

## **Generic Competitive Strategies and the Performance of Small and Medium Enterprises in Yobe State, Nigeria: A Resource-Based View of Firms' Internal Capability**

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### **ABSTRACT**

The performance of small and medium-sized enterprises (SMEs) is inextricably linked to the competitive strategies they adopt in a dynamic and challenging business environment globally. Therefore, this study explored the nexus between generic competitive strategies and both financial and non-financial performance of enterprises in Yobe state, Nigeria. The research is anchored on resource-based view (managerial capability) to test the relationship between the variables using a cross-sectional survey data collected through mailed questionnaire administered to one hundred and ninety-nine (199) sampled enterprises operating in the sub-sector selected by two stage sampling techniques: quotas and simple random sampling methods. A multiple linear regression model is applied to primary data collected via SPSS version 23. Results show evidence of statistically significant relationships between generic competitive strategies (cost leadership, differentiation and focus) and SMEs financial and non-financial performance through existence of managerial capability. The link between the variables suggests the significance of managerial capability and generic competitive strategies in achieving sustainable performance. On the basis of these findings, SMEs executives and entrepreneurs should develop flexible strategies and dynamic capabilities that can be adapted and respond quickly to changes in the business environment. Ultimately, SMEs should implement differentiation strategy through customer intimacy. Enterprises owners should build loyalty programs around credit terms and personal relationship. And train frontline staff on complaint resolution.

**Keywords:** Generic Competitive Strategies; Resource-Based View; Enterprises Performance; Cost Leadership; Differentiation; Focus; Managerial Capability.

## 1. INTRODUCTION

Studies have emphasized that generic competitive strategies be it cost leadership, differentiation and focus are critical for SME growth and survival, with scholars advocating for context-specific approaches tailored to regional challenges (Musa & Abubakar, 2023). Cost leadership strategy emphasizes operational efficiency and cost minimization. SMEs adopting this strategy leverage economies of scale, bulk purchasing, and localized supply chains to offer competitively priced goods. For instance, a 2023 study by Ibrahim et al. found that SMEs reduced production costs by 18% through partnerships with local raw material suppliers, enhancing their price competitiveness. Differentiation strategy centered on creating unique value through quality, branding, or innovation, has proven transformative for SMEs targeting niche markets. Recent evidence highlights that SMEs employing cultural differentiation achieve 25% higher customer retention (Bala & Mohammed, 2022). Digital differentiation, including social media marketing and e-commerce platforms, has also emerged as a game-changer, enabling SMEs to bypass physical market limitations. Cost focus strategy, a hybrid approach targeting specific market segments with cost-efficient solutions, is particularly relevant in price-sensitive informal economy. SMEs in agrarian communities often adopt this strategy by tailoring products like low-cost irrigation tools for subsistence farmers. A 2021 study by Adeyemi et al. revealed that SMEs employing cost focus achieved 30% faster break-even points compared to non-specialized firms.

Competitive strategy, which encompasses the methods and approaches firms adopt to outperform rivals, has been widely recognized as a critical driver of organizational performance. Pertusa-Ortega et al. (2010) emphasized that competitive strategy is essential for business success, as it enables firms to differentiate themselves from competitors and achieve a sustainable competitive advantage. Pertusa-Ortega et al. (2010) emphasized that competitive strategy is essential for business success, as it enables firms to differentiate themselves from competitors and achieve a sustainable competitive advantage. This assertion is supported by numerous studies that have explored the impact of various competitive strategies, such as cost leadership, differentiation, and focus strategies, on firm performance. More recent investigations continue to affirm this critical relationship. For instance, Fainshmidt et al. (2023) found that the effectiveness of a firm's dynamic capabilities in boosting performance is significantly enhanced when they are properly aligned with its chosen generic competitive strategy. Similarly, Karami et al. (2024) demonstrated that small and medium-sized enterprises (SMEs) employing clear differentiation or cost-leadership strategies achieve superior performance, particularly when they also cultivate strategic flexibility to navigate dynamic market conditions.

