

**THE INFLUENCE OF BUSINESS-LEVEL STRATEGY ON
ORGANIZATIONAL PERFORMANCE OF MICRO AND SMALL
ENTERPRISES: A Case of Salons and Beauty Spas in Nairobi County, Kenya.**

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**A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD
OF THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION**

KENYA METHODIST UNIVERSITY

SEPTEMBER, 2022

DECLARATION

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

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DEDICATION

I would like to dedicate this thesis to my husband Charles, my sons Trey and Tevin and my parents Mr. & Mrs. Karuga.

ACKNOWLEDGEMENT

My acknowledgement goes first to the almighty father for giving me strength to see this thesis through. I wish also to acknowledge the efforts of my supervisors, Prof. Evangeline Gichunge and Dr. Eunice Kirimi who have corrected me and kept me on track to ensure successful completion of this thesis. I wish also to acknowledge the contributions made by the whole KEMU fraternity including staff, lecturers and fellow students to the successful completion of my studies. Finally, I wish to greatly thank the owners of salons and beauty spas in the Nairobi County without whose assistance and cooperation this study could not have been successful.

ABSTRACT

Regardless of the fact that micro and small businesses significantly contribute to Kenya's economy through job creation and economic development, their performance has been stagnant for a long period, and in many cases worsening. This might adversely affect the ability of the MSEs to contribute to job creation and the growth of the gross domestic product in the country and might negatively affect the socio-economic development of the nation. Despite widespread academic evidence on effects of business level strategy on performance of businesses, there seems to be no consensus on the specific effect of business level strategies; differentiation, focused differentiation, cost leadership, and focused cost leadership on organizational performance of MSEs. This study aims to bring into the body of knowledge more evidence. This study has adopted Porter's generic strategy model and Ansoff Model as the underpinning theories. It has employed a descriptive research design. The target population was the 279 salons and beauty spas. Using stratified proportional sampling, a representative sample of 165 respondents was established, and then participants were chosen for each stratum using simple random selection. Data was collected using a structured questionnaire which was piloted for validity and reliability before being administered. Descriptive statistics were derived using qualitative analysis and inferential statistics using multiple regression. Using a hypothesis, the study tested model using Analysis of variance. The study was carried out with the assistance of Version 24 of the Statistical Package for Social Sciences software. Using ANOVA, the study found that cost leadership, differentiation strategy, focused cost leadership and focused differentiation strategy are predictors of performance of MSEs in Nairobi County ($p < 0.01$). The study concludes that there; is significantly and positively moderate influence of cost leadership ($p < 0.05$; $\beta = 0.251$; $r = 0.413$), significantly and positively low influence of differentiation strategy ($p = 0.01$; $\beta = 0.246$; $r = 0.265$). significantly and positively moderate influence of focused cost leadership strategy ($p = 0.01$; $\beta = 0.292$; $r = 0.489$) and significantly and positively moderate influence of focused differentiation strategy ($p < 0.05$; $\beta = 0.224$; $r = 0.404$) on performance of MSEs operating within Nairobi County. The study recommends that MSEs in Nairobi County should; review their cost leadership approaches for the purpose of attracting and retaining more customers in broader markets as well as increase adoption of differentiation strategies e.g. highly skilled staff and unique affordable products in order to attract high-end clients. They should also try focused cost leadership and focused differentiation in order to increase sales in narrow markets

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ABBREVIATIONS AND ACRONYMS

DV	Dependent Variable
GDP	Gross Domestic Product
IVs	Independent Variables
MSE	Micro and small businesses
SPSS	Statistical Package for Social Sciences
VIP	Very Important People

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Without a doubt, Micro and Small Businesses (MSEs) are becoming the backbone of today's economy, considerably boosting job growth and the Gross Domestic Product (GDP) of most countries and therefore supporting socioeconomic development (Onsongo & Muturi, 2017). Importantly, in both developed and developing countries, they constitute an essential source of economic development, dynamism and flexibility. Likewise, MSEs are by far the most common business forms, occupying from 95% to 99% of all business entities (Nordström & Sjöberg, 2019). In Kenya, the MSE sector employs approximately 70% of the workforce. Undoubtedly, they are the major source of employment for Kenyan younger generation who are otherwise jobless (Isaboke, 2018).

Due to lack of efficient devolution, rural-urban migration is very high in Kenya leading high concentration of micro and small enterprises (MSEs) in the capital city- Nairobi. That makes Nairobi a good target for studying performance of MSEs. As the population keep on growing, job opportunities continue to shrink and most people result in starting small businesses to sustain their families. The biggest challenge they face in this endeavour is acquiring sufficient business and technical skills and capital to start or run substantial businesses. They therefore opt for businesses with lowest capital and skill demand. One such industry is Salons and beauty industry. It forms a huge part of the MSEs in Kenya and that's why it's a perfect target for this study.

Due to low barriers of entry to this industry, competition is very fierce leading to most of these Salons and beauty spas always struggling to survive or even dying off. Their ability to match up to the challenges emerging from competitors is vital and lack of it will impede their performance (Isaboke, 2018).

Mykrä (2018) posit that the hair and beauty industry develop, provides, and markets services and products that are used to maintain personal hygiene and natural beauty. Salons and beauty spas deal with one of the prime concerns for modern men and women, who are normally sensitive about their looks. People who can afford these services go to the nearby salons and beauty spas for beautification. The threat of alternatives and the high bargaining power of customers contribute to the high intensity of competitiveness in Kenya's hair and beauty sector.

As a response to the competitive market climate, MSEs must prepare on how to maintain their business efficiency i.e. performance through gaining a competitive edge and improving their chances of success (Mohamed & Gichinga, 2018). Torres and Kline (2013) state that for an organization to meet and exceed customer satisfaction, it must follow a long-term organizational strategy. A strategy that is successful adds value for the target audience in the long run by consistently satisfying their needs in a way that is superior to their competitors. Satisfied customers in turn bring return business to an organization thus increasing its organizational performance. In particular, in the face of increasing competition, implementation of business strategies is becoming extremely important (Muraguri 2018). That is, adoption of business level strategies can greatly improve these MSEs performance.

Business level strategies evolve as a result of ongoing and systematic management practices aimed at helping businesses perform more successfully in competitive markets. Consequently, business-level strategies are becoming the primary drivers of performance of business entities in this age of rapid changes in business competition (Potjanjaruwit, 2018). Business-level strategy techniques include broad market strategies (cost leadership and differentiation) and then narrow market strategies commonly referred to the focus strategies (Muraguri, 2018). The main strategies; cost leadership and differentiation strategies are applicable in a wide market, leaving the narrow market untapped. In order to address the narrow market, the Porter (2008) generic model has expanded the focus strategy into focused cost leadership and focused differentiation, resulting in four main business-level strategies.

Business Level Strategy

According to Jarillo (2013), strategy refers to the manner in which a business orients itself with regard to the market it operates in and towards other businesses that operate in that marketplace. Thus, it is a plan that a company develops with an aim of gaining a sustainable advantage over its competitors. Ideally, the business level strategy is concerned with a company's competitive strategy and how it may compete successfully in a given market. This encompasses selecting the appropriate products, addressing consumer demands, establishing a competitive edge, and seizing new chances. Unlike the operational level strategy that deals with how the different elements of a business are integrated to fulfil the strategic goal, this is a strategy that places emphasis on competing for customers and generation of value from the available resources for gaining an advantage over competitors (Drnevich & Croson, 2013).

According to Hill et al. (2014), the most important strength of any business should be to concentrate on meeting the needs of the target audience which would enable the organization to obtain above-average profit margins. Business level strategies make it possible for a business to achieve this. By maximizing crucial skills in certain services or goods, these strategies deconstruct the acts that will provide customers with value and give a competitive edge. The business level strategy places emphasis on the position of an organization within an industry with respect to the competition. The basis for an organization's business level strategies is customers.

Ford and Håkansson (2013) assert that organizations are faced with making decisions in gaining competitive advantage either to compete on price/cost or the range of the market. These issues set the stage for four broad strategies: cost leadership, focused cost leadership, differentiation, and focused differentiation.

Cost leadership is a low-cost approach that focuses on having the lowest costs in a market and offering the lowest price as a result (Achieng & Ngala, 2019). In essence, the cost leadership strategy tries to position the company as a market leader in relation to price. This means that the business endeavors to provide products at the lowest possible prices (Lewis, 2012). This strategy is common in areas where; there are similar products, consumers react whenever there is price change and common buyer needs have an important role in the market (Valipour et al., 2012). For a firm to be able to effectively reduce its costs, it has to source for cheap but quality materials, source for cheaper but quality labour and reduce wastage to the minimum.

Differentiation is a strategy that involves attracting clients by providing features such as superior quality, service, technology, prestige, convenience, and special features

that make them willing to pay premium prices (Valipour et al., 2012). Differentiation strategy seeks to enhance the perceived value of products and services in comparison with to what the competitors are offering (Block et al., 2015). This strategy focuses on producing a superior service/ product on the notion that buyers are willing to pay premium for such a product. To use this strategy the company will require to invest in high quality materials and the best skilled labour they can find.

Focused cost leadership strategy entails providing excellent service to a small group or portion of the population. (Alexy et al., 2018). Focused cost leadership strategy thus serves a limited market niche at an affordable lowest price that the target can afford. This method is most effective when a business cannot afford to focus on a more comprehensive cost leadership strategy and cannot afford to offer a large number of products and/or services at low prices. They concentrate on a single specialty or distinct characteristic desired by a certain niche market and that they can offer at a low cost and strive to provide that niche feature at the lowest possible price to their target market segment.

Finally, the focused differentiation strategy entails offering unique services or products to a limited pool of potential customers. This approach is sometimes referred to as a "unique" or "niche-focused" tactic (Campbell et al., 2011). The strategy involves choosing a lucrative market segment, concentrating on places where the competition shows weakness, and concentrating on regions where it is most challenging to substitute products. Businesses pursuing this strategy charge premium prices for their products but they make those products specifically for a certain high-end market (Bentley et al., 2013). The company using this strategy must able to serve its clients

more efficiently than the competition so that the chosen clientele feels valued and so are ready to pay premium price for the superior service they enjoy.

In summary, businesses that employ these strategies, both seek to appeal to a wide range of customers. In contrast, those pursuing narrow market strategies (focused cost leadership or focused differentiation) serve a small profitable market niche. It is also important to note that most companies choose to pursue an integrated cost- product differentiation. This is accomplished by offering superior features at a lower price than rival products or services. The ideal cost provider plan combines target audience and limited market strategies, in this case are a segment of value-conscious consumers that is normally bigger than a market niche, but smaller than a wide market (Baroto et al., 2012).

An Overview of the Salon and Beauty Spas in Nairobi

For a long time, the hair and beauty business has been given second-class treatment, if not outright disregarded by key economic stakeholders. Individuals view it as unskilled labour and as something that one does as a last resort or supplementary income source and not much out of choice. Various studies have found out that for many years, people who drop out of school or those who are considered failures in life are more likely to pursue careers in this industry (Bhattacharjee & Raheja, 2020). Salons and beauty spas also fall under the category of MSEs, which face specific problems such as finance availability, poor market research, insufficient access to required information and a lack of market for products and services. Even with these obstacles, they play an important role in providing jobs for a huge part of the population in Nairobi.

A frequent aspect of the salon and spa industries is a high incidence of worker turnover. Tsai et al. (2012) explain these acts as both human resource management and legal challenge. Most employees in this industry do not sign any employment contracts and in most cases, the managers and owners do not offer motivation to their workers. Notably, when a member of staff transfers from one salon or beauty spa, they move with their customers as a way to retaliate. This is an issue that owners of salon and beauty spas have little control of (Madichie et al., 2010).

In recent years, the industry has witnessed a revolution of freelancers, mobile hairdressers and beauticians who can operate from their home or the client's home. Also, with increased unemployment more and more salons and beauty spas have continued to emerge in most neighborhoods in Nairobi County. There are also cases of partnerships between the manufacturers of beauty products and salons and beauty spas (Madichie et al., 2019). This increased competition has made it more difficult for many enterprises to thrive.

On top of this, individuals have become more concerned about cleanliness and holistic cosmetic care adding to the pressure for these businesses to invest more in newer technologies and extra features such as fitness centers in order to meet their consumers' changing demands. In order to remain competitive, they've had to invest in other services like sponsoring beauty pageants, providing refreshments, and engaging in hairdressing competitions in various settings. These extra tactics aid in raising awareness of their presence (Sandlin, 2014).

The salon and beauty industry however can be a very lucrative business with proper management. Some of the well-known highend salons benefit in serving high end

clients like Very Important People (VIPs), television presenters, brides and their matching maids during weddings, picture studios and children from high end boarding schools. Salons have also benefited from the society's increased awareness on the need to maintain personal cleanliness, good grooming, and natural attractiveness in today's environment. This has led to increased number of clients seeking expert guidance on a regular basis thus benefiting salons and beauty spas with certified and well-trained staff (Sandlin, 2014).

The hair and beauty industry is highly dynamic. Hairstyles and beauty standards shift within a flash. This indicates that firms must hire staff who are knowledgeable and well-trained. Consequently, owners of salons and beauty spas are in constant competition for highly trained and competent staff members. This guarantees that they are up to date with industry expectations and can deliver high-quality services and goods. Furthermore, there is an increase in demand for male hairdressers. In the current environment, clients require salons and beauty spas that offer specialized services (Muteti, 2015).

The salons and beauty spas in Nairobi county struggle very much to keep up with all these demands due limited funding and lack of skilled manpower. As a result, this hugely affect their organizational performance in terms of economic or operational growth.

1.2 Statement of the Problem

Notwithstanding the fact that MSEs significantly boost Kenya's economy by creating jobs and fostering economic growth, their performance has been static for a long time

(Onsongo & Muturi, 2017). Notwithstanding the obvious importance of MSEs in the country and the numerous legislative initiatives by the Government of Kenya over the last two decades to speed up their growth and survival, their performance throughout the country has been deteriorating (Onsongo & Muturi, 2017). Specifically, besides their numbers skyrocketing, salons and beauty spas are not registering growth in their performance (Gichohi, 2007). Hair salon microbusinesses in Kenya are not growing in terms of employment or revenue, which is causing considerable worry. The majority of these companies began with one to four employees and never expanded.

Despite the large number of salons that are opening, their productivity in terms of sales and economic contributions is insignificant. Such challenges might adversely affect the ability of the MSEs to contribute to job creation and the growth of the GDP in the country and might negatively affect the socio-economic development of the nation.

However, empirical research has shown that performance of MSEs can be influenced by business level strategy with the research by Ndege (2018) demonstrating that diversification allows businesses to lower investment risks, enter new markets, expand product or service diversity, and enhance productivity hence improved performance. In their analysis, Gure and Karugu (2018), revealed that differentiation and low-cost leadership as well as focus strategy significantly influenced performance of SMEs.

On the other hand, Onsongo and Muturi (2017) argue that diverse research work conducted in Kenya reveal that MSEs meet numerous problems that prevent them from growing as intended. Moreover, Chelanga et al. (2017) assert that, despite the MSEs' important role, attainment of tangible benefits has remained a fantasy due to the ' lack of effective business strategy. Notwithstanding a large body of empirical research on

performance and business level strategy, no consensus exists on the four business level strategies as drivers of performance of MSEs in Nairobi.

Such a situation necessitates extensive study on business-level strategies and their influence on MSEs organizational performance and hence this study and to specifically investigate business level strategies' impact on MSEs performance in Nairobi County.

1.3 Purpose of the Study

Fundamentally, the primary goal of this research was to evaluate the four business level strategies and determine whether they had a substantial impact on the performance levels of MSEs in Nairobi County.

1.4 Objectives

Informed by the Porter's generic strategy model which illustrates how successfully business strategies influence performance, the study constructed the below guiding objectives;

General Objective

With a focus on salons and beauty spas in Nairobi County, the primary objective of this study was to evaluate the impact of business level strategy on the organizational performance of MSEs.

Specific Objectives

This thesis was specifically guided by the objectives;

- i. To determine the effect of cost leadership strategy on the organizational performance of salons and beauty spas in Nairobi County.
- ii. To assess the influence of differentiation strategy on the organizational performance of salons and beauty spas in Nairobi County
- iii. To determine the influence of focused leadership cost strategy on the organizational performance of salons and beauty spas in Nairobi County
- iv. To assess the effect of focused differentiation strategy on the organizational performance salons and beauty spas in Nairobi.

1.5 Research Hypotheses

The study tested the following null hypotheses.

H₀₁: Cost leadership strategy does not significantly affect organizational performance of salons and beauty spas in Nairobi

H₀₂: Differentiation strategy does not significantly affect organizational performance of salons and beauty spas in Nairobi

H₀₃: Focused cost leadership strategy does not significantly affect organizational performance of salons and beauty spas in Nairobi

H₀₄: Focused differentiation strategy does not significantly affect organizational performance of salons and beauty spas in Nairobi

1.6 Significance of The Study

Basically, this thesis yielded findings which are valuable and important to various interested parties. Outcome from the research would be useful to the owners/managers of the many MSEs in Nairobi, particularly salons and beauty spas, because it assessed; the business level strategy which would be employed, its impact on performance, and its applicability. The information derived from this research would be useful to the management in MSEs in streamlining their strategy, controlling their processes, and coming up with systems that would further reinforce the strategy for improved performance. The study findings would help manager of salons and beauty spas in Nairobi develop strategies for driving performance of their businesses at the business level. Thus, the findings would be useful to these managers in developing policies for driving business performance and growth in the face of dynamically evolving competitive business space.

The study would also be valuable to the general public since the researcher hopes that the research can enhance the knowledge of individuals who would like to venture into this business by enabling them to understand business level strategy. This would be availed through the analysis done of the data gathered from salons and beauty spas in Nairobi. In addition, the findings obtained from this study are helpful to other researchers who would want to pursue research on business level strategy in the different areas of economy. Importantly, the research would be valuable to academicians as well as scholars seeking knowledge and information in this area. Thus, the research add knowledge to the existing array of knowledge fountain.

