

Responsive Capability as a Determinant of Firm Competitiveness Amongst Small Medium Enterprises in Starehe Sub-County in Kenya

Mathews Onkangi Ocharo*, Godfrey Kinyua, PhD

Department of Business Administration School of Business Kenyatta University, Kenya

***Corresponding Authors:** Mathews Onkangi Ocharo, Department of Business Administration School of Business Kenyatta University, Kenya

Abstract: Despite the key role played by SMEs in enhancing economic growth of Kenya, and other parts of the world, their performance had been poor because of the lack of competitiveness. SMEs lack the necessary expertise, experience, resources, and capital to compete fairly with large enterprises. This study sought to investigate the effect of responsive capability on the firm competitiveness of SMEs in Stare he Sub-County in Kenya. The research variable was underpinned on the dynamic evolutionary theory of the firm. Descriptive research design was used in this study. The study target population was 350 SMEs registered in Stare he Sub-County in Kenya. Stare he Sub-County was picked due to high concentration of SMEs. The study employed stratified random sampling, with a sample size of 187-registered SMEs within Starehe Sub-County in Kenya. Primary data for the investigation was collected using a structured questionnaire. Validity of the questionnaire was assessed and confirmed using opinion from experts and review of relevant literature. A pilot study was carried out using twenty employees to support the test of reliability of the questionnaire. Descriptive statistics were analyzed using frequencies, percentages, mean, standard deviation and coefficient of variation. Similarly, inferential statistics was analyzed using Pearson correlation analysis and simple linear regression analysis. The results of statistical analysis demonstrated that responsive capability has a positive effect on firm competitiveness. The conclusion of the study therefore is that responsive capability positively affects firm competitiveness of SME's in Stare he Sub-County in Nairobi City County. the study recommends that SME's should establish a clear sense of purpose which guides decision making; put in place mechanisms to ensure that the various functional units in the firm are content with the endeavor to achieve; and understanding the firm's core capabilities as some of the main avenues to build their core competencies.

Key words: Responsive capability, Firm Competitiveness

1. INTRODUCTION

Responsive capability denotes the multiplicity of responsive measures that a firm can make with effortlessness, speed, and expertise upon detecting opportunity and threat in a business environment (Roberts & Grover, 2012). Some of the responsive capabilities that organization institute include: flexibility, quality goods and services and speed in delivery of goods (Gattiker, Chen, & Goodhue, 2005). Flexibility entails the ability of an organization to manufacture a large range of products within its current facility. Quality goods and services refers to the ability of an organization in facilitating products that conform to established specs, are reliable and facilitate overall satisfaction to the consumers.

SMEs (SMEs) play a critical role in fostering economic growth of nations through provision of employment. Highly competitive environment coupled with increased customer awareness has forced all organizations to rethink their strategies in order to stay ahead of their peers in the industry. Kenya's Micro and Small Enterprises Act 2012 notes that micro enterprises are a firm, service, trade, industry or a business with an annual turnover below Kshs. 500,000 and whose staff are less than 10 people ((Micro and small enterprise act No.55 of 2012). The SME industry is characterized by free entry and exit that means competition can sometimes be too high. Successful implementation of strategies enables organizations to realize competitive edge over their competitors. Competitive strategy is realized whenever the plan developed to cover the long-term objectives of an organization is achieved, enabling the firm to become more competitive as compared to its rivals. Porter (2014) argues that competitive strategy entails being different from others in the industry that means

intentionally choosing a differentiated set of actions that would lead to realization of unique mix of value. This helps organizations in availing unique products and services that match the changing customer needs.

The company capability to understand its pros, cons, challenges, prospects, and threats and its ability to respond influences its survival. Hence, only businesses that have right strategies to ensure their competitiveness in an unpredictable business setting. Strategies are vital for business to survive. Research has assessed strategies that businesses can adopt to achieve sustainable competitiveness. These include leadership, differentiation, and focus (Wright, Nazemzadeh, Parnell & Lado, 2016).

