EFFECTS OF FIRM LEVEL CHARACTERISTICS ON MARKETING EFFECTIVENESS AMONG MICRO AND SMALL ENTERPRISES IN KITUI COUNTY – KENYA

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DECLARATION

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

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RECOMMENDATION

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This thesis was written and submitted by the candidate under our supervision and approval as the student's supervisors.

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DEDICATION

I dedicate this Thesis to my late parents Mwangulu Mwaniki and Ann Mwangulu for socializing me responsibly. It is to them that I owe my past accomplishment, preset engagements and the future prospects because they laid a firm and strong foundation of character and good values.

ABSTRACT

The Micro and Small Enterprises play an important role in the Kenyan Economy, its role and importance in a knowledge-based economy has been highly appreciated and acknowledged. Moreover, in the present economy, Micro and Small Enterprises are facing tremendous challenges and threats to survive in a competitive environment. The study examined the effects of firm level characteristics on marketing effectiveness among Micro and Small Enterprises in Kitui County in Kenya. The study was guided by the following specific objectives; To determine the influence of financial resources on marketing effectiveness among Micro and Small Enterprises in Kitui County; To examine the influence of human resource on the marketing effectiveness among Micro and Small Enterprises; To determine how technology affects the marketing effectiveness among Micro and Small Enterprises; To establish the effects of firm size on the marketing effectiveness among small and micro enterprises and to determine how the managerial skills affect marketing effectiveness among small and micro enterprises in Kitui County. The study was conducted on the basis of Resource, Human capital theories, Dynamic capabilities and Technology diffusion theory. The research used cross sectional survey. The target population was 3,200 Micro and Small Enterprises in Kitui County in the main sub-counties of the County such as Kitui, Mutomo and Mwingi town. The sample size was 342 and a total of 241 respondents interviewed which represented 70% .Descriptive statistics was used and hypothesis testing done. Data was collected using both closed and open ended questionnaires. The study found that financial resources, human resources, firm size, managerial skills and technology positively influence marketing effectiveness among Micro and Small Enterprises in Kitui County. The study concluded that financial and human resources, firm size, managerial skills and technology are significant determinants of marketing effectiveness among small and medium enterprises in Kitui County. Lack of information on where to source for financial resources, restrictive lending offered by commercial banks, lack of track record required by the banks and financial institutions, lack of appropriate structure for dealing with Micro and Small Enterprises adversely affecting Micro and Small Enterprises in Kitui County. The study further concluded that through the recruitment practices adopted, training that the marketing team undergoes and strategies adopted in retaining a competitive marketing team positively influence marketing effectiveness among Micro and Small Enterprises in Kitui County. Adoptions of new technology such as the web, mobile phones, social media, and customer relationship management systems have greatly affected effectiveness of marketing for Micro and Small Enterprises in Kitui County. The study recommended that owners/ managers of Micro and Small Enterprises must focus on these firm level characteristics for Micro and Small Enterprises growth and stability. The study recommended and concluded that this will reverse the high failure rates of Micro and Small Enterprises thus Kitui County.

Key Words: Firm Level Characteristics, Marketing effectiveness, Micro and Small Enterprises and Kitui County.

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LIST OF ABBREVIATIONS AND ACRONYMS

ICEG	International Center for Economic Growth
IFC	International Finance Corporation
ILO	International Labour Organization
K-Rep	K-Rep Bank
MPNDV2030	Ministry of Planning, National Development & Vision 2030
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
NSDC	National Small Medium Enterprise Development Council

OPERATIONAL DEFINITION OF KEY TERMS

For the purpose of this study, the following definitions for the key terms and concepts are as follows:

Firm level characteristics

These are mainly resources unique to a particular firm. In this study firm resources will be financial, human resources, technology and managerial skills and firm size (Barney, 2009)

Marketing

The Chartered Institute of Marketing (2013), defines as 'The strategic business function that creates value by stimulating, facilitating and fulfilling customer demand. It does this by building brands, nurturing innovation, developing relationships, creating good customer service and communicating benefits. By operating customer-centrically, marketing brings positive return on investment, satisfies shareholders and stake-holders from business and the community, and contributes to positive behavioral change and a sustainable business future. In this study, marketing is defined as all activities undertaken to create awareness about products or services offered by Micro and Small Enterprises with a purpose of enhancing sales (Wyner, 2012).

Marketing effectiveness

In this study, marketing effectiveness defined as the ability to attain its intended marketing goals given organizational capabilities, competition, consumer preferences, and other environmental conditions to increase sales (Kerin & Peterson, 2011). This study uses this definition.

Micro and Small Enterprises

The Kenyan definition of Micro and Small Enterprises in terms of employment consists of: Micro enterprises – from 0 to 9 employees; Small enterprises – from 10 to 49 employees; Medium enterprises – from 50 to 149 employees; and large enterprises – from 150 and over while the Sessional Paper set a limit of 50 workers for the small-medium enterprises in Kenya (GOK, 1992). This study used firms employing 10-50 workers as small and medium enterprises.

Financial resources

In this study financial resources shall be defined as the money available to a business for spending in form of cash, liquid securities and ability to secure credit from lenders (Cook & Nixson, 2011). This study uses this definition of financial resources.

Human resources

In an organization, it is the combined intelligence, skills and expertise that give the organization its distinctive characteristics. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative trust which if properly motivated can ensure the long term survival of the organization (King & McGrath, 2012). In this study, human resources shall be defined as employees with the right qualification and skills engaged by an enterprise to offer services which will produce goods or services for customer satisfaction.

Firm size

Firm size refers to the size of a business institution in a given industry at a given time (Yang & Chen, 2009). In this study firm size is defined in terms of the size of work force and sales volumes.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Micro and Small Enterprises (MSEs) play an important role in the Kenyan Economy. According to RoK (2012) Micro and Small Enterprises contributed to seventy percent of the Gross Domestic Product (GDP) in 2011 in Kenya. In the United States GDP was 99.7 per cent (Heneman, Tansky & Camp, 2011), China, 99 per cent (Cunningham & Rowley, 2008), Europe, 99 per cent (Daley,2001), Holland, 95 per cent, Philippines, 95 per cent and Taiwan, 96.5 per cent (Lin, 2011) as well as Malaysia, 99.2 per cent (Man & Wafa, 2014; National Micro and Small Enterprise Development Council (NSDC), 2009; Saleh &Ndubisi, 2006).It expanded from employing 3.7million people in 2011 to 5.1 million in 2012 according to a Sessional Paper No. 3 of 2013 (GoK, 2005**)**. Research has shown that the Micro and Small Enterprises concept has been known in Kenya since 1972 when the International Labour Organizational (ILO) introduced it. However, it was not until 2010 that the Kenya Government formulated ways of implementing it in a much publicized nationwide campaign (Baseline survey, 2011). The role of Micro and Small Enterprises in Kenya’s development process is significant, particularly in the context of generating employment, wealth creation and income opportunities to thousands of people across the Country (KIPPRA, 2014).

The 2011 National Baseline Survey conducted by Central Bureau of Statistics, ICEG and K-Rep Holdings provides the most recent comprehensive picture of Micro and Small Enterprises in Kenya. Mead (2011) observes that the health of the economy as a whole has a strong relationship with the health and nature of Micro and Small Enterprise sector. When the state of the macro economy is less favorable by contrast, the opportunities for profitable employment expansion in Micro and Small Enterprises are limited. This is true especially for those Micro and Small Enterprises that have linkages to larger enterprises and the economy at large. Given this scenario, an understanding of the dynamics of Micro and Small Enterprises is necessary not only for the development of support programs for Micro and Small Enterprises but also for the growth of the economy as a whole. It is generally recognized that Micro and Small Enterprises face unique challenges which affect their growth and profitability hence diminish their ability to contribute effectively to sustainable development. The International Finance Corporation (IFC) (2011) identified various challenges faced by Micro and Small Enterprises to which include; inadequate education and skills, technological change, poor infrastructure, lack of managerial training and experience, lack of innovative capacity, scanty market information and lack of access to credit.

Firm level characteristics are financial resources, technology, managerial skills, human resources and firm size (Barney, 2009). The key dimension of differences in strategies and performance levels among competitors within an industry is the existence of unique firm characteristics capable of producing core resources that are difficult to imitate (Wernerfelt, 2010; Barney, 2009; Peteraf, 2013). These core resources are developed internally (Dierickx & Cool, 2009) through sustained investments in difficult-to-copy attributes by managers committing to irreversible strategic actions (Ghemawat, 2011).

Marketing effectiveness has been traditionally defined as the marketing organization's ability to attain its intended goals, given organizational capabilities, competition, consumer preferences, and other environmental conditions (Kerin & Peterson, 2011).Those marketing organizations with the ability to attain sizeable and/or multiple marketing goals would be attributed with greater marketing effectiveness. Marketing executives are under growing pressure to show the effectiveness of marketing activities with particular regard to financial implications like return on investment (Wyner, 2012). Many companies also struggle to achieve an actionable, measurable demarcation of marketing effectiveness (Morgan et al.,2012; Sheth & Sisodia, 2012).Organizations are hampered by the inherent complexity of marketing activities and compounded by limited and poor quality data detailing marketing efforts in company financial statements (Clark, 2011). In order to achieve above average returns, the organization's competencies should be geared towards satisfying customer needs better than the competitors in order to create a marketing effectiveness. This is at the heart of the marketing concept. However, an entrepreneurial approach implies taking advantage of market opportunities in a dynamic and proactive way. Combining the American Marketing Association definition of marketing and the definitions of entrepreneurship, Kraus et al. (2010) proposed a new definition of entrepreneurial marketing: "Entrepreneurial marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, pro-activeness, and may be performed without resources currently controlled".

Entrepreneurial marketing processes (EMP) by Miles and Darroch (2006) emphasize "opportunity creation and/or discovery, evaluation and exploitation". Some marketing characteristics of small firms include the fact that small firms are faced with different market and competitive circumstances; are believed not to (in general) engage in marketing or innovative practices , although their organic organizational structure should facilitate innovation more readily than the more bureaucratic structure of many larger firms (Ulhas, 2011); have inherent production and pricing flexibility, but generally lack strong brand names and market power; have less goal conflict, various sorts of flexibility, an imbalance between production and marketing and are ineffectual in the use of marketing techniques (Tsiotsou, 1983).

Small firms are flexible and can respond more quickly than large organizations to changing market requirements, this flexibility forming a vital competitive strength (Heathfield, 2012).Additionally, Micro and Small Enterprises face marketing problems which are a function of the general characteristics of small firms including a limited customer retention/loyalty, limited marketing activity, expertise and over dependence on the marketing ability of the owner/manager reactive rather than planned marketing (with marketing plans only produced to secure loans)and difficulties in exploiting marketing opportunities. A further difficulty for the smaller firm is that fixed costs usually absorb a higher level of sales revenue, leaving proportionally less for marketing expenditures (Stokes, 1994). Evidence suggests that small firm owner/managers rarely rely on formal training to negate a deficiency in marketing expertise (Hankinson, 2011). Small firms typically spend modestly on marketing expenditures, and utilize few of the available marketing techniques (Stokes, 2011)

Katwalo (2006) identified organizational learning and learning by doing as one of the emerging themes in internationalization of Micro and Small Enterprises. He identified Management, finance, marketing, research and development as critical elements of internationalization. He concluded that these lead to improved quality products, better customer care and quality management. Stokes (2011) found that the smallest firms were most vulnerable and that those that grew were less likely to fail than those that did not. If growth and largeness reduce failure, then there is need for concerted efforts in finding the root cause of stagnation. This will in turn help in curbing high business mortality rate and therefore enhance survival. (Morgan, 2011).He asserted that effective marketing was vital to the future growth of any business and stated that if anyone wanted to make the business better than one needs to get better at marketing.

1.1.2 The Importance and Benefits of Marketing to Micro and small enterprises

According to Stokes (2011), marketing theory was developed from studies of large corporations. However, there is still considerable evidence that marketing decisions play a major role in the development and survival of a small business. For example Siu and Kirby (2011) assert that the basic principles of marketing appear to be equally valuable to both large and small firms. In his studies, Hill (2001) found that Micro and Small Enterprises did marketing planning and had formal marketing practices whereas Blankson and Omar (2012) and Blankson and Stokes (2012) found that Micro and Small Enterprises marketing is an informal and unplanned activity that relies on the intuition and energy of the owner manager. Relationship marketing efforts should continue to focus on leveraging and exploiting interactions with the customer to maximize customer satisfaction, ensure return business and ultimately enhance customer profitability (Mwangulu, 2014).

Only a small percentage of small firms stay in business for a longer period. Marketing provides an important interface between the organization and its external environment when business is new and vulnerable (Stokes, 2011). It is important to keep searching for new market opportunities and broaden the Customer retention/loyalty of the business. For that reason, marketing is seen as a key management discipline, which differentiates between survival and failure of small firms (Blankson and Stokes, 2012). Micro and Small Enterprises marketing philosophy is more innovation oriented than customer oriented. Entrepreneurial marketing activities do not easily fit into traditional four P’s (product, place, price, promotion) model of marketing mix.

Stokes (2011) indicated that micro and small enterprise managers do not determine their marketing mix according to the four Ps, except in promotions. Amongst the Micro and Small Enterprise managers, marketing is often simplified to “selling” or “promotion”. Micro and small enterprise managers promote by direct interchanges and by building personal relationships. Barwise (2011) asserts that trade shows are a good place for promotion to Micro and Small Enterprises. However, research is often limited by the entrepreneur’s lack of perception of the wider range of marketing activities that they are often involved in. Stokes (2011) even offers the model of “4 + 4 I’s” rather than the model of “4 Ps” as a marketing strategy approach for Micro and Small Enterprises. This approach reflects the reality of entrepreneurial marketing. This includes Innovation, Informal information gathering, Interactive marketing methods (word of mouth, image building, involvement and incentives) and Identification of target markets.

The micro and small enterprises are the backbone of the economic and social structure. The rationale for the development of micro, small and medium enterprises lies in the important contribution that they make towards poverty alleviation and employment generation (Barwise, 2011). The strength of the Micro and Small Enterprises lies in the fact that they can provide full time employment or absorb part time labour. Micro and small enterprise also contribute in the generation of new product ideas and innovation and distribution of wealth in society. If well managed these could form a barrier against concentration of wealth and development of the private sector and enhancing private sector initiatives.

Carson *et al* (2011) identify six marketing advantages of micro and small enterprise culture: speed of response, loyalty, micro and small enterprise or customer interface, opportunity focus, flexibility and ease of access to market information. Investing to these factors steers the marketing of the company to the right track. The table below indicates different marketing strategies which can transform small enterprises by ensuring growth. These strategies are low cost but high impact. Micro and Small Enterprises owners/ managers should adopt them. Since marketing plays a pivotal role to Micro and Small Enterprises

1.1.3 Small and Medium Enterprises in Kenya

According to the Global Economic Report (World Economic Forum, 2010) Kenya ranks 98th Country out of 133 in global competitiveness in 2009-2010, a 5 point drop from the 2008-2009 ranking when it was 93rd. Though favorable in the African context, this rating is lower than that of key trading partners in Africa particularly Egypt and South Africa who rank 70th and 45th respectively. According to World Bank Report an issue of concern for Kenya is low marketing utilization by Micro and Small Enterprises owners among key comparator countries that impact negatively on Gross domestic Product (WB, 2010). Micro and Small Enterprises (Micro and Small Enterprises) in Kenya do significantly contribute to the country's economic growth through employment creation, poverty reduction and their acting as intermediaries in trade. Despite their great importance, increase market competition especially from modern and large competitors makes it difficult for Micro and Small Enterprises to survive. Organization's Characteristics had the greatest effect on the internationalization of entrepreneurship. However, a significant number of businesses recorded moderate access to finance and labor, therefore the low access of international markets may not be attributed to finance and labor. However, they also recorded very low access to international market information and quality standards. As discussed earlier, foreign markets demand high quality finishing and packaging of products. The external business environment had a significant effect on the level of internationalization. Administration of government policies, import/export procedures were also reported as major problems by the businesses. Many businesses also reported that government and institutional support was lacking and there were no adequate business associations to help in training, marketing and other business support services (Gitau & Otuya, 2014) .

The importance and contribution of Micro and Small Enterprises to achieving macroeconomic goals of nations, especially in developing nations has attracted the attention of scholars in the entrepreneurship discipline in recent years (Shelley, 2013). A complex global environment in which Micro and Small Enterprises survive, grow and thrive is therefore considered an important objective of policy makers in both developed and emerging economies around the world. Micro and Small Enterprises are generally known for their labor intensive activities and also for their use of local resources. Support for Micro and Small Enterprises is a common theme because it is recognized that Micro and Small Enterprises contribute to the national and international economic growth. The Kenya Government is committed to seeing a more vibrant and fast growing micro and small enterprise sector that is increasingly self-sustaining and able to create opportunities for social and economic growth. This commitment is contained in the Economic Pillar of the Kenya Vision 2030. The Kenya Vision 2030 is the new country's development blueprint covering the period 2008 to 2030 (NESC, 2009). It aims at making Kenya a newly industrializing, middle income country providing high quality life for all its citizens by the year 2030 (GoK, 2009). The Vision has been developed through an all-inclusive stakeholder consultative process, involving Kenyans from all parts of the country. The vision is based on three pillars namely: the economic pillar, the social pillar and the political pillar (NESC, 2009).

According to the Micro and Small Enterprises Baseline Survey conducted in 2011, the sector employed 2.4 million persons. This increased to 5.1 million persons in 2012 as per the 2003 Economic Survey and translates to 675,000 thousand jobs per year. The level of employment within Micro and Small Enterprises (Micro and Small Enterprises) in 2012 accounted for over 74.2% of the total number of persons engaged in the country. There is evidence that, with proper development strategies, the sector is capable of providing and surpassing the Government's target of creating 500,000 jobs per year. Small enterprise baseline survey; Central Bureau of Statistics (Central Bureau of Statistics, 2013) also indicates that there is high rate of failure and stagnation among many start-up businesses. The survey reveals that only 38% of the businesses are expanding while 58% have not added workers. According to the survey, more enterprises are most likely to close in their first three years of operation. This is confirmed by the recent study conducted by the Institute of Development Studies (RoK, 2008) University of Nairobi which used a sample of businesses operating in Central Kenya. This study revealed that 57% of small businesses are in stagnation with only 33% of them showing some level of growth.

According to Kenya Economic Survey (RoK, 2008), out of the total 543.3 new jobs created in Kenya in the year 2009, Micro, Small and Medium Enterprises created 426.9 of them. This was 89.9% of the total new jobs created in Kenya that year. In the same year, the sector contributed KSh. 806,170 million of GDP which is 59 percent of total Gross Domestic Product (RoK, 2009). The Kenya Economic Survey (2010) noted that this sector generated 390.4 thousand new jobs, which translated into 87.6 percent jobs generated in the year 2009.

Sessional Paper No. 2 of 1992 and national baseline survey (2011), cluster enterprises in the following order; micro enterprises- 1-9 employees, small enterprises 10-49 employees; medium enterprises 50-99 employees, large enterprises 100 and above (RoK, 2012). According to the Economic Survey (RoK, 2012), the micro and small enterprise sector contributed 79.8% of new jobs created in the year 2011 in Kenya. Consequently, the Kenya's development plans for the 2009-2013; 1994-2008 and 2012-2030 periods put special emphasis on the contribution of small and medium size enterprises in the creation of employment in the country (RoK, 2012). Job creation in this sector went up by 5.1 percent in 2011. According to the sectional paper No.2 of (2005), Micro and Small Enterprises have high mortality rates with most of them not surviving to see beyond their third anniversaries. Since Independence, the government has recognized the potential of the Micro and Small Enterprises sector in employment and poverty reduction. This objective has been outlined in Sessional Paper No. 1 of 2009 on Economic Management for Renewed Growth, Sessional Paper No. 2 of 2008 on Industrial Transformation to the year 2020, the Sessional Paper No. 2 of 2005 on the development of Micro and Small Enterprises for Employment and Wealth Creation (Republic of Kenya, 2005). It recognized the need to establish and maintain a conducive environment for the graduation of Micro and Small Enterprises to have more capacity to produce high quality products and create sustainable marketing opportunities. Ngugi (2012) asserts that knowing what customers want and how a firm survives competition are prerequisites for success. Micro and Small Enterprises can use strategic marketing tool to develop strategies and gain Marketing effectiveness.

Table 1.1: Informal, Micro and small enterprise

Region	**No of enterprises**	**Percentage (%)**
Nairobi and Mombasa	223,668	13
Others major Town	183,144	11
Rural Towns	95,720	6
Rural areas	1,177,326	70
Total	**1,679,858**	**100**

Source: National Micro and small enterprises Baseline Survey 2014

Information in the table 1, reveals that more than two-thirds (70%) of all Micro and Small Enterprises are located in the rural areas and only one-third are found in urban areas - even when urban areas are defined to include small rural towns. Of these, about 13 per cent are located in Nairobi and Mombasa while other major towns account for 11 % of the total Micro and Small Enterprises in Kenya. Such towns include Kisumu, Thika, Eldoret and Nakuru. Given the importance of Micro and Small Enterprises to the Kenyan economy and the exposure to risks owing to their location, there is need to conduct this study to investigate the effects of firm level characteristics on the marketing effectiveness among Micro and Small Enterprises in Kitui County in response to competitive business environment.

1.1.4 Conditions and Problems in MSE Marketing

There are differences between small firms and large companies such as size, organization structures and functional frameworks. These issues impact on micro and small enterprise marketing due to lack of human and financial resources and especially marketing expertise (Carson, 2013; Gilmore *et al*., 2001). Stokes *et al* (2012) found the same problems and identified six characteristics of small firms and their marketing problems: targeting of innovation, limited Customer retention/loyalty, lack of formalized planning and evolutionary marketing, limited activity, niches and gaps and the owner-manager's marketing competency.

Micro and Small Enterprises marketing management is much affected by the marketing competency of the owner (Carson & Gilmore, 2011). Marketing competencies mean that micro and small enterprise managers must have many competencies that can be utilized and employed in a variety of ways. These competencies are, for example, leadership, the ability to communicate and a vision of future plans. The competency of the micro and small enterprise owners varies a lot in these areas, as does the marketing performance of their firms. The core competency for marketing is still mainly based on experiential knowledge. Market research is inadequate (Brassington & Pettitt, 2012). However, entrepreneurs shy away from such formal research methods. Blois (2011) and Stokes (2011) state that the micro and small enterprise managers “gather information” instead of doing marketing research. According to Stokes (2011), in each stage of the traditional marketing process, whether strategic or tactical, formal market research plays an important part. Strategic segmentation and targeting is determined by market research. The marketing problems of the Micro and Small Enterprises not only have to do with how to develop innovative products or services, but also on how to defend their Marketing effectiveness with limited resources. Large corporations have their own business units for market research and R&D. Generally, the problems of the small business vary depending on the industry type and the different size of the company (Huang & Brown, 2011).

1.1.5 Micro and small enterprises in Kitui

Kitui County is a County in the former Eastern Province of Kenya. Its capital and largest town is Kitui, although Mwingi is also another major urban centre. The County has a population of 1,012,709 (2009 census) and an area of 24,385.1 km². The County has four local authorities: Kitui municipality, Kitui County council, Mwingi and Mwingi County council. Kitui County is divided into eight administrative units: Central (Kitui), Kabati, Chuluni, Mutitu, Mwitika, Mutomo (Ikanga), Ikutha and Yatta. This County has Eight constituencies namely; Kitui West, Kitui East, Kitui Rural, Kitui Central, Kitui South, Mwingi North, Mwingi East and Mwingi Central. This research concentrated in the main sub-counties; Mutomo, Kitui and Mwingi.

Kitui County has not been spared in high failure rate of Micro and Small Enterprises. Although the Government has addressed the issue of investment capital financing through women enterprise fund and lately through Uwezo fund, the failure rate of Micro and Small Enterprises has not significantly declined raising the need to analyze other causes which could be attributed to failure such as the effects of firm level characteristics on the marketing effectiveness on Micro and Small Enterprises.

Review of empirical studies indicate that past studies focused on different aspects Kyaka (2012) studied the impact of microcredit on the growth of Micro and Small Enterprises in Kitui, Kihonge (2011) studied the role of Micro and Small Enterprises in small towns, Kenneth (2010) examined the role of quality growth of Micro and Small Enterprises in Kenya, Adhiambo (2009) studied factors affecting competitive performance on Micro and Small Enterprises in food processing in Kenya. This study focused on effects of firm level characteristics on the marketing effectiveness among Micro and Small Enterprises in Kitui County. The findings of this research will help minimize the high failure rate of Micro and Small Enterprises in County and the country in general. The findings and recommendations if adopted will ensure Micro and Small Enterprises growth is accelerated hence making the County a strong economic power base therefore contributing to the achievement of the Kenya' vision 2030.

1.2 Statement of the problem

Marketing effectiveness (capabilities) enable the business to add value to its goods and services, adapt to market conditions, take advantage of market opportunities, and overcome competitive threats (Day, 1994).The marketing effectiveness increases SMEs ability to grow hence would limit high failure rates prevalent in the sector today. Firm level characteristics contribute to the ability of an enterprise to market its products and services. Due to their significant contribution to marketing effectiveness, there is need to research on the effectiveness of firm level characteristics in order to reverse the high mortality rates of small and micro enterprises greatly attributed to the inability to market products and services effectively. The ability to effectively market products or services is influenced by financial, human resources, firm size, managerial skills and Technology among other factors. Since past studies have focused majorly on access to financial resources, there remains a research gap on the effects of firm level characteristics on the marketing effectiveness which once addressed SMEs will improve their ability to market goods and services and overcome the high rate of failure and drive Vision 2030 economic pillar. Past studies identified that a significant number of new Micro and Small Enterprises fail within first five years of their business operation (Zimmerer, Scarborough & Wilson 2008; Hodgents & Kuratko, 2013).A market driven approach is needed to gain the market knowledge required for getting the product to market. Market knowledge is extremely important, especially for Micro and Small Enterprises as we see it (Kyaka, 2012). Literature review indicated that few studies on Micro and Small Enterprises have been done before in this County. These studies focused on financial resources. This County therefore requires vibrant Micro and Small Enterprises to create more jobs, increase income per capita. It is with regard to this background that the study sought to evaluate the effects of firm level characteristics on the marketing effectiveness among small and micro enterprises in Kitui County.

1.3 Research Objective

The main objective of this study is to investigate the effects of firm level characteristics on marketing effectiveness among small and micro enterprises in Kitui County.

1.3.1 Specific Objectives

i. To establish the influence of financial resources on marketing effectiveness among small and micro enterprises in Kitui County.
ii. To examine the influence of human resources on marketing effectiveness among small and micro enterprises in Kitui County.

iii. To examine how technology affects marketing effectiveness among small and micro enterprises in Kitui County.

iv. To establish the effects of firm size on the marketing effectiveness among small and micro enterprises in Kitui County.

v. To determine how managerial skills affects marketing effectiveness among small and micro enterprises in Kitui County.

1.4 Research Hypothesis

Null Hypothesis 1 (Ho): There is no significant relationship between financial resources and marketing effectiveness among small and micro enterprises in Kitui County.

Null Hypothesis 2 (Ho) There is no relationship between human resources and marketing effectiveness among small and microenterprises in Kitui County.

Null Hypothesis 3 (H0): Technology does not affect marketing effectiveness among small and micro enterprises in Kitui County.

Null Hypothesis 4 (H0): There is no significant relationship between firm size and marketing effectiveness among small and micro enterprises in Kitui County.

Null Hypothesis 5 (H0): There is no relationship between managerial skill and marketing effectiveness among small and micro enterprises in Kitui County

1.5 Significance of the Study

1.5.1 Management of micro and small enterprises

The study findings is of great importance to the management of micro and small enterprises since it addresses the effects of firm level characteristics on marketing effectiveness and how they influence growth of Micro and Small Enterprises in Kenya, this will contribute to greater understanding on various challenges Micro and Small Enterprises in Kitui go through in trying to attain sustainable growth and ways of avoiding failure which has been very high.

1.5.2 The potential and Existing Investors

The study is important to investors who have continued to put their resources in Micro and Small Enterprises whose success rate remains very low. The findings of this study is fundamental to them because they will understand the effects of firm level characteristics and how these characteristics affect marketing effectiveness therefore improving their Micro and Small Enterprises.

1.5.3 Policy Makers

The study findings are of value and important to the Government as it will bring into light the key areas to focus on when it embarks on development of Micro and Small Enterprises Industrial Parks in key urban towns in Kenya. The findings will help the Government of Kenya in policy formulation, Training and capacity building and ensure better performance of Micro and Small Enterprises, a key driver of Vision 2030.