1.7 Scope of the Study

Principally, this thesis circumscribed itself to assessing the manner that business level strategy influenced performance of MSE with an emphasis on salons and beauty spas operating in Nairobi County. More specifically, it evaluated the impact of focused cost leadership and focused differentiation on the performance of MSEs in addition to the cost leadership strategy and differentiation strategy.

The 279 salons and beauty spas in Nairobi County, Kenya, whose owners and managers participated in the study (Global Business Directory [GBD], 2021).

This study was carried out in the months of June to August of the year 2021

Every stage of the research process, including issue formulation, literature review, methodology, presentation and discussion of findings, and drawing conclusions, was guided by the Ansoff Model and Porter's generic strategy model. Construction of the conceptual framework was assisted by this theoretical foundation.

1.8 Limitations of The Study

There were specific constraints that limited this study, which might have had an impact on its outcomes and could have highly affected the results, findings and even the recommendations. Covid-19 pandemic restrictions hindered face-to-face interactions, thus making data collection a little bit difficult due to avoidance of face-to-face encounters. This had an impact on the quality of data collected because most of the administration of the questionnaire was done online. Notably, high-quality data collecting was critical in influencing the response to the research outcomes. To mitigate the effects of Covid-19 restrictions, the researcher made follow up through

telephone calls to confirm some issues and ensure that the respondents clearly understood the questions. On some occasions, the researcher engaged some of the respondents through videoconferencing to discuss the data collection tool and even educate the participants on the research and its requirements. The attempt to administer the questionnaire online was also affected as many business owners did not readily share their contact details. To reassure concerned participants, the researcher explained that the investigation was only for academic purposes, in order to fulfill the prerequisites for the grant of a master's degree. The researcher made it clear to the respondents that they were not to share any records pertaining to their business organizational records but were only expected to give their opinions. Furthermore, the investigator supplied the informers a letter from Kenya Methodist University regarding the study in addition to permission to conduct academic research in Kenya (issued by National Council of Science and Technology Innovation [NACOSTI]).

Over the study data gathering, It was also hard to get quality information from some participants due to their limited knowledge on business strategies so they couldn't understand what kind of responses were expected. There was also a possibility that some respondents deliberately withheld information or gave inaccurate data. Due to the large size of Nairobi County and the large number of salons and beauty spas in Nairobi, just a few businesses were sampled for this study. To ensure that the participants clearly understood the precincts and the requirements of the study, the researcher arranged for awareness meetings in advance to clarify issues. During these meetings, the researcher educated the participants on the issues being addressed by the research tool. This is where the researcher also explained the meaning of the business level strategy and how it related to their businesses in language that the respondents

understood. While conducting this exercise, the participants were allowed to ask questions on areas requiring clarity. Also, during data collection, the researcher, explained to the participants what was required of them and in some instance the researcher guided the participants to fill the tool.

1.9 Delimitations of The Study

Notably, the investigation posed its own delimitations as it was an empirical study. The study's focus was on business operating salons and spas in Nairobi County in order to evaluate the impact of corporate strategy on MSEs' organizational performance. Because of this, it excluded salons and spas from other Kenyan counties. Therefore, it solely applied in Nairobi County and did not expand outside of it. The study was only able to analyze data regarding MSEs, so it was unable to provide information on other companies that run salons and spas. Thus, it was not clear how the study may be employed to Micro, Small, and Medium Enterprises running salons and beauty spas. However, given that this is a scientific investigation, results in other countries could be replicated.

1.10 Assumptions of The Study

An assumption can be defined as an event or condition that a researcher does not take into consideration although it might have an impact on the research outcome. Accordingly, the assumptions in this research were made as follows; Whatever the participants said was a reflection of the real situation as it related to the question and that the respondents were to give their responses voluntarily and without coercion. The study also assumed that, sample size chosen in the analysis was representative of the

study's complete target population. Importantly, the research implied that each of the business level strategies, such as cost leadership, focused cost leadership, differentiation and focused differentiation strategies, had an influence on MSE performance.

1.11 Operational Definition of Terms

Business level strategy is a term used to describe a strategy that involves choosing products, satisfying customer demands, establishing a competitive advantage, and taking advantage of new chances in order to achieve a company's strategic aim (Drnevich & Croson, 2013).

Cost leadership strategy means allowing a company to be a low-cost provider, generating more profits than rivals thanks to reduced manufacturing costs and improved efficiency (Isaboke, 2018)

Differentiation strategy refers an essential approach that aims to improve the potential value of a business's commodities in comparison to rivals' items, therefore creating a customer preference for the company's items or making it look unique. (Githumbi, 2017)

Focus Strategy is where an organization identifies a market segment where it can have a competitive advantage over its rivals by taking advantage of some resources it has that the competitors don't have (Mahdi et al., 2015)

Focused cost leadership strategy implies serving a limited market niche at an affordable lowest cost that the target audience can afford (Bentley et al., 2013).

Focused differentiation strategy refers to the approach seeking to provide special high premium products or services to a narrow market niche through charging premium prices for the products and making market specific products (Bentley et al., 2013)

Micro and small businesses mean small business (micro business) that employs less than 10 people (Government of Kenya [GoK], 2016).

Organizational Performance is referred to as the process of evaluating an enterprise's efficiency, growth, and effectiveness in terms of its goods market share, increased revenues, and return on capital (Abdi & Sasaka, 2017).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Essentially, encompassed in hereunder are outcomes from review emanating from informing theories (theoretical) and previous research related to this study (empirical); which gave rise to a conceptual structure and research gaps. The research looked at a number of theories that shaped the study variables and, as a result, aided in the development of the conceptual framework. Empirical articles on the subject were also analysed, bringing to light empirical researchers' work. The empirical analysis outlines the results and research gaps that this research filled while highlighting critical areas that previous studies had overlooked. Thus, theoretical analysis, conceptual structure, empirical review, research gaps, and review overview are the main topics covered in this chapter.

2.2 Theoretical Review

Any research work must be guided by a theory which is used for validating or disapproving a phenomenon (Rengasam, 2016). For this reason, the theoretical framework is essential to clarify the implicit theory more clearly (Kivunja,2018). It helps researchers to generally describe the different aspects of an observed phenomenon and its limitations and also assists set out the key variables influencing a phenomenon of concern in addition to underlining the need to examine them for different circumstances (Grant & Osanloo, 2014). Accordingly, this study reviewed

the Porter's generic strategy model and the Ansoff Model as its underpinning theories and important for its framework and concept.

Porter Generic Strategies Model

The Porter's generic strategy paradigm was described by Michael Porter in 1980, describing how an enterprise gains competitive advantage over its rivals on a selected market scope (Porter, 1998). This avails four generic strategies for driving competitive edge; lower costs, differentiation, focus on cost leadership and focused differentiation. The model suggest that a firm can seek; lowering cost of its product than that of its rivals so as to charge lower prices and/or differentiation across customer-valued characteristics in order to charge higher prices (Gure & Karugu, 2018). Thus, the model illustrates how successfully cost-cutting tactics, differentiation strategies, and focus strategies interact to drive the organisational performance (Barney, 1991).

Using cost leadership as a strategy, a company can make goods at a cheap cost, it therefore leads to generating more profit than competitors due to low production costs and scale savings (Atikiya et al, 2015). Companies employing this, concentrate on being a low-cost producer of a certain quality level in an industry, then selling those products at industry average price to generate more profit than competitors and thence maintain market share (Johnson & Scholes, 2008; Porter, 1998). Typically, a company's differentiation strategy allows it to provide items and services that are distinctive in features or mode of delivery from common products in the market allowing them to sell at more competitive price than that of the rivals. The buyer's understanding of the improved worth and usability of the goods can be recognized at a price that pays the cost of additional value or characteristics (Porter, 1998).

Accordingly, companies may be able to make more money due to premium value-added charges. (Onyango, 2017).

In the other hand, focus strategy emphasises offering a specialized product or service in a specific market niche with the objective of keeping competitors out of that market (Chelanga et al., 2017; Porter, 1998). In a single market segment, this strategy allows firms to focus on one of the two cost-cutting or differentiation to ensure that specific needs can be fulfilled more fully by concentrating on this group of narrow customers (Barney, 1991; Porter, 1998). It can include a combination of quality, convenience, price, style and other product or service characteristics (Muraguri, 2018). This theory is likely to be applied by MSEs to improve their competitive abilities in any industry. The Porters generic strategies model is important in this study in building all the four objectives of the study through relating these four strategies to organizational performance.

Ansoff Model

Ansoff (1988) developed a product/market matrix in the context of management theories for analysing strategies for business performance and growth (Ndege, 2018). The model is used to build plans for product and market development guidelines based on whether the strategic orientation is for new/current markets with existing products (Ensign, 1998). Market penetration describes initiatives to raise the share of the market of a particular good or service in line with the concept. In areas other than those now targeted with the same product, there are market development opportunities (Ansoff, 1993). Development of these markets demand for the business to deploy “niche-focused” strategy; which would ensure provision of unique products and services to a

new/existing market (Chungyalpa & Bora, 2015). A concentrated differentiation approach in a small market focuses on regions where the competition is weak and areas where product substitution is most challenging (Hill et al., 2014). Importantly, diversification of new goods in new markets is a strategic decision that explains corporate performance (Chen et al., 2018) Thus, the Ansoff Model informs the suitability of focused differentiation strategies as strategy for driving organizational performance of business operating salons and beauty spas within Nairobi County as stated on objective iv.

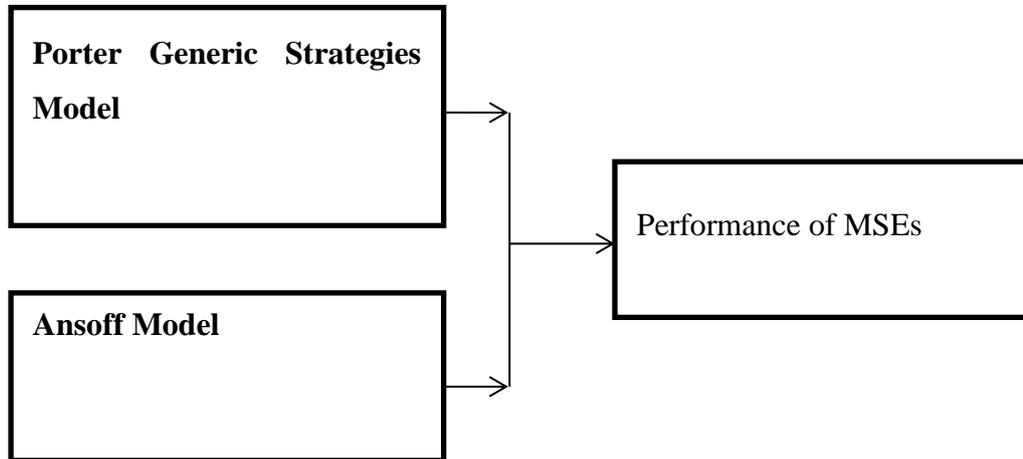
The model's ultimate goal is to boost profits by reselling current items in new areas. If a firm is marketable with fewer products/services, product development is used. In this context, the business will cost their products/service at the lowest affordable cost to the target market (Ndege, 2018). Using focused cost leadership strategy, the business charge at a cost that is convenient to the consumer (Bromiley & Rau, 2016). This means that the theory is very important when developing product/market strategies in narrow markets. Indeed, the theory demonstrated the necessity of targeted cost leadership in maintaining markets and ensuring product competitiveness (Ansoff, 1993). Thus, it is useful for informing objective iii to determine the influence of focused leadership cost strategy on the organizational performance of business operating salons and beauty spas within Nairobi County.

Theoretical framework

Based on reviewed theories, the study was able to establish a theoretical framework, captured in Figure 2.1, for enhance the empiricism and rigor of this thesis) and constructing a concept of the study.

Figure 2.1

Theoretical framework



Source: Researcher (2021).

2.3 Empirical Review

Customarily, empirical assessment is important for validating different assumptions, to enhance and to continue to advance human knowledge in many areas. Consequently, this research looks at several academic and empirical research that back up the theory that business strategy and performance are linked. The current study examines prior studies, focusing on the relationships between business strategy indicators and performance.

Cost Leadership and Link with Performance

In their study, Njuguna and Waithaka (2020) observed in the correlation results that the value of correlation coefficient shows that cost leadership has an extremely

strongly and positively relationship with organizational performance. Furthermore, a probability value ($p < 0.01$) was a signal of relationship being statistically significant.

As per research findings in the analysis by Achieng and Ngala's (2019), the correlation results show cost leadership as having significant positive relationship with SMEs' performance while the regression results showed cost leadership as a good predictor of performance in SMEs.

The analysis of Isaboke (2018) shows that the vast majority of SMEs had already made extensive utilization low-cost leadership as a means to reduce operating costs and even lowering product pricing to being lower consumer prices. This has ensured achieving a competitive advantage, accelerated by offers and promotions focused on raising market demand and enhance product performance. This implies that, despite the fact that transportation costs have not decreased significantly, the SMEs have all chosen a low-cost leadership style, rendering their cost-cutting efforts effective.

Gure and Karugu (2018), using a descriptive research approach discovered an important contribution to the low-cost management strategy in their study. Using the low-cost leadership approaches for SMEs, the organizational performance of SMEs could be improved at a rate of 65.55%. In Mogadishu, Somalia, Mohamed and Gichinga (2018) investigated competitive strategies for informing performance of telecommunication firms in the country. The results show that the cost strategy significantly improved the company's performance. Meanwhile, Kowo et al. (2018) research indicates that the cost management strategy has a significant impact on the lowering of costs, indicating they tend to minimize operational expenditures when they use an efficient cost management strategy.

In 2017, Buul and Omundi, established that cost management has a positive and significant influence on the SME performance. According to the findings of the correlation, cost leadership has a positively strong and significant connection to SME performance ($r= 0.484$; $p<0.01$). This was amplified by regression results ($\beta=0.456$; $p<0.01$) which showed a strong significant effects of cost reduction on performance

According to Muraguri (2018), there was a moderately good link between the cost leadership strategy and organizational performance (($F = 24.462$, $p<0.01$). according to the results. 97.6% of change in organizational performance resulted from cost leadership approach.

Onyango (2017) research affirms that cost management concept influences the competitiveness of the BOC Kenya. Cost managers aim to enhance efficiency and decrease expenditure across the supply chain of the company. Salavou (2015) demonstrates a favorable correlation between cost management and business effectiveness (Panwar et al., 2016).

The cost leadership strategy, according to Karabulut (2015), resulted in increased performance with a significant market share. Meanwhile, according to Justinian (2015), cost leadership has an impact on business success through producing economies of scale, creating clever cost-saving hotel designs, reducing operating costs effectively, and maintaining tight cost management across all corporate operations. Further cost-cutting methods include offering below competition, continuing emphasis on lowest cost per unit, significant investment in technological systems, cost-saving operations through fusions and consolidation, and outsourcing or partnerships.

Differentiation Strategy and Performance

According to Njuguna and Waithaka's (2020) research, differentiation is positively and significantly associated to performance while as per the findings of the study by Achieng' and Ngala (2019), product differentiation is a satisfactory variable in the success of SMEs. Product differentiation strategy explains 53.2 percent of SMEs' performance variability (Achieng' & Ngala, 2019). Meanwhile, differentiation, focus and combination strategies have a significant influence performance (Isaboke, 2018). It was discovered by Isaboke (2018) that In an environment of increased competition, SMEs have adopted a strong differentiation approach to stand apart.

Research by Ndege (2018) revealed that diversification increases company performance by increasing shareholder value and profitability such that product diversification techniques ($r=0.608$) has a substantial, positive, and statistically significant relationship with performance. The study by Ndege (2018) shows that cosmetic firms implement new diversification strategies on a regular basis due to market risks, and strategic differences among cosmetic firms resurface.

According to the findings of Mohamed and Gichinga (2018), differentiation has a significant and positive impact on performance of communications firms in Mogadishu, Somalia. According to Gure and Karugu (2018), differentiation has a substantial impact on performance of SMEs; accounting for 87.60% increased improvement in enterprise performance. In research investigation, Muraguri (2018) found a marginally positive relationship between differentiation strategy and organizational performance. According to the study, differentiation account for 50.9% of positive improvement in organizational performance. Buul and Omundi (2017), on

the other hand, found that uniqueness had a favourable and significant impact on SME success. The results of the regression analysis suggest that differentiation strategies considerably and favorably affect performance, supporting the correlation findings that differentiation methods have a positive and significant relationship to SME performance ($\beta= 0.363$; $p=0.019$).

According to Chelanga et al. (2017), differentiation strategy and market focus strategy were positively and significantly associated to performance. The organizational performance of SMEs is significantly and favorably affected by differentiation. Additionally, Onyango (2017) demonstrates that differentiation significantly affects Kenya BOC.

Muia (2017) asserts that differentiation has a positive and significant impact on performance and that there is a positive association between differentiation and performance. This finding supports claims by Onyango (2017) that differentiation strategies are more difficult to imitate because they are based on products/services that are seen to be distinct from the competition, leading in greater long-term competitiveness. In their attempts to differentiate their product/services, BOC Kenya focuses a higher emphasis on having a good reputation, establishing strong brand recognition, offering a broad range of products, and releasing innovative things.

Githumbi (2017) demonstrates that only tactics for product and service differentiation have an impact on how well large rice milling operations succeed. Furthermore, at 95% level of significance, service difference appears to play a significant effect on performance.

Muia (2017) investigated how business tactics affect the success of Kenyan insurance firms. According to his results, differentiation and company performance have a positive relationship. Meanwhile, Atikiya et al. (2015) established differentiation as having a significant impact on performance using regression analysis as Zehir et al. (2015) found that differentiation has a strong favorable impact on entrepreneurial performance.