The comparative position of a business in its sector dictates its profit level. The key basis of profit that is above makes it sustainable competitiveness. Competitiveness is achieved when a business gains features that allow it surpass its competition. The advancement of hypothesis that assist in defining competitiveness have been at the forefront of management for more than 50 years (Chikán, 2016). Competition is vital in influencing the success or failure of a business. It ensures the suitability of businesses that influence its competitiveness. In this case, competitiveness entails the ability of a business to create and sustain competitiveness through the generation and maintenance of enhanced performance. It is vital considering the need to survive in a dynamic setting that is highly competitive (Porter, 2014). Competitiveness is defined as a concept that continues to be a foundational concept in the field.

The World Bank (2013) notes that the key source of work in developed and developing nations add more than half of their regions GDP. SME advancements is a practical means of ensuring enhancement since it suits the assets in Africa. These organizations in Kenya assumed a focal part of the region's economy act as a significant wellspring of business advancements and enterprise aptitudes. A majority of SMEs remain outside the conventional fiscal regions while assuming a crucial part of the economy in many nations. They create employment while leading to an expansion in the support of indigenous people in the economy. Additionally, they employ neighbourhood assets and enhance the establishment and use of innovations while offering aptitudes preparation with ease to society (ILO, 2009).

In both developing and developed, it is broadly acknowledged that Medium Scale Manufacturing Enterprises (MSMEs) assume a function in accomplishing the ideal mechanical and monetary advancement destinations of an economy (Banjoko, Iwuji, and Bagshaw, 2012; Tuan and Takahashi, 2009; Daveri and Lasinio, 2007). While their real commitment to feasible financial advancement contrasts on account of their different nature, the MSMEs which are important for the Small and Medium Scale Enterprise (SMSE) area has been hailed as basic in business creation and neediness easing (Ayyagari, Beck and Demircuc-Kunt, 2007; Tuan and Yoshi, 2010). The MSMEs likewise have unfamiliar trade acquiring potential and improve territorial financial equalization through modern dispersal (Callahan, Smith and Spencer, 2013). Because of their size, the MSMEs require moderately little capital venture for a startup, accordingly offering a generally high work to capital proportion (Rice and Straham, 2010).

SMEs play a significant role in the development of Kenya in regards to employment, the creation of wealth and provision of income opportunities to a significant sum of population across the nation (KIPPRA, 2014). The SME industry occupies a significant position in the nation's economic growth and the nations development. This is due to the sector's continued provision of job opportunities. Kenya continues to be a significant importer of second hand merchandise.

2. STATEMENT OF THE PROBLEM

Nairobi City County SMEs have recorded poor performance since the county is not composed of natural resources. As a result, the residents practice SMEs for their needs. Consequently, most SMEs tend to collapse do to the lack of ample knowledge, human capital, and knowledge transfer. SMEs proprietors need better methods of overseeing and developing their organizations (Economic Survey, 2019). World Bank (2014) noticed that a significant number of the Jua Kali SMEs have imploded in a range of 5 years proof this. Kenya has about 1.6 million enrolled little and medium-sized endeavors comprising around 96 percent of all business ventures in the nation (Economic Survey, 2019). SMEs speak to the biggest area in the economy utilizing up to 83% of Kenya's labor force and contributing up to 18.4% of the nation's Gross Domestic Product (GDP) (Economic Survey, 2013). SMEs are

consequently a significant part of the economy, particularly with respect to retaining a huge level of the labor force. Difficulties of rivalry are compelling SMEs to reexamine better approaches for utilizing abilities for competitiveness and endurance. How an undertaking can envision these adjustments in their current circumstance and adjust to them is critical for long haul endurance. This is particularly valid for the SMEs that need to deliberately send their capacities to keep up their serious situation notwithstanding new and rising serious and market difficulties (O'Reilly & Tushman, 2008).

Khoshnood and Nematizadeh (2017) studied strategic responsiveness and its effect on the competitive aptitudes in Iranian Private Banks, the results pointed at a significant impact of strategic agility on the competitive capabilities. The study was based in Iranian Private Banks which have a different operating environment with the SMEs and thus the need to conduct this current study. Further, Salih and Alnaji (2014) when studying the effect of strategic thought and agility on strategic performance established that strategy agility is a pragmatic practice that gains returns in strategic performance. Conceptually, the study focused on strategic performance instead of competitiveness that warrants the need of the current study.

