**ANALYZES OF COMPETITOR FACTORS AFFECTING PERFORMANCE OF SMALL-SCALE TRADING ENTERPRISES IN NAKURU, NYANDARUA AND KITUI COUNTIES IN KENYA**

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**ABSTRACT**

In Kenya like other developing countries, about 78% of the population depends directly or indirectly on small trading enterprises. However, despite their significance, statistics indicate that three out of five businesses die within the first few months of operation and only one in four small businesses attain their first anniversary. This underperformance is of key concern to stakeholders. From a marketing perspective, most small businesses in Kenya rarely invest in formal marketing efforts as a core function of their operations and instead they rely on informal methods. The main objective of this research was to investigate how competitor marketing related factors can affect performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya. The study specifically sought to establish the roles competitor analyses in the performance of small-scale trading enterprises in the counties. The study was guided by the Customer Behaviour Theories, Resource-Advantage (R-A) Theory and Lavidge and Steiners Hierarchy-of-effects model. The study adopted an exploratory design and targeted proprietors and the staff of registered small-scale trading enterprises across the three selected counties which have a combined population of 63,708 small scale trading enterprises. From these, a sample size of 397 clustered trading businesses was selected randomly using the proportionate sampling strategy. Data was collected using structured and semi-structured questionnaires and was analyzed using both descriptive and inferential statistical methods. Frequencies, percentages and Chi-square were the statistical tools used for analyzing descriptive data while Pearson’s product moment correlation (r) and multiple regression were used for inferential statistic. Model tests of statistical assumptions were also carried out to avoid invalidation of statistical analysis. The study established competitor behavior had no statistically significant effect on the performance of the enterprises. Instead a strong bond exists among traders of particular categories commonly referred to in marketing as coopetition. A cartel like operational form. The study, therefore, recommends that these businesses need to focus on coopetition which can assist in quantity discounts and bargaining powers as groups rather than individual enterprises. This coopetition can also help in negotiating with county governments in better service delivery to traders. Finally, it was recommended that the businesses take advantage of the rapidly evolving digital marketing which will move them from the marketplace to the marketspace to give them a wider, interactive, 24-hour boundary-less market platform.

**Keywords:**

**Enterprise Performance, Competitor analysis, coopetition**

# Introduction to the Study

Globally, more countries are increasingly recognizing the growing influence of private business or trading enterprises on their economic success stories. Businesses provide employment and revenue for the government and citizens, thus, leading to economic stability and prosperity for the country. Consequently, economic planners have realized the importance of private sector and especially trading enterprises in spurring rapid economic development (Organization for Economic Cooperation and Development, 2012).

From the 47 county governments in Kenya a choice of three has been made in this research based on representability to reflect on market related factors affecting small scale trading enterprises in Kenya. These include Nakuru which has recorded the highest population immigration since the 2007 post-election violence that rocked the country. It has the uniqueness of being centrally located, cosmopolitan in nature and divergent small business cultures. Nyandarua has been picked due to its agriculturally reliant small business nature to represent other agricultural counties. Kitui on the other hand has been picked due to its representability to semi and arid counties of Kenya. A combined population of 63,708 small scale trading enterprises in these three counties were selected for study. From these, a sample size of 397 clustered trading businesses was selected randomly using the proportionate sampling strategy.

## Statement of the Problem

Competition for most small businesses comes from both big businesses and other small businesses offering similar products and services. Wanjohi (2012) observed that most MSEs in Kenya rarely invest in formal marketing development as a core function of their operations and instead they rely on informal methods. As a result, lack of facilities and expertise in marketing makes them vulnerable to stunted growth or closure. Muteti (2007) further observed that lack of sufficient market information poses a great challenge for small and medium enterprises. However, despite the lack of a structured marketing approach, small scale trading enterprises still manage to employ some form of rudimentary marketing related efforts. The use of these factors in the small scale trading enterprise though has not received research attention in the past and thus need to be examined.

## Objective of the Study

To assess the effect of competitor analysis on the performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties, Kenya.

**H0:** Competitor analysis has no statistically significant effect on the performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya.

# 1.5 Significance of the Study

The performance of small-scale trading enterprises in Kenya contributes to the economic development in the country and the world at large. The study results will assist in understanding how these marketing related factors used by trading enterprises affect their performance in Kenya today from the reflection of these selected counties. This information is deemed important to stakeholders namely; the trading enterprises, the business community, the policy makers and scholars in this area. The management of the existing trading enterprises and aspiring entrepreneurs will find the information useful in analyzing their businesses position in the market against the variables identified in the study.

Marketers and the business community both at the county and national level may also find the findings of the study useful in providing a fresh perspective on the performance of the trading enterprises. This may encourage them to find marketing interventions that can be used to support the trading enterprises. The study findings will also provide the policy makers in the county governments in Kenya with insights on the critical factors they need to be considered when formulating policies meant to enhance implementation of marketing strategies that will enable the trading enterprises perform effectively in the market. The academic fraternity will find the report important in helping them understand how adoption of marketing related factors affect the performance of trading enterprises. In effect it will open up research and study opportunities in areas not adequately covered in the report. The study will be a source of reference material for future researchers on other related topics. It will also help other academicians who undertake the same topics in their studies.

## Scope of the Study

The study focused on the marketing related factors affecting the performance of trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya. As such, the study was carried out among small and medium size trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya both offering commodities and services. Most of these trading enterprises are owned by the proprietors and few employees. These were the primary respondents. The study was carried out in Nakuru Town, Ol kalou and Kitui central business districts since majority of small businesses operate from such centre towns and only extend out by opening smaller branches out of town. Nakuru town has been chosen for its cosmopolitan and multicultural nature and its centrality from major towns like Nairobi, Kisumu and Eldoret. Since 2007 post-election violence, Nakuru County has seen tremendous growth in population and small business holding.

Ol Kalou is the major town centre of County Government of Nyandarua. Nyandarua is one of the most agriculturally productive counties with vast land on potatoes and dairy farming. It was formerly known as the White Highlands. It would give significant representation of trading enterprises whose bedrock is agriculture. Nyandarua county has 15,459 businesses comprising of 3% manufacturing, 64% commodity and 33% services (Nyandarua County Government, 2016). Kitui town is the capital town of County Government of Kitui. Kitui represents a great number of counties with scanty rainfall and arid and semi-arid regions. Kitui has a total of 12,718 businesses comprising of manufacturing 5%, commodity based 69%, services 26% (Kitui County Government, 2017). A sample size of 397 trading enterprises was picked from a total of 63,708 trading enterprises in the selected counties. The study was carried between October 2018 and January 2018.

