean. It provides an indication of how far the individual responses to each factor vary from the mean. A standard deviation of more than 1 indicates that the responses are moderately distributed, while less than 1 indicates that there is no consensus on the responses obtained. An average of 1.041 for all statements on organization culture indicates that the responses are moderately distributed.

4.4 Inferential Statistics

To establish whether there is a linear relationship between the study variables, the study adopted the Pearson product of moment's correlation coefficients as presented in Table 8 below.

Table 7: Bivariate Correlation

Variable		Competitiveness
Strategic leadership	Pearson Correlation	0.819
	Sig. (2-tailed)	0.000
Technology	Pearson Correlation	0.659
	Sig. (2-tailed)	0.001
Resources	Pearson Correlation	0.795
	Sig. (2-tailed)	0.000
Organization culture	Pearson Correlation	0.635
	Sig. (2-tailed)	0.002

The results indicate that competitiveness and strategic leadership had a strong and significant positive relationship as indicated by a correlation coefficient of 0.819. This implies that there is a linear positive relationship, thus an increase in strategic leadership effectiveness would result in improved organizational competitiveness.

The results also indicated that there exists a positive and significant ($r=0.659$, $p\text{-value}<0.001$) correlation between competitiveness and adoption of technology. The correlation between the variables indicates that an increase in adoption of technology in the organizations would result in improved competitiveness and this would be associated with an improvement in their profitability as indicated by a positive correlation between the two variables.

Results further indicated that resources and competitiveness had a positive and significant relationship ($r=0.795$, $p\text{-value}<0.000$). The correlation between the variables indicates that an increase in resources in the organization would result in improved competitiveness and this would be associated with an improvement in their performance.

Finally, the results indicated that there exists a positive and significant ($r=0.635$, $p\text{-value}<0.002$) between competitiveness and organizational culture. The correlation between the variables indicates that an increase in organizational culture effectiveness would result in improved competitiveness and this would further be associated with improved performance.

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5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The study concludes that strategic leadership influenced organizational competitiveness through setting of SMART goals and objectives and putting in place clear vision and mission statements to guide the company's operations. Sustainable competitive advantage of the firm stems from the effective strategic leaders. This is because good strategic leadership can steer an organization to remain focused during times of economic turbulence. The commitment and enthusiasm of a strategic leader shapes the common goals of the organization and provides inspiration and motivation for people to perform even better.

The study concluded that technology influenced organizational competitiveness by increasing internal efficiencies and promoting better handling of the external environment. Adoption of information technology enhances effectiveness of external activities for instance the use of electronic marketing and e-commerce to improve sales. Information technology is used to support operational level efficiencies to reduce cost and increase overall business efficiency. The operational efficiencies help firms in gaining competitive advantage by ensuring low cost and high quality products.

From the findings, it can be concluded that most of the organizations focused on developing human resources which help in identifying and operating in markets. They also evaluated their resources and capabilities and understand their value for the firm. Thus the study concludes that organizational internal resources had a positive influence on the competitiveness of small and medium enterprises in Nairobi County.

Finally the study concludes that organization culture significantly related to competitiveness. The study findings revealed that organizational culture determines the level of acceptance of change and innovativeness within the organization, further helps to keep employees motivated and loyal to the management of the organization, the organization culture brings all the employees on a common platform, the culture of the organization enables the organization to extract the best out of each team member thus enhancing competitive advantage.

5.2 Recommendations

From the conclusions and findings above, it is recommended that SMEs should embrace various competitive strategies to remain relevant in the market and to beat their potential competitors. The SMEs should enhance strategic leadership in key positions from line managers to the top management in order to make them aware of their roles in promoting and sustaining competitive advantage for the firms over the long term. The SMEs management should develop and enhance mechanisms of gathering market intelligence, benchmarking to ensure that they meet the best standards and ensuring that they are in constant touch with their customers. This ensures continuous improvement in services and products that are centered on the customers.

SMES should be on top of the game to ensure they keep pace with the rapid changes in technology. Customer requirements are fast changing. Thus, by promoting strategic adoption of technology there would be high level of efficiency and reduction in cost. This also improves customer convenience and speed of service delivery. Small medium enterprises should therefore strive to ever improve their technological capacity to preserve and grow their market share and customer base.

The study recommends that the SMEs should ensure that they have the right resources in the organization and at the right time. This includes both financial and human resources. The resources should also be rare, non- substitutable and non-inimitable to enhance competitiveness and thus firms achieve competitive advantage through the strengths and capabilities of the resources they have. The research also recommends that medium sized enterprises executive should demonstrate commitment toward empowering company employees, and to develop staff to fill future vacancies. The study recommends that the SMEs need to always consider employees as being the key contributors to the competitive advantage and thus there is need to always involve them in the entire organization process so as to introduce a new culture in the organization set up. Additionally, SMEs in Kenya need a good balance between the organization culture and the organization processes so as to enhance competitive advantage. This enables employees to offer customers better service, they are willing to take the time to solve difficult problems, their work is of higher quality, and they are more likely to stay with the organization.

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