Al-Romeedy (2019) explored Egypt air's strategic agility as a competitive gain in airlines. The findings showed that Egypt air is an agile corporation. Results also stated that strategic agility significantly impacts the competitive gain in Egypt air, where reliability of delivery is significantly affected, followed by innovation, then flexibility of processing, quality of service and lastly cost leadership. The study focused on airlines in Egypt and thus the findings cannot be applicable to SME's in Kenya due to different operating environment. Local studies on strategic agility have been undertaken, for instance Kanake (2011) assessed strategic competences as a strategic tool in Commercial Bank of Africa. The study revealed that strategic capabilities enhanced the performance of Commercial Bank of Africa. The study however, failed to show clear relationship between strategic agility and competitiveness. Similarly, Ngugi (2011) piloted a research on strategic aptitudes at BBC. The study revealed that strategic capabilities enhanced the performance of BBC. The study however, failed to show clear relationship between strategic agility and competitiveness. Moreover, the study focused on BBC and thus little can be borrowed to the SME's. Muema (2019) examined the influence of strategic agility on the competitive advantage of Private Hospitals in Nairobi County. A descriptive research design was used on the research study. The study concluded that agility strategies affect competitive advantage of private hospitals in Kenya. The study further concluded that private hospitals have put in place four major agility strategies namely; innovativeness, operation dexterity, total quality management and resource fluidity in order to improve competitive advantage. It was clear that efficiency improvement adoption is a total quality management strategy that influences the competitive advantage of private hospitals to a very great extent. The study finally concluded that private hospitals are flexible and easily adopts to changes in the environment and also that their customer choose the organization for its services, order to adjust its competitive advantage. However, the study focused on private hospitals in Kenya instead of SME's. Further, the study focuses on competitive advantage instead of competitiveness and thus the need to conduct the current study. In the face of the gaps identified, this study therefore sought to establish the affiliation among responsive capability and firm competitiveness of SMEs in Starehe Sub-County in Kenya.

3. Literature Review

3.1. Evolutionary Theory of the Firm

First suggested by Coase (1937), Proposed by Nelson & Winter (1982), the evolutionary view of the firm argues that firms accumulate substantial knowledge during their tenure, building a portfolio of unique skill sets which are then incorporated in their operational routines. Wright (2007) concurs with the above arguments by asserting that the interaction between the structure of the routine and specific aspects of the given routine facilitates permanent variations that make the firm more responsiveness and adaptable to changes in the environment. Thus, from the contingent viewpoint, organizational forms fall into a continuum from static to more flexible organizational structures which are more agile and responsiveness to the dynamics in the business setting. From the perspective of evolutionary theory, a firm's evolution follows a path which involves the firm as a knowledge processor.

The firm's knowledge is then assumed to continually improve due to social interactions, hence the competencies can be said to be rooted in historical processes that the firm goes through. This theory

however suffers from the limitation of ignoring both internal and external elements of strategic formulation. Moreover, evolutionary theory extends to factors in the external environment like public institutions and markets. Explaining the above notion further, Hall (1993) contends that the outside-inside approach along with the inside-outside perspective must be considered while crafting the organizational design.

This hypothesis is applicable to this study because it highlights four activities that routines can allow organizations to do. Primarily habits enable synchronization, facilitate a rate of stability of conduct. Thirdly, tasks become routine in the realm of sub-consciousness, thus economizing on inadequate cognitive resources. Fourthly, routine bind knowledge, including tacit knowledge and thus the application of knowledge enable routines to become building blocks of organizational capabilities (Becker, 2004). The postulates of this theory are used to underpin responsive capability as an independent variable in the current study.

3.2. Empirical Literature

Machuki and Aosa (2011) did an empirical investigation of strategic responses to the external environmental changes on the selected strategy concepts on company's performance in large private manufacturing corporations in Kenya. The study employed cross-sectional survey. The study revealed the responsive strategies adopted by large private manufacturing firms in Kenya to include low pricing of products and service, good customer care services, offering quality goods and services, speed in delivery of goods and services and focus strategy. In addition, the study established that these strategies had a positive impact on the firm competitiveness of the firms studied. However, the study focused on external environment changes and thus it did not show the clear relationship between the responsive capability and firm competitiveness and thus the need to undertake this study to bridge this gap. Additionally, the study was limited to large private manufacturing firms and thus its findings cannot be generalized to the SME's sector owing to the fact that they operate in a different environment.