Focused Cost Leadership and Performance

According to the findings of Njuguna and Waithaka's (2020) study, focused cost is positively and significantly associated to organizational performance while According to Mohamed and Gichinga (2018), the focus strategy used by Mogadishu, Somalia's mobile cellular providers has little impact on organizational performance. According to Muia (2017), there is a strong and substantial relationship between cost management leadership and performance. Regression coefficients also revealed a strong and significant relationship between the cost management method and performance. According to Muia (2017), generic and hybrid strategies should be contrasted to see which has a bigger impact on business performance.

Muraguri (2018) discovered a modest positive relationship between focus strategies and performance. Furthermore, the focus method was shown to account for 5.3 percent of organizational performance, which was statistically insignificant ($F = 1.887$, $p = 0.179$). The results of Muia's (2017) research also revealed that while focusing technique has a substantial and favorable link with performance, focus strategy does not. In the study by Muia (2017), cost leadership is significantly linked with performance and is the preferred approach for insurance industry operators.

Focused Differentiation and Performance

According to Njuguna and Waithaka (2020), focus differentiation tactics are positively and strongly associated to organizational performance. Isaboke (2018) found that in order to maximize market and demand potential, businesses concentrated on their brands and improved their goods and services. Both diversification and a hybrid strategy of differentiation or cost leadership are necessary.

Focus approach, according to Gure and Karugu (2018), has a significant impact on SMEs' organizational performance in Nairobi County, Kenya. SMEs used the focus strategy which was taken to include differentiation and then low-cost leadership. The research also revealed the need for linked methods in order to get effective results.

According to Isaboke's (2018) study, SMEs rarely use the combined strategy to obtain a competitive advantage because the two integrated plans (focused cost leadership and differentiation/ lack equilibrium. According to the research by Buul and Omundi (2017), market focus has a favourable and important relation to the success of SMEs. As a result, the market emphasis has a favorable and considerable impact on SMEs' success.

Focus strategy, according to Onyango (2017), is concerned with targeting certain market segments through overall distinction rather than competing in the entire market. According to the regression results, focus strategy exhibited a positive significant relationship with BOC Kenya competitiveness accounting for 23%.

Organizational Performance

Organizational Performance refers to a company's ability to effectively and efficiently convert its resources in order to achieve the organization's objectives. Traditional accounting indicators including as profitability, market share, sales growth, and stakeholder satisfaction can be used to assess it (Katzenbach & Smith, 2015). More so, cash flow, profitability, turnover, investment income, profit margin, total asset returns, and profit-making capacity to finance expansion may all be used to evaluate organizational performance (Balabonien & Večerskienė, 2015). It depicts a company's abilities to convert its resources, systems and activities into satisfactory shareholder's returns. According to Asad et al. (2016), performance of MSEs deserved to be measured in terms of organizational metrics such as annual income, annual profits and sales, market share, number of employees and reinvestment.

Most organizational performance indicators have historically been focused on financial measurements of performance (Mishra & Mohanty, 2014). The return on assets (ROA), return on equity, and return on sales are all cited as part of these metrics (Conțu, 2020). It is vital to note that "financial indicators indicate the fulfillment of an enterprise's economic goals in financial terms" in order to define the firm's performance (Richter et al., 2017). Additionally, market-based financial indicators focus on or incorporate risk factors and take an investor's perspective (Richter et al., 2017). All of these metrics, according to Richter et al. (2017), represent the most limited view of organizational performance, and operational performance is the outermost conception of performance. In this regard, it is important to note that organizational performance indicators concentrate on the crucial success factors that could influence business performance. Reputation, survivability, goal-achievement,

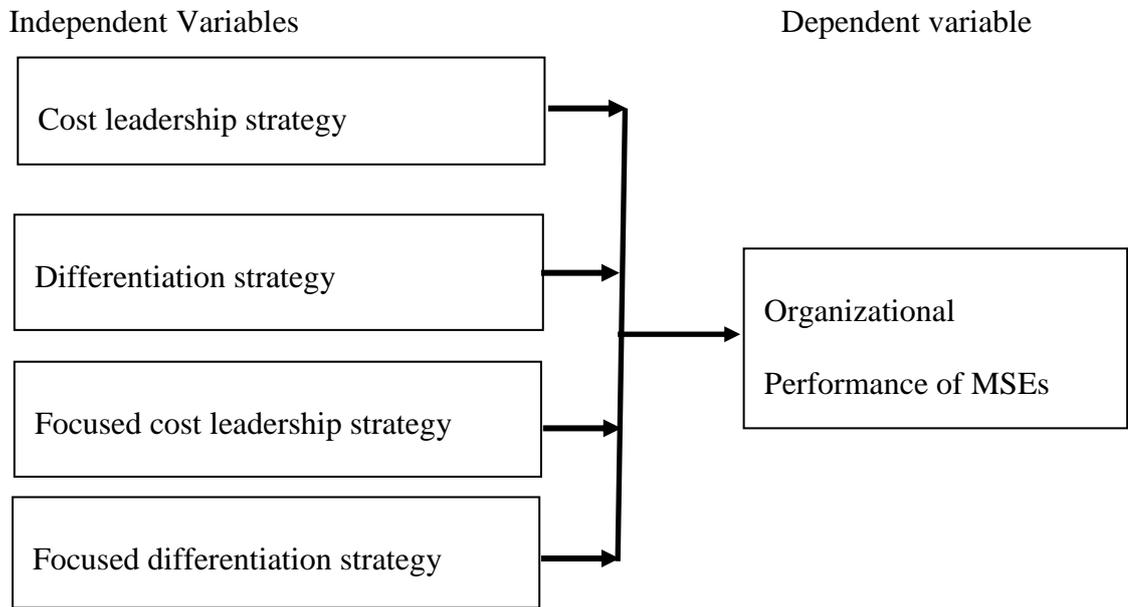
and competitive performance are all examples of effectiveness metrics (Richter et al., 2017). Interrelationships exist between productivity improvement, organizational success, and financial performance (indicators), with organizational effectiveness performance expected to improve financial performance over the long run (Conțu, 2020) while financial performance influences organizations and organizational performance (Balabonien & Večerskienė, 2015).

2.4 Conceptual Framework

A conceptual framework, according to Tamene (2016), is "a set of basics assembled from pertinent disciplines of research and applied to design a future embodiment." The research developed a conceptual framework under the guidance of the Porter's generic Model to demonstrate that cost leadership, differentiation, and focused strategy (cost leadership, and differentiation) are the business level strategy influencing performance of MSEs. The conceptual framework, illustrated in Figure 2.2, show business level strategies as the independent variables (IVs) and the MSEs performance as the dependent variable (DV) and the arrows and lines show the relationship between the two.

Figure 2.2

Conceptual framework



Source: Researcher (2021).

2.5 Operationalization of Variables

Table 2.1

Operationalization of Variables

Objective	Variables	Type	Indicators	Tools	Measuring Items
	Organizational performance of salons and beauty spas in Nairobi County.	Dependent variable	<ul style="list-style-type: none"> - Sales volumes - Profitability - Customer satisfaction - Customer retention - Customer loyalty - Productivity 	Descriptive Multiple regression analysis (MRA) Analysis of Variance (ANOVA)	Question 6
To determine the effect of cost leadership strategy on the organizational performance of salons and beauty spas in Nairobi County.	Cost leadership strategy	Independent variable	<ul style="list-style-type: none"> - Economies of scale. - Low cost to a broad market - Operating efficiency - Low production cost - Specific audience 	Descriptive MRA ANOVA	Question 7 and 8
To assess the influence of differentiation strategy on the organizational performance of salons and beauty spas in Nairobi County	Differentiation strategy	Independent variable	<ul style="list-style-type: none"> - Focus on Market segments - Engaging highly skilled staff - Unique product and services at a premium price. - Innovation. - Quick delivery timelines - Continuous improvement 	Descriptive MRA ANOVA	Question 9 and 10

To determine the influence of focused leadership cost strategy on the organizational performance of salons and beauty spas in Nairobi County	Focused leadership cost strategy	Independent variable	<ul style="list-style-type: none"> - Competitive pricing - Unique products at low price - Convenience - Effective sales channels - Target market by demographics - Saving money - Cost advantage small volume custom-built products 	Descriptive MRA ANOVA	Question 11 and 12
To assess the effect of focused differentiation strategy on the organizational performance salons and beauty spas in Nairobi.	Focused differentiation strategy	Independent variable	<ul style="list-style-type: none"> - Unique premium products in a high-end niche market - Knowledge gathering - Distinguish customers by geographical locations - Build customer loyalty - Develop new products - Customer Awareness - Geographic market 	Descriptive MRA ANOVA	Question 12 and 13

Source: Researcher (2021)

2.6 Research Gaps

After reviewing the empirical literature, the study exposed cost leadership as affecting performance while differentiation influences performance. Focused cost leadership has an impact on performance, and focused differentiation has significant impact on performance on different occasions and in different directions. Based on specific research, cost leadership significantly and favorably impacts organizational performance (Njuguna & Waithaka, 2020) while others just showed that cost leadership strategy only resulted in improvements in performance with a large market share (Karabulut, 2015). According to Mohamed and Gichinga (2018), differentiation strategy affects performance significantly and has a positive effect while Muraguri (2018) reported a weak positive relationship and Muia (2017) found a strong positive relationship on the same. While Muraguri (2018) discovered a modest positive link between narrow market strategies and performance, Onyango (2017) discovered a strong positive one. As a result, the contradicting findings of empirical research produce varying effects of business-level strategies on performance. As a result, it is difficult to determine how the four company level strategies affect MSE performance. The extant empirical research on how broad market strategies (such as cost leadership and differentiation strategies) and narrow market strategies interact has not been sufficiently explored (focused strategies) jointly drive organizational performance of MSEs. It is for this reason that the current research was done to fill this gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This portion of the study discusses the methodology implored upon throughout the investigation in which case research design employed was captured before exploring the population (target then sample populations) and then the sampling processes. Also covered in the part of the research was research tools found appropriate for gathering the data needed for analysis. This was supported by methods and techniques used while gathering and assembling this data in addition to the pilot testing and analysis of that data; concluding with research ethical concerns.

3.2 Research Design

In every focused analysis, there is vital necessity of research design (also known as the research roadmap), which is the master plan that logically and coherently connects the various study components (Kothari, 2012; Rahi, 2017). It aids in defining the instruments and procedures required for efficient data gathering and analysis (Creswell, 2014). The descriptive research design was the most suited when attempting to define the features of an existing phenomena. As it describes the relevant variables, it was used to provide in-depth perspectives into the research question. Associative relations were defined, estimated, forecasted, and investigated using this tool.

According to Gupta and Rangi (2014), this helped provide relevant and trustworthy information to address issues like who engaged in the research, what was to be done, when study deserved being be done, where was going to be done, why the study was

necessarily being done, and way the study data gathering was being conducted (the 6Ws). The descriptive study approach was chosen because it ensures a thorough account of the issue while also reducing any potential bias in the data collection procedure.

3.3 Target Population

According to scholars, the totality of items or persons under examination from whom statistical characteristics may be determined by studying a sample or samples selected from it is referred to as the target population (Mugenda & Mugenda, 2003). The 279 salons and spas in Nairobi County served as the study's target audience (Global Business Directory [GBD], 2021). The distribution of salons and beauty spas in Nairobi County's 8 administrative divisions is shown in Table 3.1. In the study, its respondents were the managers or owners of the businesses since they had the appropriate information about the businesses and its operations.

Table 3.1

Target population distribution

Category	Population
Central	26
Dagoretti	43
Embakasi	36
Kasarani	41
Kibera	24
Makadara	32
Pumwani	54
Westlands	23
Total	279

Source: (Global Business Directory [GBD], 2021).

3.4 Sampling Design

Each sample is a portion of the entire population that represents its overall features. Sampling is the process of choosing a sample to learn about the characteristics of the population (Saunders et al., 2018). The investigation was guided by the proposed formulation of Yamane (1967) in order to determine the sample dimensions;

$$n = \frac{N}{1+N(e^2)}$$

Where n is the sample size, N is the target population size and e is the level of precision (Specifically $\pm 5\%$ precision at 95% confidence level)

$$\text{This means that } n = \frac{279}{1+279 \times (0.05)^2} = \frac{279}{1+279 \times (0.025)} = \frac{279}{1+0.6975} = \frac{279}{1.6975} = 164.35 \approx 165$$

Consequently, 165 participants were the population of the sample.

In order to establish the suitable population sample size per administrative division, the study used proportionate sampling. This sample size for each administrative division was obtained by multiplying the number of salons and beauty spas in that administrative divisions population with size of the sample and dividing this by the target population as Table 3.2 portrays.

Table 3.2*Analysis by sample size*

Study regions	Target Population	Sample size
Central	26	$n1 = \frac{26(165)}{279} = 15.37 \approx 14$
Dagoretti	43	$n2 = \frac{43(165)}{279} = 25.43 \approx 26$
Embakasi	36	$n4 = \frac{36(165)}{279} = 21.29 \approx 21$
Kasarani	41	$n4 = \frac{41(165)}{279} = 24.25 \approx 24$
Kibera	24	$n5 = \frac{24(165)}{279} = 14.19 \approx 14$
Makadara	32	$n6 = \frac{32(165)}{279} = 18.92 \approx 19$
Pumwani	54	$n7 = \frac{54(165)}{279} = 31.94 \approx 32$
Westlands	23	$n8 = \frac{23(165)}{279} = 13.60 \approx 13$
Total	279	165

Source: Researcher (2021)

This ensured that every person considered as a prospective participant had equal chance of being picked, hence avoiding biased selection. Because the population was homogeneous, the investigator opted for adopting systematic sampling selection approach (Kothari, 2017). The study first constructed a sampling interval (n) for each administrative division based on the population of that administrative division divided by the sample size of that administrative division. The research chose the nth element as a participant until the administrative division's sample size was met. After the participants had been chosen, they will be referred to as responders.

3.5 Data Collection Instruments and Procedure

Like in any other research, this analysis gathered data for manipulation to provide evidential outcomes appropriate for make proper judgements. Gathering and assembling of the data should be to the appropriate tools and application of the essential techniques.

Data Collection Instruments

Gathering and assembling of the data (data collection), according to Creswell (2014), may be accomplished using numerous tools including interviews guide, observations, focus group discussions, questionnaire, case histories, investigator own developed tool, and narratives (Gupta & Rangi, 2014). The current study depended on primary data, which was compiled using a standardized questionnaire (Kothari, 2017). The thesis preferred questionnaire since it was free of presenter bias and the results were easy to understand for the participants. It was less costly, especially when the universe appeared to be substantial and geographically distributed, and it provided sufficient time for participants to provide well-thought-out responses since it made study findings more trustworthy and accurate by utilizing massive data sets.

The questionnaire was carefully created and consisted of questions printed in a specific arrangement on a number of sheets. It was vital to pay attention to the general structure, the order of the questions, and the language and vocabulary used in the questionnaire. In order to ensure that the questionnaire was correctly filled out and that the answers were accurate, the researcher carefully considered the order of the questions when developing the questionnaire. In this instance, the researcher separated the inquiries

into groups, with each group containing inquiries pertaining to a distinct area of the investigation (objectives). 5-point Likert scale was the design by which the questionnaire was to collect the data. Based on assertion by Gupta and Rangi (2014), the likert scale is made up of ratings that help translate quality responses into numerical values.

Data Collection Procedure

In this investigation. The researchers assessed the research tool before gathering information, whereupon the investigator implemented the changes necessary and started operational data gathering. In order to discuss when and how data were to be collected, the investigators met with the owners/managers of the MSEs. It was during these discussions that they agreed on the manner in which data was to be gathered and when this was to be done. The questionnaire administration was done on drop-and-pick approach; in the course of gathering primary data. The questionnaires were sent to participants and the investigator requested them to validate any issues arising from the data submitted so as to allow them time to complete and return the survey.

3.6 Pre-testing

The study pretested the research tool before administering it in order to guarantee that the tool was valid and reliable through a pilot test to help identify flaws with the research instrument, and the results were utilized to review (update) the questions. Before the questionnaire was conducted, each respondent's prior agreement was obtained.

Validity

The degree to which any measuring method or instrument is capable of effectivity defining the measurement is known as validity (Creswell, 2014). The accuracy with which an assessment or measuring instrument taps into the different features of the specific concept in issue is referred to as content validity. Accordingly, this study employed content validity where the during this exercise, researchers enlisted the expertise of experts with vast experience in the area. Tests of content validity evaluated the tool's capacity to generate accurate, complete, and relevant data. A supervisor and a business management expert, both of whom have in-depth knowledge and experience in the sector, were hired to assist with the research. The business management expert analyzed whether the tool was accurately evaluating business level strategy as a predictor of salon and beauty spa performance in Nairobi, while the supervisor evaluated the tool to determine the notion being evaluated. The instrument reviewer then shared their thoughts on the questions' suitability and representativeness. Then, as necessary, adjustments, insertions, and deletions were made to the tool

Reliability

In research, consistency of a research instrument is known as the reliability to consistently evaluate an interest characteristic across time. A reliability test of research equipment, according to Saunders et al. (2018), is one that has a consistent way of providing the desired findings. Instrument reliability, according to Kothari (2017), refers to the level of internal consistency of the measuring tool. The technique for obtaining a reliability estimate should be acquired from a single test administered to the respondents. In this study, the Cronbach alpha technique, a popular method for determining how well different items were directly related with one another, was

employed. With the use of this method, a Cronbach's Alpha coefficient with an absolute value between 0 and 1 is produced. When this score is 0.7 or higher, it means that the tool's components are highly consistent; if not, the instrument is thought to be inconsistent. The instrument was reviewed, through revision and deletion, until it was consistent, and then adopted for data collection.