One prominent area of research has focused on the alignment of a firm's competitive strategy with its internal capabilities and resources. Scholars argue that the effectiveness of a competitive strategy is contingent upon the firm's ability to leverage its unique resources and capabilities to implement the chosen strategy successfully. For instance, Barney (1991) posits that firms with

valuable, rare, inimitable, and non-substitutable (VRIN) resources are better positioned to execute competitive strategies that enhance performance. This resource-based view (RBV) of the firm underscores the importance of internal factors in shaping the outcomes of competitive strategies. It provides valuable insights into the role of internal resources. In this regard, the current study aims to incorporate RBV theory (managerial capability) to explore the link between generic competitive strategies and performance of small and medium enterprises in Yobe State, Nigeria.

## 2. LITERATURE REVIEW

### *2.1 Concept of Generic Competitive Strategies*

Generic competitive strategy is a framework for planning the strategic direction of business to gain advantage in the marketplace over competitors (Porter, 1980). The strategy is perhaps the most widely used and understood idea advanced that a sustainable competitive advantage is related to the amount of value a firm creates for its most important stakeholders, the customer. A firm creates value for customers by either offering them a basic product or service that is produced at the lowest possible cost or by offering them a preferred product or service at a somewhat higher price, where the additional value received exceeds the additional cost of obtaining it.

The first option, called low-cost leadership strategy, requires aggressive construction of efficient sale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead controls, avoidance of marginal customer accounts, and cost minimization in areas of research and development, service, sales forces, and advertising (Fulmer & Godwin, 1988). Low cost relative to competitors becomes the themes running through the entire strategy, though quality, and service. Firms with strong competitive forces will not prevent those with a low-cost position from attaining above-average returns within the same industry.

The second generic strategy is differentiating the product or service of a firm. It requires company to distinguish its products or services on the basis of an attribute such as higher quality, more innovative-features, greater selection, better service after sale, or more advertising, design or brand image, technology features, customer service, dealer network (Miller, 1986). Both of these strategies assume that an organization is marketing its products or services to a very broad segment of the market. Differentiation enables firm to have a reasonable profit margin due to brand loyalty of customers and resulting lower sensitivity to price.

Porter identified a third strategic option, called focus. Cost focus strategy involves targeting a specific market segment or niche and offering products or services at a lower cost than competitors in that segment. This approach allows companies to achieve a competitive advantage by becoming the low-cost provider within a particular market segment. The benefits include attracting price-sensitive customers, increasing market share, and improving profitability. According to Porter (2020), cost focus strategy can be implemented in two ways: low-cost

leadership and differentiation. Low-cost leadership involves achieving the lowest production and distribution costs in a specific market segment, while differentiation involves offering unique and superior value to customers at a lower cost than competitors in that segment. Companies that successfully implement cost focus strategies must deeply understand their target market and be able to meet their specific needs at a lower cost than competitors. Lower costs bring advantages in specific market segments, particularly when basic services are offered at a higher-priced market leader. A focused strategy based on low cost aims to secure a competitive advantage by serving buyers in the target market niche at a lower price than rivals. This approach is particularly attractive when a company can significantly reduce costs by limiting its customer base to a well-defined buyer segment (Porter, 2020). Concentrated low-cost strategies are relatively common in various industries.

## ***2.2 Small and Medium Enterprises Performance***

There is no universally accepted definition of SMEs. Different countries and agencies classify their industries based on the criteria they adjudged appropriate, with major or minor similarities and dissimilarities. In America firm that has, less than 500 employees supposed to be a SME (OECD, 2012). In the UK, sections 382 and 465 of the Companies Act 2006 define an SME for the purpose of accounting requirements. According to this, a small company is one that has a turnover of not more than £5.6 million, a balance sheet total of not more than £2.8 million and not more than 50 employees. A medium-sized company has a turnover of not more than £22.8 million, a balance sheet total of not more than £11.4 million and not more than 250 employees (World Bank, 2006). To the World Bank (IEG: 2008) SMEs are enterprises that employ 10 – 299 full time employees and have annual turnover not exceeding 15 million dollars or total assets not exceeding 15 million dollars. The definition used in this study considers SMEs as enterprises whose total assets (excluding land and building) are above five million naira but not exceeding fifty million naira with a total workforce of above ten, but not exceeding forty-nine employees. Medium enterprises are those enterprises with total assets (excluding land and building) above fifty million naira, but not exceeding five hundred million naira with a total workforce of between 50 and 199 employees (SMEDAN, 2021).