Mwangi and Ombui (2017) in their assessment on key reactions to the outer climate by Murata Sacco, utilizing contextual investigation research configuration, meetings, and substance examination strategy, discovered that new innovations, high customer desires, and government guidelines influenced their presentation. They proposed that vital reactions, for example, showcasing and notice, broadening, rebranding, and associations would be proper for a definitive execution of the Sacco. The study used a case study research design, interviews and content analysis method that exposes the methodological gaps since the current study adopts descriptive research design, uses research questionnaire to gather data and it analyzes the data using descriptive and inferential statistics. Contextually, the current study is focusing on SME's in Starehe sub-County in Kenya that have different operating environment with Sacco's. Conceptually, the study did not focus on firm competitiveness of a firm that the current study seeks to examine.

Tanui (2018) examined the vital reactions to the natural changes by Pension chairman organizations in Kenya. The examination focused on 30 benefits manager organizations. With a reaction pace of 86.67%, the investigation set up that the benefits director organizations have embraced conservation, mergers and acquisitions, low estimating, cutting back, new item advancement, and extension of the market limits as the vital reactions to changes in the outer climate which has prompted clients development, improved piece of the pie, selection of new advances, increment in gainfulness, new item improvement and upgrading the firm competitiveness of the annuity manager organizations. Although this study is of great significance in the current study in trying to show how responsive capability is related to firm's competitiveness, the study failed to clearly show the link between responsive capability and competitiveness. Also, the study focused on pension administrator companies which have different operating environment as compared to the SME's and thus the findings may not be applicable to the SME's hence the need to carry out the current study.

Denton and Vloeberghs (2010) did an investigation on the strategic responses implemented by firms to deal with environment changes in South Africa. It was revealed that differentiation, product innovation and formation of alliances were the main strategies employed by firms. This study was conducted in a country whose regulatory framework and culture is different from Kenya. However,

the study did not show how responsive capability affects competitiveness. Moreover, it was based in South Africa that have different operating environment from Kenya.

Greenberg (2011) explored the strategies that were implemented by Slovenian SMEs to deal with environmental challenges. A cross-section design was employed in a sample of 100 SMEs and the results concluded that product differentiation and information communication technology were the main approaches. This study was conducted in Eastern Europe whose context was different. However, the study did not show the clear relationship between the responsive capability and competitiveness and thus the need to undertake this study to bridge this gap. Additionally, the study was limited to Slovenian SMEs and thus its findings cannot be generalized to the SME’s sector because they operate in a different environment.

Murule (2011) contemplated the key reactions utilized by drug producing corporations in Kenya. The examination utilized a cross-sectional plan where information was gathered utilizing polls. Essential information was gathered utilizing semi-organized polls. The outcomes found that estimating, advertising, and key unions were the most generally utilized procedures in drug firms to keep up an upper hand. However, the study responsive strategies were different from the current study. The current study focuses on how innovation strategy, outsourcing strategy and differentiation strategy affects the competitiveness of SME’s. Additionally, the study was based on cross-sectional design while the current study adopts descriptive research design. Contextually, the study was done on pharmaceutical manufacturing firms in Kenya while this study focuses on SME’s

3.3. Conceptual Framework

Based on the reviewed literature the study developed the conceptual framework shown in figure 1. The conceptual framework outlines the relationship anticipated to persist between responsive capability and firm competitiveness of SMEs in Starehe Sub-County in Kenya. It is expected that responsive capability as measured through flexibility, speed in delivery of goods and resource mobilization directly affects firm competitiveness of SMEs in Starehe Sub-County in Kenya.