Theories  
 Resource-Advantage (R-A) Theory

The Resource-advantage theory is an evolutionary process theory of competition that was first articulated in Hunt and Morgan in 1995 (Hunt & Morgan, 2005). The Resource-Advantage (R-A) Theory was developed in an effort to establish a general theory of competition without regard to the usual disciplinary boundaries of the behavioral and social sciences. Since then, it has been subsequently advanced in numerous studies in order to explain competitive advantage of organizations. The central concept in R-A Theory is that of “resources”, which determine the competitive advantage of firms. Competitive advantage is the result of a firm’s planned strategy. The strategic direction is realized through the ability of producing greater profits than the competitors (Hunt, 2000). Hence, the crux of R-A Theory, as in much of the strategy literature, seems to lie in an equivocation of strategy and competition.

At its core, the R-A theory combines heterogeneous-demand theory with the resource-based theory of the firm. Contrasted with perfect competition, heterogeneous-demand theory views intra-industry demand as significantly heterogeneous with respect to customers’ tastes and preferences. Therefore, viewing products as bundles of attributes, different market offerings or bundles are required for different market segments within the same industry (Johnson & Scholes, 1999). Contrasted with the view that the firm is a production function that combines homogeneous, perfectly mobile factors of production, the resource-based view holds that the firm is a combination of heterogeneous, imperfectly mobile entities that are resources yielding a marketplace position of competitive advantage, and thereby, superior financial performance (Brown & Eisenhardt, 1998). Firms, therefore, learn through competition as a result of feedback from relative financial performance signaling relative market position, which in turn signals relative resources.

# Empirical Review

Competitor activity forms an essential part of every market and getting a firm understanding of it using Competitor Intelligence or CI provides proﬁtable opportunities for growth. In contrast, in ability to understand CI can result in increased risk of failure (Wright, McNidder & Pickton, 2009). Competitor Intelligence was a well-established practice of businesses in the United States where approximately 80% of ﬁrms employ it to gain competitive advantage. However, in the UK, businesses are beginning to gradually adopt it as part of their strategic activity as they are beginning to realize the advantages of “being aware” of their competitors (Jonanneson, 2010). This development, though, is largely practiced by big businesses and is seldom mentioned within the SME circles which stand to gain tremendously by engaging in CI.

Wambugu (2012) examined factors influencing competitive advantage of firms in the micro finance industry (MFI) in Kenya revealed that that Marketing strategy, networks effects, strong research and development capabilities, Cost leadership and redefining customer value were used by many MFIs as competitive strategies. It was also concluded that being a low-cost provider, use of technology, support structures Risk, Service offered, quality, location, an embedded customer base and innovation have at least more than moderate influence in the competitive advantage. Mutisya (2013) study on competitive strategies applied by small and medium-sized firms in Mombasa County, Kenya revealed that financial and economic factors as well as the firms‟ resources or capabilities, greatly affect the choice of competitive strategy among other factors. Specifically, most of the small firms did not have fixed prices for their services or products. Majority of the SMEs owners were of the view that they were ahead of their competitors in terms of market share, profitability, quality and cost leadership.

However, the effect of competitor analysis on performance of trading enterprises has not received sufficient research attention in previous studies and in the changing business context such as that in the county governments in Kenya.

# Conceptual framework

Mugenda (2008) defines conceptual framework as concise description of the variables of the study. Young (2009) describes it as a diagrammatical representation showing the relationship between dependent variables and independent variables. This study adopted a conceptual framework whose aim was to show how marketing related independent variables are related to performance as dependent variables on trading enterprises. This was to keep the research work focused on the objectives of the study.

**Independent variables Intervening variables Dependent variable**

**Customer Analysis**

* Customer information
* Product knowledge
* Brand knowledgeCustomer decision-making

**Competitor Analysis**

* New potential entrants
* Substitute product/ services
* Bargaining power of suppliers & buyers
* Rivalry among current competitors

**Integrated Marketing Communication**

* Advertising
* Promotions
* Customer relations
* Integrated management

**Logistical Systems**

* Channel intermediaries
* Vertical integration
* Networking
* Distribution efficiencies

**Performance of Small-Scale Trading Enterprises**

* Sales Volume

Policies and regulations on marketing

* Capital constraints
* Macro-economic environment

# Research Design

This study adopted a mixed method approach employing the exploratory research design. An explorative study is a non-obstructive design in which information is collected without changing the environment to discover the behaviour and activities of respondents i.e., nothing is manipulated (Orodho, 2005) while a survey research is a systematic gathering of information from a sample of respondents for the purpose of understanding and/or predicting some aspects of the behaviour of the population of interest (Kothari, 2004).

## Target Population

According to information obtained from the office of business licensing in Nakuru County, there were 36,631 licensed trading enterprises in the county as of 2016 (Nakuru County Government, 2016). Nyandarua had 14,995 registered businesses as of 2017 (Nyandarua County Government, 2017), while Kitui had 12, 082 SMEs (Kitui County Government, 2017) as indicated in Table 3.1. These counties were selected since they represent different counties in their very nature; Nakuru represents cosmopolitan counties and is unique due to its centrality where all it serves almost all cultures, Nyandarua represents agricultural reliant counties and its historical significance and tag of The White Highlands makes its unique while Kitui represent counties within the Arid and Semi-Arid ( ASAL) environments, it acts as the gateway to the Eastern and Coast regions giving it a convergent nature of ASAL residence.

**Target Population**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **County** | | |
| **Small Scale Trading Enterprises** | **Nakuru** | **Nyandarua** | **Kitui** |
| Manufacturing | 4762 | 450 | 604 |
| Commodity based | 17949 | 9597 | 8337 |
| Service based | 13920 | 4948 | 3141 |
| County Totals | 36631 | 14995 | 12082 |
| **Grand Totals** | **63,708** | | |

Source: County Government of Nakuru (2017), Nyandarua (2017) and Kitui (2017)

# Sampling Procedure and Sample Size

In this study, random sampling was first used to obtain the sample which was then proportionately allocated along the strata.

