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MAKERERE UNIVERSITY BUSINESS SCHOOL

COMPETITIVE MARKETING STRATEGIES AND FIRM PERFORMANCE: A SURVEY OF SMALL AND MEDIUM ENTERPRISES IN NAKAWA DIVISION

BY

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A RESEARCH PROPOSAL SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH AT MAKERERE UNIVERSITY BUSINESS SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER'S DEGREE IN BUSINESS ADMINISTRATION.

PLAN A

SEPTEMBER, 2025

DECLARATION

I declare that this study is original and has never been submitted for any other degree at any other university.

Signature…………………………………………

Date………………………………………………

GAMBWA ISAAC ANDREW

2021/HD10/22665U

This proposal, entitled Competitive Marketing Strategies and Firm Performance: A Survey of Small and Medium Enterprises in Nakawa Division. Has been continuously guided by **Dr. Walugembe Ahmad** and **Dr. Kiggwe Musa** and is ready for submission with our approval as MUBS supervisors.

Signature …………………………………......

Date   …………………………………......

Dr. Walugembe Ahmad

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Dr. Kiggwe Musa

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SECTION ONE

INTRODUCTION

1.1 Background of the study

The concept of firm performance has evolved significantly over time, transitioning from a narrow focus on financial indicators to a broader, multidimensional perspective. In its earliest application, performance was primarily equated with financial outcomes such as profitability, return on investment, and sales growth. Between the 1960s and 1980s, accounting-based measures dominated assessments of organizational success, reflecting the prevailing assumption that shareholder returns were the most reliable indicators of business health Taouab, Omar & Issor, Zineb. (2019).

However, by the early 1990s, this view began to shift. Kaplan and Norton's (1992, 1996) introduction of the Balanced Scorecard challenged the primacy of financial indicators by emphasizing that firms create long-term value through multiple dimensions. They proposed that performance should also be assessed through customer satisfaction, internal business processes, and learning and innovation capacity. This broadened understanding recognized that intangible assets—such as employee competencies, customer trust, and organizational culture—play a crucial role in sustaining superior performance.

Concurrently, strategic management research deepened this multidimensional view of performance. Porter's (1980, 1985) competitive strategy framework underscored that firm performance outcomes are significantly influenced by the strategic choices firms make—whether pursuing cost leadership, differentiation, or niche focus. Firms lacking a coherent strategic direction risk underperformance, regardless of their resource base. The Resource-Based View (RBV) further reinforced this perspective, with Barney (1991) arguing that a firm's distinctive resources and capabilities—such as managerial competence, innovation capacity, and operational efficiency—constitute the foundation of sustainable competitive advantage and long-term performance.

More recent scholarship extends this discussion by incorporating adaptability, resilience, and sustainability as critical dimensions of firm performance, particularly within volatile and resource-constrained environments. For small and medium-sized enterprises (SMEs) in emerging economies, these attributes are especially vital. In Uganda, SMEs constitute the backbone of the private sector, employing large segments of the population and contributing

substantially to household incomes (Namugenyi, Komakech, Namara, & Ombati, 2024). Nonetheless, many of these enterprises continue to struggle with structural barriers such as limited access to finance, inadequate strategic planning, and weak institutional support systems—all of which impede their competitiveness and survival.

In Kampala's Nakawa Division, where this study is situated, SMEs operate within highly competitive urban markets characterized by fluctuating consumer demand and intense price competition. Data from the Kampala Capital City Authority (KCCA, 2023) reveal that average profitability and revenue growth among SMEs remain suboptimal, averaging slightly above two on a five-point performance scale. While some firms have improved outcomes through cost-cutting measures or niche targeting, many others face persistent challenges in implementing sustainable differentiation strategies due to financial and capability constraints (Nuwagaba & Nuwagira, 2023).

Within this context, understanding how strategic choices shape firm performance becomes essential. Drawing on Porter's Generic Strategies framework, this study investigates how cost leadership, differentiation, and focus strategies influence both financial and non-financial performance dimensions among SMEs in Nakawa Division, Kampala. By doing so, the study aims to highlight strategic pathways that can enhance competitiveness, resilience, and sustainability among SMEs operating in resource-limited urban environments.

