

Influence of Competitive Strategy on the Performance of Small-Scale Enterprise in Nasarawa State

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Abstract

The study investigated the influence of competitive strategy on the performance of small scale enterprise (SSEs) in Nasarawa State. Three aspect of porter's generic competitive strategies which included cost leadership strategy, differentiation strategy and combination strategies where examined and their influence on financial performance of small scale enterprise (SSEs) Nasarawa state. The study used a descriptive research design. The population of study were youth owned SMEs in the 13 Local Government council in Nasarawa State that are operational. This consisted of 135 respondents who were the proprietors of the enterprises. A Census was carried out for all the SSEs since the population was small. The primary data was collected by use of self-administered semi-structured questionnaire. Data analysis was done by use of descriptive statistics such as frequencies, percentages, mean scores and standard deviation with the aid of SPSS and presented through tables, frequencies and percentages. The study realized that three of Michael Porter's generic strategies used have significantly influenced in the organizational performance of SSEs in Nasarawa state. The variables explained 85.11% of the changes in organizational performance of the SSEs. A unit increase competitive strategy adoption by SSEs led to a 0.655 increase in organizational performance of the SSEs, a unit increase in differentiation strategy adoption led to a 0.876 increase in performance of the enterprises while a unit increase in application of combination strategy by the SSEs led to a 0.860 increment in their overall performance. The study therefore concludes that the strategies need to be intertwined for excellent results. Thus recommended improved capacity building among the SSEs and participation of stakeholders in the growth of the small enterprises.

Keywords: Strategic management practices; performance; small scale enterprise and competitive strategy .

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1. Introduction

Nigeria's business is situated in the midst of a challenging economic landscape and intense competition. The rising globalization, rapid technological development due to stronger competitive pressure, rapid changes in the market and more demanding customers, has made it much more difficult for small and medium scale enterprise (SME) to gain competitive advantage [1]. As such, managers are increasingly seeking for strategic approaches to accomplish, improve and sustain organizational performance and competitive advantage. The design and implementation of Strategies must be perceived as important components in the firm's management process. This is because strategy gives the direction that business managers have in mind and which way they want to achieve their goals. Amongst the many strategies implemented in firms, competitive strategy has been proven as an essential tool globally for any business to remain in the competitive market environment and gain superior performance [2].

In Nasarawa State, it was discovered that, SSEs struggle to operate, manage and improve their businesses efficiently in order to deliver quality products and services consistently and on time. This is because in most enterprises the application of business strategies requires a host of expensive and time-consuming changes both in the organizational culture and structure hence many owners / managers have had to overlook some necessary and critical business strategies. This has had a devastating negative effect on their performance as it has resulted in poor service delivery, increased internal inefficiencies and negative bottom line; and most importantly reduced contribution to the gross domestic product (GDP), creation of job opportunities and also the overall individual organization performance.

The concept of business growth is still a grey area as there is yet to be a conclusive approach and definite indicators of business growth despite the fact that it is every entrepreneur's wish to have their businesses grow. Thus the subject of business growth is a fertile area for a study in the Nigerian context [3]. Reviews examining impacts of microfinance have concluded that, rigorous quantitative evidence on the nature, magnitude and balance of microfinance impact is still scarce and inconclusive. It is widely acknowledged that no well-known study robustly shows any strong impacts of microfinance [4].

The research is set out to investigate the influence of competitive strategies with proxies as cost leadership strategy, differentiation strategy and combination strategy on the performance of SSEs in Nassarawa State.

1.1 The Concept of Competitive Orientation Strategy Competitor orientation means the sellers have an understanding of the short term strengths and weaknesses and long-term capabilities and strategies of both its current and future competitors [5]. Thus, this acts as a basis for creating value, customer loyalty and increased profitability. The author in [5] established a positive relationship between competitor orientation and firm performance of Small Business Enterprises in Nigeria. Firms engage competitive strategies as tools for achieving or improving competitive advantage and superior performance in their industry landscape. Porter developed the theory of generic competitive strategies which, as stipulated by Porter, competitive strategy is defined as a firm's attempt for favorable competitive position in its industry. Porter's positioning school of thought has been a dominant one in the strategic field. Accordingly, firms need to adopt a competitive strategy

to secure a competitive advantage. Competitive strategy is the capability of the firm to do its activity in a way or distinct ways other competitors cannot realize [5].