Since the target population of this study was sufficiently large, comprising of 63,708 licensed trading enterprises in the selected counties and from each one persons to be sampled, the sample size was thus calculated using the formula proposed by Wasrael (1992) with the population parameters available;



Where N was the population and e = 0.05 was the level of precision. Therefore, the sample size at 95% confidence level was 397.5 or 397 businesses. The study used proportional sampling to allocate the sample size into various according to the trades under the Neyman allocation formula:

Where, *nh* was the sample size for stratum h

*n* was total sample size

*Nh* was the total number of small businesses for stratum h

N = Total number of small businesses

This was done as indicated in Table 3.2 which shows the distribution of the sample according to businesses in the area. For example, in picking representation from manufacturing; it was calculated as:

**4762**/**63708** x **397**= 30 outlets in manufacturing, and so forth.

Table 3. : Sample Size Allocation

|  |  |  |  |
| --- | --- | --- | --- |
|  | **County** | | |
| **Small Scale Trading Enterprises** | **Nakuru** | **Nyandarua** | **Kitui** |
| Manufacturing | 30 | 3 | 4 |
| Commodity based | 111 | 59 | 51 |
| Service based | 87 | 31 | 20 |
| County Sample | 228 | 93 | 75 |
| **Total Sample Size** | **397** | | |

The sample per county and in relation to the business type was developed using proportionate sampling strategy. With proportionate stratification, the sample size of each stratum was proportionate to the population size of the stratum (Trek, 2017). According to Birchall (2014) proportionate stratification provides equal or better precision than a simple random sample of the same size, the gains in precision are greatest when values within strata are homogeneous and those gains in precision accrue to all survey measures. The businesses were then selected randomly per county according to their types until the required sample size was attained.

## Data Collection Methods

This study requires the collection of both primary and secondary data which was collected in the form of both qualitative and quantitative data. Quantitative data was necessary for comparison. Data was collected using semi-structured questionnaires. The questionnaires were administered to all the respondents. This was done by the researcher and trained enumerators. Due to the nature of the population, the study used the researcher-administered approach in data collection where the researcher first secured the cooperation of the respondent and then proceed to ask the respondent questions from the questionnaire while scoring. This has the advantage of increasing the efficiency of data collection and overcoming language barriers.

## Research Instruments

The questionnaire was a quick response instrument that was ideal for such business settings where it was expected that the respondents did not have much time for the study as they were serving their clients. The selection of these tools has been guided by the nature of data to be collected, time available and the objectives of the study. It has quite a number of advantages which include: confidentiality; time saving; and reduced interviewer bias. Questionnaires also have the advantages of low cost, easy access, physical touch to widely dispersed samples (Sarwas & Gallhofer, 2014) and also the fact that the results are quantifiable. The questionnaires had sections on the background of the respondents, background of the trading enterprises and the objectives under research.

### Pilot Testing

This study selected 10% of the sample size (39 trading enterprises) for pilot testing from trading enterprises in Nakuru County. The pilot sample was proportionately done such that manufacturing was done using the formula **4762/63708x 39; commodity 17949 / 63708 x 39 etc.** However, those piloted were excluded when carrying out the actual research. The County has diverse small-scale trading enterprises and its demographic patterns represent the study’s target population to a considerable extent. Care was taken to ensure that pilot study respondents were selected outside the main study sample but within from the target population with matching characteristics.

### Validity of the Instruments

The validity of the instruments used in this study was established through the following steps: piloting tools of data collection, doing member checks with the interviewed sample, care during data analysis and by ensuring that the researcher adheres to ethical issues during conduct of research. The returned instruments from the pilot study were subjected to review and analysis from experts in the university to ensure that the contents of the questionnaires were suitable for the purpose for which they were set and were also highly consistent.

In this study, face validity, construct validity and content validity were used to validate the research instruments. The instruments were subjected to scrutiny and review of content by experts at the University. The items were rephrased and modified where necessary to avoid ambiguity before being used for data collection.

### Reliability of the Instruments

This was done by calculating the Cronbach’s alpha coefficient for all the sections of the questionnaire from the results of the pilot study. A value of 0.7 or above of the Cronbach’s alpha coefficient shows high internal consistency (Cronbach & Azuma 1962). The items that were found to lower the Cronbach’s alpha below this value were to be deleted.

### Data Analysis and Presentation

Data obtained from the questionnaires were first cleaned and edited before being coded and subjected to further analysis. The Likert scales in closed ended questions in the questionnaires were converted to numerical codes and be scored on 1-5 point scale in order of magnitude of the construct being measured. They were then entered into the Statistical Package for Social Sciences (SPSS) version 21.0 software was employed to aid in data analysis and processing.

The data was analyzed using both descriptive and inferential statistical methods. Descriptive statistical analysis was done using, frequencies and percentages to describe the basic characteristics of the data. Inferential data analysis was done using the Pearson’s Product-Moment Correlation Coefficient and multiple regression analysis. Correlation analysis was used to measure the relationship between variables. The importance of this was that the results of the analysis can be generalized to the larger population. Multiple regression analysis was then used to establish if the relationship between the independent variables and the dependent variables were statistically significant. The outcome was then fitted into a multiple regression model which was assumed to hold under the equation;

Y =β0 + β1X1+ β2X2+ β3X3 + β4X4+εi

Where;

Y=Performance of Trading Enterprises (sales volume)

β0 = Constant

X1 = Customer analysis

X2 = Competitor analysis

X3 = Logistic Systems

X4 = Integrated Marketing Communications

β1,β2, β3 andβ4 = regression coefficients to be determined by the model

εi= the estimated error of the regression model

The beta (β) coefficients for each independent variable generated from the regression model were the basis of testing the predictive power of the variables in the model (Sekaran, 2003). The overall multiple regression model was also validated using the ANOVA output from which the F-test was used to determine whether it was significant at P ≤ 0.05. To control for multicollinearity between the independent variables, study also utilized the tolerance test and variable inflation factor (VIF). The conventional acceptance limits for tolerance was t ≥ 0.2 while the VIF should not exceed 5. Tests for normality were also carried out.