1.5.4 Researchers and Scholars

The study is of great importance to the researchers as they will gain both theoretical and practical experience on the effects of firm level characteristics on marketing effectiveness on Micro and Small Enterprises in Kenya. Since past studies focused majorly financial factors this study contributes immensely on knowledge development and enhancement in Micro and Small Enterprises studies in Kenya and the rest of the world.

1.6 Scope of the Study

The study focused on the effects of firm level characteristics on marketing effectiveness among Micro and Small Enterprises in Kitui County in Kenya. This study concentrated on the four broad types of Micro and Small Enterprises as classified in the Micro and Small Enterprises Act 2012 which classifies them into farming, manufacturing/industry, service, and trade in Kitui County. The study was undertaken to research on activities within the scope of the issues addressed by the research objectives. Literature review identified gaps in what has been done; this study therefore, investigate the effects on firm level characteristics on marketing effectiveness among Micro and Small Enterprises in Kitui County. This study was carried out in Kitui; the County headquarters and surrounding areas, Mwingi and Mutomo sub-counties. This County has 3200Micro and Small Enterprises in these main towns carrying out small scale farming, trade, manufacturing and in service provision.

1.7 Limitations of the Study

The highly expected limitation in this study was that most Micro and Small Enterprises consider some information as confidential and hence may not be willing to reveal most of it. The researcher overcame this limitation by having a letter of introduction from the university which assured the respondents that the information provided would be used for academic purpose and would thereby be treated with confidentiality.

1.8 Outline of thesis

Chapter one gives an introduction and a justification for the research and outlines the aims and objective of the study. It outlines the importance of Micro and Small Enterprises globally and in Kenya. The gap in knowledge relating to the effects of firm level characteristics on the marketing effectiveness among Micro and Small Enterprises in Kitui County is identified and discussed in detail. Micro and Small Enterprises in developing countries context were discussed. The chapter concluded with a general view about Kitui County where the study was undertaken. Research objectives and the scope of the study were discussed. The research hypothesis and limitations are properly outlined. Chapter Two contextualizes Micro and Small Enterprises in Kenya underscoring their importance in employment creation. The chapter further outlines Micro and Small Enterprises according to the Micro and Small Enterprise bill of 2009. It further outlines the importance of marketing to Micro and Small Enterprises citing previous studies and their importance. This chapter further defines and discuses the problems faced by Micro and Small Enterprises in Kenya. Two theories are examined; resource based view and human capital theory. This chapter sums it up by the study variables and conceptual framework.

The consideration of the methodology of the study is undertaken in chapter three. The chapter begins by placing the research within certain research paradigms. The population from which respondents are drawn is considered in terms of geographic demarcation and an estimation of the size of the population is made. Data collection processes are considered in terms of sampling processes, sample size calculation and the method of interviewing. The instrument is considered in terms of its design, scale construction, piloting, reliability, and validity. The chapter concludes with a consideration of the processes of the data analysis in terms of statistical testing procedures and multiple linear regression processes.

Chapter four reports the results of the testing process, and the results of the tested hypotheses. Descriptive statistics, the results of the statistical tests and diagnostic processes are reported. This chapter outlines all the study variables and links conclusions made to studies made in other parts of the globe. Chapter five concludes the research process with a summary of the empirical research results. Issues for further research are considered. Conclusions relating to the discussion of the testing of the theory, the implications for the research question, with issues for further research being considered according to new conclusions raised by the research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed relevant literature on the effects on firm level characteristics on the marketing effectiveness among Micro and Small Enterprises in Kitui County. The chapter developed theoretical review, conceptual framework, and empirical review in the study in regard to each variable in the study. The review identified research gaps and areas that have been recommended for further research. Literature review focused on resource based view, human capital theories, dynamic capabilities view and theory of planned behavior.

2.2 Theoretical Review

Theories are analytical tools for understanding, making prediction about a given subject matter (Hawking, 2008).

2.2.1 Resource Based Theory

According to Kraaijenbrink, Spenderand Groen, (2010) Resource-based view is one of the most influential theories in the history of management theorizing. It aspires to explain the internal sources of a firm's sustained Marketing effectiveness. Penrose established the foundations of the resource-based view as a theory (Roos & Roos, 2012). Penrose first provides a logical explanation to the growth rate of the firm by clarifying the causal relationships among firm resources, production capability and performance. Her concern is mainly on efficient and innovative use of resources. She claimed that bundles of productive resources controlled by firms could vary significantly by firm and that firms in this sense are fundamentally heterogeneous even if they are in the same industry (Barney & Clark, 2014). Wernerfelt (2010) took on a resource perspective to analyze antecedents of products and ultimately organizational performance and believed that "resources and products are two sides of the same coin" and firms diversity is based on available resources and continue to accumulate through acquisition behaviors.

Ganotakis and Love (2010) used the Resource Based Theory (RBT) to explain the importance of human capital to entrepreneurship. According to RBT, human capital is considered to be a source of Marketing effectiveness for entrepreneurial firms. Ownership of firm-specific assets enables a company to develop a Marketing effectiveness. This leads to idiosyncratic endowments of proprietary resources (Peppard & Rylander, 2001). According to RBT, sustainable Marketing effectiveness results from resources that are inimitable, not substitutable, tacit in nature, and synergistic (Barney, 2011). Therefore, Micro and Small Enterprises managers need to be able to identify the key resources and drivers of performance and their value in the organizations.

The Baseline Survey of 2011, there were an estimated 260 organizations (private and public, national and international) with support programs. In an attempt to understand the scope of these organizations, the 2011 micro and small enterprise survey enquired into the different types of assistance received by micro and small enterprise operators. The operators cited both formal and informal assistance, financial and non-financial assistance. In general, there seemed to be considerable support. The survey noted that the bulk of the Micro and Small Enterprises credit (69.1 per cent) came from informal savings and credit associations, otherwise known as Rotating Savings and Credit Associations (ROSCAS). The knowledge based literature of the firm fosters and develops the resource based theory in that it considers knowledge to be the most complex of an organization's resources (Alavi & Leidner, 2001). The currently dominant view of business strategy

– resource-based theory or resource-based view (RBV) of firms – is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of marketing has a coherence and integrative role that places it well ahead of other mechanisms of firm level. Therefore, managers need to be able to identify the key resources and drivers of performance and value in their Micro and Small Enterprises. This theory brings into light why business owners/ managers should focus on both human and financial resources to penetrate the market.

2.2.2 Human Capital Theory

This theory is associated with the resource based view of strategy developed by Barney (2011). These returns are expected to lead to improvements in performance, productivity, flexibility and the capacity to innovate. This should result to enlarging the skills base and increasing levels of knowledge and competence. Schuler (2011) suggests that the general message in persuasive skills, knowledge and competences are key factors in determining whether organizations and firms will prosper. Njanja, Ogutu and Pellisier (2012) also studied the effects of the external environment on internal management strategies within micro, small and medium enterprises. Results from the study indicated significant correlations between the management strategies and the environmental factors. However, there was no significant effect of the environment on the performance of the Micro and Small Enterprises. It is concluded that the external environment affects performance by affecting the management strategies the firms undertakes. A major control factor will be the nature of the firm and the caliber of management in practice which will dictate strategies undertaken to react to the environment.

According to Hessels and Terjesen (2008), entrepreneurial human capital refers to an individual's knowledge, skills and experiences related to entrepreneurial activity. Entrepreneurial human capital is important to entrepreneurial development. Previous empirical research emphasized that human capital is one of the key factor in explaining enterprise growth. Brüderl *et al.* (1992) argues that greater entrepreneurial human capital enhances the productivity of the founder, which results in higher profits and therefore lower probability of early exit. Moreover highly educated entrepreneurs may also leverage their knowledge and the social contacts generated through the education system to acquire resources required to create their venture (Shane, 2003).

In addition to education, specific human capital attributes of entrepreneurs, such as capabilities that they can directly apply to the job in the firm may be of special relevance in explaining enterprise growth (Colombo & Grilli, 2005). The specific human capital can be attained through precise trainings and previous experience. More focused business training can provide entrepreneur with a specific knowledge compared to a formal education. This kind of specific human capital also includes knowledge of how to manage a firm that is entrepreneur-specific human capital (Collombo & Grilli, 2005). In particular, entrepreneurs with great industry-specific and entrepreneur-specific human capital are in an ideal position to seize neglected business opportunities and to take effective strategic decisions that are crucial for the success of the new firm (Collombo & Grilli, 2005). The human capital theory is important in guiding the decision maker in such a case.

This theory emphasizes the value addition that people contribute to an organization. It regards people as assets and stresses that investments by organizations in people will generate worthwhile returns. The theory is associated with the resource based view of strategy developed by Barney 2011, the theory proposes that sustainable Marketing effectiveness is attained when the firm as a human resource pool that cannot be imitated or substituted by its rival. For the employer investments in training and developing people is a means of attracting and retaining people. These returns are expected to be improvements in performance, productivity, flexibility and the capacity to innovate that should results from enlarging the skills base and increasing levels of knowledge and competence. This theory rings into light the need for business institutions to evaluate their firm size when forming policies aimed at expanding their market share. In addition, the study will use this theory to establish how firm size and investment in human capital (knowledge management and training of employees) can help creative marketing effectiveness among small and micro enterprises in Kitui County.

2.2.3 Dynamic Capabilities View

The DC view evolved from the RBV and is concerned with the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments (Teece, Pisano & Shuen, 2012). However, a concise and comprehensive definition of dynamic capabilities, view has not yet been reached (Teece *et al*., 2012; Eisenhardt & Martin, 2011). According to Day (1994), capabilities are complex bundles of skills and collective learning, exercised through organizational processes that ensure superior coordination of functional activities and are deeply embedded within the organizations' fabric. Hence, firms that are better equipped to respond to market requirements and to anticipate changing conditions will enjoy long-run Marketing effectiveness and superior performance.

Hou, (2008) asserts that dynamic capabilities are the collection of resources, such as technologies, skills, and knowledge-based resources. This view is augmented by Helfat and Peteraf (2009) who view dynamic capabilities as the capacity of a firm to purposefully create, extend or modify its resource base. The focus is on the capacity of an organization facing a dynamic environment to create new resources, renew or change its resource mix making it possible to deliver a constant stream of innovative products and services to its target customers. The resource base includes tangible, intangible and human assets which the firm owns and controls or has preferential access to. Dynamic capabilities view acknowledges top management team's belief that firm evolution plays an important role in developing dynamic capabilities (Teece *et al.*, 2012; Helfat & Peteraf, 2009). According to Ambrosini, Bowman and Collier (2009), dynamic capabilities comprise four processes: reconfiguration, transformation and recombination of assets and resources. Leveraging is concerned with the replication of a process or system that is operating in one area of a firm into another area, or extending a resource by deploying it into a new domain, learning allows effective and efficient performance of tasks and finally, integration which is the ability of the firm to integrate and coordinate its assets and resources that results in the emergence of a new resource base.

Eisenhardt and Martin (2011) describe capabilities as complex coordinated patterns of skills and knowledge that are embedded in organizational routines and are distinguished from other organizational processes by being performed well relative to competitors. They further argue that since market places are dynamic, it is the capabilities by which firms' resources are acquired and deployed in a way that matches the firm's market environment that explains inter-firm performance variance over time.

Barreto (2010) defines dynamic capabilities as the firm's potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions and to change its resource base. Based on these views, managerial skills and marketing practices can be considered as one of firms' internal factors that enable firms to be more effective in marketing strategies and their day-to-day activities relative to marketing. Similarly, the reliance on a small number of customers suggests that to remain competitive. Micro and Small

Enterprises must ensure that customer satisfaction remains high and that they can be flexible enough to respond rapidly to changes in the market. Chong (2008) declares that there are four main approaches to measure the marketing effectiveness of organizations. These are the goal approach, system resource approach, stakeholder approach and competitive value approach. The goal approach measures the extent an organization attains its goals while the system resource approach assesses the ability of an organization obtaining its resources. The stakeholder approach and the competitive value approach evaluate performance of an organization based on its ability to meet the needs and expectations of the external stakeholders including the customers, suppliers, competitors. Among these, goal approach is most commonly used method due to its simplicity, understandability and internally focused. Information is easily accessible by the owners’ managers for the evaluation process.

Masua (2012) also conducted a study on the effects of positioning strategies on performance in the micro and small scale enterprises: the case of furniture dealers in Huruma estate. The research sought to understand the positioning strategies applied by these Small and Micro enterprises and their effect on performance. The study adopted a descriptive survey of the Small and Micro enterprises in the furniture industry located in Huruma, Nairobi; with a target population of 50 micro and small scale enterprises. The study found that the organizations use the following Positioning strategies to gain a competitive edge in the market: positioning by Quality and customized positioning, product characteristics or customer benefits and positioning by competitor. The study recommends that the government use this study as body of knowledge to contribute in informing its efforts in the growth of the Micro and Small Scale Enterprises, particularly in its goal of achieving vision 2030.

2.1.2 Technology Diffusion Theory

Technology diffusion theory is the common lens through which theorists study the adoption and development of new ideas. Diffusion is defined basically as the process by which an innovation is adopted and gains acceptance by individuals or members of a community. The Diffusion theory represents a complex number of sub-theories that collectively study the processes of adoption. The most famous account of diffusion research by Rogers (1995) where the definition of diffusion comprises of four elements which are defined as; Innovation: an idea, practices or object perceived as new by individuals or group of adopters. Communication channels, means by innovation moves from one individual to the next or group to group. Time: the non-spatial interval through which Diffusion event takes place. The events include: innovation diffusion process, relative span of time for the individual or group to adopt the innovation and social system: a set of interrelated units that are engaged in joint problem solving activities to accomplish the goals.

Rogers (1995) also came up with the perceived attributes theory that assumes that innovation bears the following characteristics: Relative advantage: degree in which an advantage is perceived as better than the idea it supersedes, Compatibility: degree that an innovation is seen to be consistent with existing values and norms, Complexity: the degree in which an innovation is seen to be difficult or easy to understand and use, Trialability: is the degree in which an innovation may be experienced on a limited basis and Observability as the degree to which the results of innovation are visible to others. The easier it is for individuals to see results of an innovation, the more likely they are to adopt it (Rogers, 1995).

Although the process is not limited to these perceived attributes, the elements are helpful in formulating questions for potential adopters in better understanding what factors make adoption possible or desirable. Endogenous growth theory however indicates that the rate of technological progress, and hence the long-run rate of economic growth, can be influenced by economic factors which will curtail technology adoption in procurement as technology is seen as being costly. It starts from the observation that technological progress takes place through innovations, in the form of new products, processes and markets, many of which are the result of economic activities (Lieberth, 2007).

Technology revolution has impacted on purchasing; the drivers for change in purchasing function must include the objectives of eradicating paper transactions to a secure system that facilitates procure to pay as an objective of a world class procurement which is seen to enhance the performance of the procurement function (Lysons & Farrington, 2012). The Technology Diffusion theory is important in guiding the firm to initiate change and adopt technologies in procurement in the shift towards world class procurement.

2.1.1 Theory of Planned Behavior (TPB)

The theory of planned behavior (Azjen, 1991) is an extension of the theory of reasoned action (TRA). For TPB, attitude toward the target behavior and subjective norms about engaging in the behavior are thought to influence intention, and TPB includes perceived behavioral control over engaging in the behavior as a factor influencing intention. TPB has been used in many different studies in the information systems literature (Mathieson, 1991; Taylor and Todd, 1995). According to TPB, an individual's performance of a certain behavior is determined by his or her intent to perform that behavior. Intent is itself informed by attitudes toward the behavior, subjective norms about engaging in the behavior, and perceptions about whether the individual will be able to successfully engage in the target behavior. According to Azjen (2011), an attitude toward a behavior is a positive or negative evaluation of performing that behavior. Attitudes are informed by beliefs, norms are informed by normative beliefs and motivation to comply, and perceived behavioral control is informed by beliefs about the individual's possession of the opportunities and resources needed to engage in the behavior (Azjen, 1991). Azjen compares perceived behavioral control to Bandura's concept of perceived self-efficacy (Bandura, 1997).

TPB also includes a direct link between perceived behavioral control and behavioral achievement. Given two individuals with the same level of intention to engage in a behavior, the one with more confidence in his or her abilities is more likely to succeed than the one who has doubts (Azjen, 1991). As a general theory, TPB does not specify the particular beliefs that are associated with any particular behavior, so determining those beliefs is left up to the researcher. An underlying premise of the current study is that beliefs about privacy and trustworthiness of the ICT platform inform attitudes toward Internet purchasing.

TPB provides a robust theoretical basis for testing such a premise, along with a framework for testing whether attitudes are indeed related to intent to engage in a particular behavior, which itself should be related to the actual behavior. Based on the theory, beliefs about how important referent others feel about ICT adoption in procurement, and motivation to comply with the views of important others, should also influence intent to make Internet purchases. Finally, beliefs about having the necessary opportunities and resources to engage ICT in Procurement process should influence intent to purchase as well as directly influence purchasing behavior itself.

2.3 Review of Study Variables

Efforts targeted at the micro and small enterprise sector are often based on the premises that Micro and Small Enterprises are the engine of growth, but market imperfections and institutional weaknesses impede their growth. Skeptics question the efficacy of the marketing strategies and point to empirical evidence either in favor of large firms or of a size-blind policy approach (Biggs, 2002). While many country-level and microeconomic studies have assessed the importance of Micro and Small Enterprises in the economic development and industrialization process (Snodgrass & Biggs, 2013), Beck, Demirguc-Kunt and Levine (2008) provide the first cross-country evidence on the links between internal actors and marketing effectiveness of Micro and Small Enterprises to realize economic growth, and poverty alleviation Ayyagari, Beck and Demirguc-Kunt (2003).

Linked with the technology upgrading, marketing among Micro and Small Enterprises has been characterized by timely information on services that enhance the market access to Micro and Small Enterprises. Despite the fact that information is expensive and not widely available, it is the most powerful marketing for business success. More specifically, Micro and Small Enterprises need technology in selecting target markets, product development and packaging, distribution and sales promotion. This is an obstacle affecting the growth and expansion of Micro and Small Enterprises in developing countries. In the context of Kenya, this is of special significance in view of its commitment towards pro-market and liberalized economic policies.

Myers *et al.* (2012) asserted that small firms virtually have no sources of information on other markets or opportunities outside their immediate surroundings. The lack of knowledge and limited access to information on market opportunities have used small sector enterprises to depend on judgment and speculation. In a competitive business environment, this is very costly and limits their ability to expand the market. Existing arrangements to supply such information to Micro and Small Enterprises are gross inadequate and the lack of access to modern information technology (IT) has further aggravated the situation.

Most Micro and Small Enterprises in Kenya service regional or local markets. Their market information is often limited to their specific market segments (Mathenge, 2011). Quite often, information relating to developments in market demand and innovation is received through word of mouth. The information requirements of Micro and Small Enterprises depend on the size of the enterprise, stage of growth and type of business. In addition to lack of information, the absence of marketing skills at enterprise level has led to Micro and Small Enterprises being more production oriented rather than becoming more market oriented. Many of the Micro and Small Enterprises especially small scale enterprises lack skills on product design, packaging and sales promotion which are vital for being attractive and competitive in the market. The typical selling method of Micro and Small Enterprises especially small scale enterprises is to operate through their own outlets. Many of them are also not in a position to promote their products and services through team management and sales promotion mainly due to lack of skills and high cost. In fact, the absence of marketing skills has resulted in the early demise of business enterprises (Mathenge, 2011).

It is questionable whether small businesses need to practice marketing at all to survive and grow (Hogarth-Scott et al, 2013). However, the study by Hogarth-Scott et al (2013) concluded that small business owner-managers were often generalists, not marketing specialists and complex marketing theories may not be appropriate for small businesses and probably would not aid in the understanding of their markets. Nevertheless, marketing was practiced to some degree by small businesses. In most cases competitive advantage was based on quality and service, while those competing on price were in the highly competitive markets with little or no product differentiation and low entry barriers (Campbell- Hunt, 2011). Product differentiation was a source of competitive advantage in some businesses while others were looking for niche markets (McDaniel & Gitman, 2013). It would appear from that study that marketing did contribute positively to small business success and the ability to think strategically.

The survey may not be conducted properly. Outwardly it may appear to have been done very systematically. In actuality it might have been done in a casual manner (Mulupi, 2010). The data collected or the observations made might have been influenced by personal bias, resulting in overestimation of demand, or a wrong selection of the product or market segment. Ensure that the survey corresponds with the real situation. It should not be confused with the intuitive decision mentioned earlier. If your mind is so trained that normally your judgment turns out to be correct even an intuitive decision apparently taken without much formal study may become workable. In such cases, intuition is the product of mental processing of external information fed through observation (Mitsuddi, 2013).

Marketing is the demand by nearby areas and it tells where their output sell. Marketing or market forces determine the best combination at goods and services to fulfill customer needs and wants. In a small business, the marketing function cuts across the entire company, affecting every aspects of its operation from finance and production to hiring and purchasing as well as the company's ultimate success.

Sometimes entrepreneurs make the classic field of dream mistake. Like Kevin Costerns character in the movie, they believe that if they "build it, customers automatically will come". Although the idea makes for a great movie plot, in business, it almost never happens. Building a growing base of customers requires sustained, creative marketing effort. But small business entrepreneurs have a lack of desire to spend enormous sums of money to sustain a successful marketing effort (Zimmer, 2008).

Njimu (2014) highlighted that information is expensive and not widely available and yet it is the most powerful competitive edge for business success. More specifically, this refers to information and support services required for selecting target markets, product development and packaging, distribution and sales promotion. This is yet another obstacle affecting the growth and expansion of Micro and Small Enterprises in developing countries. In the context of Sri Lanka, this is of special significance in view of its commitment towards pro-market and liberalized economic policies (Freeman, 2012).

Small firms virtually have no sources of information on other markets or opportunities outside their immediate surroundings (Atandi & Bwisa, 2013). The lack of knowledge and limited access to information on market opportunities have used small sector enterprises to depend on judgment and speculation. In a competitive business environment, this is very costly and limits their ability to expand the market. Existing arrangements to supply such information to Micro and Small Enterprises are gross inadequate and the lack of access to modern information technology (IT) has further aggravated the situation (Freeman, 2012).

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Small Enterprises especially small scale enterprises is to operate through their own outlets. Many of them are also not in a position to promote their products and services through team management and sales promotion mainly due to lack of skills and high cost. In fact, the absence of marketing skills has resulted in the early demise of business enterprises. (Atandi & Bwisa, 2013).

2.3.1 Effects of Financial Resources on Marketing Effectiveness

Financial resources are of vital importance for a business to run operations profitably. Micro and Small Enterprises have comparatively limited resources and greater difficulty in accessing the funding sources, are more dependent on a single product, have less adequate budget control system, lack economies of scale (Thurik, 2007). In a recent research study on micro and small enterprise's in Indonesia founded that Micro and Small Enterprises operate on traditional lines in marketing. Strict reaction on account of competition should be responded proactively by Micro and Small Enterprises by doing business development and research (Robert, 2007). According to Richard *et al.* (2008), the goal approach directs the owners-managers to focus their attentions on the financial (objective) and non-financial measures (subjective). Financial measures include profits, revenues, returns on investment (ROI), returns on sales and returns on equity, sales growth, and profitability growth. Non-financial measures include overall performance of the firm relative to competitors, employment of additional employees, customer satisfaction, employee satisfaction, customer loyalty, brand awareness and owner's satisfaction with way the business is progressing. Atieno (2009), notes that financial measures are objective, simple, easy to understand and compute. However, financial measures suffer from being historical and are not readily available in the public domain especially for Micro and Small Enterprises. In addition, profits are subject to manipulations and interpretations. The solution to the limitations of financial measures is to apply the non-financial measures, though subjective in nature as supplements to the financial measures. The combinations of these two measures help the owners-managers to gain a wider perspective on measuring and comparing their performance. Meilan (2010) agrees that this is a holistic approach and Balanced Scorecard approach to performance evaluation for Micro and Small Enterprises.

Omuyitsi (2003) in his study on marketing research in Micro and Small Enterprises in the Nairobi Central Business found that although micro and small enterprise entrepreneurs see marketing research as important, and indeed practice it to some extent, financial constraints and general lack of direction on how to conduct marketing research, impede their abilities to gather marketing information better. The researcher recommended a three-pronged partnership among key stakeholders, namely the government, the Micro and Small Enterprises and the medium and large enterprises, each with specific mutually beneficial roles, which if effected properly will result, we believe, in benefits for all these classes of stakeholders.

Njenga (2012) investigated the effect of micro-finance on performance of Micro and Small Enterprises in Kenya: A case study of Kenya Women Finance Trust. The paper explored the effect of micro-finance on the performance (profitability) of enterprises financed by KWFT. The study found that credit and the number of days an enterprise operates per week have a positive and significant effect on performance. Business management practices, urban location, age of an enterprise, education of an entrepreneur and job training have a positive but insignificant effect on performance. The roadside site has a negative and significant effect on performance of enterprises. The study recommended that measures also be taken to provide' Micro and Small Enterprises with suitable areas of operation devoid of Micro and Small Enterprises and initiatives need to be taken to increase accessibility of markets by Micro and Small Enterprises.

According to Kamau (2013), access to affordable credit and availability of firms where entrepreneurs could work and gain business experience contributed to growth of Micro and Small Enterprises in Tigania East District. Kamau (2013) also established that formal education up to form Four Level and vocational trainings for entrepreneurs steered up firms' growth in the district. Equally important is the availing of a leveled playing ground for all entrepreneurs irrespective of their gender for enterprises to grow in Tigania East District of Meru County. The government of Kenya should therefore increase the Youth Enterprise Development Fund and the Women Enterprise Development Fund that entrepreneurs find more affordable in comparison to credit from banks and other financial institutions (Kamau, 2013).

Prior research has shown that a number of factors affect marketing effectiveness of small businesses, especially a lack of financial resources. However, the degree to which limited financial resources alone are a major obstacle is still debatable. Business owners in Africa tend to depend upon their own or family savings and access to capital remains a challenge. Most of them cannot meet the requirements for commercial loans, and those who do find such loans expensive (Gray, Cooley & Lutabingwa, 2014). For example, Kallon (2010) found that 65.6% of the firms studied depended entirely upon personal savings for marketing, 10.9% had access to family savings, 9.4% used commercial banks, and 7.8% drew resources from partners, shareholders, and other sources.

Lumpkin and Dess (2008) point out that it is essential to recognize the multidimensional nature of the performance construct. Research that only considers a single dimension or a narrow range of the performance construct (for example, multiple indicators of profitability) may result in misleading descriptive and normative theory building. Research should include multiple performance measures. Such measures could include traditional accounting measures such as sales growth, market share, and profitability. In addition, factors such as overall satisfaction and non-financial goals of the owners are also very important in evaluating performance, especially among privately held firms. This is consistent with the view of Zahra (2013) that both financial and non-financial measures should be used to assess organizational performance.

Leasing of financial resources is not easy as the risks involved are paramount. Leasing can be described as a form of renting. The ownership of the asset rests with the lessor who allows lessee the use of the asset for an agreed period. There are two types of lease, an operating lease where the asset is leased for a period that is substantially 6 months then it is useful economic life (Kemp, 2013). The second one is a finance lease a lease that transfers substantially all the risks and rewards of ownership to the lessee. It is a contractual commitment to make a series of payments for the use of an asset over the majority of the asset's life. Hire purchase is a method for buying goods in which the purchaser takes possession of them as soon as initial installment of the price has been paid (Kemp, 2013).

According to Zimmerer (2005), sources of equity financing includes personal savings, friends and family, Venture capital, Business angles – rich people who can assist same by giving them some amount to start and run the business factoring among others. Kiraka (2013) attested that the government has come up with a way of assisting the Micro and Small Enterprises access loans by encouraging financial institutions to grant loans to them, using guarantee instruments based on risk-sharing. They thereby increase the loan facility available to businesses (Kemp, 2013).

Improving financial Management for Micro and Small Enterprises, and more specifically initial investment and the ongoing injection of equity, is essential if an micro and small enterprise to tap into its marketing effectiveness and innovation potential. Financing Micro and Small Enterprises is, however, often considered too risky on account of the low rates of return, particularly during the seed phase. There is thus a serious lack of business angels and venture capital funds that are willing to invest in young innovative Micro and Small Enterprises. The inability to obtain early-stage investment prevents many Micro and Small Enterprises reaching a size where they can attract growth capital, thus stunting their growth.