1.2 Competitive Orientation Strategies and performance of SSEs

Performance is a crucial concept in management research. Managers are judged based on their firm's performance. Good performance influences the firm's continuation. Competitive strategies represent the firms' strategic choice and orientations about how to compete for improved performance [4]. Competitor oriented enterprises are aware of short and longterm capabilities of the key competitors. They give a lot of efforts in creating advantage over competitors by responding rapidly to major competitor offers [4]. According to the author in [6], the aim of competitor orientation has to do with providing a strong foundation of intelligence regarding current and future competitor for strategic action

1.3 Cost Leadership Strategy and organizational performance

Cost leadership is a concept developed by Michael Porter, utilized in business strategy. It describes a way to establish the competitive advantage. Cost leadership, in basic words, means the lowest cost of operation in the industry [2]. It is a strategy used by businesses to create a low cost of operation within their niche. The use of this strategy is primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry. Cost leadership is a

business strategy that allows a company to become the lowest cost producer within an industry. The use of this strategy is primarily to gain advantage over competitors by reducing operation costs below that of others in the same industry. Sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors.

A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its economic costs below its competitors. If cost-leadership strategies can be implemented by numerous firms in an industry, or if no firms face a cost disadvantage in imitating a cost-leadership strategy, then being a cost leader does not generate a sustained competitive advantage for a firm. The ability of a valuable cost-leadership competitive strategy to generate a sustained competitive advantage depends on that strategy being rare and costly to imitate [6]. Beyond existing competitors, a cost-leadership strategy also creates benefits relative to potential new entrants. Specifically, the presence of a cost leader in an industry tends to discourage new firms from entering the business because a new firm would struggle to attract customers by matching or even undercutting the cost leaders' prices. Thus a cost-leadership strategy helps create barriers to entry that protect the firm and its existing rivals from new competition. In many settings, cost leaders attract a large market share because a large portion of potential customers find paying low prices for goods and services of acceptable quality to be very appealing. The need for efficiency means that cost leaders' profit margins are often slimmer than the margins enjoyed by other firms. However, cost leaders' ability to make a little bit of profit from each of a large number of customers means that the total profits of cost leaders can be substantial [7].

1.4 Differentiation Strategy and performance of SSEs

This is a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions it to meet those needs. It is an approach under which a firm aims to develop and market unique products for different customer segments. Usually employed where a firm has clear competitive advantages, and can sustain an expensive advertising campaign. It is one of three generic marketing strategies that can be adopted by any firm [8].

A differentiation strategy is appropriate where the target customer segment is not price-sensitive, the market is competitive or saturated, customers have very specific needs which are possibly underserved, and the firm has unique resources and capabilities which enable it to satisfy these needs in ways that are difficult to copy. These could include patents or other Intellectual Property (IP), unique technical expertise, talented personnel, or innovative processes. Successful differentiation is displayed when a company accomplishes either a premium price for the product or service, increased revenue per unit, or the consumers' loyalty to purchase the company's product or service (brand loyalty). Differentiation drives profitability when the added price of the product outweighs the added expense to acquire the product or service but is ineffective when its uniqueness is easily replicated by its competitors. Successful brand management also results in perceived uniqueness even when the physical product is the same as competitors [9].

A differentiation strategy may not be ideal for every company. It is difficult to maintain differentiation for an indefinite amount of time because of competition. Many companies attempt to find the right balance by competing on such things as price, service and quality, or on any combination of attributes that it believes are important to its customers to gain a competitive advantage. For example, a company that differentiates itself based on price may sacrifice quality to attract customers who are price sensitive. During market downturns, the company may enjoy higher sales than one that competes based on differentiation quality.

1.4 Combination Strategy and organizational performance and performance of SSEs

The Porter Generic Competitive Strategies (1980, 1985) of overall cost-leadership, differentiation and focus on strategic management research cannot be overemphasized. Low cost and differentiation strategy may be compatible approaches in dealing with competitive forces [1; 3], and postulated the pursuit of what has been termed 'hybrid', 'mixed', 'integrate', or 'combination' strategies [3;5]. These 'hybrid' strategies are the ones which combine low constant differentiation elements. A combination competitive strategy involving high level of emphasis on both cost-leadership and differentiation strategies simultaneously should be distinguished from "stuck-in-the-middle" strategy where a firm fails to successfully pursue both cost-leadership and differentiation strategies [9]. A combination strategy has been shown to be viable and profitable [10]. Since cost based and differentiation-based advantages are difficult to sustain, firms that pursue combination strategy may achieve higher performance than those firms that pursue a singular strategy. Pursuit of a differentiation strategy for low-cost firms will help minimize.