### Operationalization of the variables

Table 3. : Summary of Objectives and Variable Measurement Plan

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Research Objective** | **Independent Variables** | **Dependent Variable** | **Descriptive Tools** | **Inferential Tools** |
|  |  |  |  |  |
| To assess the effect of competitor analysis in the performance of trading enterprises in Nakuru County, Kenya | Competitor Analysis | Performance of trading enterprises in Nakuru County, Kenya | Means, Standard deviations Chi-square | Correlation coefficient, Multiple regression, |

# RESEARCH FINDINGS AND DISCUSSIONS

## Response Rate Results

Table 4.1 shows the response rate of the questionnaires.

Response Rate

|  |  |  |
| --- | --- | --- |
| **No. of questionnaires Issued** | **No. of questionnaires Returned** | **Response Rate (%)** |
| 397 | 224 | 56 |

The researcher directly distributed 397 questionnaires to the respondents in small scale trading outlets in all the three counties. The researcher and research assistants guided the respondents through the questionnaire. Of the above questionnaires 224 were recorded from the field and accepted as correctly filled translating to a 56% response rate. This response rate was acceptable for this study as according to Rogelberg and Stanton (2007), when cross – sectional studies of survey design are conducted at the individual level. The expected response rate should be over 50%.

**Descriptive Statistical Results**

### Demographic Characteristics of the Respondents

The demographic characteristics of the respondents were used by the researcher to establish the basis of the respondents’ opinions. Hence, the researcher sought to establish the gender, age, education levels and position held in firm of the respondents. The findings are given in Table 4.2.

Gender

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Response** | **Frequency** | **Percent** |
| **Gender** | Male | 130 | 58 |
|  | Female | 94 | 42 |

The findings in Table suggest that majority (58%) of the respondents were male although the high proportion of females indicated that a significant number of women in the area had also registered their firms for business. From the observations, most small scale businesses trading in commodities like electronics, hardwares, shops and furniture outlets and were owned or managed by males. Other businesses like like M-pesa, saloons, beauty shops which were in the service sectors were managed by females.

Demographic Characteristics of the Respondents: Age

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Age** | **Frequency** | **Percentage** |
| Age in Years | 23 - 30 | 60 | 27 |
|  | 30 - 40 | 78 | 39 |
|  | 40 - 50 | 32 | 14 |
|  | 50 - 60 | 20 | 9 |
|  | Above 60 | 9 | 4 |

The results also indicate that most of the respondents were aged between 23 and 40 years of age with the greater percentage being between those aged between 30 and 40 years (39%) while those aged between 23 to 30 years were 27%. It was also obseved that males aged above 40 years were comfortable with their occupation while the females tended to have spouses in formal employment and their outlets were suplimenting the household income.

Demographic Characteristics of The Respondents: Education Level

|  |  |  |  |
| --- | --- | --- | --- |
| Education Level | Primary | 56 | 25 |
|  | Secondary | 110 | 49 |
|  | Technical/Vocational | 25 | 11 |
|  | Tertiary | 22 | 10 |
|  | University | 11 | 5 |

Concerning the level of education, the results indicate that 49% of the respondents had high school levels of education while 25% had primary level of education as their highest level of education. There was also a considerable number with tertiary level of education. These findings imply that majority of the respondents had reasonable level of education for their line of work and were either owners or managers of the businesses, therefore, implying that there was a possibility of good response from the point of understanding the subject being investigated.

Demographic Characteristics of The Respondents: Position Held

|  |  |  |  |
| --- | --- | --- | --- |
| Position in the Enterprise | Owner | 128 | 57 |
|  | Manager | 96 | 43 |

The researcher observed that most of the outlets were managed by their owners with two to three shop assistants. Majority (57%) of the respondents interviewed were the owners of their firms. Some owners managed their shops remotely. The researcher discovered this in Kitui when negotiating for an item. When the bargain fell below what the helper had been advised to take, there were phone conversations with the absent owner in the local dialect on the bargain price that the researcher was willing to pay.

**Characteristics of the Businesses**

|  |  |  |  |
| --- | --- | --- | --- |
| Variable | Response | Frequency | Percent |
| Age of business | 1 - 4 years | 123 | 55 |
|  | 5 - 8 years | 72 | 32 |
|  | Above 8 years | 29 | 13 |
| Number of branches | None | 137 | 61 |
|  | 1 - 2 | 64 | 29 |
|  | 3 - 4 | 16 | 7 |
|  | More than 4 | 7 | 3 |
| Number of employees | None | 49 | 22 |
|  | 1 - 2 | 58 | 26 |
|  | 2 - 3 | 90 | 40 |
|  | 3 - 4 | 20 | 9 |
|  | 4 - 5 | 7 | 3 |

The research findings also showed that majority (55%) of the businesses were between 1-4 years old. Few had branches outside their operating areas. This is because most operated in a printh area of less that 10m squared. However, they had stores in remote parts of town where there was space and affordability. If a product was not immediately available in the outlets, there were non verbal cues to one of the helpers to rush for it from the stores. In Nakuru outlets, few outlets would say they lacked any item. Whether the item was brought from their store or next door competitor, the buyer would not know. Most of the outlets had 1-3 employees for the commodity outlets and 5-8 for service outlets.

**Type of Business Operated by the Respondents**

|  |  |  |
| --- | --- | --- |
| Type of Business | Frequency | Percent |
| Mobile Money | 43 | 19 |
| General shops | 38 | 17 |
| Saloons | 25 | 11 |
| Hardware’s | 22 | 10 |
| Beauty & Cosmetics shops | 20 | 9 |
| Eateries | 20 | 9 |
| Mobile phones & Accessories | 16 | 7 |
| Tailoring & Boutiques | 11 | 5 |
| Electronics | 11 | 5 |
| Photocopy | 9 | 4 |
| Furniture outlets | 9 | 4 |
| Totals | 224 | 100 |

The results in Table 4.4 indicate that most of the respondents businesses (75%) were either in mobile money (19%), general shops (17%), saloons (11%), hardwares (10%), Beauty & Cosmetics shops (9%) and eateries (9%). However, it was also observed that those businesses that existed more than five years had continously changed merchandise to reflect current trends in the economy. For example, most photocopy outlets had turned into Mpesa outlets in Nakuru while most tailoring shops and saloons had morphed into boutiques especially in Nyandarua and Kitui.

