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Leveraging Competitive Strategies to Accelerate Small and Medium Enterprise Growth. Evidence from Service Sector Enterprises Operating in Lira City West Division, Northern Uganda

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Keywords:
Competitive Strategies, Small and Medium Enterprises, Service Sector and Enterprise Growth.

Purpose: The study examined the effects of competitive strategies on the growth of service sector SMEs in Lira City West Division, Northern Uganda. Anchored on Porter's generic competitive strategies model and the dynamic capabilities theory, the study offers compelling empirical evidence to advance theory, guide managerial practice and inform policy for accelerating SME growth in emerging economies. **Methodology:** The study deployed an explanatory quantitative cross-sectional survey design, sampling 246 participants from 260 using stratified proportionate and simple random sampling. Research data were collected using piloted questionnaires and analysed using SPSS version 29 software. Descriptive statistics for competitive strategies and SME growth were generated. Model diagnostic tests, including normality, the Shapiro-Wilk W Test, Breusch-Pagan / Cook-Weisberg Test for Heteroscedasticity and the multicollinearity test, were undertaken to ensure data validity. Correlation and regression analysis procedures were undertaken to test the relationship between competitive strategies and SME growth and the effect of competitive strategies on SME growth. **Findings:** The study reported significant moderate positive associations between competitive strategies and SME growth. Particularly, market focus ($r=0.494$, $p<0.05$), service differentiation ($r=0.286$, $p<0.05$) and cost leadership ($r=0.231$, $p<0.05$) registered significant positive relationships with SME growth. The linear regression results revealed that market focus ($\beta=0.427$, $p<0.001$), service differentiation ($\beta=0.114$, $p=0.070$) and cost leadership ($\beta=0.023$, $p<0.705$) registered a strong significant positive effect, a positive statistically insignificant effect and a weak insignificant effect on SME growth respectively. **Peculiar contribution to theory, managerial practice and policy:** The study contributes to theory by integrating Porter's generic competitive strategies with the dynamic capabilities theory, contending that SME growth is contingent on strategic orientation and adaptability alignment. Practically, it guides managers in prioritising market focus, while reinforcing service differentiation and cost leadership strategies. Policy-wise, it advances interventions for fortifying market orientation and adaptive capacity to accelerate service SMEs' growth in emerging economies.

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INTRODUCTION

World over, small and medium enterprises (SMEs) are the engines that drive economic growth, innovation and development, particularly in emerging economies. They account for 90% of business entities globally and over 60% of global employment, contribute to tax revenue and diminish poverty (Enaifoghe, 2023). In increasingly dynamic and volatile business environments, the growth of SMEs highly depends on making strategic business choices. To this end, SMEs have deployed competitive strategies in order to strategically position themselves for accelerated competitiveness and growth (James et al., 2023). Empirical evidence suggests that SMEs that adopt competitive strategies are better positioned to eclipse higher growth horizons and sustain a competitive edge, especially when they are supplemented by innovation and adaptive capabilities (Rubio-Andrés et al., 2024).

However, despite several interventions including; supportive regulatory environment, fiscal and monetary reforms, accelerating ICT access and access to cheap credit (Naradda Gamage et al., 2020), for enhancing the growth of SMEs globally, these SMEs still grapple with low growth rates with some studies asserting that

SMEs; real value added contribution to GDP in European Union member states declined from 0.8% in 2023 to -0.2% in 2024, while employment creation of SMEs in the European Union deteriorated from 1.3% in 2023 to 1.2% (-1.1%) in 2024, while SMEs growth rate also declined from 1.3% in 2023 to 1.2% in 2024 (SCHULZE et al., 2025). This sad predicament was attributed to weak aggregate demand, high inflationary pressures, skyrocketing interest rates and geopolitical environmental volatilities. This predicament presents compelling evidence of an empirical gap that our study sought to fill.