1.2 Problem statement

Small and medium-sized enterprises (SMEs) are vital to Uganda's economic growth, providing employment opportunities, fostering innovation, and supporting household incomes. Despite their importance, the performance of many SMEs remains weak and unstable. National statistics indicate that over half of Ugandan SMEs fail within their first five years due to limited strategic planning, poor resource utilization, and weak competitive positioning (Uganda Bureau of Statistics [UBOS], 2023). This persistent underperformance constrains economic productivity and undermines sustainable development goals.

Strategic management literature emphasizes that firm performance depends not only on market conditions but also on the strategic choices managers make. Porter's (1980, 1985) Generic Strategies framework posits that firms achieve superior performance through deliberate strategic positioning—either by pursuing cost leadership, differentiation, or focus. Similarly,

the Resource-Based View (Barney, 1991) highlights that internal capabilities such as managerial competence and innovation capacity determine sustained competitive advantage. However, evidence from developing economies reveals that many SMEs lack the strategic orientation and managerial skills necessary to implement such strategies effectively (Namugenyi, Komakech, Namara, & Ombati, 2024).

In Kampala's Nakawa Division, where this study is situated, SMEs operate in a highly competitive urban environment characterized by rising operational costs, market saturation, and limited access to financing and technology. Although the division hosts a large number of enterprises, data from the Kampala Capital City Authority (KCCA, 2023) indicate that average profitability and revenue growth among SMEs remain suboptimal, averaging slightly above two on a five-point performance scale. While some firms have improved through cost-cutting and niche marketing, most continue to struggle with sustaining competitiveness and achieving long-term growth (Nuwagaba & Nuwagira, 2023).

Existing studies on SMEs in Uganda have mainly explored challenges such as access to finance, managerial skills, and regulatory barriers, with limited empirical focus on how strategic choices influence firm performance. Specifically, there is a lack of localized evidence examining the application of Porter's Generic Strategies and their effects on both financial and non-financial performance dimensions among SMEs in urban contexts like Nakawa Division. This knowledge gap limits the development of targeted strategic interventions that could enhance SME competitiveness and resilience.

Therefore, this study seeks to examine how cost leadership, differentiation, and focus strategies influence the performance of SMEs in Nakawa Division, Kampala. By exploring the link between strategic choice and firm performance, the study aims to provide insights into how SMEs can strengthen their competitiveness, adaptability, and sustainability in resource-constrained urban environments.

1.3 Purpose of the Study

The purpose of this study is to examine how competitive strategies, as defined by Porter (1980, 1985), cost leadership, differentiation, and market focus, influence the performance of small and medium-sized enterprises (SMEs) in Nakawa Division, Uganda. This research specifically investigates how SME managers and employees implement these strategic approaches and the

effects on key organizational outcomes, including profitability, revenue growth, and customer retention. By analyzing both the singular and combined application of these strategies, this study seeks to generate context-specific insights that can assist SMEs operating in resource-constrained urban environments in enhancing their competitiveness and long-term viability (Namugenyi et al., 2024; Porter, 1980, 1985).

1.4 Research objectives

This study will pursue the following objectives:

  i.   To assess the relationship between cost leadership strategy and SME performance in Nakawa Division.

  ii. To evaluate the impact of differentiation strategy on SME performance in Nakawa Division.

  iii. To examine the effect of market focus strategy on SME performance in Nakawa Division.

  iv. To analyze the combined influence of Porter's Generic Strategies on the overall performance of SMEs in Nakawa Division.

1.5 Research Questions

The study seeks to answer the following research questions:

  i.   What is the effect of cost leadership strategy on the performance of SMEs in Nakawa Division?

  ii. How does differentiation strategy influence the performance of SMEs in Nakawa Division?

  iii. What is the relationship between market focus strategy and the performance of SMEs in Nakawa Division?

  iv. To what extent do Porter's Generic Strategies collectively affect the performance of SMEs in Nakawa Division?

1.6 Research Hypothesis

H1: Cost leadership strategy has a significant positive effect on the performance of SMEs in Nakawa Division.

H2: Differentiation strategy has a significant positive effect on the performance of SMEs in Nakawa Division.

H3: Market focus strategy has a significant positive effect on the performance of SMEs in Nakawa Division.

H4: Porter's Generic Strategies have a significant combined effect on the overall performance of SMEs in Nakawa Division.