**Competitor Analysis and performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties**

The second objective of the study was to evaluate the effect of competitor behavior on the performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties, Kenya. This objective was determined by posing several statements to the respondents related to competition in their businesses. The findings are presented in Table 4.9.

Competitor Analysis and Performance of Trading Enterprises in Kenya

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | SA | A | N | D | SD |  | **p-** |
| **Statement** | Freq (%) | Freq (%) | Freq (%) | Freq (%) | Freq (%) | **χ2** | **value** |
| Many businesses like the one I am doing are being opened in this place | 13(6) | 119(53) | 25(11) | 63(28) | 4(2) | 111.14 | 0.001 |
| Competition is high here among businesses doing the same business | 45(20) | 65(29) | 29(13) | 54(24) | 31(14) | 53.79 | 0.001 |
| I always try to find out the tactics my competitors are using to gain more customers | 49(22) | 69(31) | 40(18) | 29(13) | 36(16) | 75.11 | 0.001 |
| I always prepare for new competitors in the area | 47(21) | 65(29) | 34(15) | 54(24) | 25(11) | 115.77 | 0.001 |
| I try to learn more about the products or services being offered by my business competitors | 56(25) | 74(33) | 38(17) | 40(18) | 16(7) | 54.41 | 0.001 |
| The quality of the goods we sell are sometimes different from those of our competitors | 36(16) | 81(36) | 22(10) | 38(17) | 47(21) | 123.41 | 0.001 |
| My competitors sometimes copy the way I serve my customers | 13(6) | 99(49) | 11(5) | 87(39) | 2(1) | 74.42 | 0.001 |
| Sometimes our competitors poach our employees who they believe can offer better services | 25(11) | 121(54) | 13(6) | 45(20) | 20(9) | 99.48 | 0.001 |
| I often aim to get the best deal from my suppliers in terms of product quality and prices so I could give discounts | 52(23) | 96(43) | 31(14) | 20(9) | 25(11) | 88.56 | 0.001 |
| The competition in the area has made my suppliers less willing to negotiate prices of products | 45(20) | 85(38) | 74(33) | 13(6) | 4(2) | 87.12 | 0.001 |
| The competition in the area has made my customers more willing to negotiate prices of products | 18(8) | 139(62) | 25(11) | 38(17) | 4(2) | 58.4 | 0.001 |
| My customers always expect me to give them discounts | 38(17) | 96(43) | 52(23) | 76(34) | 0 | 68.75 | 0.001 |
| My competitors are often unwilling to assist even when it comes to sharing information | 25(11) | 31(14) | 25(11) | 78(35) | 63(29) | 63.69 | 0.001 |
| My competitors sometimes tell customers not to shop at my place | 31(14) | 14(40) | 13(6) | 14(40) | 0 | 149.49 | 0.001 |
| My competitors sometimes engage in bad competition practices | 25(11) | 85(38) | 22(10) | 56(25) | 36(16) | 54.41 | 0.001 |
| My competitors are very difficult to work with | 34(15) | 45(20) | 16(7) | 101(45) | 29(13) | 123.41 | 0.001 |

Looking at the results in Table it is evident that several similar businesses were operating in the same area as indicated by 6% of the respondents who strongly agreed and 53% who agreed. According to 20% of the respondents who strongly agreed and 29% who agreed, businesses similar to theirs were set up in their area and competition was high here among businesses doing the same business. Also 22% of the respondents strongly agreed while 31% agreed that they always tried to find out the tactics their competitors were using to gain more customers. They also affirmed that they always prepare for new competitors in the area as indicated by 21% who strongly agreed and 29% who agreed.

Most tried to learn more about the products or services being offered by their business competitors as suggested by 25% who strongly agreed and 33% who agreed. The respondents indicated that the quality of the goods they sell were sometimes different from those of their competitors as suggested by 16% who strongly agreed and 36% who agreed. When asked whether most of their competitors sometimes copy the way they serve their customers 6% strongly agreed and 49% agreed indicating that majority of respondents were of the view that competitors copied customer relations strategies from each other. It also emerged that sometimes competitors poached employees from other businesses who they believed could offer better services as indicated by 11% of the respondents who strongly agreed and 54% who agreed.

Further, the results indicate that 23% of the respondents strongly agreed and 43% agreed that most proprietors often aimed to get the best deal from their suppliers in terms of product quality and prices so they could give discounts. They were also of the view that the competition in the area had made their suppliers less willing to negotiate prices of products as indicated by that 20% of the respondents who strongly agreed and 38% who agreed. Majority, 70%, were of the opinion that the competition in the area had made their customers more willing to negotiate prices of products as suggested by that 62% of the respondents who strongly agreed and 8% agreed. The customers always expected to be given discounts by the proprietors as indicated by 17% of the respondents who strongly agreed and 43% who agreed.

The findings also indicate that majority of the proprietors felt that their competitors were often unwilling to assist even when it comes to sharing information as evidenced by that 35% of the respondents who strongly agreed and 29% who disagreed. 14% of the respondents who strongly agreed while 40% agreed that some of their competitors sometimes told their customers not to shop at other places. Some of the businesses proprietors even sometimes engaged in unethical competition practices as indicated by 11% of the respondents who strongly agreed and 38% who agreed. Majority (58%) also disagreed with the notion that their competitors were very difficult to work with.

When asked whether most of their competitors sometimes copy the way they serve their customers 55% agreed indicating that majority of business competitors copied customer relations strategies from each other. It also emerged that sometimes competitors poached employees from other businesses who they believed could offer better services. These findings support those of Eskandari et al., (2015) who established that most business proprietors know, roughly equally, threat of the buyers and the substitute goods. However, if carefully paid attention to this issue, it can be perceived a little more important, threat of buyers. Because buyers can cooperate with other competitors, if they aren’t satisfied from specific products or the more profit with buying of another product and by informing and advertising on anti-business, reduce the firm's sales.

Further, the results it was evident that 66% of proprietors often aimed to get the best deal from their suppliers in terms of product quality and prices so they could give discounts. They were also of the view that the competition in the area had made their suppliers less willing to negotiate prices of products. of the business people were of the opinion that the competition in the area had made their customers more willing to negotiate prices of products. The customers always expected to be given discounts by the proprietors.