In Africa, SMEs play a vital role in advancing economic diversification, poverty alleviation, employment creation, accelerating gross domestic product and fostering innovation (Abisuga-Oyekunle et al., 2020). Unfortunately, the continent faces numerous limitations that affect SME growth, especially regulatory requirements, infrastructural deficiencies, and limited technology (Kato & Chiloane-Phetla, 2021). For instance, Abebe & Gameda (2020), who targeted SME growth opportunities in Ethiopia, reported that nearly 62% of the surveyed Ethiopian MSMEs reported limited or no growth in sales turnover, with a number of them struggling to expand beyond survival-level operations. This predicament indicated a significant research gap

which warranted further research inquiry by our study.

In Uganda, SMEs account for 90% of business enterprises and up to 80% of employment opportunities. Despite their enormous growth potential, Ugandan SMEs, especially those in the service sector, face diverse challenges that diminish their competitiveness and growth. These factors include: regulatory hurdles, low capitalisation levels, technological constraints and stiff competition from large-scale enterprises and multinational corporations (James et al., 2023). Relatedly, most of the affected SMEs also operate informally and exhibit poor bookkeeping, low financial literacy and increasing competition. In order to curtail the effects of growth barriers, the Uganda government at some point expanded economic reforms in order to expand SMEs' growth. For instance, the Uganda government in 2025 reviewed the Micro, Small and Medium Enterprises (MSME) policy as well as the national standards and quality policy in order to improve the conditions under which Ugandan SMEs are operating and consequently their market positioning. This policy review underscores the government's commitment to enhance the growth prospects of Ugandan SMEs and align national policies with Vision 2040 and other national policy agendas. Contextually, this study was based in Lira City, northern Uganda, a context where service sector SMEs operate under numerous challenges, including limited resources, changing market conditions and institutional challenges. In volatile business environments of emerging cities like Lira City, SMEs must develop capabilities that enable them to readjust strategic choices in response to changes in consumer tastes and preferences, technological advancements and increasing competition from large-scale enterprises and multinational corporations (Dejardin et al., 2023). Unfortunately, there is hardly any empirical evidence regarding how competitive strategies influence service sector SMEs' performance in Lira city. Studies relevant to SMEs in Lira city, like Eton et al. (2021), focused on financial inclusion and SME growth, while others like

Abongo et al. (2024), Akidi et al. (2023), and Akite et al. (2022) all targeted total quality management and SME performance, strategic management processes, agro SME performance and microfinance loans and SME performance. This created contextual, content and knowledge gaps that our study aimed to fill by investigating how competitive strategies influence the growth potential of service sector SMEs.

Theoretically, the study was anchored on Porter's generic competitive strategies model and the dynamic capabilities theory. These theoretical models guided how competitive tactics enhance SME growth. Porter's model argues that the competitiveness of a firm depends on how effectively it deploys three generic competitive strategies, including cost leadership, product differentiation and market focus (Ali & Anwar, 2021). The dynamic capabilities theory postulates that a firm's ability to identify and seize market opportunities and reconfigure its resources, undertake productive ventures and adapt to changing market conditions is what gives the firm a competitive edge over its rivals (Teece et al., 1997). Combining these theoretical lenses permitted the study to undertake a wholesome examination of how SMEs' strategic choices, adaptive capabilities and resource realignment enable SMEs to achieve higher performance horizons.

LITERATURE REVIEW

Theoretical Review

The study was anchored on Porter's generic competitive strategy model, which guides how firms can deploy competitive strategies to achieve competitive advantage under volatile environmental conditions (Tanwar, 2013). The model advances three competitive strategies, including cost leadership, product/service differentiation and market focus. The model guided that firms must strategically position themselves by minimising costs, offer peculiar products and targeting niche markets in order to outmanoeuvre competitors and perform better (Zairbani & Jaya Prakash, 2025). This model was

relevant to the study since it offers a structured framework for understanding how service SMEs based in Lira City deploy competitive strategies to enhance their growth.

Porter's generic model remains a very popular lens for explaining how business enterprises achieve sustained competitive advantage. However, the model faces several limitations. For instance, it has been critiqued for its static orientation, a limitation that affects its applicability especially in volatile market environments (Islami et al., 2020). To combat this anomaly, our study integrated the dynamic capabilities theory, which contends that a firm's competitive advantage is contingent upon its capacity to integrate, build, and reconfigure its internal and external competencies and resources in order to swiftly respond to changes in its operating environment (Teece, 2022). The theory was particularly relevant in explicating why some competitive strategies like market focus yield superior outcomes than others, as detected in our study. It suggests that SMEs must possess the capabilities to adapt, innovate, and align their resources with market demands (Teece, 2022). In our study, the dynamic capabilities theory helped to explicate the differential effects of service differentiation and cost leadership, whose efficacy was contingent upon SMEs' ability to consistently upgrade employees' skills, leverage digital technologies and respond to market changes.