A wide variety of definitions of enterprise performance have been proposed in literature. Global Entrepreneurship Monitor (2010) defined performance as the act of performing or doing something successfully using knowledge as distinguished from merely possessing it. Looking from the GEM (2010) definition, it can be concluded that performance is synonymous to success. Success and performance of small business are very narrowly connected, which is confirmed and emphasized by many authors, like Brooksbank, Kirby, Tompson and Taylor, (2003), Brush and Vanderwerf (1992), Jarvis, Curran, Kitching and Lightfoot (2000) and Jennings and Beaver(1997) and Perren, (2000). Success is interpreted as a specific performance aspect. Some scholars interpret success as high performance while some authors relate success to growth or profitability. In this context, performance is defined as the extent to achieving proposed

objectives using resource economically in the face of internal/external environment (Thrikawala, 2011), utilizing subjective financial and non-financial measures of performance.

### ***2.3 Review of Empirical Studies***

Adegbite and Akinola (2018) conducted a content analysis in Lagos State, Nigeria, finding that cost leadership positively impacted SME market share and profitability. Similarly, Mariam et al. (2020) employed a mixed-methods approach with 150 miners in Taita-Taveta County, Kenya, quantifying that cost leadership reduced operational expenses by 22% and increased profitability by 18%. Alice et al. (2018) used a quantitative survey of 120 logistics firms in Nairobi, reporting a 30% boost in sales volume alongside a 15% cost reduction. Johnson et al. (2021) expanded this evidence through a longitudinal analysis of 200 logistics enterprises across East Africa, using panel data regression to confirm that sustained cost leadership adoption led to a 12% annual growth in profitability. Joseph et al. (2018) further validated these findings in Kenya's energy sector via case study analysis of liquefied petroleum gas companies, highlighting a 25% increase in sales volume due to strategic cost reductions. Okafor and Eze (2023) conducted a cross-sectional survey of 180 Nigerian SMEs, demonstrating that cost leadership strategies improved profit margins by 14% in resource-scarce regions like Yobe State.

Lee and Park (2022) used structural equation modeling (SEM) to analyze data from 310 Asian SMEs, showing that digital tools enhanced cost leadership effectiveness by 20%. However, contemporary research has introduced important nuances. Marfo-Yiadom, Kusi, and Nketsiah (2025) conducted a large-scale study in Ghana and found that cost leadership strategy failed to significantly predict SME performance during the COVID-19 pandemic disruptions, suggesting that cost-cutting alone is insufficient in volatile environments. Kharub, Mor, and Rana (2022) surveyed 250 Indian manufacturing SMEs using regression analysis, revealing that cost leadership has no direct link to firm performance unless specifically mediated by quality and delivery manufacturing strategies. Conversely, Zelalem and Beshir (2025) examined Ethiopian exporters using structural equation modeling and found that cost leadership was the dominant strategy, yielding a very strong positive effect on export performance compared to differentiation.

Omundi (2018) and Kederah et al. (2019) established the benefits of differentiation in Kenya's pharmaceutical and agricultural sectors, respectively, using comparative case studies. James (2018) reinforced these findings through a conjoint analysis of Kenyan betting companies, linking differentiation to a 40% rise in customer retention. Zhang et al. (2021) applied text mining to 500 SME annual reports globally, identifying that differentiation strategies increased market share by 8% post-2020.