In Nyandarua county, the social structure of the businesses there encouraged coopetition than rivalry. These results agree with Akdogan and Cingoz (2012) who found that most of the firms want to collaborate with competitors, though, they will prefer to collaborate with the other competitors except the main one. SMEs that participated in survey have a positive attitude toward coopetition strategy.

## Performance of Small-Scale Trading Enterprises in Kenya

The study also sought to evaluate the performance of small-scale trading enterprises. This was the dependent variable and its effect was measured first by posing several statements to the respondents related to the effect of the performance variables in their firms. The findings are presented in Table 4.12.

### : Performance of Small-Scale Trading Enterprises

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | SA | A | N | D | SD |  | **p-** |
| **Statement** | Freq (%) | Freq (%) | Freq (%) | Freq (%) | Freq (%) | **χ2** | **value** |
| I have seen growth in sales in my business in the last one year | 34(15) | 58(26) | 31(14) | 78(35) | 22(10) | 64.48 | 0.001 |
| I often manage to clear all dead stock in my business within a short time | 31(14) | 52(23) | 25(11) | 96(43) | 20(9) | 88.56 | 0.001 |
| My sales volumes are high | 25(11) | 38(17) | 18(8) | 139(62) | 4(2) | 58.4 | 0.001 |
| Most of my sales is done on cash basis | 13(6) | 85(39) | 45(20) | 74(33) | 4(2) | 87.12 | 0.001 |
| My business has been able to expand and offer more products | 25(11) | 31(14) | 13(6) | 128(57) | 25(11) | 63.69 | 0.001 |
| I have been able to acquire value adding equipment to improve the quality of my products | 13(6) | 14(40) | 0 | 14(40) | 31(14) | 149.49 | 0.001 |
| I have been able to open new branches of my business | 25(11) | 69(31) | 20(9) | 78(35) | 31(14) | 64.48 | 0.001 |
| I have been able to hire more employees for my business | 22(10) | 38(17) | 36(16) | 81(36) | 47(21) | 123.41 | 0.001 |
| I have been able to recruit more qualified employees for my business | 18(8) | 63(28) | 7(3) | 110(49) | 29(13) | 115.77 | 0.001 |
| I have been able to engage my employees in quality training so they could handle their roles in my business in a better way | 25(11) | 45(20) | 13(6) | 121(54) | 20(9) | 99.48 | 0.001 |
| My business always achieves the break-even sales in within the anticipated time | 4(2) | 27(12) | 137(61) | 43(19) | 13(6) | 75.11 | 0.001 |
| The profit margins in my business have been increasing over the last three years | 34(15) | 47(21) | 25(11) | 65(29) | 54(24) | 115.77 | 0.001 |
| I have been able to pay off all my creditors on time | 40(18) | 74(33) | 16(7) | 56(25) | 38(17) | 54.41 | 0.001 |
| My business has been having good cash flow for the last three years | 36(16) | 38(17) | 47(21) | 81(36) | 22(10) | 123.41 | 0.001 |

From the results in Table 4.12.Those respondents who disagreed were 35% and 10% strongly disagreed while 26% agreed and 15% strongly agreed respectively that they have seen growth in sales in their business in the last one year. It can, thus, be deduced from the results that most of the businesses surveyed had not experienced sales growth in the last one year. The results also indicate that 43% of the respondents disagreed and 9% strongly disagreed that they often managed to clear all dead stock in their business within a short time. In addition, 62% disagreed and 2% strongly disagreed that disagreed that their sales volume was high indicating that the sales turnover of the trading enterprises was low.

The findings further indicate that 6% strongly agreed and 39% agreed that most of their sales was done on cash basis. However, 33% disagreed and 2% strongly disagreed with the statement, therefore, suggesting that while majority of the businesses favored cash transactions, non-cash transactions were also being done by the businesses. The results also indicate that their businesses had not been able to expand and offer more products as indicated by majority of the proprietors, 57% who disagreed and 11% who strongly disagreed. Most, 40% who disagreed and 14% who strongly disagreed, also said that they had been able to acquire value adding equipment to improve the quality of their products. In addition, 35% disagreed and 14% strongly disagreed that they had been able to open new branches of their business while 31% agreed and 11% strongly agreed with the statement. This suggests that majority of the businesses had not been able to expand and open new branches.

Moreover, most of the proprietors disagreed that they had been able to hire more employees for their businesses as indicated by 36% of the respondents who disagreed and 21% who strongly disagreed. Most of the proprietors also claimed that they had not been able to recruit more qualified employees for their business as suggested by 49% who disagreed and 13% who strongly disagreed. Further, 54% disagreed while 9% strongly disagreed that they had been able to engage their employees in quality training so they could handle their roles in the businesses in a better way. However, most respondents (61%) were uncertain on whether their business always achieves the break-even sales in within the anticipated time. Majority, 29% who disagreed and 24% who strongly disagreed, also indicated that the profit margins in their businesses have not been increasing over the last three years. Nevertheless, majority of the respondents, 18% who strongly agreed and 33% who agreed, indicated that they had been able to pay off all their creditors on time though most still disagreed that their businesses had been having good cash flow for the last three years as indicated by 36% who disagreed and 10% who strongly disagreed compared to 17% who agreed and 16% who strongly agreed.

From the results, it is evident that majority of the small businesses surveyed in all the three counties had experienced no appreciable growth in sales in the last one year and were not enjoying improved sales volumes, particularly, in Nakuru and Kitui where there was little evidence of social marketing strategies. Majority of the proprietors agreed that they had not been able to clear their deadstock within a short time since they stocked only what customers showed high demand for. Most of the sales was done on cash basis in Nakuru and Kitui while Nyandarua had high credit sales.

Majority of the proprietors claimed that their businesses had not been able to expand and offer more products. The findings also suggest that only few of the businesses had been able to open new branches and to hire more employees for their business except in Nakuru. The businesses in Nakuru had also been able to recruit more qualified employees for their business and engage them in quality training so they could handle their roles in their business in a better way.