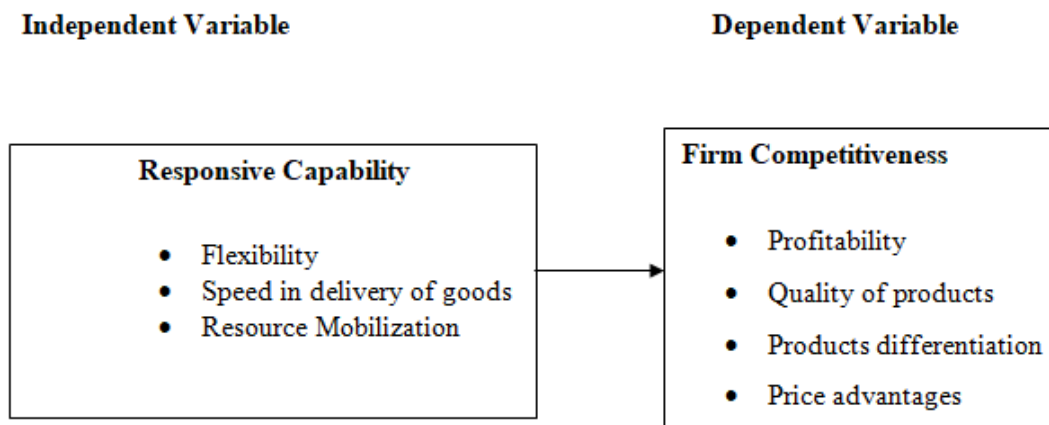


Figure1. Conceptual Framework

Source: Author (2020)

Arising from reviewed literature and resulting conceptual framework it is hypothesised that:

H0: Responsive capability has no significant effect firm competitiveness of SMEs in Starehe Sub-County in Kenya.

H1: Responsive capability has a significant effect on firm competitiveness of SMEs in Starehe Sub-County in Kenya

4. Research Methodology

Westphal (2016) notes that a research design consists of a set of logical processes which when followed enables a researcher obtain evidence in order to test a hypothesis. Descriptive research design was employed in this study. In a descriptive survey, sampling is an exceptionally fundamental cycle and should be finished utilizing the correct strategy to evade inclination (Onwuegbuzie& Leech, 2005). The decision of this exploration configuration is educated by the way that a descriptive plan

permits a person to get tremendous measures of information utilizing a modest and generally straightforward procedure. Another salient feature of a descriptive survey arises from the fact that it enables a researcher to apply descriptive and inferential statistics in drawing conclusions.

Marangu (2012) corroborates Onwuegbuzie and Leech by arguing that the main objective of a descriptive survey is to recast large populations using sampling techniques. In tandem with the above notion, Westphal (2016) asserts that while adopting a descriptive research design, a battery of questions is fronted to the respondents to obtain huge amount of data in an economic way. The research design equally allows for several data manipulations including summary or responses, frequencies, and many more statistical methods to unravel relationship between the study factors. The adopted research design has been used in past quantitative research studies (Mbulwa, & Kinyua, 2021; Gatuyu & Kinyua, 2020; King'oo, Kimencu, & Kinyua, 2020; Kiprono & Kinyua, 2021; Murerwa, & Kinyua, 2021; Ontita & Kinyua, 2020).

Population is termed as a gathering of individual people, items or articles from which tests are run for estimations; it is through this that the researcher made inductions from (Babbie, 2005). The target populace for this study included SME's in Stare he Sub-County in Nairobi County. In Kenya, cataloging of enterprises is mainly by the sum of employees engaged by firms. In Starehe Sub-County, there are 350 registered as SME's according to MSE Authority of Kenya (2019). The target population for the study was 350 SMEs in Stare he Sub-County in Kenya.

The respondents entailed managers and owners of the SMEs. The managers were chosen due to their well-defined and reliable comprehension of the SMEs operations that suggests that the outcomes can be comprehensive without many errors. The results in Table 3.2 revealed that informal sector (Jua Kali) comprises the smallest proportion of the population at 1% while the general trade, wholesale, retails, stores have the highest influence to the population of the study at 54%.

To arrive at the sample size, Taro Yamane (1967) formula which has also been adopted in other studies (Muthoni & Kinyua, 2020) as depicted in model (i).

$$n = N\{1 + N(e)^2\}^{-1} \dots\dots\dots\text{Model (i)}$$

Where;

n = Sample size,

N = Population size

e = level of precision

At 95% level of certainty, the level of precision e = 0.05, thus n is determined thus;

$$\begin{aligned} n &= 350\{1 + 350(0.05)^2\}^{-1} \\ &= 350\{1 + 0.875\}^{-1} \\ &= 350\{1.875\}^{-1} \\ &= 187 \end{aligned}$$

This research gathered primary data using semi-structured questionnaires. This is because such ensure privacy of the responses and records a high level of responses. The researcher ensured that the respondent answered the questions at their own convenient time. This is important in determining the attitudes, opinions, perceptions, and preferences of the target population in the study. Both structured and unstructured and Likert-type questions were used. Due to financial and time constraints, structured questions were used and helped in easier analysis whereas the unstructured questions were used to make respondents open-minded and offer detailed information.