Numerous studies have discussed that Small and Medium Enterprises /Micro and Small Enterprises are financially more constrained than large firms and are less likely to have access to formal finance. Until recently, however, there was little cross-country evidence on the extent to which size is a decisive factor in determining growth obstacles or access to finance (Mwobobia, 2012). Further, little cross-country evidence has been accumulated on the policies to overcome Micro and Small Enterprises growth obstacles and foster their access to finance. Neely (2014) compiled cross-country firm-level databases that have facilitated more detailed research and have enhanced the understanding of policies to foster Micro and Small Enterprises' access to finance. Efforts targeted at the micro and small enterprise sector are based on the premises that Micro and Small Enterprises are the engine of economic development, but market and institutional failures impede their growth thus justifying government interventions (Neely, 2014). Despite the growing interest of the development community in subsidizing Micro and Small Enterprises, however, there are skeptical views that question the efficacy of pro-micro and small enterprise policies. Specifically, many critics stress the importance of the business environment facing all firms, large and small. From this perspective, low entry and exit barriers, well-defined property rights, effective contract enforcement, and firm access to finance characterize a business environment that is conducive to competition and private commercial transactions (Ruth, 2011).

According to Hodgetts and Kuratko (2002), choosing a source of capital is not an easy decision. Some of the sources include, suppliers: More than 80% of all business to business are made on credit allowing Micro and Small Enterprises to tap suppliers for twice as much short-term credit as they obtain from banks firms are more likely to extend credit to their micro and small enterprise suppliers if they the Micro and Small Enterprises are cash – positive or have good financial Management and therefore act in a way as financial intermediaries. Late payment is used by businesses to extract additional credit out of suppliers as the trade credit equipment to an unauthorized overdraft.

Beck *et al*. (2008) debate that firms with larger financing needs are more probable to rely in different sources of external finance and in line to the pecking order theory of Myers and Majluf (2010) the adverse selection in the market for external finances makes it efficient for the firm to access equity last after all other sources of external finance are levered. Therefore, Beck *et al.* (2008) examine financing source as the proportion of investment financed by external sources which are bank debt (includes financing from domestic as well as foreign banks), equity, leasing, supplier credit, development banks (including finance from both development and public sector banks) or informal sources.

Riding *et al.* (2012) also examine different sources of financing which includes external financing, external equity capital, external debt capital and trade credit and their findings indicate that growth-oriented enterprises are more likely to apply for financial capital. Berger and Udell (2014) argued that firms' growth cycle influences the source of finance. Considering small firms with high growth, venture capital, it can be argued that trade credit, short and intermediate-term financial institution loans and mezzanine fund financing are the most typical sources of finance used. Taking medium-sized and large firms into consideration, then public equity, commercial paper, medium term notes and public debt could be used. However, these two last resources are not adjusted to finance. Theirs results are consistent with the findings of Cavusgil (2010) and Tannous

(2011) show that financial needs depending on which stage the firms are at. In experimental and active stages, financial export activities are more complicated, for example because of higher risk of payment from foreign buyers and the lack of international experience, and therefore, they should seek venture capital rather than traditional financing. On the other hand, in committed stages, activities require large investments in working capital, and usually banks are the major sources of credit of Micro and Small Enterprises. Bell (2011) concluded that financial constraints, such as exporting financing resources, currency fluctuations and delays in payments, can decrease international capabilities of small innovative firms.

According to Rosli and Sidek (2013), lack of access to credit is a major constraint inhibiting the marketing effectiveness of micro and small enterprise sector. The issues and problems limiting micro and small enterprise acquisition of financial services can be grouped into two broad categories; lack of tangible security coupled with an inappropriate legal and regulatory framework that does not recognize innovative strategies for lending to Micro and Small Enterprises and the limited access to formal finance due to poor and insufficient capacity to deliver financial service to Micro and Small Enterprises.

Lack of finances affects all the operations of an micro and small enterprise by limiting the number of choices it can make in every move, for example forces Micro and Small Enterprises to use into appropriate technology because any other option could be unaffordable. One of the interventions made by the government in the 2010/2011 budget was the introduction of a KShs.3.8 billion micro and small enterprise revolving fund (MICRO AND SMALL ENTERPRISEF), though a credit agreement to the banks for onward lending to Micro and Small Enterprises through their agencies. The agreement includes the maximum chargeable interest to an micro and small enterprise. However, the caveat remains that a budgets' success depends on its execution. Despite being considered the engines of economic growth, Micro and Small Enterprises have complained of the limited government support and access to credit with most studies showing Micro and Small Enterprises die by their third year of operation (Mulupi, 2010).

Hafeez (2013) also cited that, there is no structural institutional mechanism to facilitate the flow of financial resources from the formal financial sector through micro finance institutions to the Micro and Small Enterprises. This increases the cost of credit to both the entrepreneur and financial institutions. Formal financial institutions perceive Micro and Small Enterprises as high risk and commercially unviable. As a result, only a few Micro and Small Enterprises access credit from financial institutions in the country. (Kantor, 2011)

Keyser *et al*. (2011) found that in Zambia lack of financial resources was a common problem for entrepreneurs, as only 24% received a loan to market their business. Another study by Koop, de Reu, and Frese (2011) found that the amount of financial resources was positively related to business success. In short, research on the role of financial resources in determining the success or failure of small businesses in Africa is contradictory, thus magnifying the importance of this study is aim to provide a better understanding of the role of financial resources in the success or failure of small business in Africa. One important problem that Micro and Small Enterprises often face is access to capital (Lader, 2008). Lack of adequate financial resources places significant constraints on micro and small enterprise development. Cook and Nixson (2011) observe that, notwithstanding the recognition of the role of Micro and Small Enterprises in the development process in many developing countries, Micro and Small Enterprises development is always constrained by the limited availability of financial resources to meet a variety of operational and investment needs. A World Bank study found that about 90% of small enterprises surveyed stated that credit was a major constraint to new investment (Parker *et al.*, 2011). Levy (2013) also found that there is limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development. The role of finance has been viewed as a critical element for the development of Micro and Small Enterprises (Cook & Nixson, 2011).

A large portion of the micro and small enterprise sector does not have access to adequate and appropriate forms of credit and equity or indeed to financial services more generally (Parker *et al.*, 2011). In competing for the corporate market, formal financial institutions have structured their products to serve the needs of large corporate.

According to Naidu and Chand, (2012) there is limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development. Another crucial financial problem faced by Micro and Small Enterprises is managing sales and debtors (Mbonyane & Ladzani, 2011). According to Ejembi and Ogiji (2014), it can become problematic to run a business if the finances are not available or not managed and the owners cannot make projections. Mbonyane and Ladzani, (2011) confirmed that Micro and Small Enterprises struggled to obtain loans from financial institutions which previous finding established that are playing insignificant role in funding group Micro and Small Enterprises (Wawire & Nafukho, 2010).This study will borrow from MintzEl-Goharys theory (2010) on the influence of financial resources on marketing effectiveness.

2.3.2 Effects of Human Resources on Marketing effectiveness

The principles of management in today's world are human factors, knowledge of the subject of business management, the ability to organize own work and the work of a team, interests, self-development and other creative activities. The central figure in professional management – the manager – has to be able to see the prospect of case developments, who can quickly assess the real situation and find the optimal solution to achieve set goals. In this regard, the manager must have certain professional and personal qualities, such as: high competency, flexibility, ability to take risks, aggressiveness and the ability to implement plans, simply to be a team leader ((Tay & Diener, 2011).Thompson *et al.* (2011) emphasize that strategy is the most important determinant of business choice and its subsequent growth. Empirical findings show that most Micro and Small Enterprises have no strategies in place, instead they are managed through gut feelings of the owner or the managers in charge, this creates room for more adhoc decisions which can save or haunt the firm. In some cases casual observation suggests that crisis management is the order of the day in some Micro and Small Enterprises. Micro and Small Enterprises operated with gut feelings fail to realize the benefits of external cooperation because of their egoistic tendencies. Strategies could be in form of expansion, products/market differentiation, alliances or joint venture. Strategies on the market are more focused on three approaches; market penetration, market development and moving into the market with new products. For a long lived micro and small enterprise, it is able to review opportunities for new markets in a diversification strategy. Lack of planning in small firms affects the growth of market share, slows down opening of new markets and delays the development of products that are of potential interest to customers (Kotler & Keller, 2009). Empirical studies seem to have focused more on new venture context by McDougal and Robinson (2011), with no reflection on long lived Micro and Small Enterprises. The success of strategy in the growth of a business is also not automatic but highly dependent on the owner's aspirations.

Human Resource is the most critical agent of micro and small enterprise performance. The recruitment of academically qualified employees is a necessary start for sustainable human capital development in all organizations. Human capacity has become a critical index of competition in the world of business to the extent that the development of such capacities through training has become top priority in designing the strategic plan of business organizations (Tim & Brinkerhoff, 2008). Bennet (2012) defines management as concerned with the deployment of material, human and finance resources with the design of organization structure hence they may not well be equipped to carry out marketing routines for their enterprises (King & McGrath, 2012). Managerial skills relate to the owner/manager and the enterprise. Education and skills among human resource are needed to run Micro and Small Enterprises. Research shows that majority of the lot carrying out Micro and Small Enterprises in Kenya are not quite well equipped in terms of education and skills. Studies suggest that those with more education and training are more likely to be successful in the micro and small enterprise sector (King & McGrath, 2012). As such, for small businesses to do well in Kenya, people need to be well informed in terms of skills and management. Micro and Small Enterprises in ICT appear to be doing well with the sprouting of many commercial colleges offering various computer applications. Further, studies show that most of those running Micro and Small Enterprises in this sector have at least attained college level education (Wanjohi & Mugure, 2008).

Good management of human resource means need for proper planning, control, organizing skills and proper staffing with qualified and competent employees. Harper (2010) observes that the growth of many enterprises of all sizes, suggest that the scarcity of competent managers is a more serious constraint on economic development. As the enterprise becomes larger, the more need for managers to plan, coordinate and control the activities of the enterprise. The owner who is likely to be the manager of the small enterprise may not have the training, skills and experience to steer the operations of the business successfully hence affecting business performance. He/she may operate in a very rigid environment sometimes not dictated by sound business and management decision but by social and cultural norms. The inability to keep proper records, to separate business operations from personal, manage cash flow and growth is likely to affect business performance. The way management tackles problems determines the long-term outcome of an organization (Balfanz & Koelmel, 2009).

Tay and Diener (2011) clarified that human resource is no longer treated as a cost but rather a capital asset to any organization that wants to market itself in this modern dynamic world. While there is broad agreement regarding a systems perspective within the literature, a key difference exists between those researchers who identify with the best practices perspective and those who identify with the best fit approach.

Tzafrir (2006) on the other hand defined recruitment and selection as a process of obtaining number and quality of employees required to satisfy the human resource needs of an organizations at minimum cost. According to Tay and Diener (2011), the principle purpose of recruitment is to attract sufficient and suitable potential employees to apply for vacancies in the organization while selection is the identification of the most suitable potential employees to apply vacancies in the organization while selection is the identification of the most suitable applicants and persuade them to accept the position in the organization.

The Recruitment and selection process determines the decisions as to which candidates will get employment offers. The aim of this practice is to improve the fit between employees, the organization, teams, and marketing effectiveness, and thus, to create a better work environment (Tzafrir, 2006). Sophisticated recruitment and selection system can ensure a better fit between the individual's abilities and the organization's requirement. Hunter and Schmidt (2011) concluded that marketing effectiveness can be achieved through a selection procedure based on ability. Katou and

Budhwar (2008) also found that recruitment and selection was positively related to all organizational performance variables such as effectiveness, efficiency, innovation, and quality.

Cisco (2006) argued that without excellent induction, the execution of organizational strategy may vacillate. Effective selection system based on modern and need-based tests is essential to affect desirable selection and considerable resources are needed to ensure the effectiveness of these selection tests (Weinzimmer, 2012). If Micro and Small Enterprises are able to find and employ staff that consistently fulfill their roles and are capable, the Micro and Small Enterprises is immeasurably better placed to deal with the opportunities and threats arising from the marketing field than competitors who are always struggling to build and maintain their workforce. Johnson and Scholes (2006) concurs that “the starting point of successful marketing effectiveness is acquiring, retaining and developing resources of at least threshold standards and it is applied to people as a resource.

Matheiu and Zajac (2010) emphasized that employees' awareness that the Micro and Small Enterprises has incurred substantial costs in selection also may enhance their sense of valuation by the organization and their perceptions that it is committed to them. The effect may be a felt obligation or voluntary desire (or both) by employees to repay" the organization for its investment through commitment. Further, rigorous selection systems should produce high person-organization fit, enhancing attachment. Finally, employee awareness of rigorous hiring may enhance personal competence perceptions, and meta-analytic evidence shows that perceived personal competence is strongly related to commitment (Matheiu & Zajac, 2010). This suggests that selectivity enhances employee commitment and performance.

On the other hand, training and development is considered to be the most common HR practice. Training and development refers to any effort to improve current of future employees' marketing skills, abilities, and knowledge. Thang and Buyens (2008) through reviewing 66 studies conducted in different parts of the world opined that training and development leads to superior marketing knowledge, skills, abilities, attitudes, and behavior of employees that eventually enhance marketing effectiveness. Hoque (2008) unearthed that training and development had positive impact on marketing effectiveness in Bangladeshi context.

Human resource practices such as marketing training enables people to acquire new marketing knowledge, learn new skills and perform tasks better (Storey, 2009). Employee training is the process of learning knowledge and skills that enable employees to successfully perform in their jobs and to meet changes in conditions and requirements of their jobs. It is formal and systematic modification of behavior through learning, which occurs as a result of education, instruction development and planned experience (Carson & Bedeian, 2013). The fundamental aim of training is to help the organization achieve its purpose by adding value to its key resource; the people it employs. Training means investing in people to enable them perform better and empower them to make the best of their natural abilities.

Changing business environment necessitates that organizations should spend on training of employees to enhance organizational ability to positively respond to the dynamic environment (Jarventaus, 2007). Strategic focus on marketing training, acquisition of new skills based on firms' future needs, training in hard and soft skills, and evaluating effectiveness of training are vital to achieve enduring results. Career development has psychological meaning to the employees (Jarventaus, 2007).

Employees need to be helped to do their present job correctly and effectively. Allen and Wright (2007) differentiated the concept of training and development. Training is short term in nature and is designed to permit learner acquire knowledge and skills needed for the current job while development is training of a long-term nature which is aimed at developing current and future employees for future jobs within the organization or to solve a problem.

A strong training emphasis implies an internal labour market and career opportunities (Cascio, 2005). Such emphasis is indicated by formal training, numbers participating, training effectiveness, and firm attempts to match current training practices. Based on human capital theory, employees should perceive employer training investments as symbols of continued future employment and higher wages. Employees should value training for the job security, advancement, and higher earnings implied, and thus be more committed. Prior research shows organizational climates that emphasize continuous training and updating elicit high commitment.

A major purpose of training is to eliminate performance deficiencies whether current or anticipated. Training and development is important in order to improve performance particularly to an organization with stagnant or declining rates of productivity. Another purpose of training and development especially relevant to organizations that are rapidly incorporating new technologies is to make the current workforce more flexible and adaptable (Khandekar & Sharma, 2008). A computer is a powerful training aid too. By use of certain programs abstract concepts in finance and economics for example can easily be communicated. If employees are trained to apply latest technology in doing their work, the banks adopting the new technologies would be strategically advantaged compared to those that have not. Training can be used in a variety of ways, including orienting and informing employees; developing desired skills; preventing accidents through safety training; supplying professional and technical education; and providing supervisory training and executive education. Some of the benefits are reducing the learning time for new hires, teaching employees how to use new or updated technology, decreasing the number and cost of accidents because employees know how to operate a machine properly, providing better customer service, improving quality and quantity of productivity, and obtaining management involvement in the training process (Bowen & Ostroff, 2008). When managers go through the training, they are showing others that they are taking the goals of training seriously and are committed to the importance of human resource development.

Development programs are important for several reasons. These include: source of management talent, helps organizations retain and develop productive employees, provides challenging assignments, prescribes new responsibilities and helps employees grow by developing their abilities. Micro and Small Enterprises show commitment to the employees by providing continuous development opportunities to better the Micro and Small Enterprises and in turn the employees will reciprocate by being committed to the organization. In this way, the organization is not merely providing jobs but also helping employees to upgrade their skills and building a career in the organization (Baron & Kreps, 2009).

Micro and Small Enterprises need to keep the employees updated with the current trends in the market. Due to stiff competition in the market, many modes of marketing have changed and Micro and Small Enterprises must inform their employees of such changes and equip them with necessary skills to cope with that change. Such information should be communicated through seminars and workshops that are organized by the micro and small enterprise fraternity. During such meetings the stakeholders take the opportunity to display the recommended and other modes of working and ethics that are required in the market. It’s very important that the bank allows and funds employees to participate because as Abeysekera (2007) asserts that in knowledge based economy people are truly the most valuable asset which human resources policies need to reflect.

The human department also puts into consideration the reward system within the micro and small enterprise. A reward system is governed by the need to reward the right things to get the right message across about what is important. It is a well-established principle that salary asses Micro and Small Enterprises should occur well after performance and reviews have been completed (North & Smallbone, 2009). This will motivate the marketing team to put more effort in marketing the company products. Reward management is about how people are rewarded in accordance with their value to the micro and small enterprise. It is concerned with both financial and non-financial rewards. An employee reward system consist of micro and small enterprise integrated policies, processes and practices for rewarding it's employees in accordance with their contribution, skill and competence and their market worth. Khandekar and Sharma (2008) concurs that employers seeking staff who are rare or want to achieve fairness in pay in relation to effort, responsibility and other factors find that monetary incentives are needed to encourage employees to put extra effort. Micro and small enterprise managers can duplicate this strategy to motivate their employees to keep up the work.

Bowen and Ostroff (2008) asserts that the aim of reward management is to support the attainment of the organization strategic and short term objectives by helping to ensure it has skilled, competent, committed, and well-motivated work force it needs. The financial rewards could be fixed or variable pay and employee benefits which together comprise total remuneration. The system also incorporates non-financial rewards such as recognition, praise, achievement, responsibility and personal growth and in many cases performance management process. Among the concerns of the employee quality of work life, security, impact of work on family life pay and benefits top the list.

To be a source of sustainable competitive advantage human resources must also be rare. If competitors can easily access the same pool of talents, then that talent provides no advantage against competitors (Abeysekera, 2007).By being an employer of choice, a firm can access the best available talent. In other words ‘the best get the best’. By managing and remunerating well, employers can further enhance their advantage. Apart from pay, strategic reward management in a bank could be unique benefit such as house allowance, easy transport for those who stay away from the bank, flexible working hours, percentage contribution to pension fund, medical cover, create succession posts and any other benefit suitable to the location of the bank.

As noted, certain HR practices provide both instrumental and affective outcomes. Although benefits certainly have instrumental worth to employees, they also may signal the organization's affective valuation of employees (i.e., organizational support). Further, since many benefits are discretionary, employees should reciprocate with commitment. Colbert (2006) found stronger commitment when benefits are seen as discretionary. Finally, some prior results suggest a positive relationship.

On the other hand, one argument for incentive pay systems is that they harmonize employee and employer interests by aligning incentives. Further, incentive pay systems should promote equity feelings because workers are paid for performance contributions. Accordingly, employees should view incentive pay as a form of support and show increased commitment in return. Despite well-known problems with incentive systems, this basic idea suggests that workers will be more committed in firms where performance is an important earnings influence. Prior research by

Newbert (2008) provides some support for the positive effects of an incentive pay system on commitment. Jyothi and Venkatesh (2006) found that competency-based pay and rewards improves productivity and reduces labour turnover. A study done by Cropanzano and Mitchell (2005) concluded that an effective compensation and reward system increases sales, reduce staff turnover, and improve firms' performance.

The other aspect of HR practices is employee relations. This consists of all those areas of human resource management that involve relationships with employees directly and or through collective agreements where trade unions are recognized. Employee relations refer to interrelationships, both formal and informal; between managers and whom they manage (Flamholtz & Lacey, 2006). It embraces contractual obligations, communication policy and practice; joint decision–making and problem solving. Collective bargaining, individual grievance and disciplinary policy and practice, employee development and employee welfare are the main contributors of these relationships. The processes consist of the approaches and methods adopted by employers to deal with employees collectively or individually. These are based on organizations articulated or implied employee relations policies and strategies recognizing the uniqueness of each organization.

Employee involvement is often viewed as an integral part of High Commitment Work Systems. Involvement in decisions provides a sense of ownership of and commitment to both those decisions and the organization (Tay & Diener, 2011). Clearly, employee involvement processes should engender the perception that the organization values employee contributions. Thus, we predict that involvement increases commitment. Additionally, employee involvement might be perceived by workers as a discretionary positive benefit. Further, Tzafrir (2006) found that when parties to an exchange relationship work together toward a super coordinate goal, relational cohesion increases. In that employee involvement serves the dual purposes of enriching jobs and improving organizational processes and outcomes. Employee involvement is often realized in the form of increased worker responsibility and autonomy.

Employee participation systems and internal labour markets that provide an opportunity for employee to advance within a firm and team based production system are all a focus of work organization that have been argued to positively affect marketing effectiveness. According to Katou and Budhwar (2007), formal information sharing is important for the sake of making employee maximize on their job performance. For example, the clearer an employee is about the basic goals and mission of the organization the easier it is to direct job activities in that direction. Research carried on the importance of communication shows positive relationship between effective communication and improvement of the quality. The above view is supported by Hunter and Schmidt (2011), information is critical as it affects attitude and motivation of employees. Effective management communication is one of the major influencing factors of employee performance management contributing to organization productivity (Thai *et al*. 2009).

There are few studies on employee relations when developing countries are concerned (Budhwar, 2013) Although, most of the scholars on employee relations are basically from western world due to the multinational companies in mostly the developing countries and since it enables to manage the global age is very. Thus, the relationship between employers, employees need to be cordial for effective communication and efficient performance. Also, the only avenue for improved productivity and organizational growth is where employee relations are well organized and suitable for the employee. Therefore, employee relation is defined as a situation where there is cordial relationship between the employers and the employees. The various benefit organizations derive from employee relations are numerous among them are: It administer workplace conflict, employers minimize potentially disruptive behavior. The employer is able to identify and avoid crisis ahead of time also helps employees focus on their professional development, and support organizational goals and it promotes a culture that recognizes and takes into account the interests and well-being of employees. The goal approach is a better fit for the Micro and Small Enterprises where targets are being set internally based on the owners- managers' interests and capability to achieve. A closer look at the organizational life cycle theory models reveals that there are between three to five stages that most organizations will go through. The Churchill and Lewis model (Timmons, 2010) suggests that four critical stages exist in the life of a micro and small enterprise where the stages are determined by the length of time the firm has been operative. Timmons (2010) estimate the duration of each stage to be as follows: Stage 1 is the start-up phase and is 0-3 years in duration; Stage 2 is the growth phase and is 4-6 years in duration; Stage 3 is the maturity phase and is 6-9 years in duration; and Stage 4 being the stability phase is approximately 10+ years in duration. Coupled to each of these stages is a different set of business characteristics, challenges, managerial abilities and entrepreneurial needs that small businesses will have to face (Kuratko & Hodgetts, 2011).

2.3.3 Effects of Technology on Marketing Effectiveness

Marketing is becoming increasingly vital in the contemporary micro and small enterprise business environment. Environmental variables and intense competition from other big firms have compelled Micro and Small Enterprises to devise ways and means to survive and operate efficiently and effectively. Specifically, micro and small enterprise are showing some interest in the relevance of marketing techniques in their businesses. These interests have been manifested in form of myriads of products and prices, among other marketing activities. Osoka (1992) asserts that for the Nigerian micro and small enterprise to survive the stiff competition and other environmental forces, it is necessary for business owners/managers to adopt innovative marketing strategies (Kotler & Keller, 2009).

The micro and small enterprise industry needs to take a proactive stance in implementing technological advances, while continually striving to build levels of service quality and guest loyalty (Muraya, 2006). A study conducted by the Apulu and Latham (2011) stated that 70% of a micro and small enterprise base comes from repeat customers. The same survey asked Micro and Small Enterprises if it was getting more difficult to maintain customer loyalty. Fifty-two percent of the respondents said yes. Tapping into customers needs through the use of information can be instrumental in building loyalty and gaining Marketing effectiveness (Namusonge, 2013).

According to Namusonge (2013), the rapid spread of computers, the explosive growth of internet and corporate internet and spread of high – band width communication conduits from fiber optics to digital wireless technology, the information, and the information system functions of enterprises are moving to center stage in the quest for operating efficiencies. The impact of information systems on productivity is wide ranging and potentially affects all other activities of an enterprise. Market transactions have also become more efficient due to globalization of technology (Namusonge, 2013). Even though globalization seems to be unavoidable in many countries numerous initiatives and efforts have been made to adapt to it with aims at taking the opportunities created from it to develop their societies and people.

As more people are using the Internet, there is a high amount of information that is being captured on web server logs (Caniels & Romijn, 2003). Proper extraction of this information coupled with high levels of service is what will help the micro and small enterprise industry build marketing effectiveness in a troubled economy. An organizations ability to take advantage of external environmental factors will help the firm sustain and grow in economically challenging times (Oparanma, Hamilton& Accra-Jaja, 2009).

There are many and various technologies that could be addressed in terms of benefiting Micro and Small Enterprises. The development of Technology competency by small and medium-sized enterprises (Micro and Small Enterprises) is crucial for them to overcome the fast-changing and fiercely competitive global markets. However, only a small numbers of Micro and Small Enterprises in emerging economies are well equipped to develop necessary technology capability (Caniels & Romijn, 2003) and the understanding of Technology capability development is still inadequate (Archibugi & Coco, 2013).

With advancement in technology in various areas of operation within the organization due to globalization, competition in the market has intensified. To attain marketing effectiveness in the market, technology alone cannot guarantee success of any organization. To quote Henry Chesbrough, "technology by itself has no single objective value. The economic value of a technology remains latent until it is commercialized in some way" (Namusonge, 2013). This implies that for any organization to stand the stiff global competition, every organization must invest in innovation. Micro and small enterprise marketing, already shaped by a global computerized reservation network, is likely to undergo yet another revolution as the Internet expands the interactive communication capacity of operators, their competitors, and guests (Hearn, 2004).

Several studies such as RosenEl-Gohary (1976) and Kim (2012) pay attention to the development of Technology capability emerging economies, nevertheless, most of those studies accentuated the industry and country phenomena, where the firm-level phenomena have not been much emphasized (Caniels & Romijn, 2003). Additionally, in spite of the fact that empirical studies e.g. Bell and Pavitt (2013) identified distinct levels of technological capability, they are not yet empirically tested on site. Moreover, Guifu and Hongjia (2009) concerned with the improvement of the firms' performances on the basis of accumulative technological capability proposed that a broader scope in different industries and in different countries is required. Lastly, researches on the relationship between Technology capability of emerging market countries Micro and Small Enterprises and their export performance are required to generate better understanding (Tsai, 2013).For this research, only a specific few will be dealt with in terms of those that are considered to be leading edge and most appropriate for Micro and Small Enterprises. Industrial technology in Kenya is yet to take-off and most Micro and Small Enterprises have not even achieved the first level of industrial take-off (Namusonge, 2011; Namusonge, 2013). This first level entails encouraging enterprises manufacturing consumer goods to acquire the latest technologies that are efficient in use of materials and utilities in addition to being more environmental friendly. Another area that technology is useful for is helping small businesses in keeping track of inventory and the general bookkeeping (cited earlier as an important factor in success by Ibrahim and Goodwin (2009).Inventory control has long been a defining factor in determining the wellness of a business. By being able to know exactly what is coming and going a business is better able to plan for the future. The usage of information technology is expected to be an important factor for competitive growth of Micro and Small Enterprises in global and regional markets. Growth of competitive pressure force micro and small enterprise to fight for new markets, new products and new distribution channels. These environment movements can be faced just from those businesses that have quality information systems support. The only Marketing effectiveness micro and small enterprise enjoy are their process of innovation and ability to derive value from information as resource. As noted earlier, information technology is the technology that is used to store, manipulate, distribute or create information. Furthermore, it is claimed that through the use of information technology, Micro and Small Enterprises can gain from developing capabilities for managing, information intensive resources, enjoy reduced transaction costs, develop capacity for information gathering and dissemination of international scale and gain access to rapid flow of information (Minton, 2003). New business models and market configurations enabled by information technology, including business process outsourcing, provide Micro and Small Enterprises with access to new market and new sources of marketing effectiveness.