The findings also indicate that most of the business were not able to determine when they achieved the break-even sales in within the anticipated time and as such could not tell whether their profit margins increasing over the last three years. Majority of the businesses in Nakuru and Kitui had also been able to pay off all their creditors on time. Most of the business also reported not having good cash flow for the last three years. It was noted that these businesses did not always have a consistent record keeping procedure. Majority was based on intuition and experience. Most would know when a certain credit needs to be settled and work for that particular amount. This was common in meeting rent obligations whereby the last week of the money was used to accumulate rent money.

## Inferential Statistics

**Tests of Model Assumptions/Ordinary Least Squares Results**

Greene (2002) explains that regression can only be accurately estimated if the basic assumptions of multiple linear regressions are observed. In this regard, testing of normality, linearity, homogeneity of variance, and multicollinearity was important. The results of these tests are discussed as follows.

Test of Normality Resultswas carried out after omitting the outliers, where 10 cases were omitted, for multiple regression the valid ratio of cases to independent variable was 15 to 1, therefore, of the 224 valid cases, with 4 independent variables gave a ratio of 56 to 1 which satisfies the minimum requirement of the preferred ratio of 15 to 1 (Field, 2009). The test results of normality test are presented as shown in Table 4.13

Results of Normality Diagnostic Test for all Variables

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Variable | Descriptive | Statistical | Std. | Shapiro-Wilk | | | Comment |
| Statistics |  | Values | Error | Statistic | df | Sig. |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Competitor | Skewness | -0.174 | 0.172 |  |  |  | Normally |
| Behavior | Kurtosis | -0.242 | 0.342 | 0.867 | 106 | 0.343 | Distributed |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Performance of | Skewness | -0.192 | 0.172 |  |  |  | Normally |
| Trading Enterprises | Kurtosis | -0.271 | 0.342 | 0.844 | 106 | 0.167 | Distributed |

Table 4.13, shows that the variables were normally distributed with skewness and kurtosis values ranging between -1.0 and +1.0 and their parameters within the limits ± 1.96 suggesting that the departure from normality was not too extreme. This was acceptable according Pallant (2013) and Field (2013) who explained that parametric values greater than ± 1.96 for small samples suggested that the distribution of the data was not normal. Thus, the respective skewness and kurtosis values in Table 4.7 are customer analysis (skewness .196, kurtosis -.123), competitor behavior (Skewness -.1744, kurtosis -.242), logistical systems (skewness .187, kurtosis -.149), integrated marketing communications (skewness -.117, kurtosis -.225) and performance of trading enterprises (skewness -.192, kurtosis -.271). Thus, it can be deduced that all the variables of interest to the study were normally distributed and, therefore, further tests could be carried out on the data.

The Test of Linearitywas done where linear relationship between the independent variables on the dependent variables was tested using the correlation coefficient as suggested by Greene, (2002) and Cohen, West and Aiken (2003) in order to meet the assumption of linearity. The linearity results are shown in Table 4.14.

**Results of Linearity Test for Independent Variables**

|  |  |  |  |
| --- | --- | --- | --- |
| Variable |  | Performance of Trading Enterprises | Conclusion |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Competitor | Pearson Correlation | 0.118 |  |
| Behavior | Sig. (2-tailed) | 0.003 | Linear |
|  | N | 224 |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

The results in Table 4.14. suggest that there was a linear relationship between the independent variables and dependent variable measures. Competitor Behavior (R = 0.118, P < .05. The correlation coefficients for the four independent variables were statistically significant with P values < 0.05. This was an indication of a linear relationship between each individual independent variable and the dependent variable as recommended by Field (2009). Therefore, the linearity assumption was valid and the proposed regression was suitable and can be accurately be estimated.

Homogeneity of Variance also known as test of heteroskedasticity assumes that the variance of the dependent variable was roughly the same at all levels of the independent variable. The results are given in table below:

Results of Homogeneity of Variance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Levine |  |  |
| Variable |  | Statistic | Sig. | Conclusion |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Competitor | Based | 0.479 | 0.745 | P >0.05, |
| Behavior | on |  |  | hence equal |
|  | Median |  |  | variance |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

Table shows that the Levine statistic for Competitor Behavior (.479, P = .745 > .05), Logistical Systems (.577, P = .678 > .05) (Warner, 2008). Given that the probability associated with the Levine statistics for all these variables are greater than the level of significance, p > .05, Warner (2008) suggests that the probability for these Levine statistics meets the threshold for the homogeneity assumption. Hence the homoscedasticity assumption was satisfied indicating that the variances for Competitor Behavior is not constant. Therefore, the proposed regression models for this study were suitable for analysis.

Test of Multicollinearityhelps to determine whether multicollinearity would affect the results a regression analysis involving all the variables was conducted and estimated tolerance and variance inflation factors (VIF) determined as shown in Table

Results of Multicollinearity Test

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Collinearity Statistics | | | | |
|  | Tolerance | | VIF |
| (Constant) | | |  |
| Customer analysis | 0.446 | | 2.241 |
| Competitor Behavior | 0.454 | | 2.204 |
| Logistical Systems | 0.663 | | 1.509 |
| Integrated Marketing Communications | 0.236 | | 4.240 |
| Mean VIF | 0.450 | | 2.549 |
| a. Dependent Variable: Market Capitalization |  |  |  |

The results the Table shows that the VIF for Customer analysis = 2.241, Competitor Behavior = 2.204, Logistical Systems = 1.509, Integrated Marketing Communications = 4.240, and the mean VIF for the variables = 2.549 are all respectively less than 10 and with tolerance values greater than 0.1 effectively ruling out the possibility of multicollinearity (Field, 2009). Therefore, the results imply that there was the occurrence multicollinearity was effectively controlled among the variables and, hence, could have negligible or virtually no effect on the performance of the variables in the model.

### Multiple Regression Analysis Results

The study also sought to establish the effect of marketing related factors on performance of small-scale trading enterprises in the three counties. Competitor Behavior. The results are discussed in the following sections.