1.7 Study Scope

1.7.1 Subject Scope

This study focuses on Porter's Generic Strategies of cost leadership, differentiation, and market focus as they are implemented within SMEs. The emphasis is on how these strategic choices impact firm performance, specifically regarding profitability, revenue growth, market share, and customer loyalty.

1.7.2 Geographical Scope

The study is confined to SMEs located in Nakawa Division, Kampala, an area comprising diverse SMEs engaged in sectors such as trade, services, manufacturing, and food processing. This locality is chosen due to its economic activity and the presence of a large number of SMEs, making it an ideal context to explore competitive strategies.

1.7.3 Time Scope

The study will be conducted from August to November 2025. Data collection, analysis, and reporting activities will all be completed within this timeframe. The literature reviewed will include contemporary studies over the past decade, complemented with foundational theories such as those proposed by Porter (1980).

1.8 Significance of the study

The study offers contributions relevant to three main groups:

a) Theoretical Contribution: It enriches the academic understanding of Porter's Generic Strategies in the context of resource-constrained SMEs, particularly in urban African markets. By empirically examining the link between strategic choices and firm performance, the study extends existing knowledge and validates theoretical models in a novel setting.

b) Managerial Contribution: SME managers and entrepreneurs will benefit from findings that provide actionable insights on effective competitive strategies. This will guide decision-making aimed at enhancing profitability, market position, and sustainability.

c) Policy Contribution: The study's outcomes will inform policymakers and development agencies, including the Kampala Capital City Authority, enabling them to tailor support initiatives, training programs, and financing schemes that address strategic capability gaps among SMEs.

1.9 Conceptual Framework

This study's conceptual framework is based on Porter's (1980, 1985) Generic Strategies theory, positing that the implementation of cost leadership, differentiation, and market focus strategies by SMEs directly influences firm performance. Performance will be assessed through financial indicators such as profitability and sales growth, alongside non-financial measures like customer satisfaction and retention.

According to Porter (1985), competitive strategy is about developing a defensible market position by aligning internal resources and capabilities with external market demands. The cost leadership strategy seeks to achieve the lowest operational costs to offer competitive pricing; differentiation focuses on creating unique product or service qualities valued by customers; while the focus strategy targets specific market segments with specialized offerings.

The framework integrates these strategies as independent variables impacting SME performance as the dependent variable. The study also considers moderating variables such as firm size, sector, and age to enhance understanding of contextual influences.

Figure 1: Conceptual Framework

COMPETITIVE MARKETING STRATEGIES

Differentiation Strategy
- Product Uniqueness
- Branding
- Service Differentiation
- Digital Differentiation

Market Focus Strategy
- Market Segmentation
- Tailored Marketing
- Customer Insight
- Local Adaptation

Cost Leadership Strategy
- Operational Efficiency
- Economies of Scale
- Technology Adoption
- Strategic Cost Management

FIRM PERFORMANCE
- Sales Growth
- Profitability
- Market Share
- Customer Loyalty

Source: Adopted from Porter (1980), Barney (1991), Teeratansirikool et al. (2013), and modified by the researchers.

<center>**SECTION TWO**</center>
<center>**LITERATURE REVIEW**</center>

2.0 Introduction

Competitive advantage is central to organizational success and long-term sustainability, especially within highly contested markets. Michael Porter's (1980) Generic Strategies model remains influential in defining how firms achieve this advantage through three primary strategic positions: cost leadership, differentiation, and market focus. This chapter explores the theoretical foundations of these strategies and examines empirical studies related to their application among Small and Medium Enterprises (SMEs), particularly in urban African contexts such as Uganda's Nakawa Division. The chapter also emphasizes challenges in strategy adoption and identifies knowledge gaps addressed by this study.

2.1 Theoretical Framework: Porter's Generic Strategies Model

This study is grounded in Porter's (1980, 1985) Generic Strategies framework, a foundational model in strategic management that explains how firms achieve and sustain competitive advantage. Porter proposed that firms can outperform competitors by pursuing one or more of three primary strategies: cost leadership, differentiation, and focus. Each strategy represents a distinct approach to creating superior value for customers while establishing a defensible market position.