Micro and small enterprise usage of ICT ranges from basic technology such as radio and fixed lines to more advanced technology such as email, e-commerce, and information processing systems. Using advanced ICT to improve business processes falls into the category of e-business (UNDP, 2003). Muraya (2006) observes that there are three barriers in use and adoption of technology by Micro and Small Enterprises. These are: organizational readiness, external pressures (competitiveness from other players and requirements by trading partners), and technology of the technology. Technology form main reason why many Micro and Small Enterprises continue to use and adopt the technology (Mingaine, 2013).

Technology has already changed the way work is done in operations through automation and computerization. Even more fundamental are the changes in marketing and management made possible by technological advances. According to Minton(2003), global competitive strategies are increasingly becoming technology driven in the context of extremely dynamic and turbulent environments. Technology operates on competitiveness in two ways. First, by altering the price structure through the development of more efficient and flexible processes and second by enabling the creation of better products of greater quality, better design, after sales service and short delivery periods, etc. Guifu and Hongjia (2009) have observed the correlation between inventory and financial performances.

According to Ruttan (2010), market orientation has been described as that tradition of putting customer satisfaction at the center of the business operations thereby producing better value for clients as well as achieving outstanding business performance. According to MacMillan and Day (1995), market innovation involves the market selection and mix so as to meet a client's buying preference. The consumer needs, wants and expectations change from time to time. Meeting these demands and the responsiveness to an ever changing market hence, become a vital part for a business to succeed (Freeman, 2011). Responsiveness to these changing markets needs often calls for continual market innovation, a business reason being the high-tech marketing tools such as the internet, make it very possible for competitors to be able to get to those prospective consumers across the globe very fast (Freeman, 2011). Cooper (2009) hence asserts market innovation to playing an important role in meeting the market needs and quickly responding to emerging market opportunities.

The significance of the market innovation to marketing effectiveness, albeit narrow, is discussed too. Neely (2002) learned that there is a positive outcome on the sales growth of a firm through conducting market innovation. Similarly, Zhang & Duan (2010) found strong evidence in Japan which indicated that market innovation had positive effect on a business' performance. Adding to this finding, Hafeez (2013) in Pakistan using an estimated model also backed up the same with the outcome of a highly significant relationship connecting market innovation and a business' performance. This consequently leads to another hypothesis: Market innovation has a positive relationship with a business performance.

Many firms have realized the significance of innovation to remain effective in the market. For that reason, they are engaging in different innovative activities like improving their products and initiatives for customer satisfaction. Presently, the business environments have become extremely dynamic with the increasing demanding clientele and market competition. And to be able to meet this, many firms are now producing new products, services and solutions to provide a totally better experience for their clients (Chesbrough, 2010). Technology should be able to understand and explore untapped needs that need addressing in a competent way. It should take place at each stage of a product/ service or solution development cycle. Consequently, managing innovation is quickly becoming a priority internationally. Firms that do innovate tend survive and even grow to a larger extent. Most of the successful people, the managers and leaders in most recent businesses are those that are not only innovative on their own but encourage and help others in been innovative (Kemp, 2003).

The main innovation areas include: development of products/services and improvement, the manufacturing processes and creation of entirely new products. In the area of managing supply chains, innovations aid in making supply chains more responsive, efficient and efficient. This innovation in supply chains can be used to help reduce the costs, in offering better collection of consumer centric products as well as in decreasing the time in marketing and driving firm growth. Innovation is the key idea for shaping businesses life and help companies adopt strategic options. It aids in reduction of cost of production, helps increase the avenues of income avenues and to maintain efficient operating systems. Innovation enables one to see possible acquisitions not just on cost basis but as a means to accelerate profitable revenue growth and enhance business capabilities. It is also responsible for expanding the R&D base of many countries and in bringing the most up-to-date technologies to the country. Innovation also gives an edge in that one is able to penetrate new markets quicker and deeper (Kemp, 2003).

Innovation is appropriately referred to as the changes done to products and services, processes or any business models in order to continue with their growth and to get to newer heights.

Firms need to recognize the significance of innovation for maintaining competitive edge as well as in fuelling additional growth. Innovation may perhaps be linked to firm performance and business growth by improving efficiency, quality, productivity, competitive positioning and market share. Innovation be the development of new customer value by coming up with solutions which meet any new needs, the unarticulated needs, and/or old client and market needs in some new ways. The growth and economic benefits comprise of further innovation, increased investment, improving infrastructure and quality of the workforce. Clear understanding of one's roles, senior human resource, strategic partnerships, investment in human resource and organization restructuring can enrich an organization's culture and innovation (Polevoi, 2003).

However, the adoption of technology among Micro and Small Enterprises have been coupled with various challenges such as; the product is not accepted by the market; To innovate it might imply high investments that are not paid back during the product life cycle; Excessive concentration of resources and attention on the new product at the expense of quality and marketing of the existing products; The company was overtaken by partners when the innovation is done in partnership / risk of transfer of know-how; The company has become dependent on the new product; There is no capacity to implement the innovation; The competitive advantage of innovation, benchmarking and developing rapidly making an imitation of a more efficient or that exceed the initial innovation by incorporating some distinctive elements (Wladawsky-Berger, 2008).

2.3.4 Effects of Firm Size on the Marketing effectiveness

Numerous studies have discussed that small and medium enterprises are financially more constrained than large firms. For example, Calomiris & Hubbard (2011) noted that when the company is smaller, the access to the market is restricted. Previous studies have mentioned several reasons for Small firms to have less access to the market which affects the marketing effectiveness of the businesses. Firstly, the small firms face with information opacity such as unable to withstand the competition from large firms (Binks & Ennew, 1996). When the firm is small, most of the time it is owned and operated by the entrepreneur who might not understand the marketing techniques used by bigger firms to attract a bigger market base. In addition, smaller firms have lesser assets to maintain the expenses that come along with marketing. Munyoki and Mulwa (2014) conducted a study on perceived role of marketing as a determinant of growth among micro, small and medium enterprises in Mavoko, Machakos, County, Kenya. The study had three objectives, namely; To determine the influence of marketing practices on the growth of Micro and Small Enterprises in Mavoko municipality' To establish the influence of personal characteristics of the entrepreneur on the growth of Micro and Small Enterprises in Mavoko municipality and To determine the influence of organizational characteristics on the growth of Micro and Small Enterprises in Mavoko municipality, Machakos county, Kenya. It was found that packaging, branding, penetration pricing, and always making products available hand significant influence on growth of the enterprises. Personal characteristics such as age and educational level of the entrepreneur were found to significantly influence the growth of an enterprise. Marital status, however, was not found to have a significant influence on growth. Organizational characteristics such as financial ability, Quality of employees and location of business were found to have positive influence on growth of enterprise, while cost of doing business had negative influence. Key words: micro sector enterprise, growth, marketing practices, Personal characteristics, Organizational characteristics. Similarly Munyoki (2015), found that a number of marketing practices significantly influence the growth of enterprises. Personal characteristics of the entrepreneur, such as age and educational level of the entrepreneur, financial ability and, Quality of employees positively influence the growth of enterprise.

Hudson *et al.* (2001), Phillips *et al.* (2003) and Chong (2008) assert that Micro and Small Enterprises may be differentiated from larger companies by a number of key characteristics such as personalized management, with little devolution of authority, severe resource limitations in terms of management, manpower and finance. The significant differences in the structure and philosophy of Micro and Small Enterprises indicate a need to assess the performance of Micro and Small Enterprises differently from large firms. The resource limitations associated with Micro and Small Enterprises indicate that the dimensions of quality and time are critical to ensure that waste levels are kept low and that a high level of productivity performance is attained.

Large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers (Serrasqueiro & Macas Nunes, 2008). In addition, they face less difficulty in getting access to credit for investment, have broader pools of qualified human capital, and may achieve greater strategic diversification (Yang & Chen, 2009). On the other hand, small firms exhibit certain characteristics which can counterbalance the handicaps attributed to their smallness. They suffer less from the agency problem and are characterized by more flexible non-hierarchical structures, which may be the appropriate organizational forms in changing business environments (Yang & Chen, 2009).

Size of the firm can be determined by market capitalization, output levels, number of employees, sales turnover, market share or asset base. Yohn (1998) employed firm size as a proxy for the quantity of previous information and released information. Mohammed and Yadav (2002) used firm size as proxy for the quality of information released. Some indigenous firms have been performing well in the recent years and have been awarded at the international and regional level.

Example, during the Annual African Investor Index Awards Held in New York in 2009 Equity Bank was named the best performing bank in Africa. Others have been cross listed e.g. Kenya Commercial Bank which is also listed in Uganda Securities Exchange, Rwanda Stock Exchange and Dar-es-Salaam Stock Exchange. The two banks have been named in the top one thousand banks in the world by Banker Magazine. They also rank top three in Africa by profitability. A study by Myroshnichenko (2004) regarding the determinants of the firm's size, it is obvious that a firm's profitability is negatively and statistically significantly related to the corporate capital structure. This evidence supports pecking order capital structure theory and is also consistent with the finding of Myroshnichenko (2004). The possible explanation for such a relationship is that firms with the higher profitability may use their net profit to finance their activity by the Micro and Small Enterprises and not to employ debt financing. This means that they prefer internal funds to debt financing. The coefficients for firm's profitability are the greatest by their magnitudes. Thus, if the ROA increases by one standard deviation, the firm's debt-to-equity ratio decreases by 0.16 according to (2) specification, and 0.18 according to (5) specification (Myroshnichenko, 2004). Niessen and Ruenzi (2007) focused on the gender differences in professional activities of company managers in the U.S. mutual fund industry. They control for manager's education and work experience and find out that female managers are more risk averse, they follow less extreme investment styles and trade less than male managers. Although there is no difference in average performance of these managers, female-headed mutual funds receive significantly lower inflows that may suggest that female managers might be stereotyped as less skilled.

A positive relationship between firm size and marketing effectiveness was found by Vijayakumar and Tamizhselvan (2010). In their study, which was based on a simple semi-logarithmic specification of the model, the authors used different measures of size (sales and total assets) and profitability (profit margin and profit on total assets) while applying model on a sample of 15 companies operating in South India. Papadognas (2014) conducted analysis on a sample of 3035 Greek manufacturing firms for the period 2011-2011. After dividing firms into four size classes he applied regression analysis which revealed that for all size classes, firms' profitability is positively influenced by firm size. Using a sample of 1020 Indian firms, Majumdar (2012) investigated the impact that firm size has on profitability and productivity of a firm. While controlling for other variables that can influence firm performance, he found evidence that larger firms are less productive but more profitable.

Marketing is regarded as relevant to both large and small organizations (Hogarth-Scott *et al*. 2008) and basic marketing principles are seen to apply to both of them (Reynolds 2012, Siu & Kirby 2011). At the same time it is recognized that small firm marketing has unique characteristics that differentiate it from that of large organizations (Fillis, 2012; Gilmore *et al*., 2001). Small firm marketing has been characterized by attributes such as haphazard, informal, loose, unstructured and spontaneous (Gilmore *et al.* 2001), that compared to "textbook" marketing seem to have somewhat negative connotations. In addition, small firms appear to have specific weaknesses with regard to pricing, planning, training and forecasting (McCartan-Quinn & Carson, 2003). On the other hand, it is argued that a great part of marketing in Micro and Small Enterprises is driven by innovation (O'Dwyer *et al*., 2009). Moreover, small firms are seen to operate close to their customers, to be flexible and to respond quickly to the changing needs of customers (McCartan-Quinn & Carson, 2003). Some Micro and Small Enterprises place strong emphasis on customer care, concern for employees' welfare and reliance on intuition and awareness of the environment in their marketing (Blankson *et al*., 2006).

Special attention is paid to the role of the owner-manager in micro and small enterprise marketing as s/he is seen to be omnipresent in every function of the small firm. The small business owner-manager is a generalist who has to have a vision of where the business is going and at the same time to take care of the operational details carried out in the firm (Hogarth-Scott, 2008). It is argued that marketing in small firms is related to the owner-manager's attitudes to, experience of and expertise in marketing because these are essentially those of the firm itself (McCartan-Quinn & Carson, 2003).

The special characteristics of small firm marketing are considered to result from various limitations. According to the literature, marketing functions in Micro and Small Enterprises are seen to be hindered by poor cash flow, lack of marketing expertise, business size, tactical and strategic customer-led problems (O´Dwyer *et al*., 2009), narrow Customer retention/loyalty, over-reliance on the owner-manager's marketing competency (Stokes, 2011), limited resources relating to finance and time and limited impact in the marketplace (Gilmore *et al.* 2001). With limited resources added to the day-to-day pressures of the business operations, marketing may seem to be peripheral and an unnecessary luxury in small firms (Hogarth-Scott *et al.* 2008). Technology is considered by Namusonge (2014) to be one of the answers to most difficulties and/or limitations in business. It can help Micro and Small Enterprises emerge from the past and penetrate to more efficient, brighter future. There are several and a range of technologies that can affect the marketing management strategies of Micro and Small Enterprises. In most of developing countries like Kenya, industrial technology is yet to take off; hence most of Micro and Small Enterprises have not adopted and used ICT effectively.

The challenges facing most of Micro and Small Enterprises is how to install and use technology in their business. Apulu and Latham (2011) found that the competitiveness of Micro and Small Enterprises will be increased through adopting Information and Communication Technology. Subrahmanya, Mathirajan, and Krishnaswamy (2010) summed up that those Micro and Small Enterprises which have technological innovation have a higher growth compared to the Micro and Small Enterprises which are not creative in the sales turnover, investment and job.

A positive relationship between firm size and profitability was found by Vijayakumar and Tamizhselvan (2010). In their study, which was based on a simple semi-logarithmic specification of the model, the authors used different measures of size (sales and total assets) and profitability margin and profit on total assets) while applying model on a sample of 15 companies operating in South India. Papadognas (2007) conducted analysis on a sample of 3035 Greek manufacturing firms for the period 1995-2011 after dividing firms into four size classes he applied regression analysis which revealed that for all size classes, firms' profitability is positively influenced by firm size. Using a sample of 1020 Indian firms, Majumdar (2011) investigated the impact that firm size has on profitability and productivity of a firm. While controlling for other variables that can influence firm performance, he found evidence that larger firms are less productive but more profitable.

Lee (2009) examined the role that firm size plays in profitability. He used fixed effect dynamic panel data model and performed analysis on a sample of more than 7000 US publicly-held firms. Results showed that absolute firm size plays an important role in explaining profitability. However, this relationship was nonlinear meaning that gains in profitability reduced for larger firms. Amato and Burson (2007) tested size-profit relationship for firms operating in the financial services sector. The authors examined both linear and cubic form of the relationship. With the linear specification in firm size, the authors revealed negative influence of firm size on its profitability. However, this influence wasn't statistically significant. On the other hand, the authors found evidence of a cubic relationship between ROA and firm size using financial and economic data, Ammar *et al.* (2003.

2.3.5 Effects of Managerial skills on Marketing effectiveness

It is believed that well-planned business activities as manifested in a business plan will yield a better business financial performance. In Indonesian study, it was revealed that managerial literacy level, planning, organizing and directing has positive relationship with the success and marketing effectiveness of an micro and small enterprise (Huggins, 2007). All the above mentioned variables have vital importance in the business success of Micro and Small Enterprises as many previous researches have supported these variables and found a deep connection between these variables and business success of a micro and small enterprise.

According to King and McGrath (2002), those with more education and training are more likely to be successful in the small and medium enterprises sector. The literacy level was reflected in their ability to carry out managerial routines. The routine includes making decisions on financial investment and management. This affects the decision on the external funding such as bank credit and hence the financial performance of his enterprise. Due to low literacy levels most micro and small enterprise traders are unable to differentiate the loan products offered by the financial institutions. Since most of these services are offered in banking jargons, most traders are discouraged from applying for the loans.

According to the (World Bank, 2010) developing countries have always the informal sector and the illegal competition as major barriers and constraints to their development and to the possibility of showing better performances. This fact increases the importance of analyzing this sector. This is also evident in Kenya where the government also imports some commodities that are locally available by local manufacturers like furniture (Mugo, 2010).

Child and Frank (2003) identified transport, raw materials and equipment as major constraints towards marketing effectiveness of enterprises. The availability of raw materials at affordable prices and the right quality was an important determinant of success. His study found a positive relationship between quality of raw materials and quality of output. The same views are supported by (Berger, 2008) who emphasized the availability of raw materials as a critical component.

Further inadequacy in financial management skills and strategic planning put the micro and small enterprise's in a disadvantaged position in competing with a large firms which are run by well-educated professional managers hence reduction the level of the financial performance of the small and micro enterprises (King & McGrath, 2002). According to Cheung (2008), small business owners often lack experience and training in management of marketing effectively. A previous study by Wawire and Nafukho (2010) shows that poor management is the second most cause of Micro and Small Enterprises failure after lack of enough funds. This is despite the fact that management has been established to be a very important aspect that affects the success of any given enterprise.

Despite the numerous institutions providing training and advisory services, there is still a skills gap in the micro and small enterprise sector as a whole (Kayanula & Quartey, 2011). This is because entrepreneurs cannot afford the high cost of training and advisory services while others do not see the need to upgrade their skills due to complacency (King & McGrath, 2012). As a result, they cannot meet the future needs of society. Ahmad (2009) adds that factors that hamper Micro and Small Enterprises growth include a lack of abilities and skills. Ihua (2009) reports that one of the serious constraints on small business growth is lack of management skills, which results in the poor management actions taken by small business owners (Wawire and Nafukho, 2010). Literature makes it clear that 54 per cent of those who manage the Micro and Small Enterprises had no training at all, while 38 per cent had some limited project management knowledge (Wawire and Nafukho, 2010). The literature is confirmed by finding of Mbonyane and Ladzani, (2011) that almost no training was provided on marketing effectiveness for micro and small enterprise staff.

Many Micro and Small Enterprises owners or managers lack marketing training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Thapa, 2014). Although this attitude is the key strength that the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex decisions have to be made. Majority of those who run Micro and Small Enterprises are ordinary lot whose marketing training and skill is lacking. Hence they may not well be equipped to carry out marketing effectively for their enterprises (King& McGrath, 2012). Management skills relate to the owner/manager and the enterprise. According to Cant and Lightelm (2003) in a survey of small business failure maintain that entrepreneurs often have good ideas and are competent but they do not have a clue on how to run a marketing plan effectively. Professional experience has been cited as an important factor affecting many aspects of entrepreneurial firms.

Mutsuddi (2013) has commented that Micro and Small Enterprises lacking in experience will land into trouble. It may affect every aspect of business activity production, management, marketing etc. For this reason, it is expected of you to gather reasonable experience as an employee or apprentice in a similar concern. Else, you will have to collect first-hand information about sources of raw materials and machines, methods of manufacture, marketing etc. Do not start with over enthusiasm, without knowing much about the business. Make sure you know every aspect of business operation so that the labour or other employees may not cheat you at any stage.

Micro and small enterprise owners/managers should be able to proactively manage changes in the business environment while also adopting the appropriate technology for the firms' growth. Studies have shown majority of entrepreneurs who run Micro and Small Enterprises are people with low educational background. Hence they may be unequipped to carry out managerial routines for their enterprises. Studies show those with higher education and training have better chances of marketing effectiveness in the micro and small enterprise sector (King & McGrath, 2002). As such, for Micro and Small Enterprises to perform well, their managers and owners need to be well informed in terms of skills and modern management practices.

The marketing practices adopted in a small firm are also greatly influenced by the owner-manager's decision-making and inherent skills and abilities (O'Dwyer *et al.*, 2009). Hogarth-Scott *et al*., (2008) argued that marketing is often misunderstood and underutilized by owner-managers and they do not always appear receptive to marketing if there is no need e.g. for growth or expansion. Furthermore, owner-managers may define marketing as quite narrowly relating only to selling and promoting, but the actual marketing done may still cover a wide range of marketing practices (Stokes, 2011). Stokes (2011) stated that owner-managers spend considerable time and resources on marketing, but they may call it by another name. The need for marketing is recognized, but often an ad hoc, reactive approach is adopted and, for example, the traditional way of looking at marketing with the 4P's is not given much attention (McPherson, 2014). O'Dwyer *et* *al*. (2009) stated that there are specific variables and influences according to which marketing is formulated in a way that maximizes benefit for a micro and small enterprise. They argued that marketing activities in micro and small enterprises are shaped through a process where competitors, customers, the business environment and the limited resources are taken into account.

Technology has changed the face of marketing to such an extent that the job descriptions, expectations and responsibilities of today's marketing managers differ greatly from those of just a decade ago. Clearly, it's no longer enough to issue press releases and update the company website. Today's marketers need to stay on top of trends and technology; they need to know how social media, search, video, conversions and analytics work in the marketing mix. Luckily, there are fundamental skills that never fall out of demand. There are five essential skills that every future marketing manager should develop which could be applied in different scenarios by small businesses marketing managers and includes critical thinking, project management skills, analytical skills, holistic approach and technical skills (Meredith & Mantel, 2009).

In a 2010 survey by the American Management Association (AMA), a majority of executives responded that they need employees with solid critical thinking skills, but the current pool of workers has not sufficiently developed them. Critical thinking, or the ability to analyze situations or statements and determine their validity, is the foundation on which modern management professionals build their careers. Critical thinking breeds creative thinking, which in turn solves problems (Savitha, 2014).Weber (2011) noted that projects can be simple or complex, short- or long-term, but in marketing, they are increasingly happening in quick response to social media opportunities and customer engagement. Future marketing managers will need to sharpen their project management skills in order to lead their teams and accomplish their objectives. Successful marketing managers have analytical minds. They know the value of the vast amount of data available today and are highly interested in what that data can reveal about consumer behavior, efficacy of various marketing approaches and more.

Future managers will approach marketing by thinking in terms of integrated, interconnected systems, and how they affect each other. From trade show displays to Twitter feeds, it's vitally important to see how the relationships between all parts of the marketing plan work, and to manage them effectively. Because technology will continue to advance and closely influence how marketing is accomplished, it will always be important for marketing managers to be tech savvy. Customer engagement will occur in more ways, and competing for their attention will mean delivering the services and information they want, through user-friendly apps and relationship-building tools. So while marketing managers will depend on technology innovators to create the tools, they must be familiar with what consumers want and how best to deliver it. As technology fuels the industry, new marketing approaches will continue to be developed. While it will be important to know how to leverage specific opportunities, marketers of the future will also need to acquire specific tactical managerial skills that can be applied to help their company reach its goals (Weber, 2010).

2.4 Summary of Research Gaps in Literature

This study examined a number of research work on Micro and Small Enterprises identifying the particular gaps and conclusions made.

Table 2. 1: Summary of Research Gaps on Micro and small enterprises in Kenya

Scholar (s)	Year of Study	Research Gap	Conclusion
Caleb Njage Nyaga (MBA , UON)	2013	Non-financial constrains hindering growth of Micro and Small Enterprises in Kenya	Managers should undergo training to manage Micro and Small Enterprises
Victor . M. Chendo Sofiane Sekiova Pietro Calice	2012	Bank financing to small and medium enterprises in East Africa. Working paper No. 146 March 2012	There is need to reform on macro-economic factors, business regulation and Government focus on Micro and Small Enterprises is required
Michael Bowen- Daystar, Makarious Morara- Smart outcomes Services Samuel Mureithi - Daystar	2009	Management of business challenges among small and micro enterprises in Nairobi. (Journal of Business Management Vol: 2 Issue 1 2009	To overcome completion the Micro and Small Enterprises need to have fair pricing, offer superior customer service and continuous improvement
Capital Markets Authority	2010	Capital raising opportunities for Micro and Small Enterprises in Kenya	There is an overlap in legal and sectoral policies. Council by-laws are outdated and not business friendly

Memba S. F Gakure W. R Karanja K (JKUAT)	2012	Venture capital: Its impact on growth of small and medium enterprises in Kenya (International Journal of business and social science, Vol. 3 No. 6 Special Issue-March 2012)	Micro and Small Enterprises should use venture capital for financing growth
Joseph Ndua Ngugi Prof. Henry Bwisa (JKUAT)	2013	Factors influencing growth of group owned Micro and Small Enterprises: A case of one village one product enterprise International Journal of Education and Research. Vol. 1 No. 8 August 2013	Groups need to be trained on emerging technology
Kyaka Muthengi Dalmas (MBA- KU)	2012	The impact of micro credit on the growth of small and micro enterprises in Kitui County	80% of the enterprises had used credit facilities. Government should improve on existing facilities
Rael Nasimiyu Waliaula (MBA – UON)	2013	Relationship between micro credit and growth of Micro and Small Enterprises in Kenya	72% growth of the Micro and Small Enterprises is attributed to Micro credit

Source: This research

Based on the sampled research gaps, it is evident that research on the effects of firm level characteristics on the marketing effectiveness among Micro and Small Enterprises in Kitui County has not been done, this study examined the effects of these characteristics.

2.5 Conceptual Framework

Mugenda (2008) defines conceptual framework as a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major. Mugenda (2008) defines conceptual framework as a concise description of the variables of the study. According to Young (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables. In the study, the conceptual framework examined at the effects of firm level characteristics on the marketing effectiveness among Micro and Small Enterprises in Kitui County. The study was guided by the following independent variables; financial resources, human resources, firm size, managerial skills and technology.

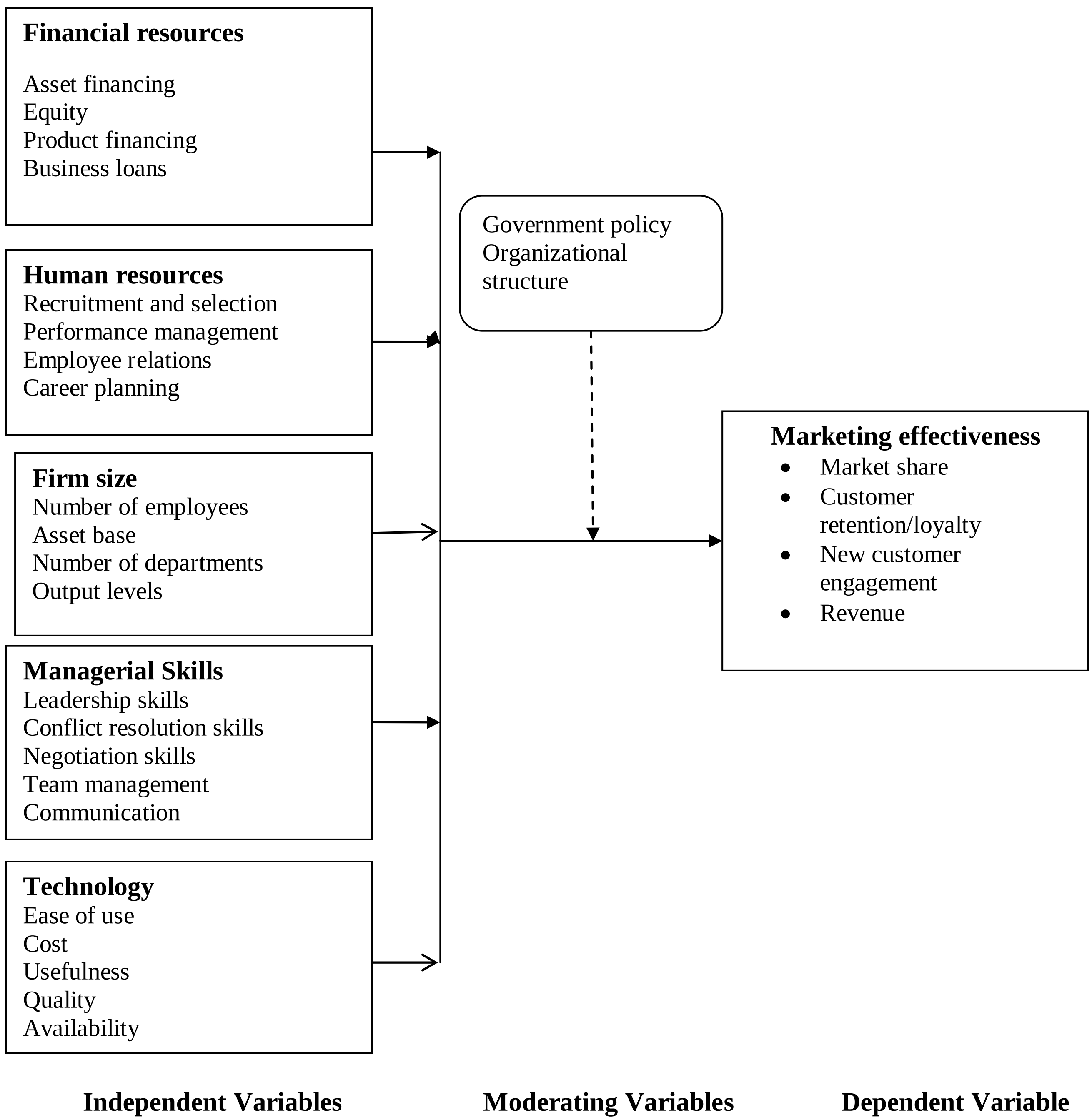

Figure 2.1: Conceptual Framework

Source: Author (2015)

The diagram above outlines the relationship between firm level characteristics and marketing effectiveness among Micro and Small Enterprises where financial resources, human resources, firm size, managerial skills and Technology are independent variables found within firm level characteristics. Firm level characteristics must focus on delivering greater value to customers and the firm at a lower cost (Chiliya *et al.*, 2009). Owomoyela *et al* (2013) also see firm level characteristics as way of providing a quality product that satisfies customer needs, offering affordable price and engaging in wider distribution and back it up with effective promotion strategy. Firm level characteristics determine the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena (Baker, 2008).