A pilot study was done on twenty representatives of the SME's so as to test the validity and dependability of the examination instrument. Face, substance and develop validity address basic standard that surveys and shows how much a test estimates what it really should quantify. To test face validity, the analyst looked for assessment and educates with respect to the specialists involving the workforce in the Department of Business Administration and School of Business. Content validity is about how well or precisely the estimation instrument gives a satisfactory and agent sample of the

multitude of things or parts of the particular develop being referred to. Validity is compromised if a few things are missing or are immaterial. Build validity assesses whether the particular estimation instrument truly addresses what is being estimated. The judgment requires analyzing the relationship of the action being assessed with factors known to be identified with the develop that is being estimated by the instrument. Its principle point is to set up the validity of the estimation instrument or technique. To test both substance and build validity pertinent hypothetical and observational writing was explored. The input from master meeting and experiences from survey of writing framed a decent knowledge for the correction and improvement of the information assortment instrument.

In this study reliability, was assessed through numerical calculation of measure of reliability known as Cronbach Alpha coefficient. If the coefficient is above 0.7, then instruments are found to be reliable. This threshold has been employed by a substantial body of empirical literature (Chepkosgei, Kahuthia, & Kinyua, 2020; Njoroge & Kinyua, 2020; Ong’esa, & Kinyua, 2020). According to Zohrabi, (2013), Cronbach alpha coefficients of below 0.50 are unacceptable as values between 0.51 and 0.69 are adequate. A value of at least 0.70 is acceptable. Cronbach value of 0.7 was considered reliable and appropriate. Pre-testing data was used in the computation of the coefficient. A value below 0.6 would specify that the instruments be reworked to avoid inaccurate inferences from incorrect measures.

Table1. Cronbach's Alpha Values

Variable	Cronbach's alpha	Frequency	Comment
Responsive capability	0.769	5	Reliable
Firm competitiveness	0.786	6	Reliable
Aggregate	0.777		Reliable

Source: Pilot Data (2020)

From the Results shown in table 1, it was observed that all constructs had their Cronbach's Alpha Coefficient greater or equal to 0.7 with the aggregate coefficient being 0.808. It was thus concluded that the study constructs were reliable.

Once the quantitative data was collected through questionnaires, it was prepared for the analysis process where coding, categorizing and keying into SPSS for analysis was conducted. The statistics generated descriptive and inferential statistics. The definite descriptive statistics entailed percentages and frequencies whereas the inferential statistics comprised Pearson correlation analysis and simple linear regression model. Descriptive statistics and means and standard deviations were employed to assess the data and seize the features of the variables under the research. Inferential statistics were employed to assess the nature and magnitude of the affiliation among the dependent and independent variables. Simple regression analysis and Pearson’s correlations were added to establish the nature and the strength of the affiliation among the variables. The analytical model, as below, therefore was used in determining the relationship among the dependent and independent variables:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

where:

Y- Is the firm competitiveness as a dependent variable.

β_0 - Constant

β_1 to β_4 =Coefficients

X_1 – is the responsive capability.

ε =Error term of the model

5. Descriptive Results

The study sought to determine the extent to which each indicator of responsive capability and firm competitiveness of SMEs in Stare he Sub-County in Kenya.

5.1. Responsive Capability

This section presents mean scores, standard deviation, and Coefficient of Variation for adoption of each study variables. Table 2 shows the mean and standard deviations for all the measurements of responsive capability.

Table2. Descriptive Statistics for Responsive capability

Statements on Responsive capability	N	Mean	Std. Deviation	Coefficient of Variation
We have retrenched our employees due to the increased costs experienced in the organization.	169	4.30	0.88	20
We have used mergers and acquisitions with private sectors to be more competitive and sustainable in the market.	169	4.38	0.52	12
We have lowered the price of our products and services to be competitive in the market.	169	4.14	1.11	27
We have downsized our scope of work due to the dynamic work environment.	169	4.24	1.04	25
We have resolved to new product development due to the changes in the customers' demands and preferences.	169	4.15	0.67	16
We have extended to new markets due to the changes in the environment that is beyond our control.	169	4.15	0.96	23
The organization have started to use locally produced raw materials due to the high tax regime imposed on imported.	169	4.09	0.77	19
We have made collaborations with the local organization in order to be competitive in the market.	169	4.61	0.63	14
Aggregate Score		4.26	0.82	20