3.7 Data Analysis

When the statistics (data) had been gathered to provide clear, intelligible, up-to-date, actual, and correct knowledge to achieve the aims of the research sample, data sampling, categorization and interpretation was done (Gupta & Rangi, 2014). Before being tallied, the information received was rigorously scrutinized and verified for errors. To analyze data and provide descriptive statistics, the thesis employed a quantitative method (Creswell, 2014). In order to describe trends, tendencies, and interactions and to make the data analysis easier for the researcher to understand and interpret, descriptive statistics were used. Different data representations including: figures, tables and narratives were put forth. The mean, standard deviation, frequencies and percentages were employed for the study ad descriptive statistics for analysis of data trends.

Other qualitative analysis was done when carrying out correlational establish the relationship between the Independent Variables (IVs) and the Dependent Variable (DV). Thereafter, using multiple regression analysis (MRA), the study sought to predict;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \dots \dots \dots (i)$$

Where:

Y = performance of micro and small enterprises in Nairobi County

X_1 = Cost leadership

X_2 = Differentiation, and

X_3 = Focused cost

X_4 = Focused Differentiation

β_0 is a constant (which is the value of dependent variable when all the independent variables are 0).

β_{1-4} is the regression coefficients or change induced by X_1 , X_2 , X_3 and X_4

e = error term

Estimation of this model was through using weighted ordinary least square (OLS). The hypothesis (on goodness of fit of the model) was tested using Analysis of Variance (ANOVA) at 0.05 level of significance (95 percent confidence level). So, ANOVA was used to test the model at 5% significance level. All the inferential analysis were carried at 5% significance level.

The data was analyzed with aid of the Statistical Package for Social Sciences (SPSS) software version 24.0.

Prior to performing the MRA, the research utilized diagnostic tests based on the assumptions of the Classical Linear Regression Model (CLRM), where the study evaluated for normality, multicollinearity, heteroscedasticity, and autocorrelation to ensure the integrity of the research. The Normality Checks add to the normality graphic assessment by comparing the survey's data to the median and mean variance of a set

of scores that are randomly distributed. If significant, the distribution of zero mean and one constant variance is non-normal. The Kolmogorov-Smirnov (KS) test was used to conduct normality checks.

When IVs are highly associated with one another and consequently share the same data, multicollinearity issues occur. Due to this, none of the relevant IVs may be able to independently and meaningfully contribute to estimating the model once the other IV has been taken into account. Due to the higher p-value caused by the multicollinearity, essential factors become irrelevant and the t-statistical value declines. The panel regression results show significant variables as small variables as a result of multicollinearity. Eliminating tightly connected variables solves the multicollinearity issue. Multicollinearity. When the variance inflation factor (VIF) is larger than 10 and the tolerance is lower than 0.1, multicollinearity is present.

The probability distribution of the disruption notion shows no change in any of the results, according to the hypothesis of homoscedasticity. In other words, any error term's variance is the same for all values of the explanatory variables. However, heteroscedasticity problems are found if the riot terms do not have the same variance (Babulo & Hassen 2004). The Cook-Weisberg was used to identify these issues because it does not have a problem with heteroscedasticity, despite the fact that these issues arise when the probability value is less than 0.05.

In order to indicate that the error terms for the observations do not correlate, autocorrelation assumes that the differences between error terms over various time intervals are constant. The autocorrelation criteria, which demand that error terms have zero covariance over period, were put to the test in this study. Mistakes related to one

observation are independent of errors related to any other observation, in other words. The most well-known test for determining serial correlation is the Durbin Watson test.

3.8 Ethical Considerations

This study was grounded on ethical guidelines right from the planning phase to the actual conduction of the study. The information provided by the respondents was not passed to any third party. By obscuring the respondents' names, the researcher aimed to ensure the anonymity of the data. The researcher also obtained permission from the Ethics Board at KeMU university before collecting data. The letter from the university was helpful in aiding seek for permission to research in Kenya by NACOSTI. This permit was awarded to the researcher; which allowed the researcher to legally research in Kenya.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

Outstandingly, analysis in addition to associated findings as well as the discussion of the information derived from the study data analysis, are provided in this section. For simplicity of comprehension, these data were depicted pictorially, using tables and figures, and were explained in the narrative form. The following are the major components of this chapter in the study: analysis by pretesting, response rate, participant background information, descriptive analysis outcomes, diagnostics testing, and inferential analysis.

4.2 Pre-testing

The study pretested the research tool before administering it in order to guarantee its validity and reliability.

Reliability Tests

In this study, the Cronbach alpha technique, where Table 4.1 captured the associated reliability tests.

Table 4.1

Results of Reliability Test Statistics

Variable	Cronbach's Alpha if Item Deleted
Performance of salons and beauty spas in Nairobi County	0.806
Cost leadership strategy	0.729
Differentiation strategy	0.825
Focused cost	0.731
Focused differentiation	0.894

Cronbach's Alpha (α) = 0.853; N = 5

Source: Research Data (2021)

Table 4.1 shows that Cronbach's Alpha coefficient had been 0.853, greater than the 0.7 cutoff imposed by Kothari (2014). According to Kothari (2012), a reliability rating of 0.853 indicates that the items in the instrument are very consistent. So, the items in the tool used by the thesis were highly reliable (very consistent). These results show that removal of any of; Performance ($\alpha=0.806$), Cost leadership strategy ($\alpha = 0.729$), differentiation strategy ($\alpha=0.825$, focused cost ($\alpha=0.731$), might have drastically reduced the internal consistency. Meanwhile, the purging of focused differentiation (0.894) might have enhanced the excellent internal consistency; nonetheless, the investigation verified that item reliability of 0.853 was more than the 0.7 criterion. The thesis kept every item in the research instruments since the item dependability was 0.853, which was higher than the 0.7 threshold as suggested by Kothari (2012). This was because the instrument had excellent internal consistency and was therefore trustworthy. As a consequence, the instrument was deemed to have extremely high consistency and to be suitable for measuring all of the research variables.

Validity Tests

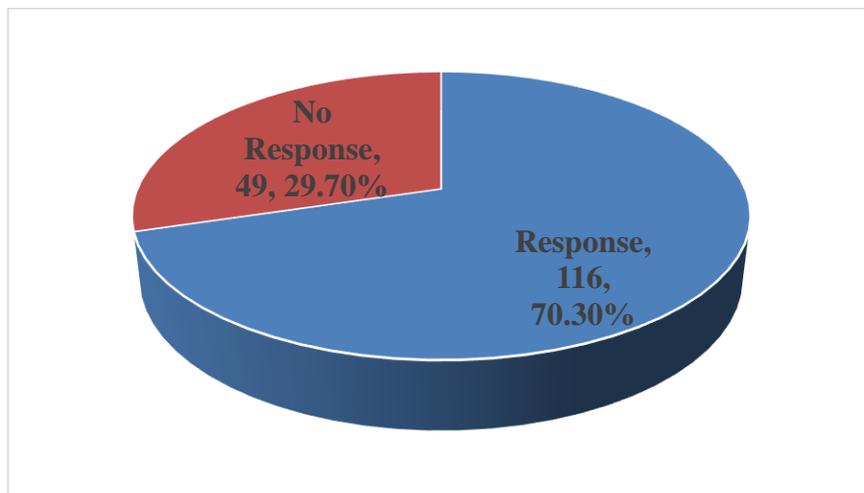
Tests of content validity evaluated the tool's capacity to generate accurate, complete, and relevant data. The instrument reviewer then shared their thoughts on the questions' suitability and representativeness. After that, the tool was reviewed with any necessary adjustments, insertions, and exclusions.

4.3 Response Rate

The participants, adding up to 165 in number, in this thesis were given 165 pieces of questionnaire as part of the investigation. However, 116(70.30 percent) returned their completed survey questionnaire copies. As seen in figure 4.1, the response rate was 116(70.30 percent).

Figure 4.1

Analysis by Response Rate



Source: Research Data (2021)

Grounded on Figure 4.1, the return rate was 116 (70.30 percent), which, according to Mugenda and Mugenda (2008), was "extremely high and enough for generating

favourable findings." A response rate of more than 69 percent, according to Mugenda and Mugenda (2008), is high and suitable for producing accurate and dependable findings. The research then proceeded to analyze the responses from the questionnaire after determining that the response rate was adequate for producing reliable results.

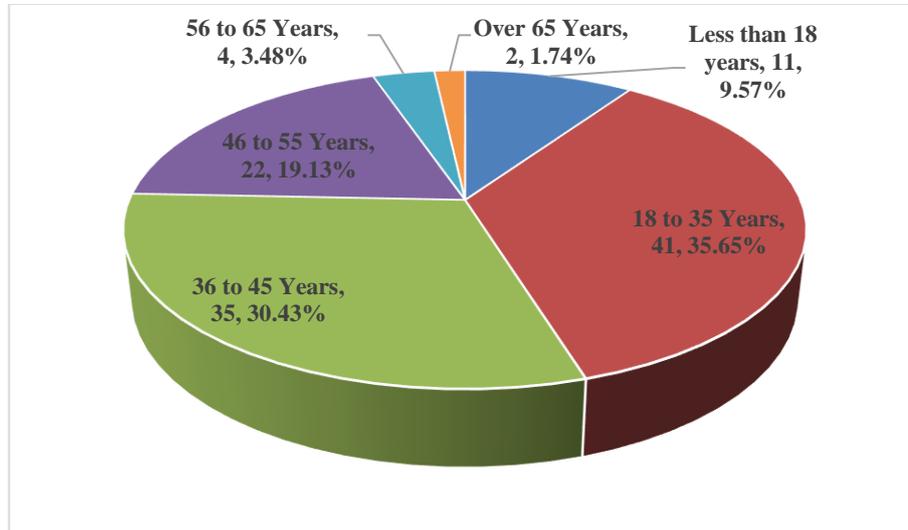
4.4 Respondents' Background Information

Because the thesis intended to determine demographics of the participants, it asked them to submit personal information such as age bracket, education background, legal recognition of the firm, number of staff and business time of operations.

In Figure 4.2 are outcomes on ages of the participants.

Figure 4.2

Analysis by age bracket



Source: Research data (2021)

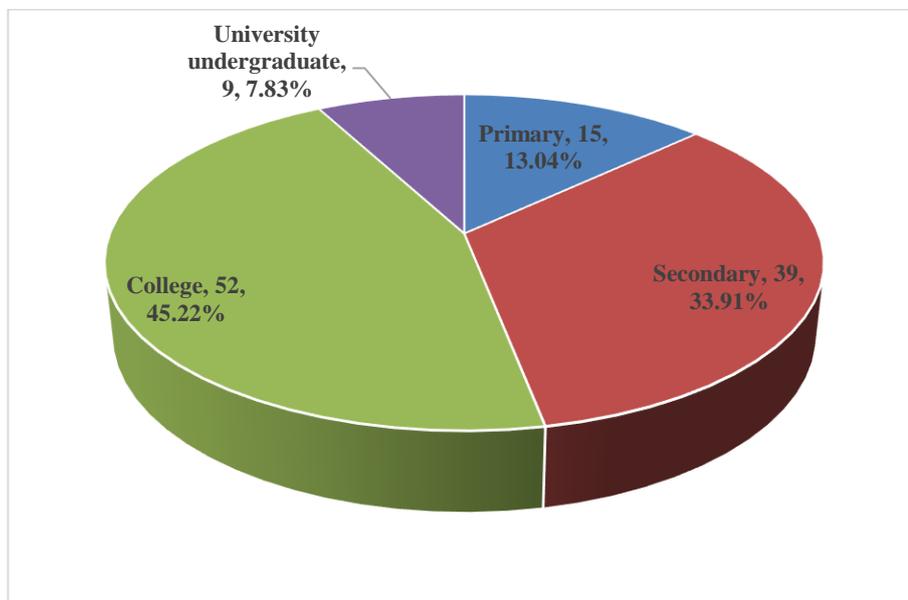
As recorded in figure 4.1, 41 (35.65 percent) of the participants showed they were between the ages of 18 and 25 as 34 (30.43 percent) were between the ages of 36 and

45, while 22 were between the ages of 46 and 55. (19.13 percent). Meanwhile, those under the age of 18 accounted for 11(9.57 percent) as those between the ages of 56 and 65 accounted for 4(3.48 percent) and those above the age of 65 accounted for 2 (1.74 percent).

More results in Figure 4.3 holds results on educational qualifications.

Figure 4.3

Analysis by educational qualifications



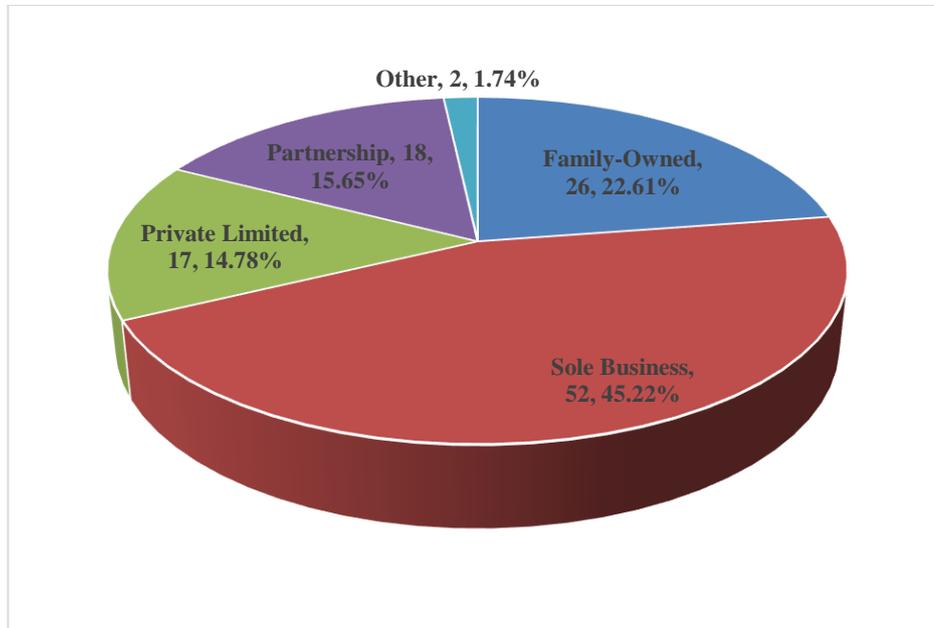
Source: Research Data (2021)

Grounded on these findings, it was resolute that those with college credentials had the greatest number of responses accounting (52(45.22 percent) of the total response, followed by secondary school leavers (39(33.91 percent), and those who demonstrated that they were primary school dropouts (15 (13.04 percent). These were followed by those who said they had an undergraduate degree, who accounted for 9(7.83 percent) of the total answered.

Other results in figure 4.4 were on enterprise legal status.

Figure 4.4

Legal status of the enterprise



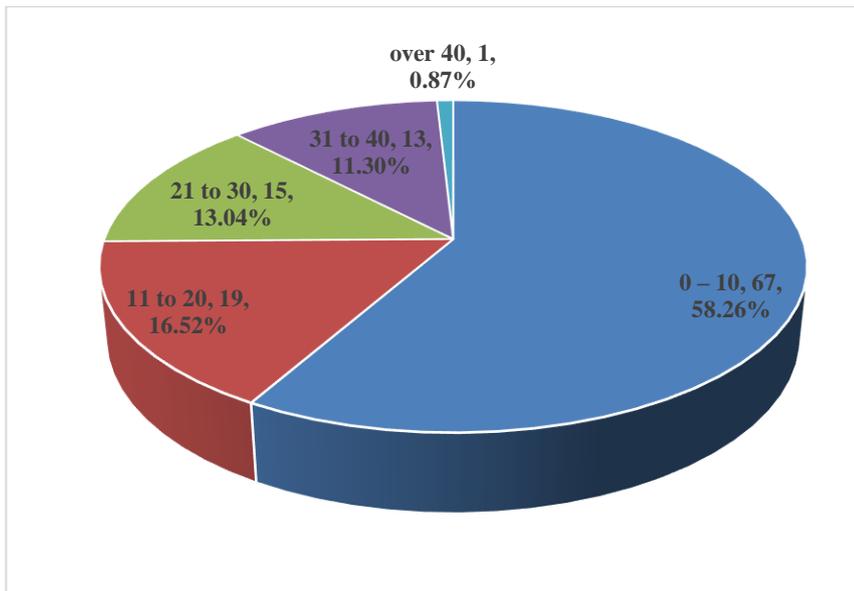
Source: Research Data (2021)

These results indicate that most of the MSEs, forming 52(45.22%) of the those who responded. were sole proprietor business while 26(22.61%) were family-owned businesses, 18(15.65%) were partnerships and 17(14.78%) were private limited companies.

The study captured results on the employment on figure 4.5.