Micro and Small Enterprises struggle to obtain financial resources from financial institutions this in turn affect marketing effectiveness among Micro and Small Enterprises. Human resources capacity is a critical index of effectiveness in marketing among Micro and Small Enterprises. There are many and various technologies that could be addressed in terms of benefiting Micro and Small Enterprises. Sashittal and Jassawalla (2001), found in their study that implementing marketing in small firms consists of day-to-day improvisations and adaptations in marketing strategy and activities. According to them, the nature and extent of marketing improvisations and adaptations determine the level of market orientation, growth and strategic effectiveness. They argued that marketing planning and implementation interact strongly and this shapes the market behaviors of Micro and Small Enterprises and affects the strategic outcomes. Despite the numerous institutions providing training and advisory services, there is still a skills gap in the Micro and Small Enterprises sector as a whole. There is significant relationship between firm level characteristics and marketing effectiveness among Micro and Small Enterprises.

Other factors that Micro and Small Enterprises must put into consideration for an effective marketing are accountability. In many firms, marketers have a difficult time justifying their expenditures in terms of direct return on investment. In other words, the inability to account for marketing's contribution has undermined its standing within the firm (O'Sullivan & Abela 2007). As McGovern *et al*. (2004) state, "the [marketing] field is chock-a-block with creative thinkers, yet it's short on people who lean toward an analytic, left-brain approach to the discipline." Two aspects are relevant in this respect. First, many marketers do not measure the effect of their actions, because they are unable or unwilling to do so or because they do not use the appropriate metrics and/or methods. As a consequence, many advertisements have no effect on sales (Vakratsas & Ambler, 2011), sales promotions have no persistent influence on sales at either the brand or the category sales level (Nijs et al. 2001), and new products suffer from low success rates. Not surprisingly, CEOs cannot get clear, compelling answers about marketing's impact Kumar, (2004). Marketing productivity could increase if managers were able to measure it. Recent calls for more attention for accountability, marketing metrics, and dashboard marketing may be helpful in this respect (Farris et al. 2006).

Second, appropriate specifications of metrics, especially metrics that measure long-term or persistent effects, are lacking. McGovern *et al.* (2004) argue that many managers do not know what to measure or how to interpret the results. For example, a manager might collect customer satisfaction scores and customer retention rates, but if he or she cannot explain these scores (in relation to marketing activities), the data are not very useful (Leeflang & Wittink 2011).

Accountability also involves a determination of the effects of marketing activities on the value of the firm.

The importance of accountability has been acknowledged widely (Lehmann, 2004; Rust et al. 2004). Moorman and Rust (2011) show a positive relationship between accountability and the marketing department’s influence within the firm, and O’Sullivan and Abela (2007) report that top management is more satisfied with marketing when it is more accountable.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlines a description of the research design, sampling techniques, population of the study, data collection methods and data analysis procedures that was used to carry out this study. This chapter highlights the research design that was used in the study. It also covers the population, sampling techniques, research instruments, data collection procedures and data analysis technique. According to Leedy (2013), research methodology is an operational framework within which the facts are placed so that meaning may be seen more clearly.

3.1 Research Philosophy

Research Philosophy is the foundation of knowledge on which underlying predispositions of a study are based (Robson, 2014). There are three research philosophies in social sciences. These are the positivism/ post positivism paradigm - the interpretive/ constructivism paradigm and the emancipator paradigm (Mytton, 2010). The positivistic philosophical foundation is based on real facts, objectivity, neutrality, measurement and validity of results (Saunders *et al.,* 2011). Positivism maintains that knowledge should be based on facts and not abstractions. Thus knowledge was predicated on observations and experiments in contrast to the phenomenological paradigm of searching for inner meaning or the essence of things (Robson, 2014). The quantitative perspective derives from a positivist epistemology holds that, there were an objective reality that can be expressed numerically (Neuman, 2010). The phenomenological approach on the other hand was the perceptional as it looks at the qualities and phenomena that are subjective. Qualitative perspective emphasizes a phenomenological view in which reality is inherent in perception of individuals (Saunders *et al*, 2011).

The thesis was based on an anti-foundationalist or interpretivist research philosophy which argues that individuals and groups make sense of their situations based on their experiences, memory and expectations (Flowers, 2009). This is informed by the researcher's adopt ontological position (claims and assumptions) on the nature of reality. In this study case, that was a subjective reality created in an actor's or researcher's mind. Under this paradigm therefore, it was seen as an important factor in discovering and understanding the meaning and contextual factors that influence, determine and affect the interpretations of reality reached by different individuals.

This was driven by the assumptions made in social constructivism that individuals seek understanding of the world in which they live and work; where they develop subjective meanings of their experiences-meanings subjected towards certain objects or things. This study therefore applied to both interpretivist and positivistic philosophical foundation since it was based on the relationship between firm level characteristics and marketing effectiveness among micro and Small and Medium Enterprises in Kitui County, Kenya as supported by factual data collected from the main players in that region.

3.2 Research Design

This study used descriptive survey design. According to Cooper and Schindler (2003) a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive studies provide factual, accurate and systematic data (Mugenda, 2012). The choice of the descriptive research design is based on the fact that in this study, the researcher was interested in the state of affairs already existing in the field independent of manipulation. This study therefore was able to generalize the findings of a larger population.

Descriptive design uses a preplanned design for analysis (Creswell, 2003). In this study, inferential statistics and measures of central, dispersion and distribution were applied. Descriptive Survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individual (Orodho, 2003). Ngugi (2012) carried out a similar study to identify challenges hindering sustainability of Micro and Small Medium Enterprises after the exit of the Founders in Kenya.

3.3 The Study Population

This study was done in Kitui County and targeted 3,200 Small and Medium Enterprises in the economic areas of farming, trade, manufacturing and service sectors. Data available at Department of Trade and Industrialization in Kitui County (2013) indicate that a total of 3,200 Micro and Small and Medium Enterprises are licensed and are operating in the three main sub-counties, namely Kitui, Mutomo and Mwingi. Kitui County was an ideal choice case study due to its diverse demographic patterns that could be replicated in many other areas in the country. The study targeted the Micro and Small Medium Enterprises across the socioeconomic strata, that is, ranging from those in the urban areas to those in the rural areas making it more representative of most Micro and Small and Medium Enterprises in Kitui County. The distribution is as shown in table 3.1 below.

Table 3.1: Target Population

Type of business activity	Frequency	Percentage (%)
Trade	550	17.2
Service	1023	32.0
Manufacturing	713	22.3
Farming	914	28.6
Total	**3,200**	**100**

Source: Kitui County Records (2015)

3.4 Sampling Design and Size

According to Webster (2013) a sample is a finite part of a statistical population whose properties are studied to gain information about the whole. Sampling on the other hand, is the act, process or technique of selecting a suitable sample or a representation of a whole population to determine characteristic of the given population. Stratified random sampling technique was used for this study. Orodho (2003) states that stratified sampling are applicable if a population from which a sample is to be drawn does not constitute a homogeneous group. The strata consisted of trade, service sector, agriculture and manufacturing.

Kerlinger (2009) indicates that a sample size of 10% of the target population is large enough especially if it were to deliver reliable data analysis and testing for significance of differences between estimates hence the 3,200 sample group respondents in the Kitui County study. The sample size depends on researcher area, the purpose of the inquiry, what's at stake, what is useful, what is credibility and what can be achieved with available time and resources (Patton, 2012). A proportionate sample size of 10% was taken using Stratified Random Sample method which gives each item in the population an equal probability of being selected. A sample group of 342 (10%) of the respondents were selected representing a population of 3,200 Micro and Small and Medium Enterprises in commercial farming, trade, manufacturing and service sectors using Stratified Random Sampling Method. The sample size of this study was calculated using the formula suggested by (Cooper & Emory, 2011) as shown below. The sample size was 3,200 enterprises. Where:

$$n= \frac{z^2 PQ}{\alpha^2}$$

Where: z is the z- value = 1.96

P -Population proportion 0.50

Q = 1-P

α = level of significance = 5%

$$n = \frac{1.96^2 \, x \, 0.5 \, x \, 0.5}{0.05^2}$$

n = 384

Adjusted sample size (Nf) = $n/(1+ (n)/N)$

Nf= $384/(1+ (384)/3,200)$

Nf = 342

According to the above formula:

nf= desired sample size when the population is less than 10,000,

n= desired sample when the population is more than 10,000,

N= estimate of the population size.

The sample size was 342 enterprises. Table 3.1 shows the target population of the Four strata Farming, Manufacturing, Trade and Services.

Table 3. 2: Sample Size of the Study

STRATA	**Target population**	**Sample Size**	**%**
Farming	550	59	17%
Trade	1023	167	32%
Manufacturing	713	53	22%
Services Sector	914	68	29%
Total	**3200**	**342**	**100**

Source: Researcher (2015)

3.5 Data Collection Methods

Creswell (2003) defines data collection as a means by which information is obtained from the subject of investigation. The researcher used questionnaire as primary data collection instrument. The questionnaires were designed to give a brief introduction and were divided into sections representing the various variables adopted for the study. The questionnaires were self-administered through drop and pick method to the selected Micro and Small and Medium Enterprises. The questions were designed to collect qualitative and quantitative data. The open ended questions gave the respondents flexibility to answer to the research hypothesis. The researcher used assistants to hand distribute the questionnaires to be completed by the selected respondents.

3.6 Pilot Study

Marczyk, DeMatteo and Festinger (2005) observe that Pilot test is the start phase in data gathering of the research process. Pilot Test is conducted to detect weakness in design and instrumentation and to provide alternative data for selection of a probability sample. Summed up, Pilot Test measures the reliability and validity of the instrument. The researcher implemented a pilot-test to assess the clarity, complexity and the face validity of the measure. In effect, revisions were made that improved the total look and content of the final questionnaire in terms of readability, wording and arrangement. A total of 34 respondents used in the pre-test were drawn from Kabati region in Kitui County. This population was not included in the actual study. The results of the pilot study informed areas of improvement of research instruments to enhance validity and reliability of the data collected and used in the data analysis. Both reliability and validity are discussed below.

3.6.1 Instrument Validity

According to El-Gohary and Gall (2009) validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which was employed in this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. The researcher piloted 34 Micro and Small and Medium Enterprises using rule of thumb that is 10% of the sample should constitute the pilot test (Cooper & Schilder, 2011; Creswell, 2003). The proposed pilot test was within the recommendation and the research instrument and was found to be suitable for this research. These 34 Micro and Small and Medium Enterprises were profiled and excluded from the research sample to avoid contamination.

3.6.2 Reliability

Reliability is the consistency of your measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. A measure is considered reliable if a person's score on the same test given twice is similar. It is important to remember that reliability is not measured, it is estimated. Reliability does not, however, imply validity because while a scale may be measuring something consistently, it may not necessarily be what it is supposed to be measuring.

3.7 Data Analysis

This section outlines the techniques that were used to analyze data and test the variables. Data analysis refers to examining what has been collected in a study and making deductions and inferences (Kombo, 2006). This study collected large amounts of data regarding effects of firm level characteristics on the marketing effectiveness among Micro and Small and Medium Enterprises in Kitui County. Before processing the responses, data preparation was done on the completed questionnaires by editing, coding, data entering and cleanin. Data collected was analyzed using inferential statistics. Hypothesis testing was done to establish the relationship of variables.

In order to analyze collected data Ngechu (2013) observed that, a researcher needs to have the following information about the statistical data analysis tools. Namely, descriptive, inferential and test statistics. Data was grouped into frequency distribution to indicate variable values and number of occurrences in terms of frequency. Frequency distribution table is informative to summarize the data from respondents, percentages and other diagrams such as bar charts and pie charts were used during the analysis. The organized data was interpreted using assistance of computer package SPSS Communicate to research findings.

Inferential data analysis was computed using Pearson correlation coefficient and regression analysis (multiple regression analysis). According to Creswell (2003), in many statistical methods in particular parametric measures one presumes (at least approximate) normal distribution of the variables. Therefore for the purposes of using parametric statistics such as Pearson correlation and regression analysis, normal distribution of variables is needed and hence the variables will be internally standardized.

According to Creswell (2003), correlation technique is used to analyze the degree of association between two variables. The computation of a correlation coefficient yields a statistic that ranges from -1 to +1. This statistic is called a Correlation Coefficient (r) which indicates the relationship between the two variables being compared. The direction of the relationship is also important in that if it is positive (+) it means that there is a positive relationship between the two variables and this means that when one variable increases the other variable increases or when one variable decreases the other variable also decreases. A negative relationship (-) means that as one variable decreases the other variable increases and vice-versa hence an inverse relationship. If however there is no relationship, the coefficient is equal to zero (0). Pearson Correlation Coefficient was used to determine the strength and the direction of the relationship between the dependent variable and the independent variable. The analysis using Pearson's product moment correlation was based on the assumption that the data was normally distributed and also because the variables are continuous.

Multiple regression analysis was used to establish the relations between the independent and dependent variables. The study used multiple regressions analysis to measure the effects of firm level characteristics on marketing effectiveness among micro and small enterprises. Multiple regression attempts to determine whether a group of variables together predict a given dependent variable (Babbie, 2004). Since there were five independent variables in this study the multiple regression model generally assumed the following equation;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + €$$

Where:-

Y= **Marketing effectiveness**

β_0=constant

X_1= Financial resources

X_2= Human resources

X_3= Firm size

X_4= Managerial Skills

X_5 = Technology

€=Error Term

In testing the significance of the model, the coefficient of determination (R^2) was used to measure the extent to which the variation in marketing effectiveness was explained by the variations in firm level characteristics. F-statistic was also computed at 95% confidence level to test whether there is any significant relationship between firm level characteristics and marketing effectiveness. All necessary diagnostic tests were performed.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

The chapter presents the empirical findings and results of the application of the variables using techniques mentioned in chapter three. Specifically, the data analysis was in line with specific objectives where variables and their effects were investigated, interpreted and implications drawn on them.

4.2 Response Rate

From the data collected, out of the 342 questionnaires administered, 241 were filled and returned, which represents 70% response rate. This response rate is considered satisfactory to make conclusions for the study. Mugenda and Mugenda (2003) observed that a 50% response rate is adequate, 60% good and above, while 70% rated very good. The recorded high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants (business owners/ managers/directors or business partner) of the intended survey, utilized a self administered questionnaire where the respondents completed and these were picked shortly after and made follow up calls to clarify queries as well as prompt the respondents to fill the questionnaires.

Table 4.1: Response Rate

Response	Frequency	Percentage
Response	241	70
Non-Response	101	30
Total	**342**	**100**

Source: This research

Although this study anticipated for 100% response rate, 70% respondents filled and returned the research instrument while 30% never filled the questionnaires. Some respondents felt that the information was confidential and were not willing to fill.

4.3 Reliability Analysis

The reliability of an instrument refers to its ability to produce consistent and stable measurements. Chaffey (1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The findings indicated that financial resources had a coefficient of 0.913; Human resources had a coefficient of 0.627, Skills 0.729, Firm size 0.797 and Technology 0.573. The study was reliable since each construct had more than 0.5 (Nunnally & Bernstein, 1994). Reliability of the constructs is shown

Table 4.2: Reliability Test of Constructs

Firm level Characteristics	Reliability Cronbach's Alpha	Comments
Financial Resources	0.913	Accepted
Human resources	0.627	Accepted
Firm size	0.797	Accepted
Managerial skills	0.729	Accepted
Technology	0.573	Accepted
Overall (all variables)	0.869	Accepted

Source: This Research

4.4 Demographic Data

The study sought to establish the demographic data of the respondents. The researcher begun by a general analysis on the demographic data got from the respondents which included;- the gender, age, marital status, nature of business, duration of business existence, position held by respondent, academic qualification of the respondents, number of competitors and the type of business ownership.

Categories of Respondents

The study sought to establish categories of respondents who took part in this study. From the findings, 32% of the respondents were service providers, 22% were manufacturers, 29% were traders and 17% were farmers.

Table 4.3: Categories of Respondents

Categories	**Frequency**	**Percentage**
Service providers	44	18
Manufacturers	31	13
Traders	131	54
Farmers	35	15
Total	**241**	**100**

Source: This research

This indicates that majority of the Micro and Small Enterprises in this Kitui County are in trade followed by service, farmers and manufacturing had the least. This could be attributed to the fact that trade accommodates diverse generalized skills and a relatively lower initial investment capital as compared to manufacturing and service departments thereby reducing barriers to entry (Moore *et al.*, 2008).

4.4.1 Gender Distribution

This study sought to establish the gender distribution of respondents who took part in this study. From the descriptive statistics of the study indicated that 130 (54%) of the respondents were male while the remaining 110 (46%) were female as indicated in Figure 4. 1.

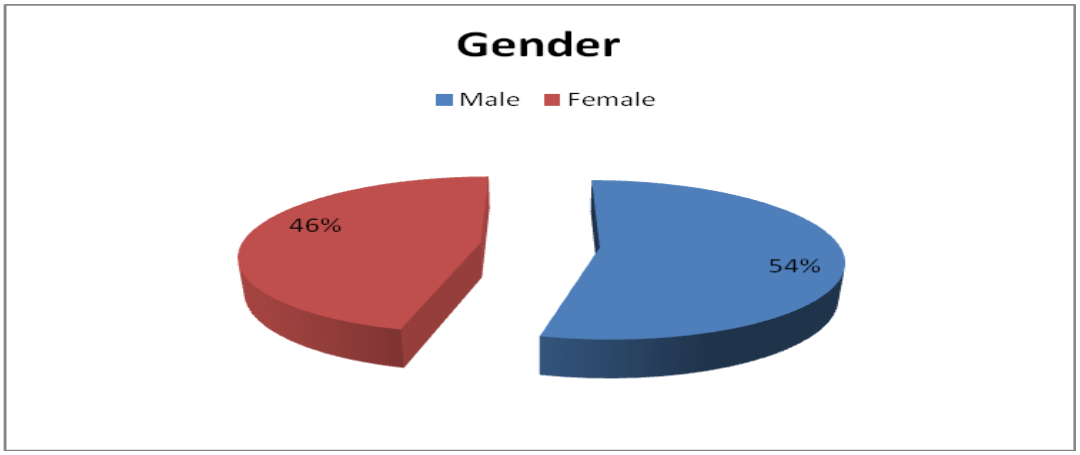

Figure 4.1: Gender Distribution

Based on the findings, there was no significant gender disparity amongst the respondents and the indication are that Micro and Small Enterprises are managed and run by both male and female at almost the same proportion, however there slightly more men than women which would be attributed to the fact that most men run business while the women work elsewhere and also due to the fact that most of the business were inherited by men from the older generation, most probably from their parents. Another reason could be cultural beliefs in this County that men are the owners of the property in the family set up and tend to succeed in business more than women. This study concurs with a previous study by APEC 2011 on women entrepreneurs in Micro and Small Enterprises which concluded that women own and operate approximately one-third of firms in the formal sector of the APEC economy: around 30% in Indonesia; 31% in Mexico; 32% in Korea; 33% in Canada; 34% in the Philippines; and 38% in the United States.

4.2.2 Academic Qualification of Respondents

Table 4.3: Academic qualifications of respondent

Level	Frequency	Percentage
Primary	7	3
Secondary	53	22
College	99	41
University	82	34
Total	241	**100**

As per this studies' findings, majority of the respondents were well above diploma level, which supports studies by King and McGrath (2012) who indicated that in today's constantly fluctuating business environment, education is one of the factors that impact positively on growth of firms and that those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to such unexpected fluctuations. This shows that the academic qualification affects the growth of Small and medium enterprises in Kitui County.

4.4.3 Years of Operation

The study sought to establish the years of operation in business of each respondent who took part in this study. From the findings, 38% of the respondents have been in operation for a period between 1 and 3 years, 33% between 4 and 6 years, 13% between 7 and 9 years while those that had above 9 years and less than a year each had 8%.This result indicates that the majority of Micro and Small Enterprises (46%) have operated for less between 4and 9 years.

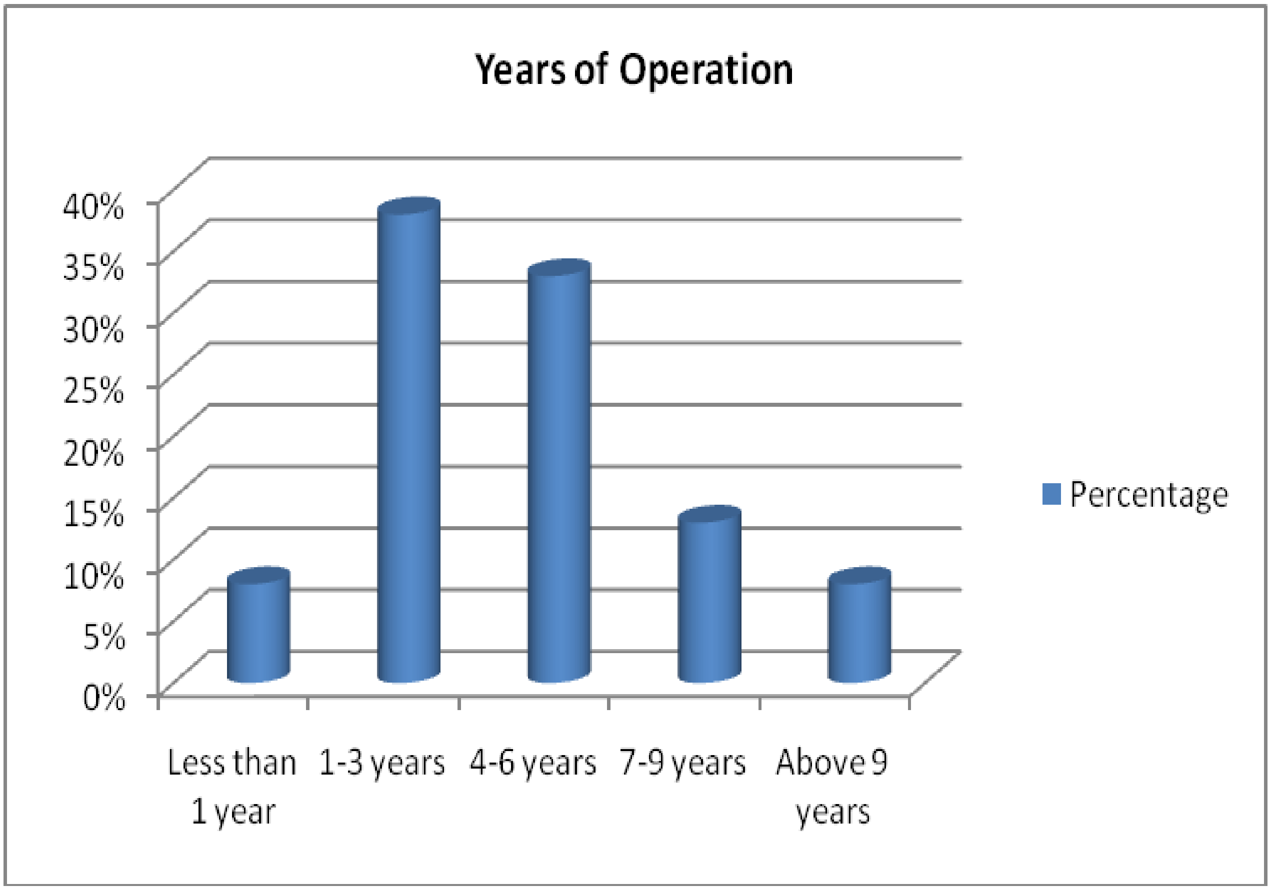

Figure 4.2: Years of Operation

This result is consistent with previous empirical studies on the age of Micro and Small Enterprises in South Africa by Rwigema and Karungu (2011), in a study of Micro and Small Enterprises in Johannesburg, stipulate that forty seven percent (47%) of enterprises surveyed had operated between one and ten years.

4.4.5 Type of Business

The study sought to establish the nature of business of the respondents who took part in this study. From the findings, 53% were under sole proprietorship, 17% limited company while the remaining 30% were under partnership.

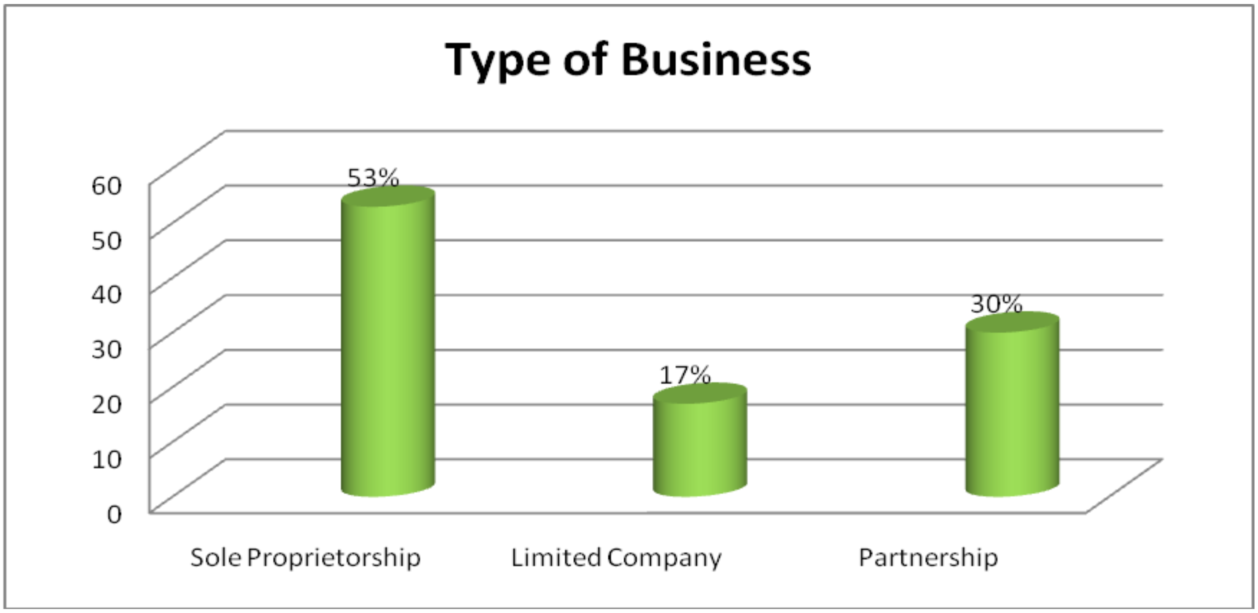

Figure 4.3: Type of Business

This study established that most Micro and Small Enterprises are owned by sole proprietors. This is due to the fact that in the rural counties like Kitui limited companies have not focused their establishment.

4.4.6 Scope of the Market

The study sought to establish the scope of market of the respondents who took part in this study. From the findings, 65.5% of them operated within the community, 31% operated regionally, 3% operated nationally and finally the remaining 0.5% operated internationally.

Table 4.4: Scope of the Market

Scope level	Frequency	Percentage
Community level	158	65.5
Regional level	75	31
National level	7	3
International level	1	0.5
Total	241	100

This is consistent with type of this business which found out that majority of the Micro and Small Enterprises are in sole proprietorship accounting for 65.5% of the community level scope of service.

4.4.7 Nature of Trade

The study sought to establish the nature of trade in which the respondents who took part in this study were involved in. From the findings, 44% were retailers, 20% were wholesalers whereas 36% were both wholesalers and retailers. Retail business is easy to start and operate, this fact accounts for 44% being in retail business.