Implementation of combination strategy based on porter's model: success built on lost opportunity in industrial lubricants. Prakash R.A wade their vulnerability due to reliance on cost based advantages only [11]. A hybrid strategy seeks simultaneously to achieve differentiation and low price relative to competitors. This success strategy depends on the ability to deliver enhanced benefits to the customers with low price while achieving sufficient margins for reinvestment to maintain and develop bases of differentiation. This is in fact; the strategy Tesco is trying to follow [11].

1.5 SSE's Operations and Challenges in Nigeria

Small and Medium Enterprises play crucial roles in the development process in most of the developed and developing countries. Many nations have realized the value of small businesses. They are characterized by dynamism, witty innovations, efficiency, and their small size allows for faster decision making process.

The 2012 Enterprise Baseline Survey reveals that SSEs in Nigeria employ over 32,414,884 people indigenes of the nation. Employment generation capacity of about 58% of global working population. SSEs constitute major avenues for income generation and anticipation in economic activities in the lower income and rural brackets of developing societies especially in agriculture, trading and services. SSEs contribute up to 46.7% of national GDP in nominal terms [12]. They also offer veritable outlets for technological advancement especially in businesses with rudimentary technology requirements. In fact, SSEs are generally regarded as the driving force of economic growth and development, thus in order to aid and sustain SSEs, the Federal Government has put in place some facilities such as The Establishment of the Small Scale Industries Credit Scheme (SSIC), establishment of Small Industries Development Program to provide technical and financial support for the SSEs. Later, Small Industries Credit Committee (SICC) was established to administer Small Industries Credit Fund (SICF) all over the federation.

Despite these initiatives and repeated attempts by both the government and the private sectors to promote the activities of SSEs in Nigeria, research still documents that 70% of SSEs fail in their first three years of operation in Nigeria [13]. SSEs in Nigeria continue to face numerous problems such as, unstable macroeconomic environment. This results in costly operating environment due to high inflation and high import dependency, high debt burden on the Nation, lack of access to technology and best of breed business solutions, business services, consulting and training. Government bureaucracy, which increases SSEs operating costs, such as unfriendly judicial process, regulatory and business environment. Lack of managerial facilities and enterprise support services such as limited capacity to business associations, for example Chambers of Commerce and corporate affairs commission (CAC).

1.6 Theoretical Framework

Resource Base View (RBV): The resource-based view (RBV) is a management tool used to evaluate the resources available in the firm. In essence, the resource-based view is based on the idea that the effective and efficient application of all useful resources that the organization can gather helps determines its competitive advantage. It seeks to explain the internal sources of a firm's sustained competitive advantage. Its innermost

proposition is that if a firm is to attain a state of sustainable competitive advantage it must obtain and control valuable, rare, inimitable, and non- substitutable (VRIN) resource and capabilities, plus have the firms in the place that can absorb and apply them. Barney1991). The resource base view as a foundation for the competitive advantage of a firm is rooted primarily in the application of a bunch of valuable tangible or intangible resources at the organization's disposal

1.7 Empirical Review

The author in [14] studied the Influence of Competitive Strategy on the Performance of Small-Scale Enterprise and found that there is a relationship between strategy and performance.

The author in [13] studied the Influence of Competitive Strategy on the Performance of Small-Scale Enterprise and acknowledged that strategies which result in high performance are identified with activities that include emphasis on product quality, product and service innovations that meet changing customer needs are associated with market share increase arising from attracting new customers and retaining existing ones. Activities associated with high performing strategies also include emphasis on use of technologies, discovery of new markets, excellent customer service and support, extensive advertising, use of external finance, emphasizing cost effectiveness and concern with employee productivity.

The author in [15] studied on the financial challenges faced by SSEs and found that inadequacies in access to finance are key obstacles to SSEs growth.