Figure 4.5

Average Number of Employees



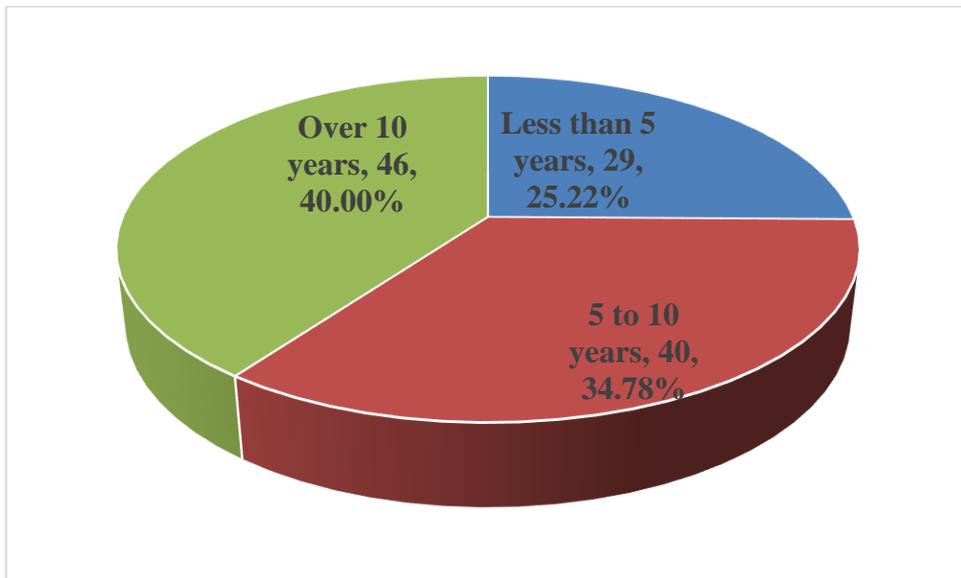
Source: Research data (2021)

As per the Figure 4.5, some who stated that their enterprises had between 10 and 20 workers were in the majority, forming 67(58.26 percent), while those who claimed that they had between 10 and 20 workers were 19(16.52 percent). Others who stated that their businesses had between 21 and 30 workers were 15(13.04 percent) as those who stated that their businesses had between 31 and 40 workers were 13(11.30 percent), and those who stated that their businesses had more than 40 workers were 1(0.87 percent).

The results on life span of enterprises in Figure 4.6 captured these outcomes.

Figure 4.6

Period in business



Source: Research data (2021)

Founded on figure 4.5 above, most Microenterprises, (46(40.00 percent), where shown to have been in existence for more than ten years, as those with between five (5) and ten years were (40(34.78 percent) of the overall response. 29 (25.22 percent) of the enterprises that had been in operation for less than 5 years.

4.5 Descriptive Analysis

In this research, quantitative data analysis was carried out for producing the associated descriptive statistics. These outcomes were quite beneficial in summarizing the characteristics of the variables; IVs and DV, and the manner in which the IVs affected the DV. The outcomes helped to establish the manner in which each IV influences the DV.

The assessment, which was directed by the objectives as stated in chapter one, was based on data gathered through the use of questions rated on a 5-point Likert scale. The survey's interpretation was based on the most often occurring or majority statistics.

Cost Leadership Strategy and Performance

Informed by the objective 1; to determine the effect of cost leadership strategy on the performance of salons and beauty spas in Nairobi., the study first investigated the level of using of cost leadership strategy with Table 4.2 showing the outcomes.

Table 4.2

Analysis by cost leadership strategy

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
Cheaper rate to gain small amount	9	7.83%	2	20.00%	4	36.52%	3	33.04%	3	2.61%
Lower charges than our competitors	8	6.96%	1	16.52%	4	41.74%	3	30.43%	5	4.35%
Minimise cost of running	4	3.48%	2	17.39%	4	37.39%	4	35.65%	7	6.09%
Reduce wastages while maintaining quality of services	4	3.48%	1	13.91%	4	40.00%	4	37.39%	6	5.22%
Minimises the costs of obtaining products/providing	3	2.61%	1	12.17%	4	42.61%	4	39.13%	4	3.48%
Giving priority specific audience	4	3.48%	1	12.17%	4	42.61%	4	36.52%	6	5.22%

Source: Research Data (2021)

Notably, based on the outcomes in Table 4.2 results, most of the participants, 42(36.52%), indicated not being sure whether when there were many customers, they charged a cheaper rate to gain small amount from many clients (economies of scale) or not. This implies that they moderately used the strategy of charging a cheaper rate to gain small amount from many clients in broad markets.

In the results,48(41.74%) showed neutrality to the assertion that they also provided products/service at lower charges than those of their competitors when the clients were many, which meant that in broad market, the MSEs were moderately providing products/service at lower charges than those of their competitors.

Most of them, 43(37.39%), believed that they could not effectively substantiate whether their business always minimized cost of running the business by avoiding unnecessary costs or not. Most of the respondents, 46(40.00%), were neutral on the assertion that they always reduced wastages while maintaining quality of services and products; showing that they rarely minimized wastages to maintain quality of services and products.

Another good number, 49(42.61%), were not sure whether business always minimized the costs of obtaining products/providing a service or not. This implied that these MSEs sparingly used the production cost reduction approach in their cost leadership. Most of the respondents, 49(42.61%), showed that they were not sure whether they were always more concerned with (giving a priority to) those clients who were interested in their product /services (specific audience) or not. Based on these results, then most of the SMEs did not have strategies guided by specific audience and so they

were not giving priority to those clients who were interested in their products /services.

Most of the MSEs moderately applied the cost leadership strategy in their businesses.

Next, the study determined the effect of cost leadership strategy on the performance of salons and beauty spas in Nairobi to obtain Table 4.3 results.

Table 4.3

Effect of cost leadership strategy on performance of MSEs

	Not at all		Low		Moderate		High		Very High	
	N	%	N	%	N	%	N	%	N	%
Economies of scale.	6	5.36%	17	15.18%	30	26.79%	40	35.71%	19	16.96%
Low cost to a broad market	5	4.39%	17	14.91%	29	25.44%	42	36.84%	21	18.42%
Operating efficiency	5	4.39%	14	12.28%	35	30.70%	36	31.58%	24	21.05%
production cost	5	4.39%	15	13.16%	33	28.95%	42	36.84%	19	16.67%
specific audience	5	4.39%	15	13.16%	31	27.19%	48	42.11%	15	13.16%

Source: Research Data (2021)

Remarkably, based on table 4.3, most of the participants 40(35.71%) indicated that economies of scale highly affected performance while 42(36.84%) showed that low cost to broad market highly affected performance of business operating salons and beauty spas within Nairobi.

Another higher portion of respondents as 36 (31.58%) showed that operating efficiency highly affected performance of salons, 42 (36.84%), showed that production cost highly affected performance of salons and 48 (42.11%) showed that targeting specific audience highly affected performance of business operating salons and beauty

spas within Nairobi. On average, cost leadership strategy highly affected performance business operating salons and beauty spas within Nairobi County.

Differentiation Strategy and Performance of Salons and Beauty Spas in Nairobi

The study assessed the second objective; to find out the influence of differentiation strategy on the performance of salons and beauty spas in Nairobi. To begin, the study attempted to determine the extent to which the differentiation technique was employed at MSEs by analyzing data collected from questions Table 4.4 contains results obtained for differentiation strategy.

Table 4.4

Status of differentiation strategy

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
Grouping clients in to categories	11	9.57%	17	14.78%	41	35.65%	36	31.30%	10	8.70%
recruits and retains highly skilled staff.	7	6.09%	17	14.78%	45	39.13%	40	34.78%	6	5.22%
creative, appealing and competitive products/services	4	3.51%	19	16.67%	47	41.23%	37	32.46%	7	6.14%
offering unique products	5	4.35%	23	20.00%	44	38.26%	39	33.91%	4	3.48%
quick and fast delivery	4	3.48%	24	20.87%	41	35.65%	40	34.78%	6	5.22%
products/service continuous improvement	5	4.35%	15	13.04%	46	40.00%	39	33.91%	10	8.70%

Source: Research Data (2021)

The results on differentiation strategy practices show that most of the respondents, 41(35.65%), were not sure whether they always grouped their clients in to categories

depending on their location, demographics, lifestyle choices and behavior (market segments) or not. Thus, only an average number of these MSEs were having market segments where they grouped their clients in to categories depending on their location, demographics, lifestyle choices and behavior.

A huge proportion of respondents, 45(39.13%), indicated that they were not sure whether business always recruits and retains (employed) highly skilled staff or not, while 47(41.23%) indicated that they were also not sure whether they continuously implemented creative, appealing and competitive products/services for their clients and charge a premium price on them (Innovation) or not. Thus, the MSEs moderately prioritized acquiring and retaining skilled staff and were not always innovation sensitive.

As most of the respondents, 44(38.26%), indicated that they were not sure whether their businesses always ensured that the products and service offered to their customer were unique (Unique products) or not, 41(35.65%) indicated that were not sure whether product/service delivery was always done promptly (quick and fast) or not. These results imply that the MSEs were not always devising unique products and product/service delivery modes.

Noticeably, innovation was moderate and accordingly development of unique products was moderate too. In the results, most of the respondents, 46(40.00%), indicated they were not sure whether their business always improved the products and service to be more attractive (continuous improvement) or not; to mean that the MSEs were not always using the continuous improvement approach in their supply chain. On average,

application of differentiation strategy practices among salons and beauty spas in Nairobi was moderate.

Following evaluation of the magnitude of differentiation strategy adoption, the study examined the effect of differentiation strategy on the performance using data obtained from the questionnaire. Table 4.5 summarizes these findings.

Table 4.5

Effect of differentiation strategy on performance

	Not at all		Low		Moderate		High		Very High	
	N	%	N	%	N	%	N	%	N	%
Having market segments	9	7.96%	23	20.35%	33	29.20%	32	28.32%	16	14.16%
Engaging highly skilled staff	3	2.63%	16	14.04%	38	33.33%	36	31.58%	21	18.42%
Innovation.	3	2.63%	15	13.16%	35	30.70%	36	31.58%	25	21.93%
Unique products.	2	1.75%	16	14.04%	41	35.96%	31	27.19%	24	21.05%
Quick delivery timelines	3	2.63%	15	13.16%	40	35.09%	34	29.82%	22	19.30%
Continuous improvement	2	1.75%	16	14.04%	44	38.60%	29	25.44%	23	20.18%

Source: Research Data (2021)

On referencing results on influence of differentiation strategy on performance in table 4.5, it was shown that 33 respondents (29.20%), showed that having market segments moderately influenced performance of salons while most of them, 38(33.33%), showed that engaging highly skilled staff moderately influenced performance of salons. While most of the respondents, 36(31.58%), showed that innovation highly influenced performance of salons, most, 41(35.96%), showed that unique products moderately influenced performance of salons. From the results, most of the respondents, 40(35.09%), showed that quick delivery timelines moderately influenced

performance of salons, as most of the respondents, 44(38.60%), showed that continuous improvement moderately influenced performance of salons and beauty spas in Nairobi.

On average, the differentiation strategy moderately influenced performance of salons and beauty spas in Nairobi County.

Focused Cost Strategy and Performance of Salons and Beauty Spas in Nairobi

The third objective was to assess the influence of focused cost leadership strategy on the performance of salons and beauty spas in Nairobi. The study started by establishing the status of employing focused cost leadership strategy based on results obtained from data collected using questions. Table 4.6 contains results obtained for focused cost leadership strategy.

Table 4.6*Analysis by focused cost leadership strategy*

Focused cost strategy	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
Competitive price	8	6.96%	25	21.74%	44	38.26%	29	25.22%	9	7.83%
Low cost unique products	5	4.35%	24	20.87%	56	48.70%	23	20.00%	7	6.09%
Affordable goods and service on narrow market	4	3.48%	29	25.22%	41	35.65%	35	30.43%	6	5.22%
Effective sales channel tin a given area	10	8.70%	24	20.87%	38	33.04%	34	29.57%	9	7.83%
Target market by demographics	6	5.22%	19	16.52%	40	34.78%	43	37.39%	7	6.09%
Seek to save money	4	3.48%	14	12.17%	51	44.35%	38	33.04%	8	6.96%
smaller volumes of products and services	4	3.48%	14	12.17%	53	46.09%	34	29.57%	10	8.70%

Source: Research Data (2021)

On observing Table 4.6 outcomes, most of the participants, accounting for 44(38.26%), indicated that they were not sure whether when the customers were few, they always charged at competitive rate that are attractive to them (competitive price) or not while most of them, 56(48.70%), showed neutrality to the proposition that they designed low-cost unique products which met the need of customer in that region (unique affordable products).

According to these results, salons and beauty spas in Nairobi were not always using competitive pricing strategy as they only moderately offered unique affordable products. Most of the respondents, 41(35.65%) showed neutrality on the assertion that the business ensured they provided affordable goods and service when the customers

in a region were few (convenient and affordable by the target markets), while others, 38(33.04%), showed that they were not sure whether their businesses had built effective sales channel to reach all customers in a given area or not.

Thus, in narrow markets the salons and beauty spas in Nairobi were not always driven by convenience and affordability of the target markets in their product design and pricing. Also, they had moderate sales channel for reach their customers in any given region. Most of the respondents, forming 43(37.39%) agreed to the proclamation that they used customer demographics (such as gender, age, class) to establish goods/services to be provided in that area.

51 of them (44.35%) were neutral on the assertion that in areas where the customers were few, they sought to save money. This was an indication that sometimes, in narrow markets, the salons and beauty spas in Nairobi sought to save money. Again, most of them, 53(46.09%), were neutral on the statement that where the customers were few, they invested in smaller volumes of to save money (cost advantage in narrow market) that is in narrow market. Thus, they sometimes used the cost advantage to invest is smaller volumes so as to save money.

On average, the salons and beauty spas in Nairobi moderately utilized the focused cost leadership strategy in their businesses.

Further, after assessing the effect of focused cost leadership strategy on performance, Table 4.7 contents were obtained.

Table 4. 7*Effect of focused cost leadership strategy on performance*

	Not at all		Low		Moderate		High		Very High	
	N	%	N	%	N	%	N	%	N	%
Designing competitive pricing	5	4.39%	12	10.53%	36	31.58%	41	35.96%	20	17.54%
Low-cost unique products	6	5.26%	13	11.40%	37	32.46%	42	36.84%	16	14.04%
Cost convenience (affordability by the target markets)	6	5.26%	13	11.40%	30	26.32%	48	42.11%	17	14.91%
Effective sales channel to reach customers	4	3.51%	13	11.40%	40	35.09%	38	33.33%	19	16.67%
Target market by demographics	6	5.26%	18	15.79%	33	28.95%	37	32.46%	20	17.54%
Saving money	4	3.51%	14	12.28%	41	35.96%	33	28.95%	22	19.30%
Investing in small volume for cost advantage	4	3.51%	12	10.53%	42	36.84%	36	31.58%	20	17.54%

Source: Research Data (2021)

Founded on Table 4,7 results, most of the respondents, 41(35.96%), showed that designing competitive pricing highly influenced performance of the salons and beauty spas in Nairobi. While most of the respondents, 42(36.84%), showed that low-cost unique products highly influenced performance of salons, it was shown that most of the respondents, 48(42.11%), indicated that cost convenience (affordability by the target markets) highly influenced performance of salons. Most of the respondents, 40(35.09%), showed that effective sales channel to reach customers highly influenced performance of salons. In the results, it was shown that most of the respondents, 37(32.46%), showed that target market by demographics highly influenced performance of salons. In addition, most of the respondents, 41(35.96%), showed that

saving money moderately, influenced performance of salons as most of the respondents, 42(36.84%), showed that investing in small volume for cost advantage moderately influenced performance of salons. On average, it was shown that focused cost leadership strategy highly influenced the performance of salons and beauty spas in Nairobi County.

Focused Differentiation Strategy and Performance of Salons and Beauty Spas in Nairobi

The fourth objective; to establish the effect of focused differentiation strategy on the performance of salons and beauty spas in Nairobi. The study was meant to first establish the level of employment of focused differentiation strategy and the results in Table 4.8. were obtained for focused differentiation strategy.

Table 4.8

Status of focused differentiation strategy

	Strongly Disagree		Agree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
Fewer customers but fulfil their specific needs	6	5.22%	18	15.65%	37	32.17%	41	35.65%	13	11.30%
Knowledge gathering	13	11.30%	17	14.78%	43	37.39%	27	23.48%	15	13.04%
Distinguishing customers	12	10.43%	23	20.00%	32	27.83%	34	29.57%	14	12.17%
Building customer loyalty	8	6.96%	24	20.87%	36	31.30%	30	26.09%	17	14.78%
Developing new products	8	6.96%	24	20.87%	35	30.43%	30	26.09%	18	15.65%
Customer awareness	11	9.57%	21	18.26%	33	28.70%	36	31.30%	14	12.17%

Source: Research Data (2021)

following table 4.8, it was shown that only 41(35.65%) of the respondents were agreeing that for high end customers, they always sought to serve fewer customers but fulfil their specific needs and charge a premium price (premium products in a niche market).

43 respondents (37.39%), were neutral on the assertion that their business always acquired information about customers and their likes (through knowledge gathering)

The results also show that most of the respondents, 34(29.57%), agreed that their business always distinguished (classified) customers by locations, lifestyles. This means that although they were not always keen in knowledge gathering, they distinguished their customers by locations, lifestyles and tastes. While most of them, 36(31.30%), were neutral on the assertion that their priority was building customer loyalty to ensure customer willingness to continue consuming our products/services, the outcomes shows that most of them, 35(30.43%), were neutral on the assertion they were always developing new products to satisfy they clients.

This was an indication they moderately prioritized building customer loyalty for growth of client base as they also moderately developed new products to satisfy, they clients. Most of the respondent, 36(31.30%), agreed that they regularly created customer awareness for our services/products through promotion to manes that they were regularly creating customer awareness for our services/products through promotion campaigns. On average, the salons and beauty spas in Nairobi County moderately employed the focused differentiation strategy. Then the study assessed the effects of focused differentiation strategy on performance and results captured in Table 4.9.

Table 4.9*Effects of focused differentiation strategy on performance*

	Not at all		Low		Moderate		High		Very High	
	N	%	N	%	N	%	N	%	N	%
Premium products in a niche market	6	5.31%	7	6.19%	36	31.86%	43	38.05%	21	18.58%
Knowledge gathering	6	5.26%	9	7.89%	35	30.70%	48	42.11%	16	14.04%
Distinguish customer by geographic location	8	7.02%	11	9.65%	32	28.07%	45	39.47%	18	15.79%
Building customer loyalty	5	4.39%	13	11.40%	33	28.95%	40	35.09%	23	20.18%
Developing new products	6	5.26%	9	7.89%	34	29.82%	46	40.35%	19	16.67%
Creating customer Awareness	6	5.26%	7	6.14%	39	34.21%	43	37.72%	19	16.67%

Source: Research Data (2021)

Guided by table 4.9, then 43(38.05%) showed that premium products in a niche market highly affected performance of salons and beauty spas in Nairobi, while most of the respondents, 48(42.11%), showed that knowledge gathering highly affected performance. Furthermore, most of the respondents, 45(39.47%), showed that distinguishing customer by geographic location highly affected performance of salons.