Integrating these two theoretical models provided a robust theoretical foundation for this study. Therefore, whereas Porter's generic model advances three competitive strategies for achieving competitive advantage, including; cost leadership, market focus and service differentiation, the dynamic capabilities theory explicates how effectively these strategies can be balanced and sustained in real practice, offering a wholistic perspective on SME growth, emphasizing that strategic positioning should be fortified by adaptive capabilities in order to attain sustained competitive advantage in turbulent business environments.

Empirical Literature Review

Effect of Service Differentiation Strategy on Service SMEs Growth

Empirical evidence reports that service differentiation strategies positively affect the growth of service SMEs in numerous contexts (Amadasun & Mutezo, 2022; Mbugua & Kinyua, 2020; Kiiru et al., 2023; Nimfa et al., 2021; Kiyabo & Isaga, 2020). These studies indicate that service-oriented competitive strategies, including product and process innovation, significantly enhance competitiveness, operational efficiency and cost control. Moreover, entrepreneurial orientation fosters differentiation more, thus reinforcing performance. However, these studies have largely targeted broader national contexts or specific urban settings beyond Uganda and have neglected SME growth, creating both knowledge and contextual gaps in the understanding of how service differentiation drives SME growth.

Effect of Cost Leadership Strategy on Service SMEs Growth

Existing studies contend that cost leadership strategy significantly influences the growth of service-based SMEs across various contexts (Kiyabo & Isaga, 2020; Anwar & Shah, 2021; Rubio-Andrés et al., 2024b; Chelliah et al., 2022; Hossain et al., 2025). Empirical evidence suggests that deploying cost-conscious strategies such as low pricing and resource optimisation enhances the overall performance of SMEs while also mediating the effects of innovation and entrepreneurial orientation. These results are consistent in multiple industrial settings like Tanzania, Pakistan, Spain, Malaysia and Bangladesh, underscoring the strategic role of cost leadership in influencing SME performance outcomes. However, all most all these studies focused on SME performance instead of growth and targeted upper middle income and first world economies thus advancing both knowledge and contextual gaps that our study sought to fill.

Effect of Market Focus Strategy on Service SMEs Growth

Existing research suggests that market focus and particularly customer- and niche-oriented strategies significantly influence the growth and performance of service SMEs (Amadasun & Mutezo, 2022; Suprapti & Suparmi, 2022; Nimfa et al., 2021; Kiyabo & Isaga, 2020; Bekata & Kero, 2025). Empirical evidence indicates that SMEs that adopt market-oriented strategies like niche positioning and market responsiveness tend to register superior performance, sustained growth and augmented adaptive capacity. These results have been reported in numerous contexts, specifically Lesotho, Indonesia, Nigeria, Tanzania and Ethiopia, underscoring the vitality of aligning SME strategic choices with market relevance. Regrettably, though, many of these results originated from non-Ugandan settings and neglected SME growth potentially creating knowledge and contextual gaps that our study sought to fill.

RESEARCH METHODOLOGY

Research Design

The study deployed a correlational cross-sectional survey design and a quantitative research approach. The choice of study design was driven by the need to assess the strengths, direction and predictive effects of competitive strategies on SME growth without manipulating the study variables (Hirose & Creswell, 2023). Consistent with the cross-sectional survey requirements, research data were collected at a single time, permitting efficient analysis of strategic orientation practices and growth outcomes. Consistent with the correlational design, relationships between the study variables and the causal effects of competitive strategies on SME growth were established, without relying on longitudinal data (Field, 2024). This enhanced external validity by capturing patterns across broad samples. The design enabled robust theoretically grounded insights into competitive strategies and SME growth.