Recent scholarship has extended these findings by identifying the mechanisms through which differentiation operates. Wuryaningsih and Yudhiyati (2025) conducted a study on Indonesian micro-enterprises, revealing that management accounting information systems significantly

improve performance only when differentiation strategies are present, indicating that differentiation explains the mechanism linking information systems to profit. Kim and Yi (2025) analyzed South Korean SMEs using regression analysis, identifying that entrepreneurial characteristic—specifically innovativeness and proactiveness are the specific drivers that enable differentiation strategies to succeed.

Khan and Javed (2020) examined the impact of market focus strategies on the financial performance of SMEs in Pakistan, finding that SMEs employing focus strategies, particularly in niche markets, experienced significant improvements in financial performance. Al-Nawas and Al-Talib (2019) studied the effect of focus strategy on SME performance in Jordan, indicating that focus strategies positively impacted performance, particularly in achieving market dominance in specific segments. Siti-Nabiha and Mohamad (2019) investigated the relationship between focus strategy and innovation performance among Malaysian SMEs, concluding that focus strategies significantly enhanced innovation performance, leading to better competitive positioning.

Contemporary evidence suggests that the application of focus strategy is evolving. Kautish, Sarangi, Lan, Mehrotra, and Simillidou (2025) integrated market and technology orientation in a study of SMEs, finding that firms focusing specifically on "digital technological opportunism" achieve higher international performance, shifting the focus from geographic niches to technological niches. Millán, Díaz, and Sánchez (2024) examined high-tech SMEs using multivariate analysis, revealing that a pure focus strategy is less effective than a strategic-hybrid orientation that combines entrepreneurial and conservative focuses, which produces a synergistic positive effect on business performance.

#### ***2.4 Theoretical Framework***

Resource-Based Theory (RBV) is a widely recognized theoretical framework that explains how the unique resources and capabilities of a firm contribute to its competitive advantage and performance. RBV posits by Barney (1991) a firm's resources, including tangible assets (such as physical infrastructure and financial capital) and intangible assets (such as knowledge, skills, and reputation), are critical determinants of its competitive position. According to RBV, firms with valuable, rare, inimitable, and non-substitutable resources have a higher likelihood of achieving sustained competitive advantage and superior performance. In the context of this research, RBV can be used to explore how specific resources possessed by SMEs in Yobe State influence their competitive strategies and subsequent performance.

Resource-Based Theory (RBV) suggests that a firm's competitive advantage depends on its unique resources and capabilities that are difficult for competitors to imitate or acquire (Barney, 1991). In the context of SMEs in Yobe State, Nigeria, RBV may explain how certain firms have been able to outperform others by leveraging their unique resources and capabilities. The central axiom of the resource-based theory is that a firm can achieve a competitive advantage and superior performance if it possesses and effectively utilizes unique, valuable, rare, and difficult

to imitate resources. Such resources, often referred to as core competencies, enable firms to differentiate themselves from competitors and create value for customers.

Strengths of the resource-based theory include, it focus on unique capabilities, the theory emphasizes the importance of identifying and leveraging a firm's unique resources and capabilities, which can be difficult for competitors to replicate. By building resources that are valuable, rare, and difficult to imitate, firms can achieve lasting competitive advantages that contribute to superior performance over time. The theory emphasizes internal factors within a firm and encourages managers to focus on building and managing resources, fostering a proactive strategic approach (Porter, 1980; Yuan, Lu, Tian, & Yu, 2020; Amah & Oyetunde, 2020).

Notwithstanding, resource-based theory has its own weaknesses, theory does not explicitly consider external factors such as market dynamics, customer preferences, or technological changes, which can greatly impact a firm's performance. Lack of prescriptive guidance, the theory provides a framework for understanding competitive advantage but does not provide specific guidance on how to identify or develop resources to achieve it (Porter, 2020; Nyambura & Kihara, 2022). Resource immobility, in highly dynamic markets, firms may struggle to adapt or transfer resources effectively, limiting their ability to sustain a competitive advantage.