More results show that most of the respondents, 40(35.09%), showed that building customer loyalty very highly affected performance of salons and beauty spas in Nairobi. Other results show that most of the respondents, 46(40.35%), showed that developing new products highly affected performance of salons and beauty spas in Nairobi, while most of the respondents, 43(37.72%), showed that creating customer awareness had a high effect on performance of salons and beauty spas in Nairobi. On

average, focused differentiation strategy highly affected performance of salons and beauty spas in Nairobi County.

Performance Salons and Beauty Spas in Nairobi

The study then evaluated the performance salons and beauty spas in Nairobi and thereby associate this with the way business level strategies affected it. The results obtained for performance of salons and beauty spas in Nairobi County were recorded in Table 4.10.

Table 4.10

Analysis by Status of performance

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
Sales volumes	10	8.77%	19	16.67%	43	37.72%	39	34.21%	3	2.63%
investing in the business	8	7.02%	9	7.89%	46	40.35%	46	40.35%	5	4.39%
Profitability has been increasing	9	7.89%	14	12.28%	46	40.35%	41	35.96%	4	3.51%
customers are always satisfied	6	5.26%	10	8.77%	46	40.35%	45	39.47%	7	6.14%
focusing on customer retention	7	6.14%	8	7.02%	41	35.96%	52	45.61%	6	5.26%
Customer loyalty	5	4.39%	9	7.89%	48	42.11%	48	42.11%	4	3.51%
delivering its services/products efficiently	7	6.14%	14	12.28%	50	43.86%	39	34.21%	4	3.51%
registering growing client base	4	3.51%	18	15.79%	57	50.00%	30	26.32%	5	4.39%

Source: Research Data (2021)

Informed by Table 4.10 results, on the performance due to business level strategies, it was shown that most of the respondents, 43(37.72%), were neutral on the assertion that their sales had been increasing very year to show that there was moderate sales revenue increase over the period of the business. While 46(40.35%) agreed to the statement that they been collecting sufficient revenue to run the business and keep for reinvesting in the business, another 46(40.35%) showed that they were neutral on that sentiment.

This implies that the salons and beauty spas in Nairobi County were reinvesting their income form sales into their businesses. However, it is not clear whether the ploughed back (reinvested) were the retained earnings or just the sales revenue. Furthermore, as 46(40.35%) were neutral to the assertion that profitability of the business had been increasing every year enough to reinvest as other results show that 46(40.35%) were neutral to the assertion that their customers were always satisfied by their services and products. This means that they were not always making substantial profits and their customers were moderately satisfied

When 52(45.61%) agreed to the assertion that the business had been focusing on customer retention by keeping a register of our customer and always contacting them and appreciating them, 48(42.11%) agreed that all the customers who visiting them for the first time always came back for repeat service (customer loyalty) so, although the customer satisfaction was moderate, there was high customer retention and this ensured customer loyalty. It was shown that 50(43.86%) indicated that they were neutral on assertion that the business had been delivering its services/products efficiently to show that services/products was moderate. Other results show a majority

of 57(50.00%) displaying that they were not sure whether had been registering growing client base over time or not. This means growth of client base was moderate despite high retention rate and high customer loyalty.

4.6 Inferential Analysis

Inferential analysis was applied to look for a relationship between the main study variables, IVs and DV, in order to extrapolate the findings to the broader MSE sector (through correlation analysis) and importantly for predicting study model (using MRA).

Testing CLRM Assumptions

The research examined the data to ensure that basic assumption of CLRM was satisfied in order to preserve the correctness and resilience of the regression model. If the assumptions were met, then all relevant information was to be examined and incorporated in the model. Nonetheless, if these suppositions had not been met, it would have been clear that some data needed to be left out of the model. The study examined this section for normality, multicollinearity, heteroscedasticity, and autocorrelation to ensure the validity of the study.

Normality tests

The Kolmogorov-Smirnov (KS) test was employed in this thesis to determine whether the data were normal. The results are shown in Table 4.11.

Table 4.11*Tests of Normality*

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Cost leadership strategy	.135	116	.000	.901	116	.000
Differentiation strategy	.153	116	.000	.936	116	.000
Focused cost strategy	.091	116	.019	.961	116	.002
Focused differentiation strategy	.139	116	.000	.939	116	.000
Performance of MSEs in Nairobi County	.161	116	.000	.920	116	.000

a. Lilliefors Significance Correction

Source: Research data (2021)

Table 4.11 provides the probability value (p-value) for each variable used in the thesis, including the performance of MSEs in Nairobi County ($p=0.01$), cost leadership strategy ($p<0.01$), differentiation strategy ($p<0.01$), focused cost leadership strategy ($p=0.002$), and focused differentiation strategy ($p<0.01$) did not surpass 0.05; which indicated that the residuals are not normally distributed. This denied the data the reality that the distribution fit the normal distribution. As a result, the data was normalized and yielding.

Table 4.12*Normality of normalized data*

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Performance of micro and small enterprises in Nairobi County	.066	116	.200*	.980	116	.089
Cost leadership	.067	116	.200*	.979	116	.069
Differentiation	.068	116	.200*	.971	116	.012
Focused cost	.065	116	.200*	.972	116	.017
Focused Differentiation	.059	116	.200*	.983	116	.155

Source: Research data (2021)

On successful normalization of the nonmoral data, was analyzed to yield Table 4.12, based on the results, for each variable; performance of MSEs in Nairobi County ($p=0.200$), cost leadership ($p\text{-value} = 0.200$), differentiation ($p=0.200$), focused cost leadership ($p = 0.200$), and focused differentiation ($p=0.200$), the p -value exceeded 0.05. Consequently, this data is typically dispersed.

Testing Multicollinearity

Multicollinearity develops when IVs are significantly associated, i.e., when they all convey the exact same information. The multicollinearity problem thus reduces the predictive power of individual IVs. Neither of the predictor variables may separately and substantially contribute to the prediction model once the other independent variables have been taken into account. Multicollinearity exists when the variance inflation factor (VIF) is greater than 10 and the tolerance is lower than 0.1. The results of the Multicollinearity test are summarized in Table 4.13.

Table 4.13*Test for Multicollinearity on Independent variables*

	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Cost leadership	.782	1.279
Differentiation	.970	1.031
Focused cost	.762	1.312
Focused Differentiation	.873	1.145

Source: Research data (2021)

Using tolerance captured in Table 4.13 that of; cost leadership (Tolerance=0.782), differentiation (Tolerance=0.970), focused cost leadership (Tolerance=0.762), and focused differentiation (Tolerance= 0.873) show tolerance exceeding 0.1; an implication on absence of multi-collinearity problems among the IVs.

Heteroscedasticity test

When the variance of each error term differs of the study variables, heteroscedasticity develops. If indeed the p-value had not exceeded 0.05, heteroscedasticity would have been present according to the research's 5% threshold of significance. This test determines whether the data have a heteroscedasticity issue if the P-value is significant at the 95% confidence interval, but not if the p-value is negligible (greater than 0.05). Table 4.14 presents the results of the heteroscedasticity test.

Table 4.14*Results on Heteroscedasticity test*

	Coefficients^a				
	Unstandardized		Standardized		
	Coefficients		Coefficients		
	Std.				
	B	Error	Beta	t	Sig.
(Constant)	-.213	.386		-.551	.583
Cost leadership	-.373	.249	-.157	-1.499	.137
Differentiation	.179	.154	.109	1.158	.249
Focused cost	.080	.173	.049	.463	.644
Focused Differentiation	.270	.204	.131	1.325	.188

a. Dependent Variable: Unstandardized Residual

Source: Research data (2021)

Employing Table 4.14, the p-value with each IV was more than 0.05 and showed no evidence of heteroscedasticity issues for cost leadership ($p= 0.137$), differentiation ($p= 0.249$), focused cost leadership ($p = 0.644$), and focused differentiation ($p= 0.188$).

Autocorrelation tests

The autocorrelation criteria, which demand that variance of the error term have zero covariance over period, were put to the test in this study. Mistakes related to one observation are independent of errors related to any other observation, in other words. The investigation used the Durbin Watson test, for detecting serial correlation. The error terms in this research are not related to one another for different observations due to the lack of an autocorrelation issue, as shown in Table 4.15.

Table 4.15

Autocorrelation tests

Model Summary^b				
R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.634 ^a	.402	.381	.25342	2.275

a. Predictors: (Constant), Focused Differentiation, Differentiation, Cost leadership, Focused cost

b. Dependent Variable: Performance of micro and small enterprises in Nairobi County

Source: Research data (2021)

The study suggested a null hypothesis to test the Durbin-Watson autocorrelation test;

“H₀: There is no autocorrelation in the relationship”

The results show that the Durbin-Watson was 2.276. Thus, Durbin-Watson (5,11) = 2.275. but from the critical value of Durbin-Watson Table, the critical value for Durbin-Watson (5,11) is [1.57, 1.78] with lower value being 1.57 and upper value 1.78.

The null hypothesis is accepted when Durbin-Watson d-statistic is greater than 1.78 since Durbin-Watson d-statistic of 2.276 is greater than Durbin-Watson critical of 1.78 the null hypothesis is accept such that there is no autocorrelation in the relationship.

Correlation Analysis

The research used a correlation analysis to determine whether there was a relationship between the IVs; and DV); performance of MSEs and whether this relationship was significant. The Pearson's product moment correlation was employed at a 5% (0.05 level) significance level in this investigation. Table 4.16 displays the correlation results.

Table 4. 16*Correlation Results*

		Correlations				
		Performance of MSEs in Nairobi County	Cost leadership	Different iation	Focused cost	Focused Differentiation
Performance of MSEs in Nairobi County	Pearson Correlation Sig. (2- tailed) N	1 116				
Cost leadership	Pearson Correlation Sig. (2- tailed) N	.413** .000 116	1			
Differentiation	Pearson Correlation Sig. (2- tailed) N	.265** .004 116	-.088 .347 116	1		
Focused cost	Pearson Correlation Sig. (2- tailed) N	.489** .000 116	.430** .000 116	.072 .443 116	1	
Focused Differentiation	Pearson Correlation Sig. (2- tailed) N	.404** .000 116	.260** .005 116	.088 .349 116	.318** .001 116	1 116

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data (2021)

Based on these correlation results; at 0.05 significance level, IVs; cost leadership (p<0.01), differentiation (p= .004), focused cost leadership (p<0.01), and focused differentiation (p<0.01) displayed significant relationship with performance of MSEs business operating in Nairobi County. This was because the p-value in each

relationship did not reach 0.05. Focused cost ($r = 0.489$, $p < 0.01$) had the highest relationship, then cost leadership ($r = 0.415$, $p < 0.01$) followed by focused differentiation ($r = 0.404$, $p < 0.01$), and then differentiation ($r = 0.265$, $p < 0.01$). The results imply that focused cost leadership ($r = 0.489$, $p < 0.01$), cost leadership ($r = 0.415$, $p < 0.01$) and focused differentiation ($r = 0.404$, $p < 0.01$) had moderate significant relationship with the performance of MSEs businesses operating in Nairobi County in that the correlation coefficient (r) came between 0.3 and 0.6 while differentiation strategy ($r = 0.265$) was had a low significant relationship with performance of MSEs in Nairobi County in that correlation coefficient could not reach 0.3.

Regression Analysis

Since the IVs were found to had been significantly correlated to DV, the study then carried out MRA; seeking to establish whether the IVs would be suitable estimators of the DV (performance of MSEs in Nairobi County) and therefore estimate a model for explaining DV in terms IVs. The MRA were done using OLS (Ordinary Least Square) to determine the influence of the IVs on the DV.

Estimation of the general model

Then, in order to determine how well each of the essential variables—cost leadership strategy, differentiation strategy, focused cost leadership strategy, and focused differentiation strategy—would predict the performance of MSEs, an ANOVA was performed on all of the relevant variables yielding Table 4.17. The study was therefore testing for the goodness of fit of the model to explain performance of MSEs in Nairobi County in terms of the IVs.

Table 4.17

Model goodness of fit

ANOVA ^a					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.794	4	1.198	18.661	.000 ^b
Residual	7.129	111	.064		
Total	11.923	115			

a. Dependent Variable: Performance of micro and small enterprises in Nairobi County

b. Predictors: (Constant), Focused Differentiation, Differentiation, Cost leadership, Focused cost

Source: Research Data (2020)

In testing the goodness of fit of the model, the thesis was seeking to show whether each coefficients of; cost leadership strategy, differentiation strategy, focused cost leadership strategy, and focused differentiation strategy (β_1 , β_2 , β_3 , and β_4) was zero (that is $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$ or not ; $\beta_i \neq 0$. If $\beta_i \neq 0$ is true then the model is fit and if it is false, the model is not fit.

Based on this the constructed the hypotheses;

H₀: Cost leadership, differentiation, focused cost leadership, and focused differentiation strategy are not suitable predictors of performance of MSEs

The ultimate hypotheses from this on were;

H₀: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$

H_a: $\beta_i \neq 0$.

Table 4.13's findings (F= 28.148, p<0.01) indicate that p<0.01 doesn't really equal 0.05. This indicates that at least one of the coefficients is not equal to zero (at least β_i

$\neq 0$) at the 5% significance level ($\alpha = 0.05$). As a result, the alternative hypothesis was accepted and the null hypothesis was rejected. Therefore, the four predictors—cost leadership, differentiation, focused cost leadership, and focused differentiation strategy—can each estimate the performance of MSEs favorably. As a result, the model may be used to explain how MSEs in Nairobi County performed in terms of cost leadership, differentiation, focused cost leadership, and focused differentiation. As a result, this thesis created a model by regressing these IVs against employee performance. The results are displayed in Table 4.18.

Table 4.18

Regression Results

	Coefficients^a				
	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
B	Std. Error	Beta			
(Constant)	-.039	.149		-.264	.793
Cost leadership	.291	.096	.251	3.026	.003
Differentiation	.196	.059	.246	3.302	.001
Focused cost	.231	.067	.292	3.474	.001
Focused Differentiation	.224	.079	.224	2.848	.005

a. Dependent Variable: Performance of micro and small enterprises in Nairobi County

Source: Research Data (2021)

In this thesis, the p-values of the regression findings in table 4.18 were interpreted using a 5% significance threshold. The results were used to test the hypothesis in section 1.5.

Hypothesis 1 was

H₀₁: Cost leadership does not significantly affect organizational performance of salons and beauty spas in Nairobi

The results are the findings (T= 3.026 p= 0.003), which display p-value as not reaching 0.05. so, the null hypothesis was to imply that There is substantial proof that the cost leadership strategy may accurately predict MSE performance in Nairobi County, hence it is valuable as a predictor of MSE performance.

Second hypothesis was

H₀₂: Differentiation does not significantly affect organizational performance of business operating salons and beauty spas in Nairobi

Using the findings (T= 3.302; p= 0.001), it was demonstrated that the p-value is much less than 0.05 at the = 0.05 level of significance. Since p-value was less than 0.05, then null hypothesis was rejected This means that there is still enough evidence to indicate that differentiation approach is a predictive estimator of MSE performance in Nairobi County. As a result, differentiation approach is useful as a prediction variable of MSE performance.

Third hypothesis was

H₀₃: Focused cost leadership strategy does not significantly affect organizational performance of business operating salons and beauty spas in Nairobi

The results (T= 3.474; p=0.001) demonstrate that the p-value does not reach 0.05 and since the p-value was less than 0.05, then null hypothesis was rejected; indicating that there is compelling evidence that focused cost leadership strategy is a predictor of

MSE performance in Nairobi County at the 5% significant level. This suggests that MSE performance may be forecasted using a focused cost leadership strategy.

Finally, the fourth hypothesis was

H₀₄: Focused differentiation strategy does not significantly affect organizational performance of salons and beauty spas in Nairobi

The results reveal that the p-value in (T= 2.848; p= 0.005) is less than 0.05. in that the p-value was less than 0.05, then the null hypothesis was rejected, Thus, at the 5% significant level, focused differentiation strategy is a predictor of MSE performance in Nairobi County, suggesting that focused differentiation strategy is useful in prediction of MSE performance.

Using the coefficient; in the table to fit the model;

$$Y = -0.039 + 0.291X_1 + 0.196X_2 + 0.231X_3 + 0.224X_4 \dots\dots\dots (i)$$

Thus,

$$\begin{aligned} \text{Performance of MSEs in Nairobi County} = & -0.039 + 0.291 (\text{cost leadership strategy}) + \\ & 0.196 (\text{differentiation strategy}) + 0.231 (\text{focused cost leadership strategy}) + 0.224 \\ & (\text{focused differentiation strategy}) \dots\dots\dots (ii) \end{aligned}$$

Inference is made therefore that the constant levels of performance of MSEs in Nairobi County before incorporating business level strategy is -0.039. With a coefficient of 0.291, cost leadership approach had a positive influence on MSE performance, implying that a change in cost leadership strategy can result in a change in performance rate of 0.291 units in the same direction. Through the examination of coefficient for business level strategy; differentiation strategy had positive impact on performance of

MSEs; a coefficient of 0.196. Therefore, it means that a change in differentiation strategy of one unit would result in a 0.196 change in performance in the same trend. (direction).

With a coefficient of 0.231, focused cost leadership strategy had a positive influence on MSE performance in Nairobi County, indicating that one-unit change in focused cost leadership strategy can result in a change in staff performance of 0.231 units. With a coefficient of 0.224, focused differentiation strategy had a positive influence on MSE performance, indicating that a one-unit change in focused differentiation might result in a 0.224-unit improvement in performance.