Study Population

The study population comprised 260 participants selected from heterogeneous departments including: production, marketing and sales, distribution, procurement, audit and risk, human resources, quality control and customer care, belonging to fourteen participating service SMEs located in Lira City West Division (Lira City Commercial Office). The population composition was appropriate since it integrated diverse personnel involved in strategy formulation and design, operational execution and service delivery. By including employees from diverse heterogeneous specialities, the study captured multidimensional perspectives regarding strategy adoption and deployment, enhancing internal validity and comprehensiveness of study findings (Linden & Hönekopp, 2021). Finally, integrating service SMEs operating within the same geographical location ensured the comparability and relevance of insights to the localised service sector.

Sample Size and Sampling Techniques

From a study population of 260 participants, a sample size of 249 respondents was generated using stratified proportionate and simple random sampling techniques. The sample size of 249 was established using the Krejcie and Morgan (1970) table (Chuan & Penyelidikan, 2006), based on a 95% confidence interval and a 5% margin of error. From the study population of 260, the resulting sample size was 155 respondents. However, in order to reinforce statistical power and increase representation across the strata, a sample size of 249 participants was deliberately retained, a near-census approach which diminished sampling error and enhanced precision estimates. Under stratified sampling, study participants were first divided into nine strata, which were then subjected to proportionate sampling to ensure proportionate representation of the departments from which study participants were selected. This approach diminished sampling bias and enhanced the precision of estimates across diverse organisational roles. Simple random sampling was then applied to each stratum to give an equal

chance of selection to all eligible participants, which reinforced the representativeness and generalizability of study findings (Sawlat & Masomi, 2025). This dual sampling approach provided a robust, impartial and statistically sound sample capable of supporting valid inferences regarding the relationship between competitive strategies and SME growth.

Data Collection Methods and Instruments

The study relied on surveys and structured questionnaires to collect data from the targeted respondents. These data collection methods and instruments were considered appropriate because they permitted the collection of large quantities of research data over a short period of time (Bisaria et al., 2026). Questionnaires enabled the standardisation of responses across the functional departments of targeted SMEs, which fostered the comparability of study data. Survey methods were well suited to the correlational cross-sectional survey design of the study by making it possible to gather participants' opinions and perceptions about competitive strategies and their influence on SME growth at a single time period consistent with survey research (Dubey & Kothari, 2022). By integrating breadth of coverage with structured measurement, this dual approach guaranteed that the study produced robust, generalizable and analyzable research data, consistent with descriptive, correlational and regression analyses.

Data Collection Procedure

The study deployed a meticulously planned data collection process to ensure procedural rigour and ethical adherence. A preplanned fieldwork schedule guided pre-visits to the study sites in order to secure permission for data collection and to brief study participants about the purpose, objectives and benefits of the study (Dos Santos et al., 2021). Structured questionnaires were then administered to study participants over a two-week period in a conducive environment to foster honest and unbiased opinions regarding competitive strategies and SME growth. Completed questionnaires were then retrieved on the agreed date, carefully coded, checked for

completeness and entered into SPSS data analysis software in preparation for data analysis.

Data Processing and Analysis

Quantitative data from the coded questionnaires were initially cleaned to rid them of missing values and outliers before data entry into SPSS data analysis software. Model diagnostic tests were undertaken to ensure the validity of the model, including the Shapiro-Wilk test for normality, Breusch-Pagan / Cook-Weisberg test for heteroscedasticity, and the multicollinearity test targeting the independent variables were conducted before actual data analysis. Descriptive statistics were then computed for the constructs of competitive strategies and SME growth to generate basic statistics like mean, frequencies and standard deviations. Correlation analysis procedures were then undertaken to determine the strengths and the direction of the relationship between competitive strategies and SME growth. Finally, regression analysis procedures were instituted to determine the predictive effects of competitive strategies on SME growth (Mardia et al., 2024).

Quality Control Procedures

Quality control mechanisms were employed to guarantee the validity and reliability of the study's data collection instruments. Expert evaluation was deployed as a primary method for assessing content and face validity, and thereafter a content validity index was generated, yielding a score of 0.771. A pilot study was undertaken to guarantee the reliability of the data collection instrument, which yielded a Cronbach's alpha value of 0.761. In both cases, these figures fall above the 0.7 threshold of recognised psychometric standards on quality control, indicating that the data collection instrument was reliable and valid for data collection (Khanal & Chhetri, 2024).