The author in [16] studied on the relationship between competitive strategies and financial performance of SSEs. The findings were that positive and significant relationships have been established between MFIs loans and SSEs performance.

The author in [17] conducted a study on the impact of microfinance strategies on women empowerment found that microfinance has led to expansion of freedom of choice of women. A survey of the financial constraints hindering growth of SSEs and found that the factors affecting growth were capital market, cost, capital access, collateral requirements, capital management and cost of registration.

The author in [18] studied on the impact of competitive strategies on the growth of SSEs in Nairobi and found a strong positive impact. This study therefore sought to establish the influence of competitive strategies on the performance of SSEs in Nigeria with a special focus on youth enterprises in Nasarawa State.

The author in [19] study analyze the effect of human capital on financial performance, the effect of human capital on competitive strategies and the influence of competitive strategies on financial performance. The samples consist of 68 SMEs managers in Province of Riau engaging in the manufacturing sector. The results using Path Analysis show that human capital have an effect on financial performance and on competitive strategies. Competitive strategies have an effect on financial performance. Human capital is important for choosing the right competitive strategy. The selection of the right competitive strategy improves financial performance. The selection of the right competitive strategy is necessary in the creation of strategies and of

varied products. Improved financial performance is reflected by the growth of industrial assets and when SMEs focused on certain areas.

The author in [16] in a paper examines the relationship between manufacturing strategy and competitive strategy and their influence on firm performance. It tested how competitive strategy influences manufacturing strategy and also examine the impact that manufacturing strategy and competitive strategy have on firm performance among Ghanaian manufacturing firms. We found significant and positive relationships between competitive strategy and the manufacturing strategies of cost, delivery, flexibility, and quality. The findings also indicate that quality is the only manufacturing strategy component that influences performance. Our results further show that although competitive strategy does not directly affect firm performance, it does so indirectly through quality. Thus, whether a firm chooses to pursue a cost leadership or a differentiation strategy an emphasis on quality provides the most benefits with regard to firm performance. An emphasis on quality appears to provide a means by which companies can mitigate the effects of increased competition resulting from the economic reforms within the Ghanaian manufacturing environment.

The author in [17] present the results of an empirical study on small and medium enterprises (SMEs) in the food processing industry in Indonesia. The purpose of the paper was to analyze the correlation between competitive forces, competitive strategy, and business performance of these SMEs. The study then provides a description of SMEs in the food processing industry in Indonesia based on a field survey that was carried out in three provinces, namely Jakarta, Banten and West Java. The primary data collected was analyzed by regression and correlation analysis using the path analytical approach. The relationship between competitive forces and competitive strategy as well as the relationship between competitive strategy and business performance was examined. Using the path analytical model, we conclude that competitive forces influence the business performance of SMEs in the food processing industry with competitive strategy as a moderating factor.

2. Materials and Methods

This study will adopt cross-sectional survey design, because it aims at studying the current attitude and practice. The study population of this study will be all the SSEs in Nasarawa State. However, the study shall be confined to four categories of SSEs in the three geopolitical zones of Nasarawa State, namely: financial intermediation (39 SSEs); manufacturing (22 SSEs); hotels and restaurants (26 SSEs); and wholesale and retail trade, repair of motor vehicles and household goods (34 SSEs). This therefore made the total number of targeted SSEs to be 121. Furthermore, the researcher intends to select/add seventy-nine (79) participants from customers of these SSEs, hence raising the total target population to be 200 participants. The sample size was determined using the Taro Yamane sample size determination technique which is therefore, a total Sample of 133 was used for the study.

The researcher used Simple random sampling technique. Quota sampling was used to group the SSEs into three geopolitical zone, because data about the number of SSEs in each geopolitical region may not be exactly available, and to eliminate bias such that the subsequent statistical estimates will be more valid since they would be free from sampling errors.

For this study, the model is specified as:

Where:

ROA_{it}= organizational performance of SSEs for SSE in Nasarawa state (i) and at time (t) X₀= Constant; X₁, X₂ and

$$ORP_{it}=X_0+X_1LCS_{it}+X_2DFS_{it}+X_3CCS_{it}+\mu_{it} \quad \dots (3.1)$$

X₃, = Coefficients; LCS=

Low-Cost Leadership Strategy; DFS = Differentiation Strategy; CCS = Combined Cost Strategy; μ = Error term.