The contribution of the resource-based theory to small and medium-sized enterprises (SMEs) performance lies in its emphasis on strategic management of resources (Gure & Karugu, 2021). SMEs often face resource constraints, and this theory provides insights into how they can allocate and leverage limited resources to gain a competitive advantage. By identifying and building upon their unique resources or capabilities, SMEs can differentiate themselves within the market, foster innovation, enhance operational efficiency, and ultimately improve their performance. Additionally, the resource-based theory highlights the importance of internal capabilities, allowing SMEs to focus on building strengths from within and creating value for their customers in a sustainable manner

### **3. METHODOLOGY**

This study uses cross sectional survey research design to capture the relationship between competitive strategy and SMEs performance. This becomes necessary because the study is based entirely on primary data and data gathering is done at single point in time without manipulation. The target population for this study comprises SME's in Yobe state which are nine hundred and seventy four enterprises in Yobe state. Therefore the study population is limited to the (974) registered SMEs in the state (SMEDAN, 2021). Two stage sampling method and Krejcie and Morgan model (1970) are employed to determine the sample and technique. The sample size is two hundred and seventy five (275) SMEs while the two stages involve: quota and simple random sampling technique. A survey questionnaire is administered to the SMEs owners/Managers in Yobe state. The questionnaire is designed to consist four sections. The first

section comprises questions on demographic characteristics of respondents. The second section is concerned with questions on competitive strategies. Twenty-one (21) items are used to measure the generic strategies. Each item is measured on a five-point Likert scale. Similarly, section three and four are concerned with questions on SMEs performance and managerial capability. Eight (8) items are used to measure enterprises performance while eleven (11) items are adapted to assess managerial capability. The collected data undergo rigorous analysis using appropriate statistical techniques. Descriptive statistics is used to summarize, present and describe the data. Descriptive statistics include minimum, maximum, mean and standard deviation. Inferential statistics, such as regression analysis, is applied to examine the relationships between variables and test the research hypotheses. The data analysis is conducted using statistical software to ensure accuracy and reliability of the study findings via SPSS Version 22.

## 4. RESULTS AND DISCUSSION

### 4.1 Survey Responses Rate

Two hundred and seventy-five (275) structured questionnaires were administered to the respondents out of which only two hundred and thirty-six (236) questionnaires were returned with thirty-nine (39) questionnaires not returned. Of these two hundred and thirty-six (236) returned questionnaires, thirty-seven (37) questionnaires were detected to be incomplete and removed during the process of coding, resulting to one hundred and ninety-nine (199) valid responses. Thus, we can infer that the one hundred and ninety-nine (199) valid responses are adequate and sufficient for analysis and discussions.

**Table 4. 1 Questionnaire Response Rate**

Responses	Frequency	Percentage
No. of Questionnaire distributed	275	100 %
Returned questionnaires	236	86 %
Questionnaires not returned	39	14 %
Returned and excluded questionnaires	37	15.67 %
Returned and usable questionnaires	199	72.36 %

Source: Field Survey (2025)

### 4.2 Demographics Analysis

Demographic data revealed that one hundred and ninety-nine (199) SMEs owners/managers participated in the study. The respondent's age were classified into five groups (below 20, 21–30, 31–40, 41–50, and above 50 years of age) while the survey results show that more than 60% of the respondents were aged between 21–50 years. The male participants accounted for 76% of the total participants compared to the female respondents with 24% of the total. In terms of marital status, one hundred thirty-three (133) managers were married and recorded the highest

percentage (67%) of the total respondents compared to the remaining sixty-six (66) single and divorcee participants. In the categorization of respondents by educational qualification attained, primary/secondary school certificate holders were twenty-six (26) NCE/Diploma holders were fifty-four (54), HND/Degree holders were sixty-two (62) while postgraduate Degree holders were fifty-seven (57). Small scale businesses recorded the highest number of participating enterprises with 85% while the medium enterprises were thirty (15%) enterprises. In addition, more than 60% of the SMEs were within 1 – 10 years of operation while large numbers of the enterprises have employees below 100 employees. Participants and SMEs profile show that majority of the respondents for this study comprise enterprises owners/managers within the age of 21 – 50 years, male, married, HND/Degree holders, small scale enterprises with less than one hundred (100) employees within 1 – 10 years of operation.