The cost leadership strategy emphasizes operational efficiency and cost minimization to deliver products or services at lower prices than competitors. Differentiation focuses on offering unique attributes such as superior quality, innovation, or branding that customers perceive as valuable. Focus strategy, meanwhile, targets specific market segments, allowing firms to specialize in serving niche customers with tailored offerings. Porter cautioned that firms attempting to blend all three strategies risk becoming "stuck in the middle," leading to suboptimal performance. The model therefore stresses clarity of strategic direction and internal consistency between organizational capabilities and market positioning.

Complementing Porter's theory, the Resource-Based View (RBV) (Barney, 1991) argues that sustainable competitive advantage stems from leveraging firm-specific resources that are valuable, rare, inimitable, and non-substitutable (VRIN). Integrating both perspectives, this study posits that SMEs' strategic alignment through cost efficiency, differentiation, or focus

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enhances performance when supported by internal capabilities such as innovation, managerial skill, and process optimization.

2.2 Cost Leadership Strategy and Firm Performance

The cost leadership strategy centers on producing goods or services at the lowest possible cost without compromising acceptable quality (Porter, 1980). Firms pursuing this strategy seek efficiency in procurement, production, and distribution while maintaining cost discipline across operations. For SMEs, this may involve adopting lean production methods, controlling overheads, and optimizing resource utilization.

Empirical studies indicate that cost leadership positively influences firm performance, particularly in highly price-sensitive markets. For instance, Agyemang (2022) found that cost-efficient SMEs in Ghana achieved higher profitability and market share due to competitive pricing and operational flexibility. Similarly, Turyahikayo (2014) observed that Ugandan SMEs employing cost-saving measures were better able to sustain operations during economic downturns.

However, excessive focus on cost reduction can compromise product quality or innovation capacity, eroding customer satisfaction (Taye, 2024). Therefore, SMEs must balance efficiency with value creation to maintain competitive advantage. Within Nakawa Division, cost leadership may be particularly effective for SMEs facing intense competition and resource constraints, enabling them to attract price-conscious customers and stabilize cash flows.

Hypothesis 1: Cost leadership positively correlates with SME performance in Nakawa Division.

2.3 Differentiation Strategy and Firm Performance

Differentiation involves offering products or services perceived as distinct in ways that customers value and are willing to pay a premium for (Porter, 1985). This uniqueness may arise from product quality, customer service, branding, technology, or innovation. Through differentiation, firms build customer loyalty, reduce price sensitivity, and strengthen market identity.

Studies across developing economies demonstrate that differentiation enhances firm performance through increased customer retention and brand reputation. Isichei (2023) observed that innovative SMEs that customized products to local preferences achieved sustainable growth. Likewise, Oyewobi et al. (2023) showed that differentiation fosters long-term relationships with customers, thereby improving both financial and non-financial outcomes.

Nonetheless, differentiation demands continuous investment in innovation, marketing, and human capital—resources that many SMEs in Uganda may find scarce. Without adequate resource commitment, differentiation efforts can be easily replicated by competitors, undermining long-term advantage. For Nakawa SMEs, success in differentiation depends on leveraging creativity and service quality to build unique customer experiences that offset resource limitations.

Hypothesis 2: Differentiation strategy positively affects SME performance in Nakawa Division.

2.4 Market Focus Strategy and Firm Performance

Market focus enables SMEs in Nakawa Division to concentrate their resources on specific groups whose needs are closely addressed through tailored products or services (Porter, 1985). This targeted approach optimizes effectiveness and resource use, allowing SMEs to build deeper relationships with their chosen market segments. By identifying and targeting a specific segment—such as young professionals, local artisans, or small retailers—SMEs can tailor their offerings to meet the unique needs of these groups, ensuring that resources are used efficiently and marketing efforts are more effective.

Utilizing customer data and feedback is essential for enhancing adaptability, improving satisfaction, and building loyalty in focused segments (Santos et al., 2020). SMEs that actively seek and respond to customer feedback can quickly adapt to changing preferences, ensuring that their products and services remain relevant. This responsiveness builds trust and loyalty, which are vital for sustaining business in a competitive environment.

Digital tools provide cost-effective mechanisms for managing relationships, while culturally sensitive approaches build trust and relevance among niche customers (Kabuya et al., 2021; Agag & El-Masry, 2017). The use of customer relationship management (CRM) software and

an understanding of local cultural norms can help SMEs build stronger connections with their target market. These tools and approaches make it easier to personalize interactions and foster long-term relationships.