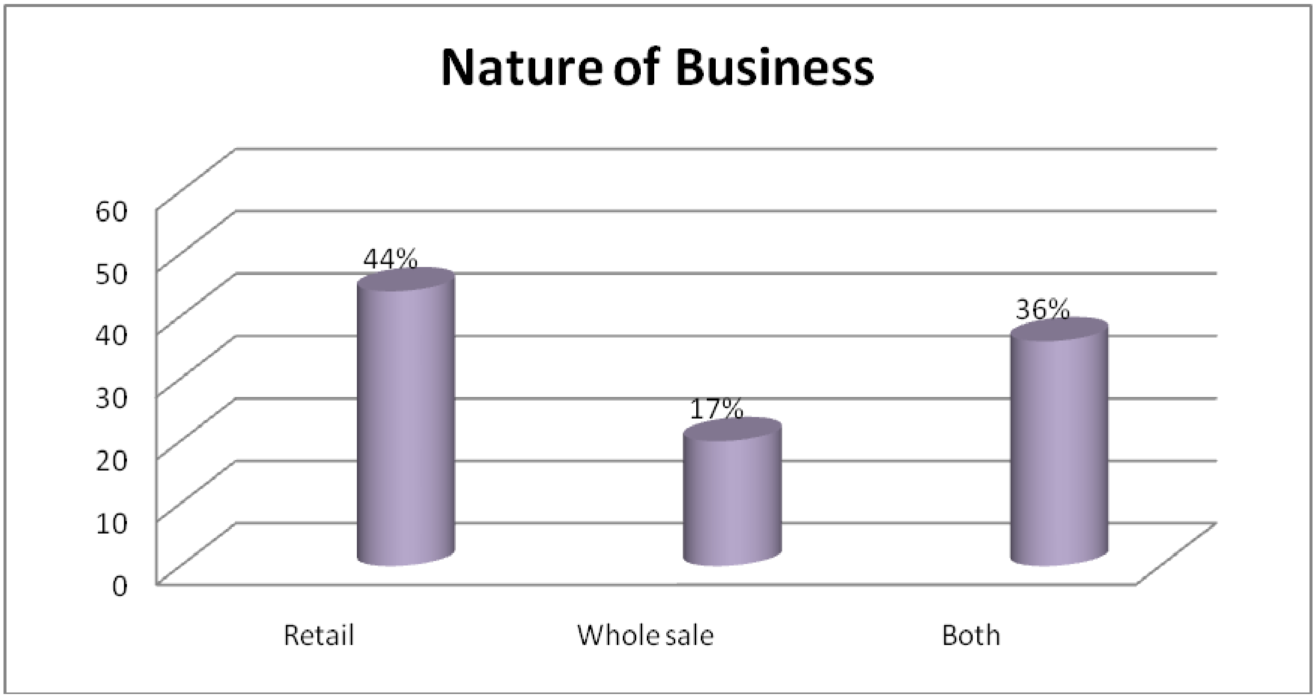

Figure 4.4: Nature of Trade

4.5 Marketing Effectiveness

This study sought to establish the effectiveness of the marketing strategies applied by the respondents who took part in this study. It sought to know how these respondents rated marketing strategies and if they felt it was effective in their organization. The table below clearly illustrates.

Table 4.5: Effectiveness of Marketing Strategies

Rating	Frequency	Percentage
Very effective	55	23
Effective	128	53
Averagely effective	51	21
Less effective	7	3
Not effective at all	0	0
Total	**241**	**100**

Based on the findings, 53% of them indicated that they were effective, 23% indicated very effective, 21% indicated they were averagely effective and 3% of them indicated that they were less effective. This concurs with Carson *et al*. (2011) that effective marketing is as a result of speed of response, loyalty, micro and small enterprise or customer interface, opportunity focus, flexibility and ease of access to market information. Hence investing to these factors steers the marketing of the company to the right track. The study also sought to establish the extent that Marketing effectiveness has changed (improved/declined) over the past three years among Micro and Small Enterprises in Kitui County.

Table 4.6: Trend of various aspects of marketing effectiveness among Micro and Small Enterprises in Kitui County for the last three years

Statement	Not at all	Little extent	Moderate extent	Great extend	Very great extent	X^2	p-value
Revenue [Return on Marketing Investment (ROMI)]	0%	3%	13%	58%	26%	92.4	0.000
Customer retention/loyalty	3%	2%	4%	64%	27%	110.1	0.002
New customer engagement	1%	2%	12%	52%	33%	134.3	0.006
Market share	2%	3%	4%	62%	29%	84.7	0.000
Brand awareness	3%	5%	13%	54%	25%	105.2	0.001
Sales volume	0%	3%	4%	67%	26	123.2	0.004
Upsell/cross sell (sales for new products/services)	2%	2%	9%	55%	32%	69.3	0.011

On the trend of various aspects of marketing effectiveness among Micro and Small Enterprises in Kitui County for the last 3 years, majority of the respondents strongly agreed that sales volume, customer retention/loyalty and market share has greatly improved as shown by mean scores of 67%, 64% and 62% respectively. Munyoki and Mulwa (2014), pointed out that the business financial ability, Quality of employees and location have positive influence on marketing effectiveness, while cost of doing business had negative influence. They further revealed that there has been an improvement in revenue [Return on Marketing Investment (ROMI)], upsell/cross sell (sales for new products/services) and brand awareness as indicated by mean scores of 58%, 55% and 54% respectively. This is in line with Richard *et al.* (2008) who attested that financial measures such as profits, revenues, returns on investment (ROI), returns on sales and returns on equity, sales growth, and profitability growth can be improved with an effective marketing strategy. They further noted that, non-financial measures such as overall performance of the firm relative to competitors, employment of additional employees, customer satisfaction, employee satisfaction, customer loyalty, brand awareness and owner's satisfaction with way the business is progressing are also key determinants of an effective marketing.

4.6 Financial Resources

The study sought to establish the financial status of businesses owned by the respondents who took part in this study.

Table 4.7: Rating of Business on Financial Status

Rating	Frequency	Percentage
Very good	69	29
Good	62	26
Average	58	24
Poor	38	16
Very poor	14	5
Total	**241**	**100**

The results from these findings indicate, 29% felt it was very good, 26% indicated it was good, 24% indicated it was average, 16% indicated it was poor while. This indicates that Micro and Small Enterprises who have good financial base grow while those failing are constrained by financial resources. This is in line with Koop, de Reu and Frese (2011) who found that the amount of financial resources was positively related to business success. Cook and Nixson (2011) also observe that lack of adequate financial resources places significant constraints on Micro and Small Enterprise development. According to previous research Naidu and Chand (2012) asserted that there is limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development. Other studies conducted in local settings within Africa such as Kallon (2010) found that 65.6% of the firms studied depend entirely upon personal savings for marketing, 10.9% had access to family savings, 9.4% used commercial banks, and 7.8% drew resources from partners, shareholders, and other sources. In addition, Keyser *et al*. (2011) found that in Zambia, lack of financial resources was a common problem for entrepreneurs, as only 24% received a loan to market their business.

4.6.1 Financial Resources influence on marketing effectiveness

The study sought to establish the opinion of the respondents who took part in this study based on the influence of financial resources on the effectiveness of marketing strategies.

Table 4.8: Financial Resources influence on marketing effectiveness

Response	Frequency	Percent
Yes	201	100
No	40	0
Total	**241**	**100**

Arising from the findings, all of them indicated that indeed financial resources have an influence. This means that Micro and Small Enterprises in Kitui County with strong financial base are able to market their products. Lack of finances therefore is a constraining factor for Micro and Small Enterprises in Kitui County. This is in line with Koop, de Reu and Frese (2011) who found that the amount of financial resources was positively related to business success. Lack of adequate financial resources places significant constraints on Micro and Small Enterprise development

4.6.2Extent of financial resources influence on marketing effectiveness

On the extend of financial resources influence on marketing effectiveness, the study sought to establish the extent to which the financial resources have affected the effectiveness of their marketing strategies.

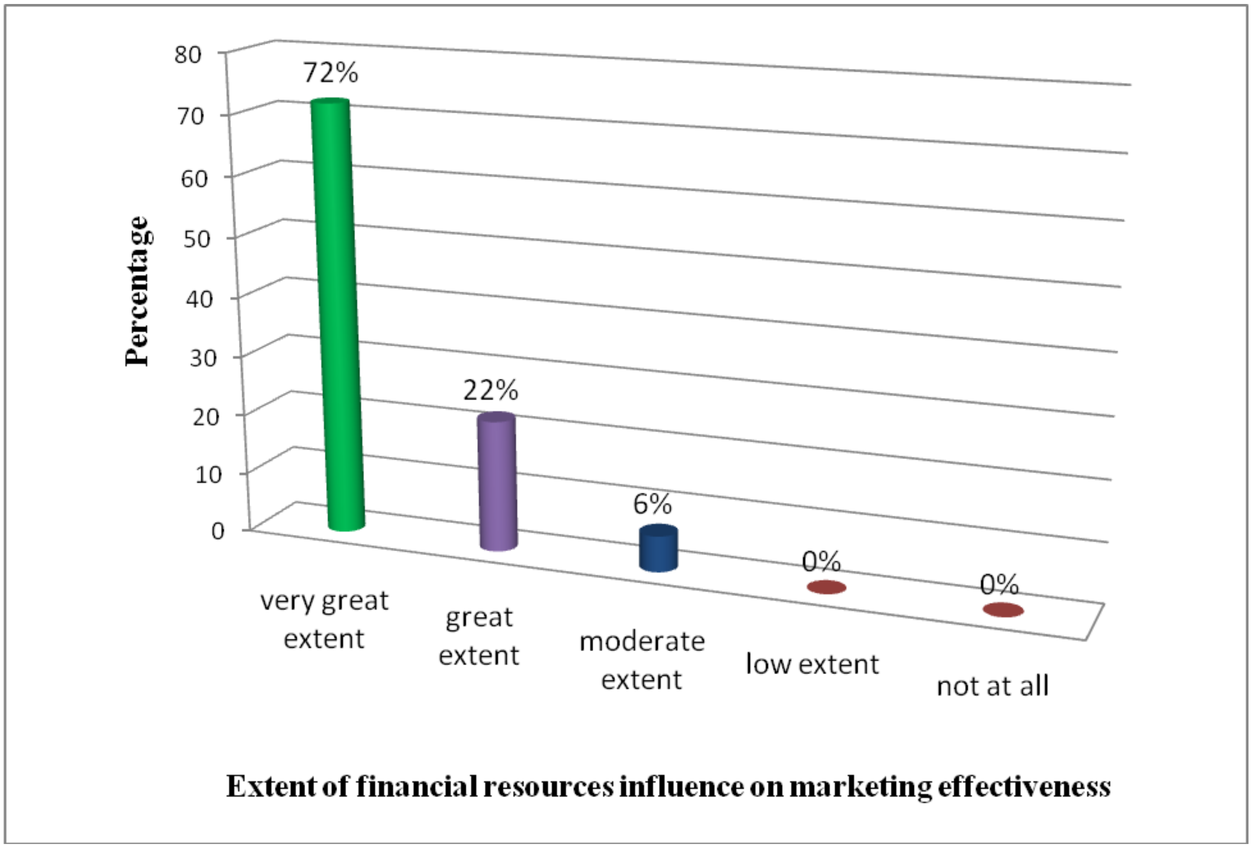

Figure 4.5: Extent of financial resources influence on marketing effectiveness

From the findings, 72% indicated that the extent was very great, 22% indicated it was great and the remaining 6% indicated it was moderate. This clearly indicates therefore that financial resources have great influence on marketing effectiveness. It is imperative to note that if a Micro and Small Enterprises has sound financial base then it can support marketing activities. Gray, Cooley and Lutabingwa (2012) confirm the findings that most Micro and Small Enterprises cannot meet the requirements for commercial loans, and those who do find such loans expensive. Parker *et al.* (2011) also established that a large portion of the Micro and Small Enterprise sector does not have access to adequate and appropriate forms of credit and equity or indeed to financial services more generally.

4.3.2 Influence of Aspects of cost of implementation on marketing effectiveness

The respondents were further requested to indicate the extent to which the following aspects of financial resources affect marketing effectiveness in their businesses. Their responses were as shown below.

Table 4.9: Influence of Aspects of financial resources on marketing effectiveness

	Not at all %	**Little extent %**	**Moderate extent %**	**Great extent %**	**Very great extent %**	**X^2**	**p-value**
Asset financing	2%	1%	16%	55%	26%	136.4	0.000
Equity	1%	4%	15%	49%	31%	112.1	0.007
Product financing	0%	5%	16%	46%	33%	175.5	0.001
Business loans	2%	2%	14%	45%	37%	122.3	0.000

From the table above, the respondents indicated that asset financing affect marketing effectiveness in their businesses to a great extent as shown by a mean score of 49%. Further, the respondents indicated that equity affect marketing effectiveness in their businesses to a great extent as shown by 49%. As well, the respondents indicated that product financing affect marketing effectiveness in their businesses to a great extent as shown by 46%. Lastly, the respondents indicated that business loans affect marketing effectiveness in their businesses to a great extent as shown by 45%

Results of chi square test carried out between financial resources and marketing effectiveness, show that there is a statistically significant relationship between financial resources aspects and marketing effectiveness. The association was statistically significant because the p-value (0.000) was less that the level of significance (0.05). In addition the calculated X^2 (349.786) was greater than the critical X^2, which is 9.717.This shows that an increase asset financing, equity, product financing and business loans would lead to an improvement in marketing effectiveness.

4.6.3 Source of capital

The study sought to establish the source of capital of the businesses of the respondents who took part in this study.

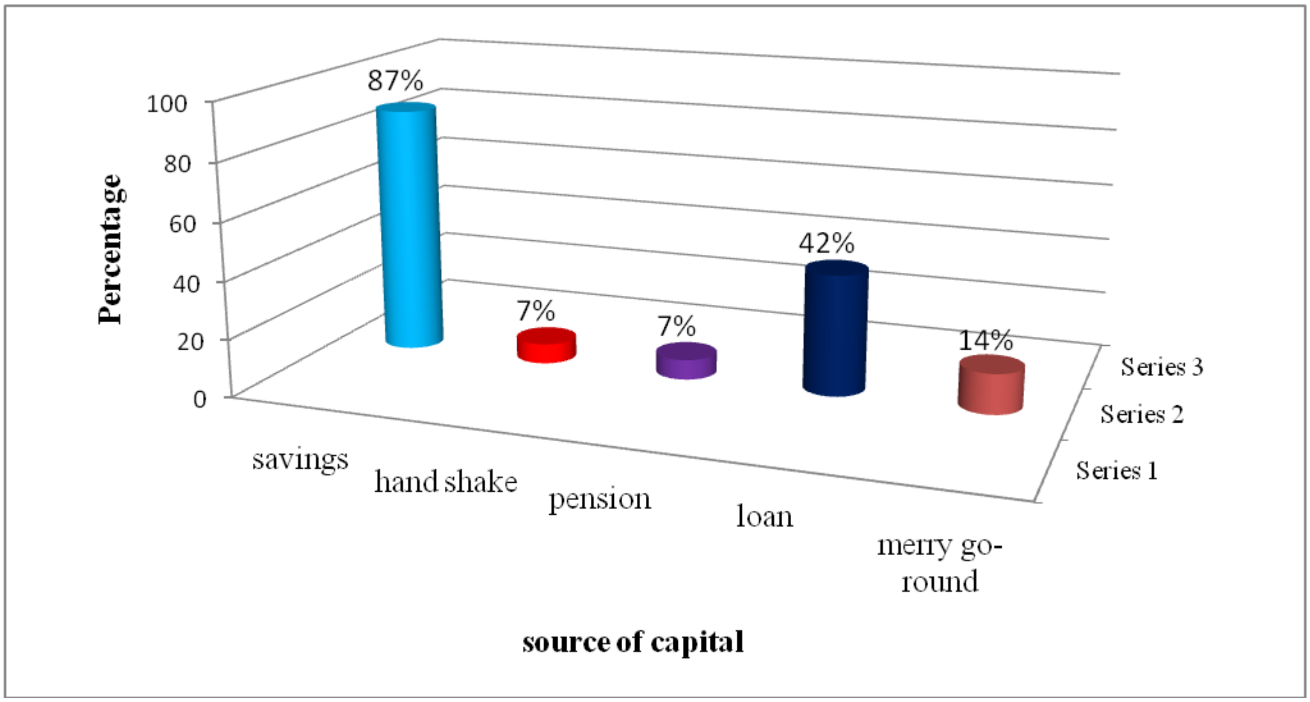

Figure 4.6: Source of capital

From the findings, 87% obtained their capital from their savings, 7% from handshakes, 7% from pensions, 42% from loans and 14% from merry go-rounds. Based on the results majority of the Micro and Small Enterprises use their own saving especially because own savings are considered less risky and reduces financial burden on the Micro and Small Enterprises. This is in line with Kallon (2010) who found that 65.6% of the firms studied depended entirely upon personal savings for marketing, 10.9% had access to family savings, 9.4% used commercial banks and 7.8% drew resources from partners, shareholders, and other sources. Keyser *et al.* (2011) also found that in Zambia, lack of financial resources was a common problem for entrepreneurs, as only 24% received a loan to market their business. Waweru *et al* (2012), further noted that cost of finance in Kenya is still high therefore hindering Micro and Small Enterprises' access to financing. This finding is consistent with that of Hussein (1995) who disclosed that 93% of Micro and Small Enterprises that access adequate capital increased their stock and sales. Zimmerer (2005) also attested that the major sources of equity financing includes personal savings, friends and family, Venture capital, Business angles – rich people who can assist same by giving them some amount to start and run the business factoring among others.

4.6.4 Extent to which the following financial related problems affect Micro and small enterprises

The study sought to establish how a few selected financial related problems affect small and medium enterprises within Kitui County. This was to help understand whether the respondents the main constrain factors are in financial related problems to the Micro and Small Enterprises.

Table 4.10: Extent to which the following financial related problems affect Micro and small enterprises

Statement	Not at all	Little extent	Moderate extent	Great extent	Very great extent	X^2	p-value
Lack of information on where to source for financial resources	0%	0%	0%	37%	63%	27.6	0.000
Restrictive lending offered by commercial banks	0%	0%	0%	12%	88%	39.9	0.000
Lack of track record required by the banks	0%	0%	0%	48%	52%	26.9	0.006
Financial institutions lack appropriate structure for dealing with Micro and Small Enterprises	0%	0%	0.5%	30%	69.5%	25.3	0.001

In terms of lack of information on where to source for financial resources, 63% indicated that the extent was very great while 37% indicated it was great. In terms of restrictive lending offered by commercial banks, 88% indicated that the extent was very great while 12% indicated it was great. In terms of lack of track record required by the banks, 52% indicated that the extent was very great while 48% indicated it was great. In terms of financial institutions lack appropriate structure for dealing with Micro and Small Enterprises, 69.5% indicated that the extent was very great while 30% indicated it was great. This is in line with Lader (2008) that there is no structural institutional mechanism to facilitate the flow of financial resources from the formal financial sector to the Micro and Small Enterprises. According to Zimmerer (2005), sources of equity financing includes personal savings, friends and family, Venture capital, Business angles – rich people who can assist same by giving them some amount to start and run the business factoring among others.

However, he stresses that most of Micro and Small Enterprises do not utilize these channels as financial sources due to lack of information on where to source for financial resources and restrictive lending. In contrast Koop, de Reu, and Frese (2011) stated that choosing a source of capital is not an easy decision. Thus, there is thus a serious lack of business angels and venture capital funds that are willing to invest in young innovative Micro and Small Enterprises. The inability to obtain early-stage investment prevents many Micro and Small Enterprises reaching a size where they can attract growth capital, thus studding their growth.

4.7 Human Resources

Trained workforce is a source of marketing effectiveness to the Micro and Small Enterprises. Organizations with trained work force have shown better performance compared to those with minimal skilled and trained work force. Training can be categorized into on job and off job. Training brings skills and knowledge of better job performance and increased productivity.

4.7.1 Performance of the Human Resource Department

The study sought to establish the rate of performance of the human resource department in terms of recruitment, training and retention of employees.

Table 4.11: Rating of the Human Resource Department on marketing effectiveness

Rating	Frequency	Percentage
Very good	85	35
Good	67	28
Average	82	34
Poor	6	2.5
Very poor	1	0.5
Total	**241**	**100**

From the findings, 35% indicated it was very good, 28% indicated it was good, 34% indicated it was average, 2.5% indicated it was poor and 0.5% indicated it was very poor. As Bowen, Morara and Mureithi (2009) posited, education is one of the factors that influence growth of firms. Those entrepreneurs with larger stocks of human capital in terms of education and vocational training are better-placed to rightly position their enterprises in the ever-changing business environments. Finance should be coupled with education, skills, and training for enterprises to graduate from micro enterprises to medium enterprises (King & McGrath, 2012; Bowen, Morara & Mureithi, 2009).

4.7.2 Employment of Business Marketers

To understand these Micro and Small Enterprises better in terms of engaging in marketing activities through use of qualified marketers, the study sought to establish whether the respondent employ marketers to market their businesses.

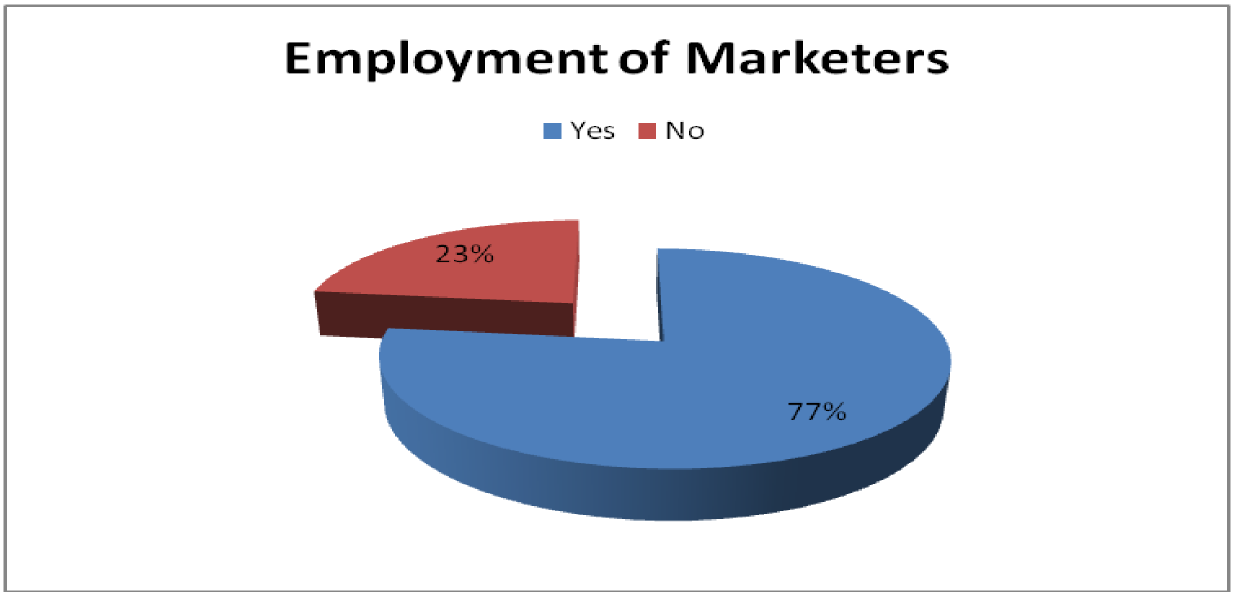

Figure 4.7: Employment of Business Marketers

From the findings, 77% employed marketers whereas the remaining 23% did not. Of those who employ marketers, most of them put more focus on managerial skills, marketing experience and marketing related academic qualifications when recruiting marketers into their firms. It important to note that considering three out every Micro and Small Enterprises fail, the few successful one either have employed a marketer or the owner/manager engages in marketing. This confirms King and McGrath (2012) statement that majority of the lot carrying out Micro and Small Enterprises in Kenya are not quite well equipped in terms of education and skills. The study further suggested that those with more education and training are more likely to be successful in the Micro and Small Enterprise sector.

4.7.3 HR influence on Marketing effectiveness

Human resource in this case involves identification of training needs in marketing, customer care skills, customer care talk and ensuring individuals recruited in sales and marketing have prior managerial skills in addition to ensuring training for staff**.** The study sought to establish whether HR operations influence Marketing effectiveness of businesses in Kitui County.

Figure 4.8: HR operations influence on Marketing effectiveness

Response	**Frequency**	**Percent**
Yes	221	100
No	20	0
Total	**241**	**100**

From the findings, all the respondents agreed that HR operations affect marketing effectiveness. This emphasis that HR function plays a critical role in marketing. The success of Micro and Small Enterprises can be attributed to marketing. Wanjohi and Mugure (2008) found that education and skills among human resource are needed to run Micro and Small Enterprises. They noted that for small businesses to do well in Kenya, human resource managers need to be well informed in terms of skills and management. They further indicated that Micro and Small Enterprises in ICT appear to be doing well with the sprouting of many commercial colleges offering various computer applications.

4.7.4 Extent of human resource operation influence on marketing effectiveness

The study sought to establish the extent to which the human resource operations have affected the effectiveness of their marketing strategies

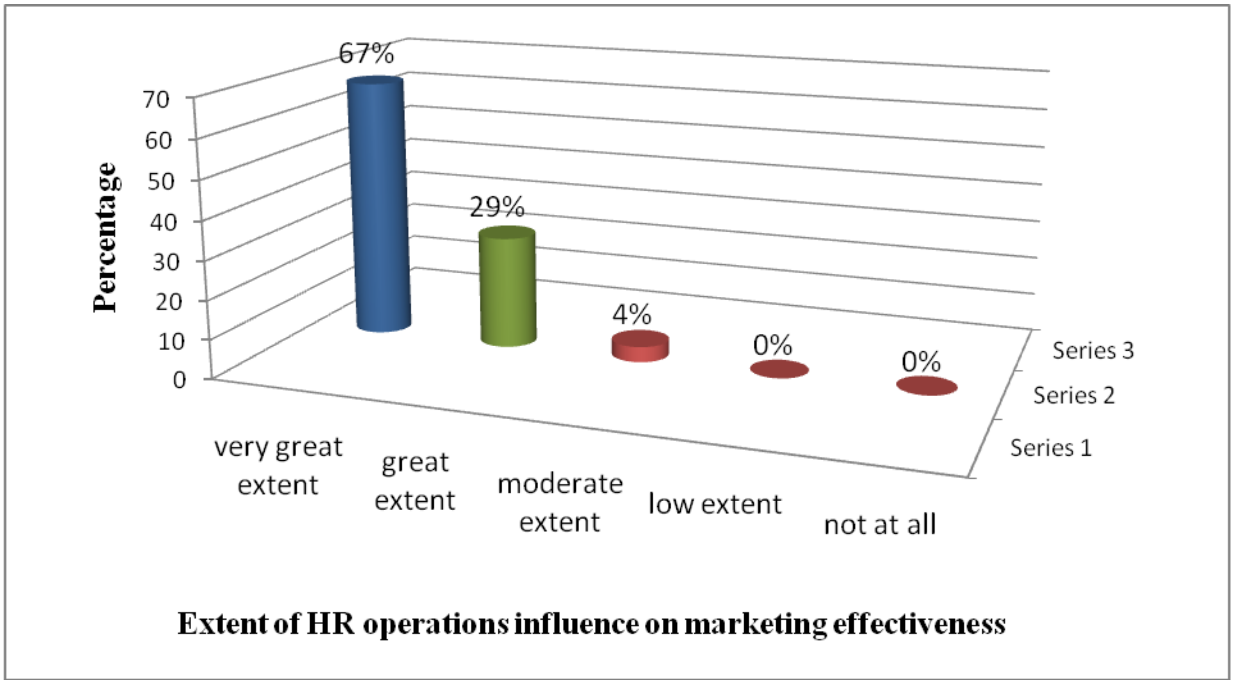

Figure 4.9: Extent of human resource operation influence on marketing effectiveness

From the findings, 67% indicated that the extent was very great, 29% indicated that the extent was great while the remaining 4% indicated that the extent was moderate. This is in line with Harper (2010) that the growth of many enterprises of all sizes, suggest that the scarcity of competent HR managers is a more serious constraint on economic development. As the enterprise becomes larger, the more need for managers to plan, coordinate and control the activities of the enterprise. The inability to keep proper records, to separate business operations from personal, manage cash flow and growth is likely to affect business performance. The way management tackles problems determines the long-term outcome of an organization (Balfanz & Koelmel, 2009).