3. Results

Low-cost leadership strategy

The findings from the sampled respondents were coded and their mean and standard deviation calculated as tabulated below;

Table 1 : Low-cost leadership strategy application.

Low-cost leadership strategy	Mean	SDEV
Reduction of operational costs	3.55	0.688
Reduction of consumer prices	4.12	0.834
Offers and promotions	3.86	0.922
Improved deliveries and accessibility for customers	3.29	0.877
Reduced cost of transport	2.78	0.802

Source: Field Survey, (2022)

It is aimed at reducing the price of their products as From table 1 above, most of the SSEs in Nasarawa indicated by a mean of 3.55, they have also State have strived to reduce operational costs employed reduced consumer prices to gain

competitive advantage at a mean of 4.12. The enterprises significantly employ offers and promotions to gain market demand for their products as indicated by a mean of 3.86. The SSEs have also improved deliveries and accessibility of their goods and services to customers/and clients as indicated by a mean of 3.29 and standard deviation of 0.877. Additionally, the enterprises have also worked on reducing the cost of transport on their goods and resources to cut on the price of their final products as indicated by a mean of 2.78. This indicates that the SSEs have all embraced low cost leadership strategy although on reduction of cost of transport by them have not significantly reduced which has made their cost reduction efforts in vain. Due to increased competition in the SME industry, low cost leadership strategy has been a challenge since it has led to low profits and

unsustainability given the expensive business environment. The respondents indicated that reducing the cost by either 1Naira makes the product look cheaper than those higher but this needs to be coupled with other strategies. According to the study, the strategy can be more effective if combined with focus strategy. The SSEs should therefore ensure they identify their market segment. This concurs with [8] whose study realized that large and established firms are the ones who can apply the low cost strategy but small and medium sized enterprises will not get the strategy effective and competitive

Differentiation Strategy

The findings were as tableted in table 2 bellow

Table 2 : extent of application of differentiation Strategy.

Differentiation Strategy	Mean	SDEV
The findings were as tabulated in table 2 below; Extended market coverage to new areas	3.58	0.833
Adoption of IT	4.11	0.721
Improved products / services to its customers	3.99	0.903
Ventured from traditional business to new / different	2.33	0.874
Tailored products to suit specific requirements of our clients	3.77	0.692
Introducing new product to the market	2.69	0.844
Reviewed product / service prices to match or be lower than competitors	2.09	0.958
Rebranded our services / products to create market recognition	3.51	0.755

Source: Field Survey, (2022)

From table 2, it is evident that the SSEs have significantly adopted the differentiation strategy aimed at making them unique in the ever competitive business environment. Most of them have adopted new information technology to give them an edge as indicated by a mean of 4.11 and a standard deviation of 0.721 which indicates a significant deviation from the mean. The enterprises have also extended to new market areas that have not been reached by rivals at a mean of 3.58, improved their products/services to fit client/customer needs (3.99), rebranded the products to improve market recognition and preference as indicated by a mean of 3.51, tailored their products to suit specific requirements of their clients (3.77), introduced used and new products into the market (2.69). However, the enterprises have not done well in reviewing their product/service prices to match or be lower than their competitors (2.09) nor ventured from traditional businesses to new or different ones as indicated by a low mean of 2.33. This indicates that the SSEs have strived to make their products unique and gain market share but have not worked on their prices which is a significant determinant of market demand. Given the free market economy, this strategy proves to be challenging since other players take advantage of it and gain market demand. The SSEs strive to make their products unique, come up with new products, adopt technology, venture into other markets not reached by others entities but price has not been affected. There is need to coin this strategy with low-cost leadership strategy for the enterprises to perform as indicated by the author in [20] in his study on SSEs in Pakistan.

Combination Strategy

The study sought to determine extent to which Porter' generic strategy of combination has seen in Table 3, adopted by the selected Small and Medium Sized enterprises in Nasarawa State. The findings were as indicated in table 3 below;

Table 3 : Extent of adoption of Combination strategy by SSEs in Nasarawa State.