Ethical Considerations

The study complied with ethical standards for research involving human participants. Ethical approval was obtained from the Lira University Research Ethics Committee. Among other ethical

standards, the participation of respondents was voluntary. Respondent confidentiality was ensured through the use of pseudonyms and robust data storage in password-encrypted digital files. Questionnaires were administered in a conducive and non-disruptive environment to

safeguard participants' privacy. The study findings were reported in an honest fashion without misrepresentation of any nature (Smyth et al., 2024).

RESULTS

Table 1: Background Characteristics of Respondents

Variable	Frequency	Percentage
Gender		
Male	137	55.0
Female	112	45.0
Respondent's Age		
<=30 years	134	53.8
31-40 years	76	30.5
41-50 years	28	11.2
51 years and above	11	4.4
Highest Education Level		
Ordinary Certificate	87	34.9
Ordinary Diploma	82	32.9
Bachelor's Degree	63	25.3
Master's Degree	17	6.8
Length of Service		
Below 2 Years	82	32.9
2- 5 Years	109	43.8
6-10 Years	28	11.2
Above 10 Years	30	12.0
Department of the Respondents		
Central Administration	56	22.5
Production	18	7.2
Quality Control	12	4.8
Audit	11	4.4
Human Resource	20	8.0
Finance and Accounts	54	21.7
Sales and Marketing	34	13.7
Procurement	9	3.6
Customer Care	35	14.1

Source: *Primary Data*

From Table 1, the study sample consisted of 55% males and 45% females, implying a fairly balanced gender composition. The slight dominance of male respondents over females reflects broader workforce dynamics where decision making roles are often male-dominated. In relation to age, the majority of respondents (53.8%) were aged 30 years or younger, followed by 31-40 years (30.5%), indicating a predominantly younger workforce capable of

adapting quickly to innovative service strategies, whereas older respondents aged 41 years or above (12%) provided experiential insights for enriching strategic and operational practices. In relation to education, the majority of respondents (67.8~68%) possessed ordinary certificates and diplomas, while those possessing bachelor's degrees accounted for 25.3%, with the minority (6.8%) possessing master's degrees. This education disparity suggests a workforce with

practical knowledge, though the relatively smaller proportion of highly learned staff could perhaps reflect limited exposure to advanced strategic frameworks. With regard to service tenure, 43.8% of the respondents had served for 2 to 5 years and 32.9% for less than two years, implying that the study targeted fairly experienced staff alongside newer ones who were capable of providing current operational perspectives, with the longer serving staff (12%) contributing to more robust

insights into firm operations. Finally, in relation to departmental orientation, central administration represented 22.5%, accounts and finance 21.7%, customer care (14.1%) and the marketing department (13.7%). The department of procurement (3.6%) and audit (4.4%) were the least represented. This diversity across departments perhaps enhanced the study's credibility and representativeness in how competitive strategies accelerate SME growth.

Table 2: The Descriptive Statistics for Competitive Strategy Constructs.

Table 2: Descriptive Statistics for Competitive Strategies		
Competitive Strategies	Mean (M)	Standard Deviation (SD)
Service Differentiation	4.17	0.95
Cost Leadership	3.73	1.09
Market Focus	3.89	0.98

Source: *Primary Data*

From Table 2, the study found that SMEs are sustaining the implementation of competitive strategies among service SMEs under research inquiry. Service differentiation emerged highest ($M=4.17$, $SD=0.95$), implying a strong inclination to providing unique services to gain competitive advantage. The fairly low standard deviation suggests consistency in responses, indicating that service businesses in Lira City prioritise service differentiation. Market focus followed ($M=3.89$, $SD=0.98$), indicating a moderate to high adoption rate of niche targeting strategies. The low variability in responses ($SD=0.98$) indicated that SMEs were consistent in concentrating their resources to achieve competitive advantage from existing market niches. Finally, cost leadership

ranked lowest ($M=3.73$, $SD=1.09$), indicating a moderate implementation of cost leadership strategies. However, the higher standard deviation indicates significant variability, implying that while some SMEs effectively pursue drastic cost-cutting measures, other SMEs face challenges in sustaining cost leadership. In our view, these findings suggest that as successful SMEs rely on service differentiation and market focus strategies, variability in cost optimisation may diminish their ability to maximise operational efficiency, underscoring the need to reinforce cost optimisation while sustaining service differentiation to accelerate SME competitiveness.