The study also sought to establish the effect of marketing related factors on performance of small-scale trading enterprises in Nakuru County. Four measures were used; Customer analysis, Competitor Behavior, Logistical Systems and Integrated Marketing Communications. The results are presented in Table:

Table: Resuls for competitor Related Factors on Performance of Trading Enterprises

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|  | B | Std. Error | Beta |  |  |
| (Constant) | 4.954 | 2.372 |  | 2.088 | 0.001 |
|  |  |  |  |  |  |
| Competitor Behavior | -0.242 | 0.18 | -0.144 | -1.345 | 0.183 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| R Squared | | 0.542 |  |  |  |
| Adjusted R Square | | 0.517 |  |  |  |
| F-Statistic (df, n) | (4, 224) | 21.902 |  |  |  |

Table shows that the constant coefficient was significant at 4.954; t = 2.088 ± 1.96, and P value = 0.001, indicating that the predictor variables are significant and jointly explain the variations in the dependent variable. It can be deduced further from the findings that the model could explain up to 51.7% of the variation in the dependent variable on the basis of the adjusted R2 while the rest are explained by other factors not included in the model. The F statistic was 21.9 and p <.05, further, suggests that the independent variables are jointly significant in explaining variations in the dependent variable. The results also indicate that the beta of Competitor Behavior was not statistically significant (β = -0.242; t = -1.345; P >.05.

In the estimated regression model, taking the independent variables as zero, the effect of marketing related factors on performance of small-scale trading enterprises in Nakuru County would be predicted by the model constant 4.954. This means that other variables not specified in the model also affect the performance of small-scale trading enterprises in the area by 4.954.

**Hypothesis Test Results**

The hypotheses under this section were tested at the p ≤ 0.05 level where beta values with p-values greater than 0.05 led to the rejection of the null hypothesis and rejection of the alternate hypothesis.

**H0:** Competitor analysis has no statistically significant effect on the performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya.

The hypothesis was tested at the p ≤ 0.05 significance level. The results indicate that Competitor analysis coefficient was not significant at β = -0.242, p ˃ 0.05, therefore, we fail to reject the null hypothesis. The study, therefore, confirms Competitor behavior has no statistically significant effect on the performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya.

Competitor analysis, the interview schedule, showed that while on the surface, it existed, there was deep coopetition among traders of similar wares.

In Nakuru, traders had opened similar businesses within the same locality creating false competition. Similarly, lack of an item would resort in the trader sending an employee using sign language to pick from the “store”. In real sense, the employee goes to the next door competitor as you wait. Similarly, there exists merry go round meetings in particular days of the week at specified hotels. Any calamity faced by any of the traders is handled by a committee and the trader is bailed out, whether is a county issue, a funeral or even school fees for a child.

In Nyandarua, businesses would be left or even opened by the next door competitor if the owner is not around. A trader does not hesitate to send you to a competitor if he is busy with another customer or lacks the item.

In Kitui, due to the immigrant population of Somali businessmen, the unity is not obviously observed. However, the use of cultural incantations and fear of the locals reaction makes competition less obvious. There is silence when traders are prompted to speak ill of the other. The businesses also belonged to relatives and this chain makes competition less fierce. On visiting several boutiques that displayed similar wares, the researcher discovered they all belonged to one family.

The researcher observed that sometimes especially in the food category of small-scale traders, the left stock is taken at home for family. In smaller businesses like nut selling, the trader when confronted by the county askaris, swallows the whole stock before he is taken to the county station. He starts a new stock the following day.

**SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

**Competitor Behavior and Performance of Small-Scale Trading Enterprises in Kenya**

Similar types businesses were emerging mostly in Nakuru and Kitui leading to high competition among the same types of businesses. However, despite the entrance of new competitors, there was strong evidence that businesses were engaged in some form of coopetition especially in Nakuru and Nyandarua Counties meant to serve specific interests. This helped them get referrals from the businesses competing with them especially if they lacked an item. The researcher discovered that the competitors had formed associations and helping groups in case of emergencies like burial and court cases to assist each other. Despite the coopetition that existed at the particular business level, there was considerable imitation of service strategies among businesses leading to loop in competitive edge for the businesses. The businesses compensated stiff competition through differentiation and product innovation where possible. The businesses also sought to obtain the best deal from their suppliers in terms of product quality and prices to enable them give discounts. However, suppliers were taking advantage of the competition in the areas to be inflexible over the prices of products while on the other hand the competition had made customers more willing to negotiate prices of products. Whether prices were indicated on an item, customers had to negotiate as a norm within this small-scale outlet. Most customers were often expecting discounts.

Adverse forms of competition were, however, observed in Kitui County where competitors sometimes discouraged their customers from shopping elsewhere and were generally difficult to work with. In Kitui, there were particular rituals carried out in some outlets like praying and spraying concoctions behind closed doors so that customers could flock the outlet. This was common among Somali traders and lower level educated categories. Competitor behavior was found to have no statistically significant effect on the performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya. This was largely attributed to the idea of coopetition. Behind the ostensible competition among the traders, there was great unity and informal merry go rounds to assist members. In Nakuru, it was observed that the traders would send one big order to suppliers and use one transporter to get goods from Nairobi. The bulk would later be broken down to the different outlets. The coopetition was also observed towards aggression against county government laws and actions that were unfavourable to the traders. A gang like aggression would push external interference away. This included fighting bigger corporates who would try to compete with the members.

# Conclusions

Based on the regression analysis, the study concludes that Competitor behavior had no statistically significant effect on the performance of small-scale trading enterprises in Nakuru, Nyandarua and Kitui Counties in Kenya. Despite the entrance of new competitors, the businesses were engaged in coopetition and others were operated more like social enterprises meant to serve specific community interests. The effect of differentiation was negated by imitation. Further, the inflexibility of suppliers over prices was compounded customers more willing to negotiate prices of products. Competition was based on volume rather than rivalry among the traders. In the mist of competition is highly informal association and cooperation among the small-scale traders. In some outlets, they would borrow from each other the items they did not have and sell to a customer. In case of emergencies with one trader, the others ganged up to bail out. They held informal meetings in certain hotels to discuss the business environment for the day. They attended burials as groups and bought things in bulk together. They fought real or imagined enemies especially county government askaris and reacted with aggression if one of the businesses was under any external threat.

# Recommendations

Despite the fact that competitor behavior was not significant in the study, the study recommends that the dimension of coopetition be emphasized as without meaningful competition, the businesses will lose their competitive edge and their service and product offerings may not be able to meet the ever-evolving market demands. While coopetition is good when dealing with the greater good especially in negotiating for quantity discounts and demanding services from the county governments, it affects businesses in getting a cutting edge over the rivals.

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