Combination strategy	Mean	SDEV
Improved customer service	3.66	0.881
Reduced prices relatively below our competitors but remained	2.44	0.907
Diversification to other business to remain aloft	2.10	0.699
Stakeholder involvement	2.19	0.801

Source: Field Survey, (2022)

evidently indicates that the SSEs in Nasarawa State, sparingly apply the combination strategy to gain competitive advantage. This theory calls for a hybrid of focus, differentiation or cost leadership strategies. The SSEs were however found to have improved customer service to gain customer loyalty given the competitive environment at a high mean of 3.66 but failed to reduce prices relatively to their competitors and remain solvent, diversify to other businesses and remain profitable and also involve stakeholders in management, operations and decision making as depicted by a low mean of 2.44, 2.10 and 2.19 respectively. The challenge in implementing this strategy is lack of balance on the two strategies merged given the limited skills and knowledge among the proprietors and also lack of cooperation from stakeholders and limited resources to help steer the implementation of the strategy as also indicated by [20].

3.1 Test of Hypotheses

The inferential statistics of multiple ordinary least square (OLS) regression was deployed on the data collected for the purposes of the above. The variables used in the analysis include the three (3) predictors (independent variables) of the components competitive strategies (CS), namely: Low-cost leadership strategy (LCL),

Differentiation strategies (DS), and Combination strategy (CS). All these predictors were regress on performance (P), the dependent variable.

Table 4 : Model Summary.

	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.899	0.851	0.811	0.595	

Source: Field Survey, (2022)

The table above indicates the model summary. From the findings, R was 0.899, R square was 0.851 and adjusted R squared was 0.811. An R square of 0.851 implies that 85.1% of changes in organizational performance of SSEs in Nasarawa is explained by the independent variables of the study. There are however other factors that influence performance of SSEs in Nasarawa state that are not included in the model which account for 14.9%. An R of 0.899 on the other hand signifies strong positive correlation between the variables of the study.

Table 5 : ANOVA.

Model	SS	Df	MS	F	Significant
Regression	638.04	6	560.4	676.015	0.0912
Residual	281.40	127	0.950		
Total	919.44	133			

Source: Field Survey, (2022)

From the ANOVA table above, the value of F critical, the overall regression model was calculated is 676.015 while F critical is 489.465. significant and therefore a reliable indicator of the

Since the value of F calculated is greater than F study findings. In terms of p values, the study indicated 0.000 which is less than 0.05 and therefore statistically significant

Table 6 : Regression Coefficients .

Model	B	Std Error	Beta	t	sig
Constant	7.49	0.674		8.012	0.000
Low-cost leadership strategy	0.655	0.022	0.811	14.15	0.000
Differentiation strategy	0.876	0.033	0.120	11.04	0.000
Combination strategy	0.860	0.031	0.384	4.42	0.000

Source: Field Survey, (2022)

Drawing from Table 6; hypotheses one to three would be scientifically interpreted via values of the predictors in line with the objectives of the study; we therefore, present the test of hypotheses as follows:

H₀₁: Cost leadership strategy has no significant influence on the performance of SSEs in Nasarawa State.

The Beta co-efficient of the cost strategy (0.811) shows positive relationship between Cost leadership and the performance of SSEs in Nasarawa State and was statistically significant at 5% with p- value of (0.000). Furthermore, it implies that a unit change in cost leadership (CL) would bring about 65.5% average change

(increase) on the performance of SSEs in Nasarawa State, holding other factors constant. Based on this, we therefore reject the null hypothesis and accept the alternative hypothesis that says Cost leadership strategy has a significant influence on the performance of SSEs in Nasarawa State. This is consistent with the research

findings of [21] who found that the aim of cost leadership has to do with providing a strong foundation of intelligence regarding current and future competitor for strategic action.

H₀₂: Differentiation strategy has no significant effect on the performance of SSEs in Nasarawa State.

The Beta co-efficient of the Level of differentiation strategy (.120) shows positive relationship between Differentiation strategy (DS) and the performance (P) of SSEs in Nasarawa State and was statistically significant at 5% with p- value of (0.000). Furthermore, it implies that a unit change in Differentiation strategy (DC) would bring about

94.5% average change (increase) in the performance of SSEs in Nasarawa State, holding other factors constant. Based on this, we therefore reject the null hypothesis and accept the alternative hypothesis which says Differentiation strategy has a significant effect on the performance of SSEs in Nasarawa State. This is in tandem with the findings of the authors in [16;17] who give a lot of efforts in creating advantage over competitors through differentiation strategy and by responding rapidly to major competitor offers

H₀₃: Combination strategies has no significant effect on the performance of SSEs in Nasarawa State.