The coefficients of; cost leadership, differentiation, focused cost leadership, and focused differentiation are all positive, suggesting that they are directly related to the performance of MSEs in Nairobi County. As a result, increasing any of these factors, such as cost leadership, differentiation, focused cost leadership, and focused differentiation improves MSE performance in Nairobi County, and vice versa.

The model appears in table 4.19.

Table 4. 19

Model Summary for performance

Model Summary^b			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.634 ^a	0.4021	0.3805	0.25342

a. Predictors: (Constant), Focused Differentiation, Differentiation, Cost leadership, Focused cost

b. Dependent Variable: Performance of micro and small enterprises in Nairobi County

Source: Research Data (2021)

According to Table 4.15, the coefficient of determination is 0.3805. According to this, 38.05 percent of increases in MSE performance in Nairobi County may be attributed to cost leadership strategy, differentiation strategy, focused cost leadership strategy, and focused differentiation strategy. As a result, in Nairobi County, MSE performance is significantly influenced by cost leadership strategy, differentiation strategy, focused cost leadership strategy, and focused differentiation strategy. In inference, it was shown that the performance of MSEs in Nairobi County was significantly and positively explained by cost leadership strategy, differentiation strategy, focused cost leadership strategy, and focused differentiation strategy. According to the regression results in the research, cost leadership is a good predictor of small-medium-business performance (SMEs).

4.7 Discussion of results

This section contains discussions on the report's findings. The goals were to assess the impact of the cost leadership strategy, the differentiation strategy, the focused cost leadership strategy, and the focused differentiation strategy on the performance of Nairobi's salons and spas.

Discussion on Organizational Performance

In terms of sales volume, profitability, customer happiness, customer retention, customer loyalty, and productivity, MSEs in Nairobi County have a dismal organizational performance. Meaning that MSEs are only moderately achieving their expected target. Accordingly, sales revenue for enterprises was moderate and thus affecting their profitability to the extent that the profits were not to their expectations. On the other side, they have favor in attracting and retaining their clients and hence high customer loyalty despite moderate delivery of their services/products. They in fact failed to prioritize keeping a register of their customers and for that reason rarely contact or have avenue of appreciating their customer. Owing to this, first-time customers rarely seek repeat service thus denting the customer loyalty.

Consequently, the client base growth was constraint over time. However, the high retention rate and high customer loyalty would have spurred the growth of client base which was not the case. This might imply that the number of customers visiting a particular MSE was moderate hence moderate client base growth.

Discussion on Cost Leadership Strategy and Performance

It was found that sometimes, these MSEs would employ cost leadership and other times they did not do that. At times when there were many customers, they charged a cheaper rate to gain small amount form many clients and other time they did not implement that strategy. The same happened to low cost to a broad market when at times they provided products/service at lower charges than those of their competitors when the clients were many but equal times, they avoided doing this. These businesses

rarely minimized cost of running the business by avoiding unnecessary costs or even reduced wastages while maintaining quality of services and products. In addition, these MSEs were rarely concerned with specific audience (rarely give priority to those clients who were interested in their product /services). In addition, through use of cost leadership, the organizational performance was improved significantly to agree with Mohamed and Gichinga (2018) that cost leadership has a significant positive influence on performance. This was confirmation to the findings by Kowo et al. (2018) SMEs that firms tend to minimize operational expenditures when they use an efficient cost leadership.

As a result, the poor performance of these MSEs may be ascribed to a lack of employment on cost leadership. This is consistent with the findings of Njuguna and Waithaka's (2020) that cost leadership is positively and significantly connected to performance (Buul & Omundi, 2017). However, Isaboke (2018) found that most small businesses in Nairobi County used low-cost leadership as a strategy for cutting operational costs and lowering product prices and improving performance of their businesses.

Discussion on Differentiation Strategy and Performance

The regression results reveal that differentiation strategy has a positive significant effect on MSE performance in Nairobi County ($p=0.01$; $\beta=0.246$), whereas correlation results reveal a low significant relationship between differentiation strategy and MSE performance in Nairobi County ($r= 0.265$; $p0.05$). The findings are in conformity with those in the study by Achieng' and Ngala (2019) which found differentiation as a satisfactory variable in the success of SMEs (Isaboke, 2018). Meanwhile according to

research by Onyango (2017) this strategy produces something unique in the eyes of customers. Buul and Omundi (2017) showed that this has a positive and significant impact on performance (Chelanga, et al., 2017; Gure & Karugu, 2018). In agreement, Ndege (2018) revealed that diversification increases company performance by increasing profitability to coincide with Muraguri (2018) that it has a positive improvement in performance (Mohamed & Gichinga, 2018; Muia, 2017).

According to the findings by Ndege (2018), diversification boosts cosmetic company performance through product sales. This in; offering unique goods boosts competitive advantage, and gaining new market share by diversifying by broadening into other business areas,

Discussion on Focused Cost Leadership Strategy and Performance

The results show that the MSEs customer demographics (such as gender, age, class), establish goods/services to be provided in specific area, saving money and even investing in smaller volumes to save money are cost advantage factors in narrow market. These are confirmed in the study by Muli (2017) which shows cost leadership as having a favourable link with performance through of having; value reduction and sales promotion should be maintained secure, in order to maintain the principle of charging a cheaper price, to reduce costs and to cut expenses, outsourcing, better domestic efficiency, and the procurement of raw material at lower prices.

Importantly, it was also found that employment of focused cost leadership strategy highly affected performance of MSEs in Nairobi County ($p < 0.01$; $\beta = 0.292$; $r = 0.489$). This disagrees to the findings in the study by Mohamed and Gichinga (2018) which

found that focus strategy has a negligible effect on performance to suggest that the current focus is insufficient for increasing performance. Although the correlation results agree to those by Muraguri (2018), Muraguri suggests negative insignificant effect.

Discussion on Focused Differentiation and Performance

Based on the findings in this research, application of focused differentiation strategy was inadequate while also the performance of MSEs in Nairobi County was moderately restricted. According to the results, although MSEs in Nairobi County sought to serve fewer customers but fulfil their specific needs and charge a premium price (premium products in a niche market) for high end customers, they infrequently acquired information about customers and their likes (knowledge gathering). That is; they rarely prioritized knowledge gathering which to an extent limited distinguishing (classifying) their customers by locations, lifestyles, restricting priority for building customer loyalty to ensure customer willingness to continue consuming their products/services. These MSEs were always seeking to develop new products to satisfy they clients but they were not always creating customer awareness for our services/products through promotion and related means

However, focused differentiation strategy was shown to be a significant estimator of MSE performance, with regression findings indicating that cost focused differentiation strategy has a positive significant influence on MSE performance ($p < 0.05$; $\beta = 0.224$). Furthermore, the correlation data reveal a moderately significant link between MSE performance and targeted differentiation approach ($r = 0.404$; $p < 0.01$). Designing premium items in a specialized market, knowledge collecting,

differentiating customers by geographic area, establishing customer loyalty, producing new products, and generating consumer awareness all had a significant impact on performance.

The results supported those of Gure and Karugu (2018), who discovered that focus strategy had a significant influence on SMEs' performance in Nairobi County, Kenya. It was more difficult to execute a hybrid of these techniques since it needed a combination of differentiation and focus strategy, but SMEs wanted to focus on a particular market, product, or sector in order to increase market share. The study also indicated that in order to get successful results, connected techniques are required.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this thesis, the current portion of the paper provides a summary of the key findings, as well as conclusions and suggestions. The policy suggestion is followed by topics for further investigation that are highlighted in the report.

5.2 Summary of Study Findings

The outcomes of the analysis are summarized in this section, with the objectives serving as a guide for the overview. The guiding objectives were; effect of cost leadership strategy, influence of differentiation strategy, influence of the focused cost leadership strategy, and effect of the focused differentiation strategy on performance of Nairobi's salons and beauty spas.

Findings on Performance of MSEs

The study established that the performance of MSEs in Nairobi County in terms of; sales volumes, profitability, customer satisfaction, customer retention and customer loyalty. These sales revenue for enterprises was not consistently increasing every year which implied that the profitability of the business was also affected. These businesses rarely focused on customer retention and indeed did not always keep a register of their customer and therefore rarely contacted with them or even appreciated them. Consequently, some of the customers who were visiting them for the first time did always come back for repeat service (Customer loyalty) and accordingly they were not

registering consistent client base growth over time. This might also be attributed to these businesses failing to always deliver their services/products efficiently.

Findings on Cost Leadership and MSE Performance

In this thesis, it is established that cost leadership has positive significant and moderate effect on performance of MSEs in Nairobi County. This is indicated by employing economies of scale, low cost to a broad market, operating efficiency, production cost, specific audience as business level strategy. So, on a broad market (where there are many customers), the MSEs should charge lower rates than their competitors which will enable them to gain small amount from many clients. In this broad market the MSEs are required to provide products/service at lower charges. In addition, the MSEs are advised to minimize running cost through avoidance unnecessary costs and they should importantly reduce wastages while maintaining quality of services and products.

Findings on Differentiation Strategy and Performance

The research found that differentiation strategy has a positive significant and low influence on performance of MSEs in Nairobi County although the influence is low ($p=0.01$; $\beta=0.246$ while correlation results show a low significant relationship between differentiation strategy and on performance of MSEs in Nairobi County ($r=0.265$; $p<0.05$). employment differentiation strategy spurs performance of MSEs in Nairobi County through grouping their clients in to categories depending on their location, demographics, lifestyle choices and behavior (market segments), possessing highly skilled staff, being innovative (creativity as well as having appealing and

competitive products/services), charging premium prices, adopting continuous improvement (improving products and service to be more attractive) strategy as well as offering unique products and promptly, quick and fast service delivery.

Findings on Focused Cost Leadership Strategy and Performance

According to the results, focused cost leadership strategy has a significant influence on performance of MSEs in Nairobi County ($p=0.001$; $\beta=0.292$) and the correlation results show a moderate significant relationship between cost leadership and on performance of MSEs in Nairobi County ($r= 0.489$; $p<0.01$). engagement of focused cost leadership strategy enhanced their performance of MSEs in Nairobi County through; endorsing charges that competitive rate and attractive to customers especially on narrow markets and designing low-cost unique products that are meeting customer needs and demands with respect to their region (unique affordable products). Success in performance is also enhanced by establishing effective sales channel that reach all customers in given areas, classifying customer using their demographics (such as gender, age, class) to establish goods/services to be provided in specific area, save money and using cost advantage in narrow market strategy (investing in smaller volumes of to save money in narrow market).

Meanwhile, it was found that employment of focused cost leadership strategy It was found that designing competitive pricing, adopting low-cost unique products approach, adopting cost convenience (affordability by the target markets) strategy, designing effective sales channel to reach customers, segmenting target market by demographics, and investing in small volume for cost advantage highly affected performance of MSEs

in Nairobi County while saving money moderately, affected performance of MSEs in Nairobi County.

Findings on Focused Differentiation Strategy and Performance

This research established that focused differentiation strategy has a positive significant effect on performance of MSEs in Nairobi County ($p < 0.05$; $\beta = 0.224$) with correlation results showing a moderate significant relationship between focused differentiation strategy and on performance of MSEs in Nairobi County ($r = 0.404$; $p < 0.01$). Application of focused differentiation strategy supports performance of MSEs in Nairobi County where the enterprise adopts the premium products in a niche market strategy to serve fewer customers but fulfil their specific needs and charge a premium price, and that the enterprises prioritizes knowledge gathering to attain information about customers and their likes. Such provides for distinguishing (classifying) their customers by locations, lifestyles, restricting priority for building customer loyalty to ensure customer willingness to continue consuming their products/services. focused differentiation strategy also encompasses development of new products to satisfy they clients and is stimulated by creating customer awareness of their services/products through promotion and related means

According to the results, designing premium products in a niche market highly, knowledge gathering, distinguishing customer by geographic location, building customer loyalty, developing new products, and creating customer awareness had a high effect on performance of MSEs in Nairobi County

5.3 Conclusions

The study concludes that cost leadership has moderate positive significant effect on performance of MSEs in Nairobi County ($p < 0.05$; $\beta = 0.251$). The correlation results show a moderate significant relationship between cost leadership and on performance of MSEs in Nairobi County ($r = 0.413$; $P < 0.01$). These findings led to rejection of hypothesis 1 and imply that cost leadership has moderate positive significant effect on performance of MSEs in Nairobi County.

In its conclusion, the research indicates that differentiation strategy positively and significantly low influence on performance of MSEs in Nairobi County ($p = 0.001$; $\beta = 0.246$) while correlation results show a low significant relationship between differentiation strategy and on performance of MSEs in Nairobi County ($r = 0.265$; $p < 0.05$). since the p-value was less than 0,05, then hypothesis 2 was rejected and the study concludes that differentiation strategy has significant effect on performance of MSEs in Nairobi County.

On testing hypothesis 3, the study found that the p-value was 0.001 which was less than 0.005. so, Hypothesis was rejected for the study to conclude that focused cost leadership strategy has positive significantly moderate influence on performance of MSEs in Nairobi County ($p = 0.001$; $\beta = 0.292$) and the correlation results show a moderate significant relationship between cost leadership and on performance of MSEs in Nairobi County ($r = 0.489$; $p < 0.01$).

Finally, hypothesis 4 was tested to give a p-value (0.005) not exceeding 0.05 to include that focused differentiation strategy has a significant effect on performance of MSEs

in Nairobi County. The research indicates that at 5% significance level, focused differentiation strategy has moderate positive significant effect on performance of MSEs in Nairobi County ($p < 0.05$; $\beta = 0.224$) with correlation results showing a moderate significant relationship between focused differentiation strategy and on performance of MSEs in Nairobi County ($r = 0.404$; $p < 0.01$).

This thesis reveals that at 5% (0.05) level of significance, these strategies have positive significant effect on performance of MSEs in Nairobi County. The study infers that 38.05% of changes in performance of MSEs in Nairobi County is explained by the business level strategy.

5.4 Recommendations

Our research provided several policy suggestions as well as recommendations for future research based on the results collected, conclusions, and debates, which are documented in this part.

Recommendations on Research Findings

Policy recommendations were made for use by MSEs in Nairobi. Firstly, MSEs in Nairobi should review their cost leadership approaches for the purpose of attracting and retaining customers. The adopted cost leadership should employ economies of scale as they seek to reduce operational and production cost while focusing on the broad market. These strategies. Guided by need and wants of specific audience, should embark on minimizing costs as they unique products/service at lower charges.

Secondly, the research recommends for strengthening differentiation strategy being employed by MSEs in Nairobi. In their differentiation strategy, the MSEs should

classify their customers (create market segments) depending on their demographics (gender, location, demographics, lifestyle choices and behavior). They should make it their priority to acquire and retain expertise (skilled staff) coupled with creativity and continuous improvement. The MSEs should maintain register for customers details and their contacts

Thirdly, the research recommends that MSEs in Nairobi County should fortify their focused cost leadership to ensure that the enterprises are sensitive to competitively changing market prices in narrow market. They should devise mechanisms for arriving at competitive affordable, attractive rate in narrow markets through designing low-cost unique products which would ensure saving money and cost advantage.

Lastly, the research recommends that MSEs in Nairobi County develop strategies for establishing premium products in a niche market to a narrow market. They should also invest considerably in research for the purpose of knowledge gathering about customer demands.

Suggestion for Further Studies

The research only looked at data from Nairobi County, which limited the breadth of the results to that area. Kenya has 47 counties, with Nairobi County being one of them. Because additional MSEs in Nairobi County were not included, the study's application was restricted. As a result, due to the disparities in problems faced in different locations, further research should be undertaken to examine the effects of business level strategy on performance MSEs in Kenya.

The research reveals that cost leadership strategy, differentiation strategy, focused cost leadership strategy, and focused differentiation strategy account for 38.05 percent of the variation in MSE performance in Nairobi County. This indicates that the remaining 61.95 percent is accounted for by other factors. As a result, the study suggests that more research be done to determine what factors affect the 61.95 percent shift in MSE performance in Nairobi County.

5.5 Contribution to the Body of Knowledge

The research was done for Nairobi City County on business level strategy that impacts its performance and provides to knowledge on strategic management practices. The study exposed that MSEs would improve their overall performance on board market (using cost leadership and differentiation strategies) and narrow markets (using focused costs leadership and focused differentiation strategies) simultaneously. Most of the previous studies had always associated cost leadership and differentiation strategies with either small microenterprises (SMEs) or the larger medium sized enterprises. More so, most of those studies had rarely assessed the four strategies jointly with performance. So, the present study shown existence of consensus on the four business level strategy methods of cost leadership, differentiation, focused cost, and focused.

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APPENDIX I: INTRODUCTION LETTER

MARY WANJIRU KARUGA

BUS-3-2861-2/2016

KENYA METHODIST UNIVERSITY

Dear Respondent

I am a scholar at KENYA METHODIST UNIVERSITY pursuing a master degree in business administration. I am working on a research regarding the influence of business-level strategy on performance of micro and small enterprises (MSEs): a case of salons and beauty spas in Nairobi County, Kenya and have chosen you to participate in the study. I therefore kindly appeal for your assistance by filling the questionnaires provided. The questionnaires shall be used as a tool in lieu of achieving the research objectives. The information given will be treated with a lot of discretion.

Yours truly,

MARY WANJIRU KARUGA

BUS-3-2861-2/2016

KENYA METHODIST UNIVERSITY

APPENDIX II: QUESTIONNAIRE

**THE INFLUENCE OF BUSINESS-LEVEL STRATEGY ON
PERFORMANCE OF MICRO AND SMALL ENTERPRISES (MSES): A
CASE OF SALONS AND BEAUTY SPAS IN NAIROBI COUNTY, KENYA**

Instructions

Please take a few minutes to answer the questions as accurately as possible.
Tick the correct answer in the boxes provided against the questions where necessary.
Write brief answers where explanation is required.
You need not write your name on the questionnaire.
Information will be treated with confidentiality.