Source: Field Data (2020)

The results depicted in Table 2 shows that sample mean for the choice of responses linked with the 169 partakers concerning activities related with responsive capability ranged between 4.09 and 4.61. This pattern of responses has a typical tendency towards a value of 5 on the Likert scale. On the other hand, the set rates of standard deviations are likewise not high as might be seen from the scope of upsides of coefficient of variety whose most significant level for every one of the reactions is 27%.

These kinds of outcomes are an indication that there was a general contract among respondents that all activities reflected by the measures of responsive capability were essentially practiced in SME's in Stare he Sub-County in Nairobi City. Equally, the aggregate scores encompassed 4.26, 0.82 and 20% for sample mean, sample standard deviation and sample coefficient respectively. These collective scores illustrate that the activities that were assumed for measuring responsive capability as a strategic agility were crucial for firm competitiveness of SMEs in Stare he Sub-County in Kenya.

5.2. Firm Competitiveness

This section presents mean scores, standard deviation and Coefficient of Variation for Firm Competitiveness as shown in Table 3.

Table3. Analysis of Firm Competitiveness

Statements on Organization Innovation	n	Mean	Std. Deviation	Coefficient of Variation
There has been an improvement in profitability due to the firm's strategic capability.	169	4.09	0.75	18
There has been an improvement in quality of products due to the firm's strategic agility.	169	4.37	0.77	18
There has been an improvement in product differentiation due to the firm's strategic agility.	169	3.91	0.94	24
There has been an improvement in price advantages due to the firm's strategic agility	169	4.59	0.74	16
The firm has been able to generate better returns from its operations and assets due to improved innovation capacity.	169	4.5	0.66	15
Aggregate Score		4.29	0.77	18

Source: Field Data (2020)

The total mean score for the five things of firm intensity is 4.29 and accordingly tends to 4.00 (concur on) the 5-point Likert scale embraced in this examination. Furthermore, the fluctuation of reactions from the total mean score is low as shown by the total standard deviation of 0.77. This total mean

score uncovers that the degree of exercises identifying with firm seriousness among SME's in Starehe Sub-County is generally high. Furthermore, the low total standard deviation infers that the reactions are concentrated around the total mean reaction and accordingly the mean is a steady and solid assessor of the populace mean. For this situation, the tight variety from the general mean reaction affirms that the respondents concurred that essential dexterity of the SME's in Starehe Sub-area were well fit for delivering results showed by the things that had been chosen for measuring firm competitiveness in this study.

6. Inferential Analysis

The objective of the study was to establish the effect of responsive capability on firm competitiveness of SMEs in Stare he Sub-County in Kenya. To achieve the objective, the study relied on correlation analysis and regression analysis.

6.1. Correlation Analysis

Bivariate correlation assessment was conducted using SPSS to assess the level of understanding of the four dimensions of strategic agility and firm competitiveness. The outcomes of product moment correlation assessment are depicted in Table 4

Table4. *Correlations Analysis Results*

		Firm competitiveness	Responsive capability
Firm competitiveness	Pearson Correlation	1	
	Sig. (2-tailed)		
	n	169	
Responsive capability	Pearson Correlation	.623**	1
	Sig. (2-tailed)	.000	
	n	169	169

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Field Data (2020)

The results in Table 4 depict the Pearson product moment correlation coefficient for the varying variables that this study focused on. The correlation coefficient for responsive capability was 0.623 at a rate of significance of 0.000 for two tailed tests. This correlation coefficient depicts that there is statistically noteworthy strong positive linear affiliation among responsive capability and firm competitiveness. In tandem with the study findings, Machuki and Aosa (2011) revealed the responsive strategies adopted by large private manufacturing firms in Kenya to include low pricing of products and service, good customer care services, offering quality goods and services, speed in delivery of goods and services and focus strategy. In addition, the study established that these strategies had a positive impact on the firm competitiveness of the firms studied.

6.2. Regression Analysis Results

Responsive capabilities was regressed on university performance. The output of this regression analysis are presented in Tables 5, 6 and 7.