The Beta co-efficient of Combination strategies (0.384) shows positive relationship between Combination strategies and the performance of SSEs in Nasarawa State and was statistically significant at 5% with p- value of (0.000). Furthermore, it implies that A unit change in Combination strategies (CS) would bring about 86.0% average change (increase) in the performance of SSEs in Nasarawa State, holding other factors constant. Based on this, we therefore reject the null hypothesis and accept the alternative hypothesis which says Combination strategies has a significant effect on the performance of SSEs in Nasarawa State. This is consistent with finding of the authors in [11;12] who state that Combination strategies has significant effect on the performance of SSEs in Nasarawa State

Since the main objective of the study is to investigate the influence of competitive strategies on the performance of SSEs in Nasarawa State. The study found out a significant and positive relationship between competitive and the performance of SSEs in Nasarawa State. This implies that when all the variables of the study are held constant, performance of SSEs in Nasarawa will be at the intercept which is 7.49. A unit improvement in low cost leadership strategy while all other factors held constant results in 0.655 increase in performance of the SSEs, a unit increase in differentiation strategy with other factors *ceteris paribus* leads to 0.876 increase in performance of the SSEs. while a unit increase in adoption of combination strategy with other factors held constant leads to a 0.860 improvement in performance of SSEs in Nasarawa.

3.2 Discussion

The study found that cost leadership strategy has a significant influence on the performance of SSEs in Nasarawa State. Which supports the findings of the author [21] who found that the aim of cost leadership has to do with providing a strong foundation of intelligence regarding current and future competitor for strategic action. The performance of every enterprises is a crucial concept in management research and Managers are

judged based on their firm's performance. therefore, Good performance influences the firm's continuity and cost leadership strategy is one of the firms' strategic choice and orientations that helps the firm to improved performance [1].

The study also revealed that the SSEs have significantly adopted the differentiation strategy aimed at making them unique in the ever competitive business environment. Most of them have adopted new information technology to give them an edge. The enterprises have also extended to new market areas that have not been reached by rivals, improved their products/services to fit client/customer needs, rebranded the products to improve market recognition and preference as indicated by a mean of 3.51, tailored their products to suit specific requirements of their clients, introduced used and new products into the market. However, the enterprises have not done well in reviewing their product/service prices to match or be lower than their competitors nor ventured from traditional businesses to new or different ones. This indicates that the SSEs have strived to make their products unique and gain market share but have not worked on their prices which is a significant determinant of market demand.

It was also realized that the SSEs in Nasarawa State, sparingly apply the combination strategy to gain competitive advantage. The SSEs were however found to have improved customer service to gain customer loyalty given the competitive environment but failed to reduce prices relatively to their competitors and remain solvent, diversify to other businesses and remain profitable and also involve stakeholders in management, operations and decision making. The challenge in implementing this strategy is lack of balance on the two strategies merged given the limited skills and knowledge among the proprietors and also lack of cooperation from stakeholders and limited resources to help steer the implementation of the strategy.

4. Conclusion

The study concluded that three of Michael Porter's generic strategies of competitive advantage used in the study which include low-cost leadership strategy, differentiation strategy and combination strategy significantly influenced the organizational performance of SSEs in Nasarawa State. The variables explained 85.11% of the changes in organizational performance of the SSEs. A unit increase in low-cost leadership strategy adoption by SSEs led to a 0.655 increase in organizational performance of the SSEs, a unit increase in differentiation strategy adoption led to a 0.876 increase in performance of the enterprises while a unit increase in application of combination strategy by the SSEs led to a 0.860 increment in their overall performance. It was recommended that in order for the SSEs to grow in scale and profitability and also to compete favorably,

- i. They need to embrace Michael Porter's generic strategies of cost leadership strategy of competitive advantage. However, they need to be selecting and mix those that can work hand in hand.
- ii. The differentiation strategy should be applied by most firms but also diversification of products, market and customers is key in risk management given the ever changing market niche and trend.
- iii. The SSEs further need adopt with the changes in government policy, technology, customer needs and requirements, market trends and forces to amicably apply the combined strategies and compete fairly.

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