SMEs that deeply understand and meet niche needs demonstrate higher sustainability and resilience, particularly in dynamic environments (Adegbuyi et al., 2015). Focusing on a niche market allows SMEs to develop specialized value propositions that are difficult for competitors to replicate. This specialization not only attracts loyal customers but also helps SMEs weather market fluctuations and changes in consumer demand.

Hypothesis 3: *There is a significant positive relationship between focus strategy and SME performance in Nakawa Division.*

2.5 Relationship between Porter's Generic Strategies and SME Performance in Nakawa Division

In practice, SMEs in Nakawa Division often blend elements of cost leadership, differentiation, and market focus to navigate competitive pressures and resource limitations (Kharub et al., 2018). Hybrid strategies provide flexibility and expanded appeal, allowing SMEs to adapt to changing market conditions and maximize their strengths while minimizing weaknesses. This approach enables SMEs to be more responsive to market changes, increasing their chances of success in a dynamic environment.

The Resource-Based View (Barney, 1991) emphasizes that success depends on internal capabilities and resources being aligned with strategic adoption, which supports sustainable competitive advantages. For SMEs, aligning unique resources and capabilities with chosen strategies ensures effective implementation and improved performance outcomes.

Integrating multiple strategies helps SMEs overcome capital and managerial constraints by balancing efficiency with innovation and market specificity (Santos et al., 2020). By combining cost-saving measures, innovative practices, and targeted market approaches, SMEs can offset limitations in capital, expertise, or market reach. This balance allows them to be efficient, innovative, and focused, making the most of their available resources.

Empirical findings link strategic integration to improved financial and non-financial performance metrics in SMEs within urban African contexts, including Nakawa Division (Namugenyi et al., 2024). Research shows that SMEs that successfully combine different strategic approaches tend to perform better, both financially and in terms of customer satisfaction, innovation, and market share. This is particularly true in challenging environments like Nakawa Division, where flexibility and adaptability are crucial.

Hypothesis 4: Porter's Generic Strategies collectively have a significant positive effect on SME performance in Nakawa Division.

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SECTION THREE

RESEARCH METHODOLOGY

</div>

3.0 Introduction

This chapter outlines the methodological approach adopted to investigate the influence of Competitive Marketing Strategies on the performance of SMEs in Nakawa Division, Uganda. It details the research design, target population, sampling procedures, data collection methods, analysis techniques, and ethical considerations to ensure the study's validity and reliability.

3.1 Research design

A cross-sectional survey design will be employed, allowing data collection from a broad sample of SMEs at a single point in time. This design is suitable for identifying relationships between competitive strategies and performance without manipulating variables (Creswell, 2018). A quantitative approach enables statistical analysis of the effects of cost leadership, differentiation, and market focus strategies on SME outcomes (Saunders, Lewis, & Thornhill, 2019).

3.2 Study Population

The target population consists of all registered SMEs in Nakawa Division, Kampala, spanning sectors such as trade, services, manufacturing, and food processing. Nakawa Division is selected for its economic diversity and concentration of SMEs, providing a rich context for strategic management research (UBOS, 2023).

3.3 Sampling Size and Procedure

Stratified random sampling will be used to ensure proportional representation across SME sectors. The sample size will be determined using Krejcie and Morgan's (1970) table, based on the total SME population in Nakawa Division. For example, with a population of 17,573 SMEs, a sample of approximately 376 respondents is statistically adequate (Krejcie & Morgan, 1970). Stratification minimizes bias and enhances generalizability (Saunders et al., 2019).

Table 3.1: Proportionate Sample Allocation Across Sectors

Sector	Population (SMEs)	Proportion (%)	Sample Size (Respondents)
Services	7,029	40%	150
Trade	6,151	35%	132
Manufacturing	4,393	25%	94
Total	17,573	**100%**	**376**

3.4 Data sources

Primary data will be gathered using structured questionnaires administered to SME managers and key employees. The questionnaire will feature closed-ended and Likert-scale items to measure strategic practices and performance outcomes (Joshi et al., 2015). Secondary data from government reports, academic literature, and policy documents will supplement and triangulate findings (Flick, 2018). The instrument will be pilot-tested for clarity and reliability before full deployment (Sekaran & Bougie, 2019).