Section A: Personal Data

1. Please indicate your Age bracket. Tick (√) as appropriate

Less than 18 years	()	18 to 35 Years	()
36 to 45 years	()	46 to 55 Years	()
56 to 65 Years	()	Over 65 Years	()

2. Please indicate your highest education level attained. Tick (√) as appropriate

None	()	Primary	()
Secondary	()	College	()
University graduate	()	Post graduate	()
Other specify	()
		
		...	

3. Legal status of the enterprise: Kindly tick (√) the correct answer only

Family-Owned	()	Sole Business	()
Private Limited	()	Partnership	()
Others:	()	Explain _____	

4. Number of Employees at the moment: Kindly tick (√) the correct answer only

0 – 10	()	11 – 20	()	21 – 30	()
31-40	()	40 and above	()		

5. How long have you been in business? Please tick (√) as appropriate

Less than 5 years	()	5 to 10 years	()	Over 10 years	()
	()				

Section B: Performance of MSE

6. In your opinion, may you please indicate your level of agreement or disagreement with the following statements in regards to performance of your business, by ticking (√) the space corresponding to the correct answer.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree = 4: Strongly Agree = 5

Statement	5	4	3	2	1
Our sales have been increasing very year					
We have been collecting sufficient revenue to run the business and keep for investing in the business					
Profitability of the business has been increasing every year enough to reinvest					
Our customers are always satisfied by our services and products					
The business has been focusing on customer retention by keeping a register of our customer and always contacting them and appreciating them					
All the customers who visiting us for the first time always come back for repeat service (Customer loyalty)					
The business has been delivering its services/products efficiently					
We have been registering growing client base over time					

Section C: Influence of Cost Leadership Strategy on Organizational Performance

7. In your opinion, may you please indicate your level of agreement or disagreement with the following statements in regards to cost leadership strategy in your business, by ticking (√) the space corresponding to the correct answer.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree = 4: Strongly

Agree = 5

Cost Leadership Strategy Statement	5	4	3	2	1
Where there are many customers, our charges are at a cheaper rate to gain small amount form many clients (economies of scale)					
We also provide products/service at lower charges than those of our competitors when the clients are many					
Our business always minimise cost of running the business by avoiding unnecessary costs (operating efficiency)					
We always reduce wastages while maintaining quality of services and products (operating efficiency)					
Our business always minimises the costs of obtaining products/providing a service (production cost reduction)					
We always more concerned with (give priority to) those clients who are interested in our product /services (specific audience)					

8. In your opinion may you please indicate the level of influence of each of the following focused Cost leadership strategy indicators on performance of your business by ticking (√) the space corresponding to the correct answer

Scale: Not at All = 1; Low = 2; Moderate = 3; High = 4; Very High = 5

Cost Leadership Strategy Indicators	5	4	3	2	1
Economies of scale.					
Low cost to a broad market					
Operating efficiency					
production cost					
specific audience					

Section D: Influence of Differentiation Strategy on Performance

9. In your opinion, may you please indicate your level of agreement or disagreement with the following statements in regards to differentiation strategy in your business, by ticking (√) the space corresponding to the correct answer.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree = 4: Strongly Agree = 5

Differentiation Strategy Statement	5	4	3	2	1
We always group our clients in to categories depending on their location, demographics, lifestyle choices and behavior (market segments)					
Our business always recruits and retains (employs) highly skilled staff.					
We continuously implement creative, appealing and competitive products/services for our clients and charge a premium price on them (Innovation)					
Our business always ensure that the products and service offered to our customer are unique (Unique products).					
Product/service delivery is always done promptly (quick and fast)					
Our business always improves the products and service to be more attractive (continuous improvement)					

10. In your opinion may you please indicate the level of influence of each of the following focused differentiation strategy indicators on performance of your business by ticking (√) the space corresponding to the correct answer

Scale: Not at All = 1; Low = 2; Moderate = 3; High = 4; Very High = 5

Differentiation Strategy Indicators	5	4	3	2	1
Having market segments					
Engaging highly skilled staff					
Innovation.					
Unique products.					
Quick delivery timelines					
Continuous improvement					

Section E: Influence of Focus Cost Leadership Strategy on Performance

11. In your opinion, may you please indicate your level of agreement or disagreement with the following statements in regards to focus cost leadership strategy in your business, by ticking (√) the space corresponding to the correct answer.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree = 4: Strongly Agree = 5

Focus Cost Leadership Strategy Statement	5	4	3	2	1
When the customers are few, we always charge at competitive rate that are attractive to them (competitive price)					
We design low-cost unique products which meet the need of customer in that region (Unique affordable products)					
The business ensures we provide affordable goods and service when the customers in a region are few (convenience and affordable by the target markets)					
Our business has built effective sales channel to reach all customers in a given area					
We use customer demographics (such as gender, age, class) to establish goods/services to be provided in that area					
In areas where the customers are few, we seek to save money					
Where the customers are few, we invest is smaller volumes of products and services to save money (cost advantage in narrow market)					

12. In your opinion may you please indicate the level of influence of each of the following focused differentiation strategy indicators on performance of your business by ticking (√) the space corresponding to the correct answer

Scale: Not at All = 1; Low = 2; Moderate = 3; High = 4; Very High = 5

Focus Cost Leadership Strategy Indicators	5	4	3	2	1
Designing competitive pricing					
Low-cost unique products					
Cost convenience (affordability by the target markets)					
Effective sales channel to reach customers					
Target market by demographics					
Saving money					
Investing in small volume for cost advantage					

Section F: Focused Differentiation Strategy on Performance

13. In your opinion, may you please indicate your level of agreement or disagreement with the following statements in regards to focused differentiation strategy in your business, by ticking (√) the space corresponding to the correct answer.

Scale: Strongly Disagree = 1: Disagree= 2: Neutral = 3: Agree = 4: Strongly Agree = 5

Focused Differentiation Strategy Statement	5	4	3	2	1
For high end customers, we always seek to serve fewer customers but fulfil their specific needs and charge a premium price (Premium products in a niche market)					
Our business always acquires information about customers and their likes (Knowledge gathering)					
Our business always distinguishes (classifies) its customers by locations, lifestyles					
Our priority is building customer loyalty to ensure customer willingness to continue consuming our products/services					
We are always developing new products to satisfy our clients					
We regularly create customer awareness for our services/products through promotion and related means					

14. In your opinion may you please indicate the level of influence of each of the following focused differentiation strategy indicators on performance of your business by ticking (√) the space corresponding to the correct answer

Scale: Not at All = 1; Low = 2; Moderate = 3; High = 4; Very High = 5

Focused Differentiation Strategy Indicator	5	4	3	2	1
Premium products in a niche market					
Knowledge gathering					
Distinguish customer by geographic location					
Building customer loyalty					
Developing new products					
Creating customer Awareness					

Thank you for your co-operation. God Bless you

APPENDIX III: LIST OF MAJOR SALONS IN NAIROBI COUNTY

- | | | |
|---|---|---|
| 1. African Beauty Cosmetics | 95. Heat Fashions Salon & Boutique | 189. Platinum Salon and Beauty Parlour |
| 2. Airo's Hair & Beauty Salon | 96. Heaven Of Beauty Salon | 190. Praisegate Beauty Centre |
| 3. AJP Holistic Consultancy | 97. Hemlyn Hair Salon & Beauty Boutique | 191. Precise Style Salon & Beauty Parlour |
| 4. Alfies Beauty Lounge | 98. Here's How... Naturally | 192. Premier By Dead Sea Premier |
| 5. Alison Caroline Institute | 99. HIBISCUS BEAUTY PRODUCTS LTD | 193. Pretty Lady Hair Salon |
| 6. Alyjoh Salon | 100. HIGHLANDS BEAUTY | 194. Qtics |
| 7. Amadiva | 101. Hilda's Salon | 195. Qt's Salon |
| 8. AMY-ANNA'S SALON & BOUTIQUE | 102. Honey Beauty | 196. Queens Hair Designers |
| 9. Anastacias Hair & Beauty Salon | 103. Hope Beauty Salon | 197. Quills Beauty Health Clinic |
| 10. ANGEL HEARTS BEAUTY PARLOUR | 104. House Of Style Hair & Beauty Salon | 198. Ramla Beauty Salon |
| 11. Aristocuts Salon Spa | 105. Iconz Unisex Hair & Beauty Palour | 199. Rethz Salon |
| 12. Ashleys Salon & Barber Shop | 106. Images Saloon Ltd | 200. Rio Hair Designs |
| 13. ASHRAF BEAUTY SALON | 107. IMPRESSIONS HAIR SALON & TAILORING | 201. RIO HEALTH & BEAUTY CARE |
| 14. Ashraf Beauty Saloon | 108. Ivana Hair & Beauty Salon Ltd | 202. Rio Valentines |
| 15. Avanti Unisex Salon | 109. Jackie Beauty Salon | 203. Riziki Beauty Parlour |
| 16. Ayush Ayurveda and Yoga Holistic Centre | 110. Jadore Executive Hair & Beauty Spa | 204. Robon Hair & Beauty Saloon |
| 17. Bastion Salon | 111. Jafsa Full Beauty Salon & Movie Shop | 205. Roman's Hair & Beauty Point |
| 18. Beaute De Institut | 112. Jankam Hair Salon & Boutique | 206. Rossjay Haircare |
| 19. Beautika Beauty Klinik | 113. Jankam Salon | 207. Rova Palace |
| 20. Beauty Affair Salon | 114. JAROBEL SALON | 208. Rumi Mughal |
| 21. Beauty Aromatic Spa & Unisex Salon | 115. JASMIN HAIR & BEAUTY SALON | 209. Ruthie's Salon |
| 22. Beauty Aromatic Spa & Unisex Salon | 116. Jawknee Dreadlocks Clinic | 210. SAACREN BEAUTY SALON |
| 23. Beauty Boutique | 117. Jephers Salon | 211. Salma Hair Salon |
| 24. Beauty Clinic Ltd -Head Office | 118. Joy Beauty Clinic | 212. Salon Chrysty |
| 25. BEAUTY POINT CENTRE | 119. Joyhin Enterprises | 213. Salon Glamour |
| 26. Beauty Quest | 120. Joy's Salon | 214. Salon Gorgeous |
| 27. Beauty World Ltd | 121. JUCARE SALON | 215. Salon Junes Eighty Four |
| 28. Bees Hair & Body Gallery | 122. Jugi Salon | 216. Salon Malibu |
| 29. Belle Dame Salon & Spa | 123. KAPPER SALON | 217. Salon Mayfair |
| 30. Benir Hair & Beauty Salon | 124. Kaya Spa + Studio | 218. Salon Natalie |
| 31. BENNY BOUTIQUE & HAIR SALON | 125. Kiz Unisex Salon | 219. Samfat Salon |
| 32. Best Lady Centre | 126. Kotokarina Beauty Salon | 220. Sassy Nails |
| 33. Best Touch Salon | 127. Kusonga Salon | 221. Satus Ladies Point Ltd |
| 34. Blessings Hair Salon | 128. La Beautex Hair Salon | 222. Sawa Salon |
| 35. Bliss Beauty Clinic | 129. LA COMB HAIR & BEAUTY PARLOUR | 223. SAZMOH FASHIONS |

36. Blooming Beauty	130. Ladies Choice Saloon	224. SECRETS SALON
37. Blush On	131. LADY AFYA HAIR SALOON	225. Serene House Of Beauty
38. BLUSHES HAIR & BEAUTY (EA) LTD	132. Laundrette	226. Shades Of Creation Hair Salon
39. BODY HEAVEN	133. Le Beau Salon	227. Shahnaz Herbals Beauty Clinic
40. Bubbles Hair Salon	134. Le Chique	228. Shammy's Salon
41. Caroline Hair Salon	135. LE VOGUE HAIR & BEAUTY STUDIOS LTD	229. SHAPE PLACE
42. CELEBRITIES BEAUTY CORNER	136. Lelesta Salon	230. Silken Beauty Parlour
43. Chalet Beauty Salon	137. Leo Hair & Beauty Salon	231. Silver Star Salon
44. Chari Famous Hair Saloon/Tailoring	138. Lifestyle Salon and Barbers	232. SINGKWO SALON
45. CHHANIS COTTAGE SALON	139. Lord's Parlour	233. Skin Deep Hair & Beauty Studio
46. Chic Cosmetics	140. Loreal Beauty Salon	234. SOFTIE LTD
47. Ciao Bella Nails & Beauty	141. Lubi Beauty Parlour & Salon	235. Spa Deluxe
48. Cindys Beauty Parlour	142. Lush Beauty Parlour	236. Sprouts Kids Salon & Barbershop
49. Clarins Salon & Barbers	143. MAHEK BEAUTY SALON	237. Sterling Beauty Lounge
50. COIFFURE D'ART STUDIO & ACADEMY	144. MAISHA HEALTH CLUB	238. Style Up Hair Beauty Studio
51. COLOUR PURPLE BEAUTY & HAIR WORKS SALON	145. Malesis Salon & Boutique	239. Styles of Tomorrow
52. Corporate Spa	146. Mama Michell's Beauty Shop	240. SUPA CASTLE BEAUTY SALON
53. Creative Salon	147. Marcos Salon	241. Taji
54. Crucial Cut Barbers	148. Margie Ogare Oyugis Hair Salon	242. Talk Of the Town
55. Crystal Hair & Beauty Services	149. Martha Supernails	243. Taricous
56. D's	150. Maryan Cadde Salon	244. Tariku Salon
57. Danielle's Hair Design	151. Mbaruk International Ltd	245. Tawis Beauty Salon
58. Davis Beauty Shop	152. Merryment Salon	246. Tawis Salon
59. Daysprings Institute for Beauty	153. Milele excutive salon and barber	247. The Real Cutz
60. Derek's Shoppe	154. Mirigold Salon	248. The Salon Jawabu & Barber Corner
61. Dhiren Hair Design	155. Modern beauty center	249. The Salon Jawabu & Barber Corner -Salvation Army Lions Girls Hostel
62. Dida Beauty Parlour & Salon	156. MODERN BEAUTY CENTRE	250. THREE-IN-ONE BEAUTY SALON
63. DIVINE BEAUTY CENTRE LTD	157. Moments salon and Barber shop	251. Timeless Beauty
64. Double Touch Salon	158. Monach Beauty Salon	252. Tonis Beauty Parlour
65. Dr. Gee's Hair Clinic	159. Monique Salon	253. Top to Toe, House of Beauty
66. Ebony Beauty Parlour	160. MONTANA BEAUTY PARLOUR	254. TOP TO TOE,HOUSE OF BEAUTY
67. ELITE CONCEPTS	161. Mrembo Beauty Parlour	255. Topaz Salon Spa and Barbershop
68. Ellison's Hair, Beauty and Executive Barbershop	162. Mt Horeb Hair & Beauty Salon	256. TOUCH & GLO LTD

69. Emkam Beauty Shop	163. Nail and Essence Spa	257. Touch Up Unisex Hair & Beauty Ltd
70. ENKAY BODY CARE ENTERPRISES LTD	164. Nail City Kenya	258. Tricia's Salon
71. Esaki Limited	165. Nails & Beyond	259. Tweezers Salon
72. Essytouch Hair & Beauty Salon	166. Naioth Hair Salon	260. Ultimate-Look Barber and Salon
73. Ever Blazin Salon & Beauty Parlour	167. Narcisse	261. Unique Touch Beauty Salon
74. Exeptional Hair & Beauty Parlour	168. NATURAL BEAUTY	262. Urembo Hair & Beauty Centre
75. Fades Hair Salon	169. Nawiri Scents and Style	263. VEMA UNISEX SALON
76. Fantasies Unisex Hair & Beauty Parlour Ltd	170. Neelam Hair,Health & Beauty Salon	264. Vicky's Salon
77. Fine Line Beauty Parlour	171. Neet Training College	265. Vics Elegance Beauty Parlour
78. Fine Touch Salon and Barber Shop	172. Nelians Beauty Salon	266. VILKEYCE SALON
79. First Choice Hair Salon & Beauty Parlour	173. Nel's Spa	267. Vision Beauty Parlour and Hair Clinic
80. Forever Living Products	174. NEW CALIFORNIA HAIR SALON	268. VLCC Wellness Center Kenya
81. Fransen Beauty Agencies	175. New Jasmin Hair & Beauty Salon	269. Waesther Salon
82. Full Beauty Parlour	176. new look dreamline salon	270. Wamak Collections
83. Gabbian Beauty Point	177. Nothing Like It Spa	271. WENIC SALON
84. Glam Spot	178. Oasis Spa Point	272. WET & WILD SALOON
85. Golden Touch Salon	179. Olympia Salon & Caf?	273. Winalite Kenya
86. Gorgeous Hair Design & Beauty	180. ORYSHA SALON & BOUTIQUE	274. Xtressy Hair Salon
87. Grammy Beauty Parlour	181. OSEK INVESTMENTS CO	275. Yvettes Hair & Beauty Parlour
88. Grand La Monde Beauty Parlour	182. Out of Town Salon	276. Zakhath Salon
89. Grassroots Hairs Beauty Salon	183. P&C Salon	277. Zee Beauty Salon
90. Hair Affair-hair Beauty & Spa	184. Pals Beauty Shop	278. Zoya Kenya
91. Hair Gallery Unisex Salon	185. Parallel Beauty Salon	279. Zuberi Slim Therapist
92. Hairbliss Beauty Salon	186. PEACOCK BEAUTY PARLOUR	
93. Hairnest Salon	187. Perfectly Polished Nail & Beauty Parlor	
94. Head to Toe Salon	188. Pims Salon	

Source: (Global Business Directory [GBD], 2021).

APPENDIX V: NACOSTI PERMIT




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