Table5. *Model Summary for Network Capabilities*

Model	R	R Squared	Adjusted Squared	R	Std. Error of the Estimate	Durbin-Watson
1	0.889 ^a	0.790	0.753		0.896	2.235

Source: Field Data (2020)

R- value can be credited to independent variable alterations which cause the discrepancy in the dependent variable. From the table above, the R- value was 0.889, which shows a strong positive and linear affiliation among strategic agility and firm competitiveness at 95% confidence interval. This is further established by the rate of coefficient of determination of 0.753 which indicates that 75.3% of firm competitiveness of SMEs in Stare he Sub-County, can be attributed the dimensions of responsive capability.

Table6. ANOVA^a for Network Capabilities

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.460	1	19.460	21.015	0.00000
	Residual	154.642	167	0.926		
	Total	174.102	168			

a. **Dependent Variable:** Firm competitiveness
b. **Predictors:** (Constant), Responsive capability

The results in Table 6 showed that the F-Statistic for the model was (1,167 = 21.015) which was found to be greater than the F critical of 3.898. This indicates that the model was fit in predicting university performance. Similarly, the results shows the P value for the model to be 0.000 which is less than the significance level of 0.05. The results above indicate that the model was significant in predicting firm competitiveness of SMEs in Stare he Sub-County.

The study also conducted a student t-test to test the significance of study variables in predicting firm competitiveness of SMEs in Stare he Sub-County. The results were as shown in Table 7.

Table7. Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% CI for β	
	B	Std. Error	Beta			LB	UP
(Constant)	3.936	.765		5.145	.000	2.318	4.652
Responsive capability	.741	.236	.646	3.140	.003	1.784	3.145

a. Dependent Variable: Firm competitiveness

b. Predictors: (Constant), Responsive capability

$$\text{Firm competitiveness} = 3.936 + 0.741 \text{ Responsive capability}$$

The results from the analysis depicted that responsive capability has $\beta=0.741$; $t=3.140$ and $p= .047$. The value of t lies within the limits of the corresponding confidence interval demonstrating that beta coefficient for responsive capability is statistically significant. These outcomes suggest that at 95% level of confidence responsive capability has an optimistic outcome on firm competitiveness of SMEs in Stare he Sub-County in Kenya. It implies that any unit rise in the responsive capability will cause firm competitiveness to increase by 0.741. The findings corroborate the conclusion made by Machuki and Aosa (2011) that responsive strategies adopted by large private manufacturing firms in Kenya which includes low pricing of products and service, good customer care services, offering quality goods and services, speed in delivery of goods and services and focus strategy, had a positive impact on the firm competitiveness.

7. CONCLUSION

From the results, the study made the following conclusions. The outcomes of statistical analysis established that responsive capability has a positive outcome on firm competitiveness. The conclusion of the research is that responsive capability positively influence firm competitiveness of SME's in Stare he Sub-County in Nairobi City County. The study further concludes that SME's in Stare he Sub-County in Nairobi City County have made collaborations with the local organization in order to be competitive in the market, they have retrenched their employees due to the increased costs experienced in the organization, they have used mergers and acquisitions with private sectors to be more competitive and sustainable in the market, they have downsized their scope of work due to the dynamic work environment, they have resolved to new product development due to the changes in the customers' demands and preferences and that they have extended to new markets due to the changes in the environment that is beyond our control.

RECOMMENDATIONS

Based on the conclusions of the study, the study recommends that SME's should establish a clear sense of purpose which guides decision making; put in place mechanisms to ensure that the various functional units in the firm are content with the endeavor to achieve; and understanding the firm's core capabilities as some of the main avenues to build their core competencies.

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AUTHORS' BIOGRAPHY



Mathews Onkangi Ocharo, is a teacher working at St Paul's Co-educational college in Hong Kong in the Human science department. He holds a Bachelor of education degree from Moi University in Kenya. His main area of interest is in disruptive technology and its impact on the Business environment. Critical thinking skills and the impact it has in strategic management is another keen area that he does extensive research on.



Dr. Godfrey M. Kinyua (Ph.D, MBA, B.Ed), is a Lecturer in Strategic Management in the Department of Business Administration on School of Business of Kenyatta University in Kenya.

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