3.5 Data collection tools

Data will be collected using a structured questionnaire that includes both closed-ended questions and Likert-scale items. Closed-ended questions will provide quantifiable data appropriate for statistical analysis. Likert-scale items will assess respondents' perceptions of cost leadership, differentiation, and focus strategies, as well as their impact on firm performance. Likert scales are widely used in management research because they reliably measure attitudes, perceptions, and behavioral tendencies in a standardized format (Joshi, Kale, Chandel, & Pal, 2015). Questionnaires are also cost-effective and efficient for reaching large respondent groups, which is particularly advantageous for research on small and medium-sized enterprises in resource-limited settings (Sekaran & Bougie, 2019). The instrument will be pilot-tested before the main survey to ensure clarity, reliability, and ease of response.

3.6 Measurement of variables

Variable	Measurement Indicators	Source / Adaptation

Differentiation Strategy	✓ Product uniqueness ✓ Branding ✓ Service differentiation ✓ Digital differentiation	Acquaah & Agyapong (2015); Baker & Sinkula (2005)
Market Focus Strategy	✓ Market segmentation ✓ Tailored marketing ✓ Customer insight ✓ Local adaptation	Pelham & Wilson (1996); Zahay & Griffin (2010)
Cost Leadership Strategy	✓ Operational efficiency ✓ Economies of scale ✓ Technology adoption ✓ Strategic cost management	Pelham & Wilson (1996); Zahay & Griffin (2010)
Firm Performance	✓ Sales growth (perceived increase in sales/revenue over 3 years, validated by KCCA records) ✓ Profitability (perceived profit margins/ROI, cross-checked with financial reports) ✓ Market share (perceived growth relative to competitors, supported by sector data) ✓ Customer loyalty (perceived retention/repeat	Adapted from literature (Baker & Sinkula, 2005; Valipour et al., 2012)

	business, verified via customer feedback logs)	
Control Variables	✓ Firm size (number of employees) ✓ Sector (services, trade, manufacturing) ✓ Firm age	Standard practice in SME research

3.7 Reliability and validity

The questionnaire will be reviewed by academic experts and pilot-tested. Internal consistency will be assessed using Cronbach's alpha, with a threshold of 0.70 considered acceptable (Nunnally & Bernstein, 1994). Data quality will be ensured through careful instruction, completeness checks, and cleaning prior to analysis (Field, 2018).

3.8 Data Quality Control

Several measures will be implemented to ensure data quality. Responses will be checked for completeness, and datasets will be screened to identify and resolve missing values or inconsistencies. Data will be cleaned before analysis to maintain accuracy and reliability. Clear instructions will be provided to respondents to reduce errors and ambiguity during questionnaire completion. These procedures align with established research methodology best practices, which highlight the importance of data screening and cleaning to enhance validity and reliability (Field, 2018; Saunders, Lewis, & Thornhill, 2019).

3.9 Data processing and analysis

Data will be coded and analyzed using SPSS. Descriptive statistics (means, frequencies, percentages) will summarize sample characteristics. Inferential statistics, including correlation and multiple regression, will test hypotheses and assess relationships between Porter's strategies and SME performance (Field, 2018; Pallant, 2020). Control variables such as firm size, sector, and age will be included to account for contextual effects.

3.10 Ethical considerations

Ethical standards will be upheld by obtaining informed consent, ensuring voluntary participation, and maintaining confidentiality and anonymity. Ethics approval will be sought

from the relevant institutional review board, and research permits will be obtained from Nakawa authorities (Creswell, 2018; Saunders et al., 2019). Data will be securely stored and used solely for academic purposes.

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MAKERERE UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

COMPETITIVE MARKETING STRATEGIES AND FIRM PERFORMANCE IN SMEs IN NAKAWA DIVISION

Dear Participant,

My name is Gambwa Isaac Andrew, a Master's degree student at Makerere University Business School. I am conducting an academic research study on the influence of competitive marketing strategies on the performance of Small and Medium-sized Enterprises (SMEs) in Nakawa Division. You have been selected to participate in this study because of your valuable position and experience. The information you provide will be treated with the strictest confidentiality and will be used for academic purposes only. Your participation is entirely voluntary, and you may choose to withdraw at any time. No personal or firm identifiers will be used in the final research report. The questionnaire will take approximately 15-20 minutes to complete. Your honest responses are crucial for the success of this study. Thank you for your time and contribution.