The study also sought to establish the qualities that human resource managers consider when recruiting business marketers. The respondents attested that a lot of attention is paid to individual's listening skill, they should have diversification functions and two brained. They went ahead and explained why these qualities were crucial. The respondents said that it is important to be a great listener. Only if one listens carefully and thoroughly to clients you will be able to understand what their needs are. The more you listen to them, the more you will find out.

The respondents further stressed that the marketer should have Diversity in functions. Experience in a variety of functions like sales, operations and finance is more successful in marketing overall as compared to those with experience solely in marketing. The marketer should be two rained. They asserted that marketers need to be both brained to bring discipline as well as art to the profession.

4.7.5 Influence of aspects of human resource on marketing effectiveness

The respondents were further requested to indicate the extent to which the following aspects of human resource affect marketing effectiveness in their businesses. Their responses were as shown below.

Table 4.12: Influence of aspects of human resource on marketing effectiveness

	Not at all %	Little extent %	Moderate extent %	Great extent %	Very great extent %	X^2	p-value
Recruitment and selection	0%	2%	9%	64%	25%	199.5	0.001
Performance management	1%	4%	6%	56%	33%	80.8	0.000
Employee relations	1%	3%	5%	49%	42%	101.7	0.009
Career planning	0%	2%	7%	60%	31%	113.6	0.014

According to the findings tabled above, the respondents indicated that recruitment and selection affects marketing effectiveness in their businesses to a great extent as shown by 64%. The respondents also indicated that career planning affects marketing effectiveness among Micro and Small Enterprises to a great extent as shown by 60%. This is similar with Hunter and Schmidt (2011) who concluded that marketing effectiveness can be achieved through a selection procedure based on ability. Katou and Budhwar (2007) also found that recruitment and selection was positively related to all organizational performance variables such as effectiveness, efficiency, innovation, and quality. Johnson and Scholes (2006) also concurs that “the starting point of successful marketing effectiveness is acquiring, retaining and developing resources of at least threshold standards and it is applied to people as a resource.

Further, the respondents indicated that performance management affects marketing effectiveness in their businesses to a great extent as shown by 56%. These findings agree with that of Hoque (2008) who unearthed that training and development had positive impact on marketing effectiveness in Bangladesh context. North & Smallbone (2009) also pointed out that the human department also puts into consideration the reward system within the Micro and Small Enterprise as this will motivate the marketing team to put more effort in marketing the company products. Bowen and Ostroff (2008) asserts that the aim of reward management is to support the attainment of the organization strategic and short term objectives by helping to ensure it has skilled, competent, committed, and well-motivated work force it needs.

Lastly, the respondents indicated that employee relations affect marketing effectiveness in their businesses to a great extent as shown by 49%. The findings confirm Tzafrir (2006) findings that when parties to an exchange relationship work together toward a super coordinate goal, relational cohesion increases. In that employee relation serves the dual purposes of enriching jobs and improving marketing processes and outcomes. Employee relation is often realized in the form of increased worker responsibility and autonomy. Katou and Budhwar (2007)also found that formal information sharing is important for the sake of making employee maximize on their job performance. Hunter and Schmidt (2011), information is critical as it affects attitude and motivation of employees.

Results of chi square test carried out between of aspects of human resource and marketing effectiveness, show that there is a statistically significant relationship between human resource aspects and marketing effectiveness. The association was statistically significant because the p-value (0.000) was less that the level of significance (0.05). In addition the calculated X^2 (*134.21*) was greater than the critical X^2, which is 9.657.This shows that an enhancements on recruitment and selection process, performance management, employee relations and career planning would lead to an improvement in marketing effectiveness.

4.7.6 Retention of employees

The study sought to establish how respondents ensure retention of their well performing employees. From the findings, majority of the respondents preferred to do this by ensuring that they get good salaries which are paid in time and recognizing their effort through promotions. Others preferred to do this by motivating their employees through award of bonuses and subjecting them to trainings to improve their skills. Others preferred to do this by creating social welfare support to its employees to attend to their social related problems.

4.7.7 Training of Employees

The study sought to establish how often respondents subject their employees to trainings.

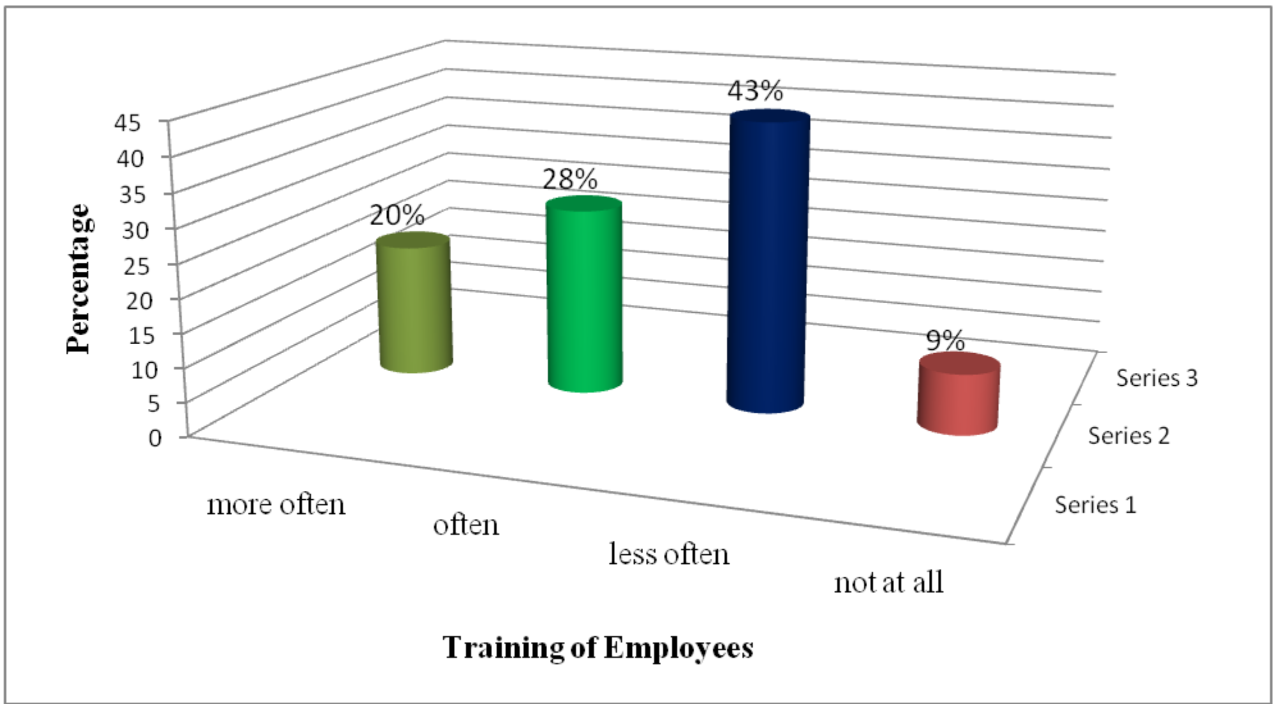

Figure 4.10: Training of Employees

From the findings, 43% do it less often, 28% often do it, 20% do it more often while 9% . This concurs with Jarventaus (2007) that employees need to be helped to do their present job correctly and effectively. A major purpose of training is to eliminate performance deficiencies whether current or anticipated. Training and development improves performance particularly to an organization with stagnant or declining rates of productivity. Another reason why Micro and Small Enterprises should train their employees on matters to do with marketing skills is to make the current workforce more flexible and adaptable (Khandekar & Sharma, 2008).

4.7.8 Opinions regarding HR Operations

This study sought to analyze some factors related to the opinions of Hr operations. The main purpose was to understand if respondents understand and relate the role of Hr functions.

Table 4.13: Opinions regarding statements relating to HR operations

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	X^2	p-value
The recruitment of more qualified employees is a necessary start for sustainable human capital development in Micro and Small Enterprises.	0%	0%	19%	36%	45%	122.1	0.004
Human resources is the most critical agent of Micro and Small Enterprise performance.	0%	0%	0%	18%	82%	75.5	0.000
Human resources are a source of competitive advantage for Micro and Small Enterprises	0%	0%	0.5%	45%	55%	82.3	0.006

In regard to the recruitment of more qualified employees being a necessary start for sustainable human capital development in Micro and Small Enterprises, 45% of the respondents strongly agreed to it while 36% just agreed. In regard to human resources being the most critical agent of Micro and Small Enterprise performance, 82% of the respondents strongly agreed to it while 18% just agreed. In regard to the human resources being a source of competitive advantage for Micro and Small Enterprises, 55% of the respondents strongly agreed to it while 45% just agreed. These findings agree with past studies by King & McGrath (2002) and Bowen, Morara and Mureithi (2009) who concluded that finance should be coupled with education, skills, and training for enterprises to graduate from micro enterprises to medium enterprises. These findings further correspond with those by Hirschey and Weygandt (1985) who found that a creative and innovative employee who is motivated to develop new products and new markets has strong association to the growth of Micro and Small Enterprises.

4.8 Technology

Technology and its use in Micro and Small Enterprises included use of mobile phones to call, whatsup, text or post products on Olx for team management this is in addition to use of other avenues like use of cyber cafes. Technology use analysis focused on communication to customers about goods or services with the purpose of marketing for immediate of future sales. The study sought to establish whether technology has an impact on the marketing effectiveness of businesses in Kitui County.

Table 4.14: Technology has an impact on marketing effectiveness

Response	Frequency	Percent
Yes	206	85
No	35	15
Total	**241**	**100**

From this study majority of the respondents 85% agreed that indeed technology has an impact. All the respondents concurred that they have indeed witnessed impact in selling more products or acquiring new and potential customers. The respondents reported greater improvement in customer retention and faster feedback. These findings are consistent with those of Bowen *et al.,* (2009) and also imply that technology changes were forcing businesses in the area to adapt their businesses to technology in order to remain competitive in the area.

4.8.1Extent to which technology contributes to business marketing effectiveness

The study sought to establish the extent to which technology affects the effectiveness of their marketing strategies.

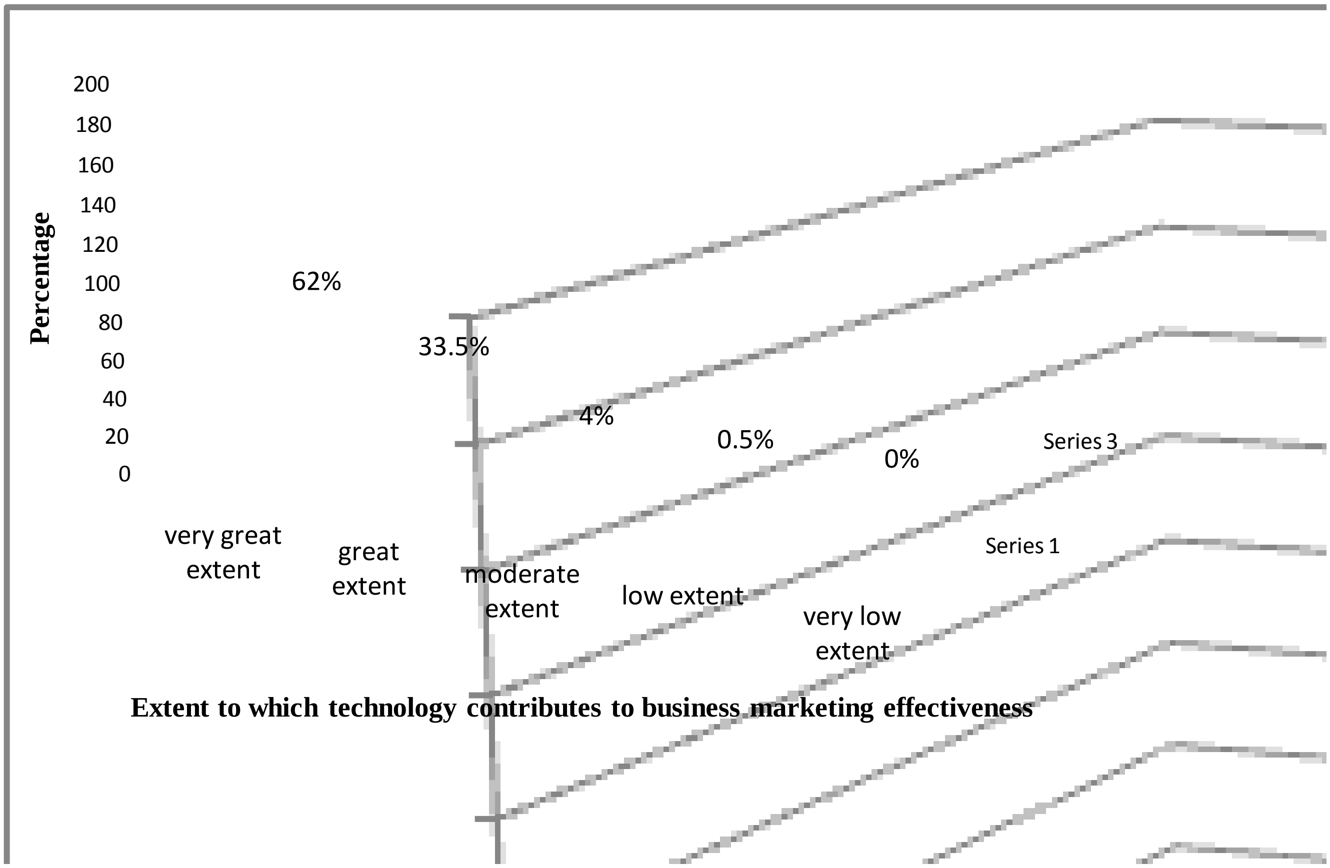

Figure 4.11: Extent to which technology contributes to business marketing effectiveness

From the findings, 62% indicated that the extent is very great, 33.5% indicated that the extent is great, 4% indicated that the extent is moderate and finally 0.5% indicated that the extent is low. The use of technology has strong contribution to better customer profiling, communication, planning and execution this in turn affects marketing effectiveness. This is in line with Apulu and Latham (2011) who found that the competitiveness of Micro and Small Enterprises will be increased through adopting Information and Communication Technology. Subrahmanya, Mathirajan, and Krishnaswamy (2010) summed up that those Micro and Small Enterprises which have technological innovation have a higher growth compared to the Micro and Small Enterprises which are not creative in the sales turnover, investment and job.

4.8.2 Influence of aspects of technologyon marketing effectiveness

The respondents were further requested to indicate the extent to which the following aspects of technology affect marketing effectiveness in their businesses. Their responses were as shown below.

Table 4.15: Influence of aspects of technology on marketing effectiveness

	Not at all %	Little extent %	Moderate extent %	Great extent %	Very great extent %	X^2	p-value
Ease of use	1%	3%	11%	59%	26%	171.3	0.002
Cost	2%	6%	18%	53%	21%	182.4	0.005
Usefulness	0%	7%	13%	50%	30%	102.6	0.003
Quality	6%	6%	15%	49%	24%	114.1	0.000
Availability	3%	4%	14%	45%	34%	136.8	0.004

The development of Technology competency by small and medium-sized enterprises (Micro and Small Enterprises) is crucial for them to overcome the fast-changing and fiercely competitive global markets. According to Namusonge (2013), market transactions have also become more efficient due to globalization of technology. From the findings above, the respondents indicated that ease of use of technology affect marketing effectiveness in their businesses to a very great extent as shown by 59%. This is consistent with Minton (2003) who claimed that through the use of information technology, Micro and Small Enterprises have gained capabilities for managing, information intensive resources, enjoy reduced transaction costs, develop capacity for information gathering and dissemination of international scale and gain access to rapid flow of information. Cooper (2009) also asserted that market innovation is playing an important role in meeting the market needs and quickly responding to emerging market opportunities. Due to the ease of use of these technologies, Further, the respondents indicated that cost affects marketing effectiveness in their businesses to a great extent as shown by a mean score of 53%. Additionally, the respondents indicated that usefulness of technology affects marketing effectiveness in their businesses to a great extent as shown by 50%. many firms have realized the significance of innovation to remain effective in the market. For that reason, they are engaging in different innovative activities like improving their products and initiatives for customer satisfaction. However, according to Wladawsky-Berger (2008), the adoption of technology among many Micro and Small Enterprises have been coupled with various challenges such as; the product is not accepted by the market; to innovate it might imply high investments that are not paid back during the product life cycle; Excessive concentration of resources and attention on the new product at the expense of quality and marketing of the existing products; there is no capacity to implement the innovation. As well, the respondents indicated that quality of information generated by technology affect marketing effectiveness in their businesses to a great extent as shown by 49%. Buyers and sellers share information in real time to build specification that add value to resulting product and build strong relation according to Kemp (2003).

Lastly, the respondents indicated that availability of technology affect marketing effectiveness in their businesses to a great extent as shown by a mean score of 45%. Different authors have elaborated on the benefits that accrue from adopting marketing technologies. These benefits are expected to accelerate the rate of adoption of these technologies once the uncertainties that remain around marketing are reduced to levels that encourage significant resources commitments leading towards higher cost (Polevoi, 2003).

Results of chi square test carried out between of perceived technology usefiulness and marketing effectiveness, show that there is a statistically significant relationship between perceived technology usefulness and marketing effectiveness. The association was statistically significant because the p-value (0.000) was less that the level of significance (0.05). In addition the calculated X^2 (*126.222*) was greater than the critical X^2, which is 9.488. This shows that an technology would lead to an improvement in marketing effectiveness.

4.9.2 Use of Technology in Marketing Products

The study sought to establish whether the respondents use technology to market their products.

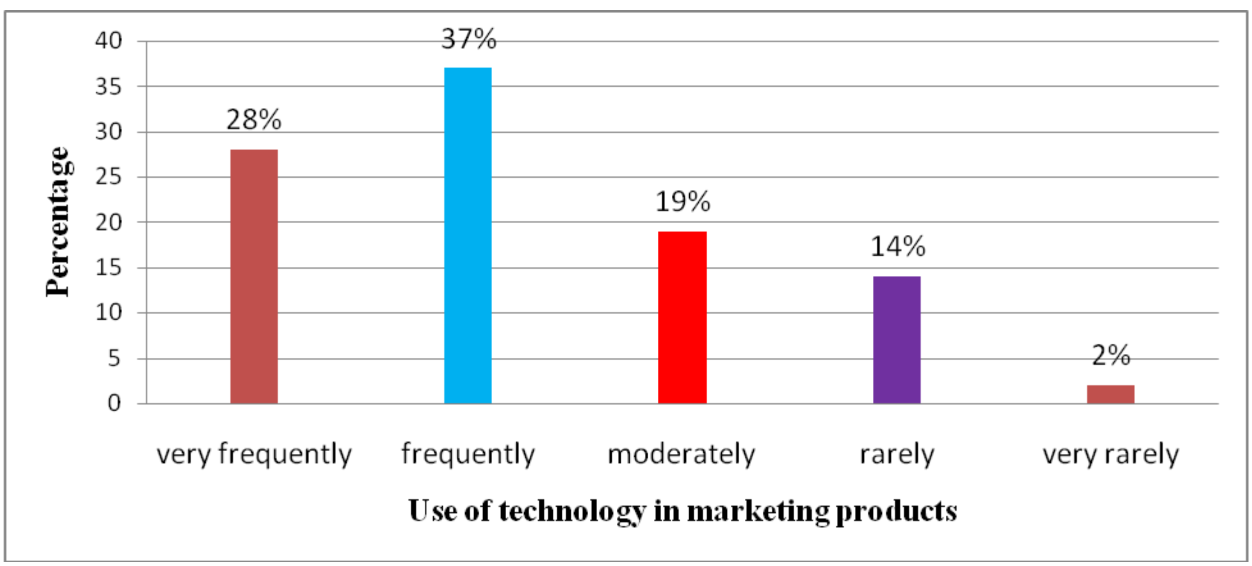

Figure 4.12: Use of technology in marketing products

From the findings, 37% use it frequently, 28% use it very frequently, 19% use it moderately, 14% use it rarely while the remaining 2% use it very rarely. Majority of them embraced technology in marketing their products through tele-marketing and use of internet where they displayed their products. This agrees with Apulu and Latham (2011) who established that 70% of a Micro and Small Enterprise base comes from repeat customers. Caniels and Romijn (2003) attested that proper extraction of this information coupled with high levels of service is what will help the Micro and Small Enterprise industry build marketing effectiveness in a troubled economy

4.9.3 Technology has improved respondents marketing effectiveness

Table 4.16: Technology has improved respondents marketing effectiveness

Response	Frequency	Percent
Yes	235	97
No	6	3
Total	**241**	**100**

The study sought to establish whether technology has improved marketing effectiveness of the respondents. From the findings, 97% of the respondents acknowledged improvement of their marketing effectiveness due to technology whereas 3% did not.

4.9.4 Extent of improvement due to technology embracing

The study sought to establish the extent to which technology affects the effectiveness of their marketing strategies.

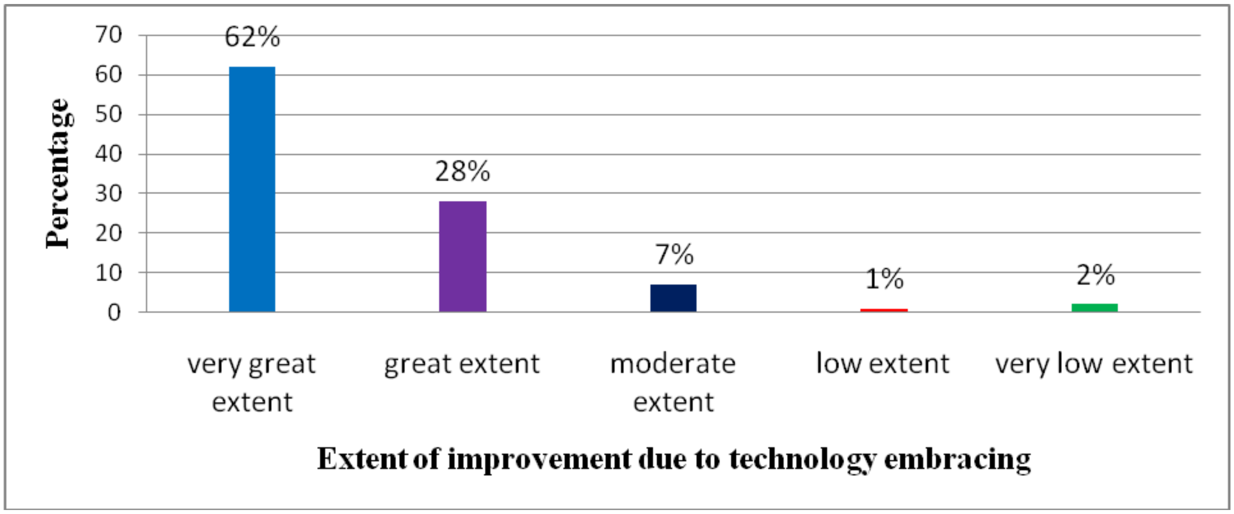

Figure 4.13: Extent of improvement due to technology embracing

From the findings, 62% indicated that the extent was very great, 28% indicated that the extent was great, 7% indicated that the extent was moderate, 1% indicated that the extent was low extent and finally 2% indicated that the extent was very low. On how they have embraced technology in marketing their products, the respondents said that they have adopted technology in their marketing strategies as it enhances marketing effectiveness. Majority of the respondents indicated that they use social media platforms such as facebook pages, other marketing websites such as olx to reach to expand their market base. The study concurs with Minton (2003) that MEs can gain from developing capabilities for managing, information intensive resources, enjoy reduced transaction costs, develop capacity for information gathering and dissemination of international scale and gain access to rapid flow of information. He further stated that Technology can enhances marketing effectiveness by altering the price structure through the development of more efficient and flexible processes and second by enabling the creation of better products of greater quality, better design, after sales service and short delivery periods

However, Muraya (2006) observes that there are three barriers in use and adoption of technology by Micro and Small Enterprises. These are: organizational readiness, external pressures (competitiveness from other players and requirements by trading partners), and technology of the technology

4.9 Firm Size

The study sought to establish whether firm size influence on marketing effectiveness of a business. From the findings, almost all the respondents indicated that firm size has an impact on marketing effectiveness.

4.9.1 Firm size influences Marketing effectiveness

Table 4.17: Firm size influences on Marketing effectiveness

Response	Frequency	Percent
Yes	238	99
No	3	1
Total	**241**	**100**

Majority of the respondent indicated that larger firms have an advantage over smaller firms as far as marketing is concerned. They highly attributed this to financial stability of larger firms which easily allows them to implement good marketing strategies by hiring highly qualified marketers with minimal financial strain unlike small firms which financial stability might be a problem. Calomiris and Hubbard (2011) noted that when the company is smaller, the access to the market is restricted. Serrasqueiro and Macas Nunes (2008) noted that large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers.

4.9.2 Nature of Firm size

The study sought to establish the firm size of the respondents who took part in the study.

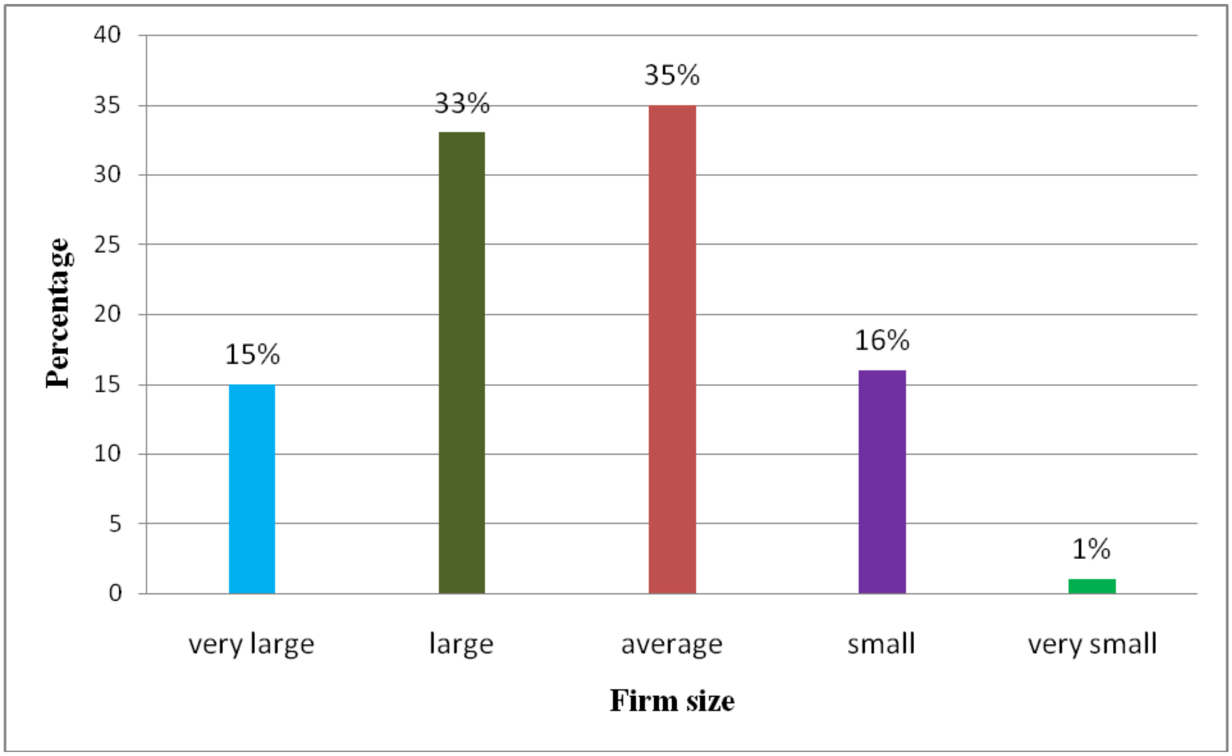

Figure 4.14: Firm Size

From the findings, 35% indicated they had an average firm size, 33% indicated that their firm size was large, 15% indicated very large, 16% indicated that they were small and 1% indicated that their firm size was very small.

4.9.3 Extent to which firm size affect marketing effectiveness

The study sought to establish the extent to which firm size affects marketing strategies.