Table 3: Descriptive Statistics for SME growth

Table 3: Descriptive Statistics for SME Growth		
SME Growth Constructs	Mean (M)	Standard Deviation (SD)
Market Development	4.06	0.91
Product Development	3.71	0.82
Horizontal Integration	3.69	1.18

Source: *Primary Data*

From Table 3, service SMEs registered a significant level of growth. Market development ranked highest ($M=4.06$, $SD=0.91$), indicating a robust strategy for expanding into new market segments. The relatively low standard deviation,

though, indicates consistency in respondent perceptions with regard to market development, implying that numerous SMEs are aggressively pursuing market expansion strategies. Similarly, product development ($M=3.71$, $SD=0.82$) reflects

a moderate to high implementation of strategies targeted at improving or developing new products. The lower standard deviation implied that SMEs are fairly consistent in adopting product innovation strategies. Finally, horizontal integration emerged lowest ($M=3.69$, $SD=1.18$), signalling a moderate adoption level of growth strategies like mergers, acquisitions, and partnerships with related industry players. The heightened standard deviation signals a significant variability in respondents' opinions with regard to horizontal integration. This implies that while some SMEs actively operationalised integration strategies, others perhaps faced

environmental constraints like limited resources and regulatory barriers, among others, heightening the risks associated with horizontal integration-led growth.

Overall, we aver that although these results indicate that SMEs are largely focused on market and product development as their core growth strategies, inconsistencies in horizontal integration diminish aggressive expansion opportunities, underscoring the need for SMEs to reinforce collaborative expansion tactics for achieving sustained growth.

Table 4: Pearson Correlation Results for Competitive Strategies and SME Growth.

Table 4: Pearson Correlation Coefficients for Competitive Strategies and SME Growth				
Variables	(1)	(2)	(3)	(4)
(1) Growth	1.000			
(2) Cost leadership	0.231*	1.000		
(3) Service differentiation	0.286*	0.511*	1.000	
(4) Market focus	0.494*	0.326*	0.345*	1.000

***Correlation Significant at 5%**

Source: Primary Data

From Table 4, significant positive correlations between competitive strategies and SME growth were registered. Market focus exhibited the strongest relationship with SME growth ($r=0.494^*$, $p<0.05$), indicating a moderate positive linkage. This indicates that firms that target specialised market segments are more likely to achieve superior average growth through better alignment of services to customer needs. Similarly, service differentiation followed ($r=0.286^*$, $p<0.05$), indicating a weak to moderate relationship with SME growth. This indicates that offering unique products accelerates SME growth, much as it is an inferior strategy to market focus. This is perhaps because service differentiation-oriented firms incur significant research and development costs, heightening the prices of final

products and consequently diminishing customer demand. Finally, cost leadership registered a weak significant association with SME growth, emerging as the most inferior competitive strategy. When linked against each other, the relationships between the competitive strategies were all positive, although the strongest relationship was between cost leadership and service differentiation, indicating that SMEs which deploy dual competitive strategies tend to grow faster.

Overall, we contend that, as competitive strategies influence SME growth, market focus was the superior strategy, underscoring the vitality of market segmentation and market-oriented competitive tactics in accelerating SME growth.