SECTION A-1: Demographic characteristics of respondents (Please tick (✓) the appropriate box or fill in the blank where required)

1. **Demographic Information**
   a) **Sex of the respondents**

☐ Male

☐ Female

   b) **Age Group of the respondents**

☐ 20-29 years

☐ 30-39 years

☐ 40-49 years

☐ 50 years & Above

   c) **Education Level of the respondents**

☐ Secondary Education

☐ Diploma

☐ Bachelor's

☐ Master's

☐ Others specify…………………………………………

d) What is your position in the company?

☐ Owners/ Directors

☐ Manager

☐ Supervisor

☐ Employee

☐ Other (Please specify): _____

e) What is the primary sector of your business?

☐ Services (e.g., consultancy, hospitality, repair)

☐ Trade (e.g., retail, wholesale)

☐ Light Manufacturing (e.g., food processing, furniture, crafts)

☐ Other (Please specify): _____

f) How many employees does your business have?

☐ 5 – 20 employees

☐ 21 – 50 employees

☐ 51 – 100 employees

g) How long has your business been in operation?

☐ Less than 3 years

☐ 3 – 5 years

☐ 6 – 10 years

☐ More than 10 years

PART B: COST LEADERSHIP STRATEGY

Please indicate your level of agreement with the following statements. Use the scale where: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

	Cost Leadership strategy	1	2	3	4	5
1	Our business regularly seeks ways to reduce operational costs					
2	We negotiate with suppliers to obtain better prices.					
3	We use technology to improve efficiency and lower costs.					

4	We buy in bulk or pool resources with other businesses to save money.					
5	We maintain product/service quality while controlling costs.					

PART C: DIFFERENTIATION STRATEGY

Please indicate your level of agreement with the following statements. Use the scale where: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

	Differentiation Strategy	1	2	3	4	5
1	Our products/services have unique features that set us apart from competitors.					
2	We frequently improve or customize our offerings based on customer feedback.					
3	We use digital marketing to reach and engage customers.					
4	We adopt eco-friendly or socially responsible practices.					
5	We invest in building a strong brand and customer relationships.					

PART D: MARKET FOCUS STRATEGY

Please indicate your level of agreement with the following statements. Use the scale where: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

	MARKET FOCUS STRATEGY	*1*	*2*	*3*	*4*	*5*
1	We target specific customer groups or market segments.					
2	We tailor our products/services to meet the needs of our target market.					
3	We use customer data and feedback to adapt our offerings.					
4	We use technology to manage customer relationships.					
5	We understand and respond to cultural preferences in our market.					

PART E: FIRM PERFORMANCE

Please indicate your perception of your firm's performance compared to similar businesses in your area over the past 1–3 years. Use the scale where: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

	FIRM PERFORMANCE	*1*	*2*	*3*	*4*	*5*
1	Our business has experienced growth in sales/revenue over the past year.					
2	We have maintained or improved profitability.					

3	Our customer base has increased.					
4	We have high levels of customer satisfaction and retention.					
5	Our business is sustainable and resilient to market changes.					

Thank you very much for your valuable time and contribution to this research!

Time schedule (The Gantt chart)

Item	Aug, 2025	Sept, 2025	Oct, 2025	Nov, 2025
Proposal development and questionnaire design	██			
Pilot testing		██	██	
Data collection		██	██	
Data analysis			██	██
Report preparation and submission			██	██

PROPOSED RESEARCH BUDGET

Serial Number	Particulars	Quantity	Unit price (Ugx)	Amount (Ugx)
1	**Receipts**			
1.1	Sponsor	1	1,000,000	1,000,000
1.2	Personal funds	1	2,430,000	2,430,000
	Total			**3,430,000**
2	**Expenditures**			
2.1	Research assistants	3	700,000	2,100,000
2.2	Stationery			45,000
2.2	Data analyst	1	500,000	500,000
2.3	Internet services			100,000
2.4	Secretarial Services			285,000
2.5	Communication			57,000
2.6	Contingency			343,000
	Total			**3,430,000**

KREJCIE AND D. W. MORGAN TABLE FOR SAMPLE SIZE (S) DETERMINATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	301	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

From: R.V. Krejcie and D. W. Morgan (1970)