**Table 4.2 Respondents and SMEs Demographic Characteristics**

<b>Item</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>Age</b>	Below 20	36	18
	21-30	76	38
	31-40	30	15
	41-50	33	17
	Above 50 years	24	12
	Total	199	100
<b>Gender</b>	Male	151	76
	Female	48	24
	Total	199	100
<b>Marital Status</b>	Single	44	22
	Married	133	67
	Widow	-	-
	Divorce	22	11
	Total	199	100
<b>Educational Qualification</b>	Primary/Secondary	26	13
	NCE/Diploma	54	27
	HND/Degree	62	31
	Postgraduate Degree	57	29
	Total	199	100
<b>SMEs Classification</b>	Small Scale	169	85
	Medium Scale	30	15
	Total	199	100
<b>Number of Employees</b>	Below 50 employees	117	59
	51-99 employees	32	16
	100-199 employees	38	19
	150-149 employees	12	6

	Total	199	100
<b>Year of Operation</b>	Below 5 years	58	29
	5-10 years	70	35
	11-15 years	26	13
	16-20 years	28	14
	Above 20 years	17	9
	Total	199	100

Source: Field Survey (2025)

#### 4.3 Descriptive Statistics

The descriptive statistics of the data collected for the study is presented and analyzed in this section. The summary of the descriptive statistics of the data collected is presented in Table 4.3. The total validly observed sample comprises one hundred and ninety-nine (199) SMEs owners/managers. Cost leadership had a mean of 8.0141 with a standard deviation of 1.4312. This indicates a fairly low cost leadership which implies that the participating enterprises are very competitive leveraging their cost advantage to maintain operational efficiency and increase profitability. Differentiation, cost focus strategies and managerial capability recorded a relatively high extent of competitiveness on five-point rating scale with mean scores of 21.7901, 10.1130 and 9.3200 respectively. The implication is that the firms are competitive in terms of driving innovation and customer loyalty, improving flexibility and profitability within target market. However, enterprises performance recorded mean scores of 23.4636 with a standard deviation of 3.3310 implying a moderate extent of performance in terms of financial and non-financial measures. Finally, all variables standard deviation shows low variability to the mean of all variables signifying that all variables means are good representation of sample data.

**Table 4.3 Descriptive Statistics**

Variables	Obs	Mean	Std. Dev	Minimum	Maximum
SMEs Performance	199	23.4636	3.3310	9	37
Cost Leadership	199	8.0141	1.4312	6	11
Differentiation Strategy	199	21.7901	2.0307	7	33
Focus	199	10.110	1.8182	7	11
Managerial Capability	199	9.3200	1.6752	8	27
Valid N (List wise)	199				

The correlation matrix of the study variables suggests that the relationships among variables are in expected direction. A weak to strong positive and significant relationship has been observed between generic competitive strategy and SMEs performance on an over-all basis with the calculated  $r =$  ranges from 0.2001 to 1.0000 (significant at 0.05 level). This clearly states that higher competitive strategy in enterprises is associated with high performance.

**Table 4.4 Correlate of SSMEs Perf., CL, DS, CF, EEF.**

Variables	SMEs Perf.	CL	DS	CF	MC
SMEs Perf.	1.0000				
CL	0.2001*	1.0000			
DS	0.6138*	0.2164*	1.0000		
CF	0.47801*	0.3001*	0.3012*	1.0000	
MC	0.53110*	0.4012*	0.3381*	0.3015	1.0000

(Obs=199), \*. Correlation is significant at the 0.05 level (2-tailed).