Table 5: Linear Regression for Competitive Strategies and SME Growth

SME Growth	Coef.	St. Err.	t-value	p-value	[95% CI
Market focus	0.427	.057	7.43	<0.001*	0.314-0.500
Service differentiation	0.114	.063	1.82	0.070	-0.01-0.238
Cost leadership	0.023	.062	0.38	0.705	-0.099-0.145
Constant	1.257	.271	4.64	<0.001*	0.723-1.790

***Significant at 5%**

From Table 5, competitive strategies had differential positive effects on SME growth in Lira City. Market focus was the most superior predictor ($\beta=0.427$), indicating that a unit increase in market focus substantially enhances SME growth. Its narrow confidence level (0.314-0.500) affirmed the estimate's reliability. Service differentiation reported a positive statistically insignificant effect on SME growth, indicating its inferior predictive power, perhaps due to cost driving service differentiation processes which require significant investment in market research. Cost leadership registered the weakest effect on SME growth ($\beta=0.023$, $t=0.38$, $p=0.705$), with its wider confidence interval (-0.099-0.145), indicating uncertainty in its predictive power. The constant term ($\beta=1.257$, $p<0.001$) was significant,

suggesting that baseline SME growth can be achieved independently of competitive strategies. Overall, these results underscore the superior role of market-driven strategies in advancing SME growth. Therefore, service differentiation and cost leadership become more robust when aligned with market needs.

In our view, these findings report compelling evidence that while multiple competitive strategies can be deployed by SMEs to accelerate their growth, market focus remains the core strategy, underscoring the vitality of market targeting while reinforcing service differentiation and cost optimisation strategies to enable service SMEs to achieve higher growth horizons.

Table 6: Model Summary for Competitive Strategies and SME Growth

Mean dependent var	3.434	SD dependent var	0.616
Adjusted R-squared	0.260	Number of obs	246
F-test	28.353	Prob > F	0.000
Akaike crit. (AIC)	392.782	Bayesian crit. (BIC)	406.803

From Table 6, it was reported that combined competitive strategies accounted for 26% of the variation in service SMEs' growth in Lira City, indicating a moderate explanatory power (Adjusted $R^2=0.26$). The remaining 74% was attributed to other factors that were beyond the study scope. The F-test value was significant ($F=28.353$, $p<0.001$), signalling that the combined regression model was statistically significant. The mean of the dependent variable ($M=3.434$, $SD=0.616$) indicated a moderate level of SME growth, with the lower variability in respondent perceptions signalling consistency in respondent opinions in regard to SME growth. Similarly, the Akaike information criterion ($AIC=392.782$) and the Bayesian information criterion ($BIC=406.803$) provide measures of

model quality, with the lower values generally reporting a reasonable balance between goodness of fit and model simplicity.

In our view, these results suggest that, much as the model is statistically significant and has a moderate explanatory power, other factors beyond the study scope also drive sustained SME growth, underscoring the need for future studies to incorporate more variables like total quality management and corporate social responsibility to provide a more comprehensive outlook of SME growth patterns.

DISCUSSION

The study examined the relationship between competitive strategies and service SME growth in

Lira City. The study findings reported that competitive strategies were positively linked to SME growth. Particularly, market focus registered the strongest association with SME growth, followed by service differentiation and cost leadership, underscoring the superior role of market-oriented strategies in accelerating SME growth. This assertion was supported by the descriptive statistics, which indicated a high mean score for market focus, with service differentiation registering a moderately high mean and a high correlation and cost leadership registering a lower correlation but higher variability. Generally, the findings underscore the deployment of multidimensional competitive strategies to stimulate SMEs' growth. The results align with those of prior studies like Gajere (2023), who indicated that Nigerian SMEs' performance was predominantly driven by market-oriented strategies and Nimfa et al. (2021b), who reported that market and resource-oriented strategies were positively associated with improved performance of Nigerian SMEs.

Relatedly, the study examined the predictive effects of competitive strategies on service SMEs' growth. The results reported that market focus was the only statistically significant positive predictor of SME growth, contrasting service differentiation and cost leadership, which registered positive and insignificant effects. This asserts that the efficacy of cost leadership and service differentiation increases with the integration of market-oriented strategies. In particular, combined competitive strategies explained 26% of the variation in SME growth, with the remaining proportion being accounted for by other factors outside the study's scope, like managerial competency, total quality management and portfolio diversification. Generally, these findings implore the prioritisation of market-oriented strategies to accelerate SME growth. The findings are concomitant to those of related studies, including Amadasun & Mutezo (2022b), who found that market-driven strategies, particularly market orientation, significantly accelerated competitive growth of SMEs in Lesotho, while our results are

also aligned to those of Nimfa et al. (2021b), who reported that strategically oriented strategies, especially market orientation, significantly drive SME growth.

Overall, our findings align with Porter's generic competitive strategy model, which advances cost leadership, service differentiation and market focus as the core competitive strategies. In this regard, market focus emerged as the most dominant competitive strategy, inferring that MSEs that adopt market-oriented strategies experience superior growth outcomes. Service differentiation, which moderately predicted SME growth, aligns with Porter's product differentiation strategy, which implies that SMEs which produce unique products and services grow faster than those that do not. Conversely, cost leadership reported the weakest linkage with SME growth, indicating that while cost efficiency is paramount for improved SME growth, SME might struggle to fully leverage cost optimisation in resource-constrained settings, reinforcing Porter's claims that strategy efficacy is context-contingent.

The findings also concur with the dynamic capabilities theory. Particularly, the significant effect of market focus supposes that SMEs that deploy robust dynamic capabilities to identify niche markets, reconfigure resources, leverage digital technologies and employ competent staff are better positioned to achieve superior growth outcomes. Overall, the study signals that combining Porter's generic competitive strategies model and the dynamic capabilities perspective provided a robust theoretical lens for explaining the strategy-growth nexus by advancing how effective strategy integration translates into meaningful growth outcomes for service SMEs in emerging economies.

Study Strengths

Our study reasonably contributes to the competitive strategies-SME growth discourse. The deployment of the correlational cross-sectional survey design created a valuable opportunity for precise measurement and analysis

of competitive strategies and SME growth relationships and the predictive effects of competitive strategies on SME growth. The integration of Porter's generic competitive strategies provided a robust lens for assessing market focus, cost leadership and service differentiation. The incorporation of the dynamic capabilities theory reinforced the role of adaptive capabilities in realigning firm resources for accelerated growth. The superiority of market focus strategy demonstrated the study's capacity to link strategy alignment to SME growth outcomes, providing both theoretical and practical insights. Overall, the combination of the correlational cross-sectional survey design with Porter's competitive strategy model and the dynamic capabilities theoretical mechanism enhanced the credibility, relevance and applicability of the study findings.

Study Limitations

Our study was confined to a solitary City Council in Lira, which limited the generalizability of the study findings to SMEs in other sectors or contexts. This advances the need for adoption of longitudinal designs by future studies to combat this anomaly. Similarly, the study also relied on self-reported data from SME staff, which potentially created respondent bias or overestimation of strategy implementation or SME growth outcomes. Finally, the deployment of the correlational cross-sectional survey design only captured single-time data, limiting the study's capacity to infer the causality between competitive strategies and SME growth.

Recommendations

Based on the study findings, the following recommendations are therefore advanced. Policy formulation actors such as the Ministry of Trade, Industry and Cooperatives and Uganda Investment Authority should institutionalise and prioritise effective business development services and incentives that promote market-oriented competitive strategies by undertaking capacity building for SME owners in market segmentation, positioning and targeting, consumer behaviour

analysis and market research among others. Tax incentives and other government interventions can foster the alignment of firm resources and strategies to market requirements.

Similarly, given that dynamic capabilities, managerial capacity and technology adoption account for a significant proportion in SME growth, policy actors should lobby for improvement in SME access to strategic resources by subsidising digital technologies, business innovation hubs and managerial mentorship to enhance managerial competency in aligning competitive strategies to market outcomes.

Finally, SME managers should prioritise the integration of market-focused competitive dimensions like market research, competitor intelligence, market segmentation and market positioning. Much as service differentiation and cost leadership significantly affected SME growth, their efficacy improves with the integration of market-oriented strategies, which ensures that strategic efforts reinforce one another, maximising growth outcomes in resource-constrained settings.

CONCLUSION

Based on the study results, we conclude that competitive strategies positively predicted SME growth, with market focus emerging as the most superior strategy. While service differentiation and cost leadership moderately influenced SME growth outcomes, their efficacy is contingent on market-oriented implementation, underscoring the necessity for SMEs to incorporate these strategies and leverage dynamic capabilities for sustained growth.

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