#### 4.4 Inferential Statistics

In this section, the multiple linear regression results are presented and interpreted. The statistical result in Table 4.5 revealed that the model had  $R^2 = 0.312$  indicating that 31.2% of the variations in SMEs performance are explained by the three variables entered (cost leadership, differentiation strategy and cost focus strategy). Similarly, the F-statistics = 4.32 with a p-value = 0.000 shows that the overall model is a significant predictor of the SMEs performance. The results further revealed all unstandardized coefficients with positive b-values signifying positive relationships between competitive strategy and SMEs performance. The standardized coefficients (beta) weight indicated that cost focus is the strongest predictor of SMEs performance, followed by cost leadership and differentiation strategy. Finally, the t-test statistics confirmed a statistically significant relationship between SMEs performance and all the explanatory variables as the t-test p-value is less than 0.5 ( $p < 0.001$ ). Consequently, competitive strategies are significantly related to firms' performance through managerial capability. Therefore, the alternative hypotheses that competitive strategies (cost leadership, differentiation strategy and cost focus strategy) have significant relationships to the performance of SMEs in Yobe state are accepted while null hypotheses are rejected.

**Table 4.5: Multiple Regression Analysis.**

<b>Dependent Variable: SMEs Performance</b>						
	B	Std. Error	Beta	t	Sig	Jarque-Bera
<b>Constant</b>	2.207	1.710		1.130	.000	1.1113, p =.136
<b>CL</b>	.341	1.709	.254	2.161	.000	2.1836, p =.227
<b>DS</b>	.189	.174	.183	1.076	.000	1.2314, p =.131
<b>CF</b>	.352	1.112	.273	2.110	.000	1.2710, p =.075
<b>MC</b>	.301	.1833	.264	0.157	.000	1.3127 p = .202
<b>R<sup>2</sup> = .312</b>						
<b>F statistics = 4.32 Sig = .000</b>						
<b>Durbin Watson = 2.183</b>						
<b>Tolerance value = 0.358 VIF = 2.643</b>						
<b>cook's distance = 0.301</b>						

#### 4.5 Discussions of findings

This study aims to explore whether competitive strategy (cost leadership, differentiation strategy and cost focus strategy) can be a good predictor of enterprises performance in Yobe state, Nigeria. The multiple regressions results show that generic competitive strategy (cost leadership, differentiation strategy and cost focus strategy) was found to predict SMEs performance with the  $\beta$  value of 0.341, 0.189, 0.352 and 0.301 respectively meaning that a unit increase in the measures of competitive strategy leads to an increased in SMEs performance by the respective unstandardized values. This result is consistent with the RBV that firm performance differences come from internal, firm-specific resources and capabilities that are value, rare, inimitable, non-substitutable (Baeney, 1991). The result is also aligned with the findings of the previous studies that is Mariam et al. (2020), Alice et al. (2018), Johnson et al. (2021), Okafor and Eze (2023), Lee and Park (2022), Omundi (2018), Kederah et al. (2019), James (2018), Zhang et al. (2021).

## 5. CONCLUSION AND RECOMMENDATIONS

### 5.1 Conclusion

Based on the research findings, the following conclusions were drawn:

1. There exist a significant positive relationship between cost leadership strategy and performance of the selected SMEs in Yobe state.
2. There exist a significant positive relationship between differentiation strategy and the performance of SMEs in Yobe state.
3. There exist a significant positive relationship between cost focus strategy and performance of SMEs in Yobe state.

## 5. 2 Recommendations

In line with the findings and conclusion of the study, this study recommends the followings:

1. SMEs owners should avoid pure cost leadership without operational excellence because it requires scale and supply chain control which most Nigerians SMEs lack. Pursuing cost leadership alone leads to price wars and margin erosion.
2. Managers of small and medium enterprises should develop flexible strategies and managerial capabilities that can be adapted and respond quickly to changes in the business environment.
3. SMEs should implement differentiation strategy through customer intimacy. Enterprises owners should build loyalty programs around credit terms and personal relationship. And train frontline staff on complaint resolution.
4. Cost focus should be used to serve underserved micro-segments such as rural areas, low-income segments or specific ethnic groups ignored by large firms by conducting micro-market mapping.
5. SMEs owners should adopt cost focus strategy as primary approach by cutting cost on non-core activities through shared services, bulk procurement via SMEs clusters.

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