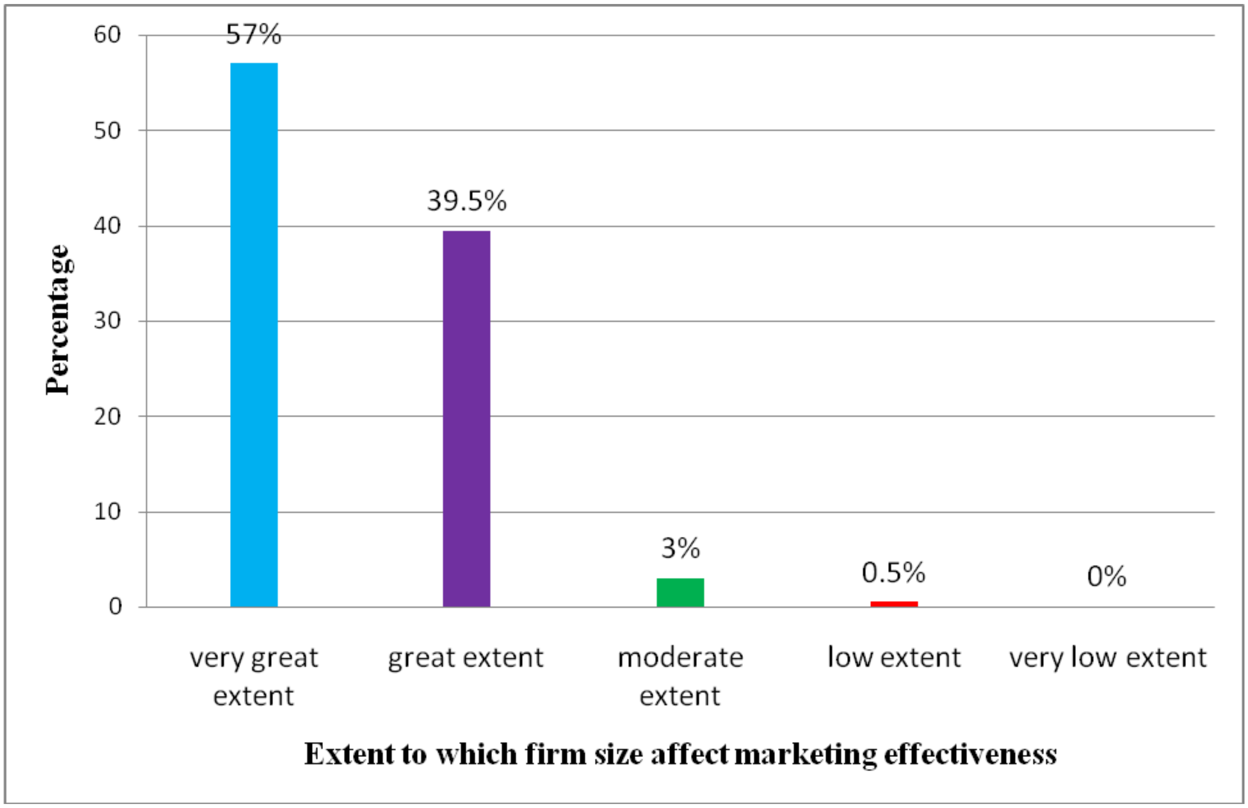

Figure 4.15: Extent to which firm size affect marketing effectiveness

From the findings, 57% indicated that the extent was very great, 39.5% indicated that the extent was great, 3% indicated that the extent was moderate and 0.5% indicated that the extent was low extent. This in line with Serrasqueiro and Macas Nunes (2008) that large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers. In addition, they face less difficulty in getting access to credit for investment, have broader pools of qualified human capital, and may achieve greater strategic diversification. Gilmore et al. (2001) noted that small firm marketing has been characterized by attributes such as haphazard, informal, loose, unstructured and spontaneous.

However, Yang and Chen (2009) argues that, small firms exhibit certain characteristics which can counterbalance the handicaps attributed to their smallness. They suffer less from the agency problem and are characterized by more flexible non-hierarchical structures, which may be the appropriate organizational forms in changing business environments.

4.9.4 Influence of aspects of firm size on marketing effectiveness

The respondents were further requested to indicate the extent to which the following aspects of firm size affect marketing effectiveness in their businesses. Their responses were as shown below.

Table 4.18: Influence of aspects of firm size on marketing effectiveness

	Not at all %	Little extent %	Moderate extent %	Great extent %	Very great extent %	X^2	p-value
Number of employees	3%	3%	16%	55%	23%	171.6	0.004
Asset base	2%	4%	14%	52%	28%	208.6	0.001
number of departments	5%	8%	8%	50%	29%	193.8	0.006
output levels	3%	6%	15%	46%	30%	177.2	0.003

From these findings tabled above, the respondents indicated that number of employees affects marketing effectiveness in their businesses to a great extent as shown by 55%. Additionally, the respondents indicated that asset base affects marketing effectiveness in their businesses to a great extent as shown by 52%. Further, the respondents indicated that number of departments affects marketing effectiveness in their businesses to a great extent as shown by 50%. Lastly, the respondents indicated that the ability to output levels affects marketing effectiveness in their businesses to a great extent as shown by 46%. This is in line with Gilmore *et al*. (2001) that small firm marketing has been characterized by attributes such as haphazard, informal, loose, unstructured and spontaneous. Serrasqueiro and Macas Nunes (2008) that large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers. In addition, they face less difficulty in getting access to credit for investment, have broader pools of qualified human capital, and may achieve greater strategic diversification

Results of chi square test carried out between of aspects of firm size and marketing effectiveness, show that there is a statistically significant relationship between firm size aspects and marketing effectiveness. The association was statistically significant because the p-value (0.000) was less that the level of significance (0.05). In addition the calculated X^2 (*193.921*) was greater than the critical X^2, which is 9.042. This shows that an increase in number of employees, asset base, number of departments and output levels would lead to an improvement in marketing effectiveness.

4.10.2 Determinants of firm size

The study sought to establish what factors respondents consider when determining their firm size. From the findings, majority rated their firm size based on the number of employees they had and sales volume they made within a given period. Quite a number also based their judgments on their firm size through assessing the firm’s financial stability. A few rated their firm size based on the number of branches they had.

4.10 Managerial skills rating

The study sought to establish the level of managerial skills possessed by respondent who took part in the study.

Table 4.19: Rating on Managerial skills

Rating	Frequency	Percentage
Very good	88	36.5
Good	99	41
Average	53	22
Poor	1	0.5
Very poor	0	0
Total	241	**100**

From the findings, 36.5% indicated it was very good, 41% indicated it was good, 22% indicated it was average and 0.5% indicated it was poor. This agrees with Hogarth-Scott (2008) that marketing in small firms is related to the owner-manager's attitudes to, asset base of and expertise in marketing because these are essentially those of the firm itself. Marketing functions in Micro and Small Enterprises are seen to be hindered by poor cash flow management, lack of marketing expertise, business size, tactical narrow Customer retention/loyalty, over-reliance on the owner-manager's marketing competency and strategic customer-led problems (O´Dwyer *et al.*, 2009).

4.10.1 Managerial skills influences marketing effectiveness

The study sought to establish whether skills in marketing influences marketing effectiveness of business.

Table 4.20: Managerial skills influences on marketing effectiveness

Response	Frequency	Percent
Yes	241	100
No	0	0
Total	**241**	**100**

From the findings, all the respondents agreed to that Micro and Small Enterprises which have employed skilled marketers have influence in their marketing effectiveness. This agrees with O´Dwyer *et al* (2009) that marketing functions in Micro and Small Enterprises seem to be hindered by poor cash flow management, lack of marketing expertise, business size, tactical narrow Customer retention/loyalty, over-reliance on the owner-manager's marketing competency and strategic customer-led problems. King and McGrath (2002) floated that managers with more education and training are more likely to be successful in the small and medium enterprises sector and are capable of making sound decisions on financial investment and management. He however, stresses that most Micro and Small Enterprises fail due to low literacy levels as most Micro and Small Enterprises traders are unable to differentiate the loan products offered by the financial institutions. Since most of these services are offered in banking jargons, most traders are discouraged from applying for the loans.

4.10.2 Extent to which managerial skills influences marketing effectiveness

The study sought to establish the extent to which skills in marketing influence marketing strategies.

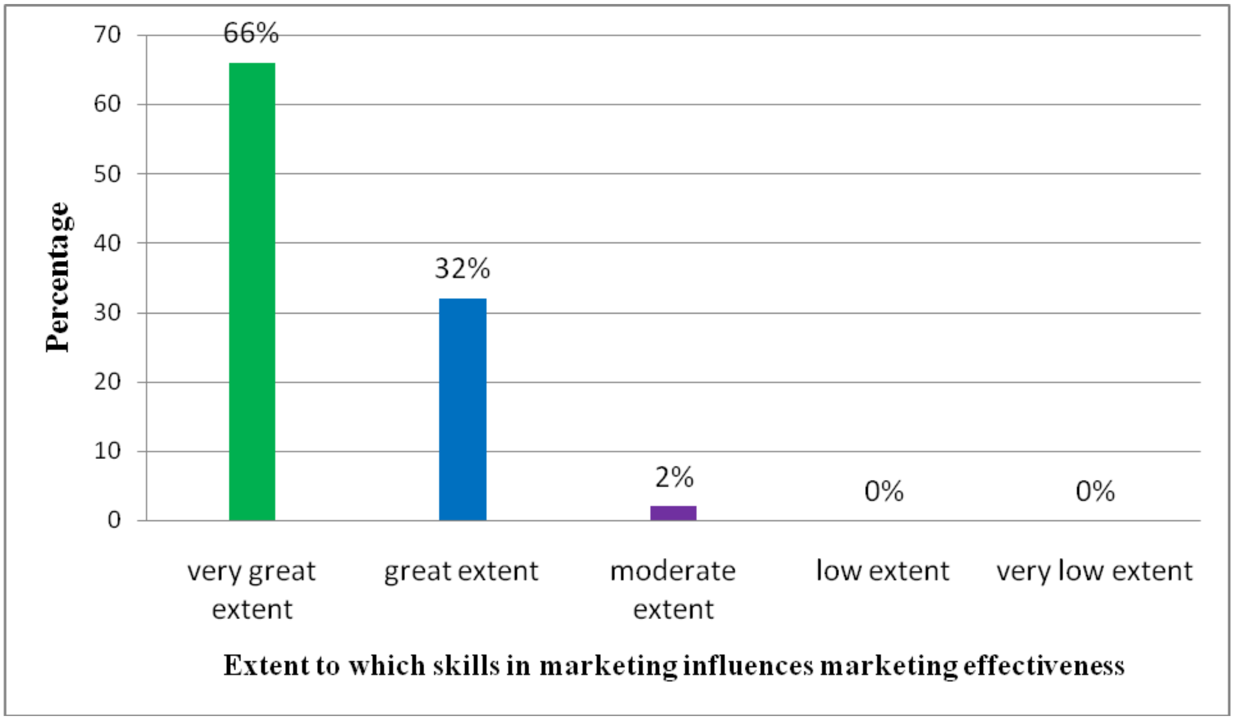

Figure 4.16: Extent to managerial skills influences marketing effectiveness

From the findings, 66% indicated that the extent was very great, 32% indicated that the extent was great and 2% indicated that the extent was moderate. The findings are consistent with Gilmore *et al*. (2001) that owner/manager's attitudes to, experience of and expertise in marketing because these are essentially those of the firm itself. Marketing functions in Micro and Small Enterprises are seen to be hindered by poor cash flow management, lack of marketing expertise, business size, tactical narrow Customer retention/loyalty, over-reliance on the owner-manager's marketing competency and strategic customer-led problems.

4.10.3 Influence of aspects of managerial skills on marketing effectiveness

The respondents were additionally requested to indicate the extent to which managerial skills affects marketing effectiveness in their business. Their responses were as shown in table 4.25.

Table 4.21: Influence of aspects of managerial skills on marketing effectiveness

	Not at all %	Little extent %	Moderate extent %	Great extent %	Very great extent %	X^2	p-value
Communication skills	0%	9%	16%	47%	28%	79.2	0.000
Team management	2%	6%	14%	48%	30%	118.8	0.000
Negotiation skills	0%	3%	10%	52%	35%	25.08	0.001
Conflict resolution skills	1%	5%	8%	44%	42%	39.6	0.001
Leadership skills	0%	4%	6%	53%	37%	92.4	0.002

According to the findings tabled above, the respondents indicated that leadership skills affect marketing effectiveness in their businesses to a great extent as shown by 53%. The respondents also revealed that negotiation skills affect marketing effectiveness in their businesses to a great extent as shown by 52%. Team management affects marketing effectiveness in their businesses to a great extent as shown by 48%. Thompson *et al*. (2011) emphasize that strategy is the most important determinant of business choice and its subsequent growth. Findings show that most Micro and Small Enterprises have no strategies in place, instead they are managed through gut feelings of the owner or the managers in charge, this creates room for more adhoc decisions which can save or haunt the firm.

Further, the respondents indicated that communication skills affect marketing effectiveness in their businesses to a great extent as shown by a mean score of 47%.As well, the respondents indicated that Lastly, the respondents indicated that conflict resolution skills affect marketing effectiveness in their businesses to a great extent as shown by 44%. However, Wawire and Nafukho (2010) found that that 54 per cent of those who manage the Micro and Small Enterprises had no training at all, while 38 per cent had some limited project management knowledge. Many Micro and Small Enterprises owners or managers lack marketing training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error and as a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Thapa, 2014).

Results of chi square test carried out between of aspects of managerial skills and marketing effectiveness, show that there is a statistically significant relationship between managerial skills aspects and marketing effectiveness. The association was statistically significant because the p-value (0.000) was less that the level of significance (0.05). In addition the calculated X^2 (*194.00*) was greater than the critical X^2, which is 10.417.This shows that an increase in communication skills, team management, negotiation skills, conflict resolution skills and leadership skills would lead to an improvement in marketing effectiveness.

4.10.4 How managerial skills were acquired

Table 4.22: Acquiring managerial skills

Mode	Frequency	Percentage
Through on job training	132	55
Through previous employment	70	29
Through formal business training	100	42
Through entrepreneurial workshops	127	53

Source: This study

The study sought to establish how the respondents obtained their managerial skills. From the findings, 55% indicated from on job training, 29% through previous employment, 42% through formal business training and 53% through entrepreneurial workshops.

4.10.5 How products are marketed

The study sought to establish how the respondents marketed their products.

Table 4.23: How products are marketed

Signs	Frequency	Percentage
Award of special offers and discounts	115	48
Free samples	98	41
Guarantee on damaged goods	40	17
Advertisements and media	34	14
Standardized decent packaging	45	19
Manufacturing quality products	80	33
Selling KEBS certified products	61	25
Good customer service	54	23

From the findings, 48% marketed their products by giving special offers and discounts to their customers, 41% gave free samples, 17% issued guarantee on damaged goods, 14% preferred advertisements through media, 19% used standardized decent packaging, 33% marketed the Micro and Small Enterprises by manufacturing quality goods, 25% did this by ensuring that their products were KEBS certified and 23% marketed the Micro and Small Enterprises by ensuring that they offered good customer services to their clients.

4.11 Results of Inferential Statistical Analysis

4.11.1 Correlation Analysis

The data presented before on product/service innovation, market innovation, process innovation and firm size were computed into single variables per factor by obtaining the averages of each factor. Pearson's correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed.

Table 4.24: Correlation Matrix

		Marketing effectiveness	Financial	Human	Firm size	Managerial	Technology
Marketing effectiveness	Pearson Correlation	1					
	Sig. (2-tailed)	.					
Financial resources	Pearson Correlation	.698	1				
	Sig. (2-tailed)	.029	.				
Human resources	Pearson Correlation	.764	.523	1			
	Sig. (2-tailed)	.017	.016	.			
Firm size	Pearson Correlation	.622	.743	.597	1		
	Sig. (2-tailed)	.031	.012	.028	.		
Managerial skills	Pearson Correlation	.664	.533	.720	.531	1	
	Sig. (2-tailed)	.047	.009	.002	.014	.	
Technology	Pearson Correlation	.621	.644	.589	.361	.556	1
	Sig. (2-tailed)	.045	.018	.031	.033	.001	

The table above indicates the correlation matrix between the factors (financial resources, human resources, firm size, managerial skills and technology) and marketing effectiveness among small and medium enterprises. According to the table, there is a positive relationship between marketing effectiveness and financial resources, human resources, firm size, managerial skills and technology of magnitude 0.698, 0.764, 0.622, 0.664 and 0.621 respectively. The positive relationship indicates that there is a correlation between the factors and marketing effectiveness.

4.11.2 Regression Results

The study conducted a cross-sectional multiple regression on factors affecting marketing effectiveness among small and micro enterprises in Kitui County. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Marketing effectiveness among small and micro enterprises) that is explained by all the five independent variables (Financial resources, human resources, firm size, managerial skills and technology).

Table 4.25: Results of multiple regression between effectiveness among small and micro enterprises and predictor variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.868	0.754	0.710	2.096

a. Predictors: (Constant), Financial resources, human resources, firm size, managerial skills and technology. The five independent variables that were studied, explain only 71% of the marketing effectiveness among small and micro enterprises as represented by the adjusted R^2. This therefore means the five variables contribute to 71% of the marketing effectiveness among small and micro enterprises, while other factors not studied in this research contributes 29% of the marketing effectiveness among small and micro enterprises. Therefore, further research should be conducted to investigate the other (29%) factors influencing the marketing effectiveness among small and micro enterprises.

Table 4.26: Summary of ANOVA Results

Summary of One-Way ANOVA results of the regression analysis the marketing effectiveness among small and micro enterprises and predictor variables

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
	Regression	430.361	5	86.072	137.193	0.000
1	Residual	140.533	224	0.627		
	Total	570.894	240			

a. Predictors: (Constant), Financial resources, human resources, firm size, managerial skills and technology

b. Dependent Variable: Marketing effectiveness

From the ANOVA statistics in table 4.3, the processed data, which are the population parameters, had a significance level of 0.0098 which shows that the data is ideal for making a conclusion on the population's parameter. The F calculated at 5% Level of significance was 137.193. Since F calculated is greater than the F critical (value = 2.42), this shows that the overall model was significant i.e. there is a significant relationship between marketing effectiveness and its factors.

Table 4.27: Regression coefficients of the relationship between effectiveness among small and micro enterprises and predictor variables

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	7.781	1.423		5.468	.0000
	Financial resources	0.863	0.112	0.642	7.705	.0000
	Human resources	0.683	0.161	0.483	4.242	.00017
	Firm size	0.771	0.171	0.574	4.509	.0000
	Managerial skills	0.896	0.231	0.159	3.879	0.000
	Technology	0.717	0.241	0.136	2.975	0.004

Dependent variable: Effectiveness among small and micro enterprises

The coefficient of regression in table 4.4 above was used in coming up with the model below:

Marketing effectiveness= 7.781+ 0.863X1+0.683X2 + 0.771X3 + 0.896X4 + 0.717X5

Where; X1 = financial resources, X2 = human resources, X3 = firm size, X4 = managerial skills and X5= technology. According to the model, all the variables were significant as their significance value was less than 0.05. Financial resources, human resources, firm size, managerial skills and technology were positively correlated with marketing effectiveness among small and micro enterprises. From the model, taking all factors (financial resources, human resources, firm size, managerial skills and technology) constant at zero, marketing effectiveness among small and micro enterprises in Kitui County was 7.781.

The data findings analyzed also shows that taking all other explanatory variables at zero, unit increase in financial resources will lead to a 0.863 increase in marketing effectiveness among small and micro enterprises; a unit increase in human resources will lead to a 0.683 increase in marketing effectiveness among small and micro enterprises, a unit increase in firm size will lead to a 0.771 increase in marketing effectiveness among small and micro enterprises

A unit increase in managerial skills will lead to a 0.896 increase in marketing effectiveness among small and micro enterprises, while a unit increase in technology will lead to a 0.717 increase in marketing effectiveness among small and micro enterprises. This infers that managerial skills contributed most to the marketing effectiveness among small and micro enterprises followed by financial resources, firm size then technology while human resources had the least significant effect on the marketing effectiveness among small and micro enterprises.

4.11.3 Regression Diagnostics

4.11.4.1 Multicollinearity Test

A situation in which there is a high degree of association between independent variables is said to be a problem of multicollinearity. Multicollinearity can also be solved by deleting one of the highly correlated variables. Heteroscedasticity means that previous error terms are influencing other error terms and this violates the statistical assumption that the error terms have a constant variance.

Table 4.28: Summary of Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	**VIF**
1	Financial resources	.937	1.068
	Human resources	.873	1.145
	Firm size	.796	1.218
	Managerial skills	.864	1.157
	Technology	.910	1.099

The Variance inflation factor (VIF) was checked in all the analysis and it ranged from above 1 to 4 which is not a cause of concern according to Myers (2010) who indicated that a VIF greater than 10 is a cause of concern. The basic assumption is that the error terms for different observations are uncorrelated (lack of autocorrelation).

4.11.4.2 Normality test

Normality of the variables was examined using the Kolmogorov-Smirnovand Shapiro-Wilk test.

Table 4.29: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
Financial resources	2.203	240	.017	1.914	240	.005
Human resources	3.045	240	.032	1.632	240	.032
Firm size	2.943	240	.041	1.231	240	.021
Managerial skills	2.153	240	0.03	1.532	240	.019
Technology	2.270	240	.004	1.839	240	.012

From the finding on the Kolmogorov-Smirnovand Shapiro-Wilk test on normality, the study found that significance in both test were more than 0.05 which is leads to the rejection of the null hypothesis that that data on financial resources, human resources, firm size, managerial skills and technology were not normally distributed

4.11.4.3 CUSUM test for parameter stability

CUSUM test for parameter stability presented in the Figure below shows that the model is stable over time as it does not deviates from lines but is balanced on the line from one observation to another (that is there is no change in models parameters given Harvey-Collier t(27) of 0.105681 with p-value 0.91660).

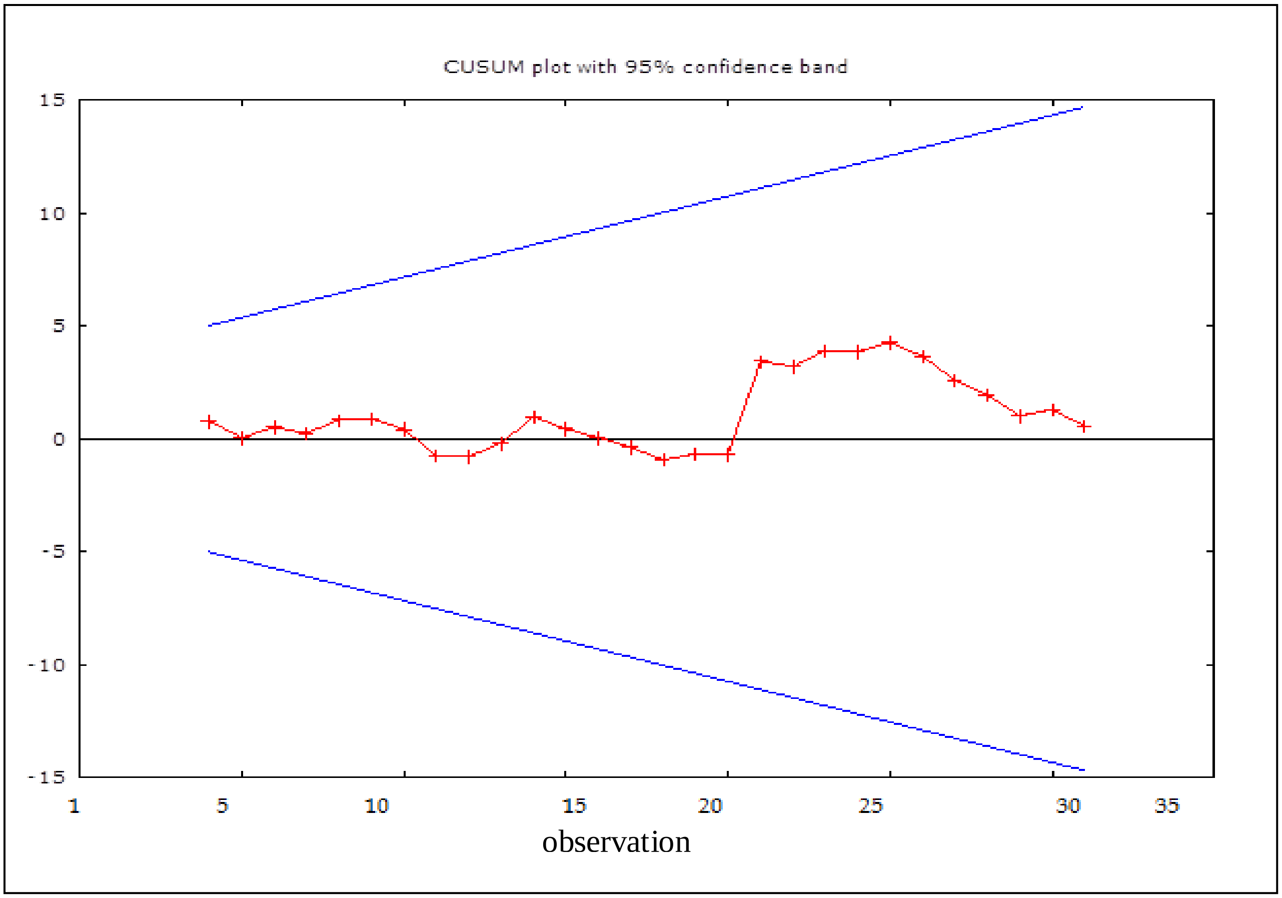

Figure 4.17: CUSUM test for parameter stability

4.11.4.4 Chow test for structural break

Chow test for structural break was done considering the 67th observation as the breakpoint. The test produced the following results: $F(6, 22) = 0.415716$ with p-value 0.8606. Chow tests the null hypothesis of no structural break. The p-value of f-statistics is 0.8606 is above 5%. The study, thus, fails to reject the null hypothesis, thus, there is no structural break in the data depicting that the model parameters are structurally stable.

4.12 Hypothesis Testing

A Chi-square (χ^2) test was conducted to test the study hypotheses by examining the significance of relationships between the study variables.

Hypothesis 1: Financial resources

H_0: There is no significant relationship between financial resources and marketing effectiveness among Micro and Small Enterprises

H_1: There is a significant relationship between financial resources and marketing effectiveness among Micro and Small Enterprises

The null hypotheses imply that the variables- financial resources and marketing effectiveness are independent of each other. The researcher wanted to find out whether there was any notable relationship between financial resources and marketing effectiveness.

Table 4. 30: Chi-Square Test for financial resources and marketing effectiveness

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.054[a]	8	.006
Likelihood Ratio	19.062	8	.004
Linear-by-Linear Association	1.884	1	.170
N of Valid Cases	123		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .08.

The calculated Pearson Chi-Square value is 18.054. The associated P-Value (Asymptotic significance) is .006. This value is less than 0.05 (5% level of significance) indicating that there is evidence against the null hypotheses and therefore we reject it. A conclusion can be drawn from the study that 'There is a significant relationship between financial resources and marketing effectiveness among Micro and Small Enterprises'.

Hypothesis 2: Human resources

H_0: There is no significant relationship between human resources and marketing effectiveness among Micro and Small Enterprises

H_1: There is a significant relationship between human resources and marketing effectiveness among Micro and Small Enterprises

The null hypotheses imply that the variables- human resources and marketing effectiveness among Micro and Small Enterprises are independent of each other. The researcher wanted to find out whether there was any notable relationship between human resources and marketing effectiveness among Micro and Small Enterprises.

Table 4.31: Chi-Square Test for human resources and marketing effectiveness

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.768[a]	8	.015
Likelihood Ratio	18.034	8	.006
Linear-by-Linear Association	3.115	1	.078
N of Valid Cases	123		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .77.

The calculated Pearson Chi-Square value is 15.768. The associated P-Value (Asymptotic significance) is 0.015. This value is less than 0.05 (5% level of significance) indicating that there is evidence against the null hypotheses and therefore we reject it. A conclusion can be drawn from the study that 'There is a significant relationship between human resources and marketing effectiveness among Micro and Small Enterprises'

Hypothesis 3: Firm size

H_0: There is no significant relationship between firm size and marketing effectiveness among Micro and Small Enterprises

H_1: There is a significant relationship between firm size and marketing effectiveness among Micro and Small Enterprises

The null hypotheses imply that the variables- firm size and marketing effectiveness are independent of each other. The researcher wanted to find out whether there was any notable relationship between firm size and marketing effectiveness.

Table 4.32: Chi-Square Test for firm size and marketing effectiveness

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.639[a]	12	.001
Likelihood Ratio	27.599	12	.001
Linear-by-Linear Association	2.609	1	.106
N of Valid Cases	123		

a. 8 cells (56.3%) have expected count less than 5. The minimum expected count is .08.

The calculated Pearson Chi-Square value is 29.639. The associated P-Value (Asymptotic significance) is 0.001. This value is less than 0.05 (5% level of significance) indicating that there is evidence against the null hypotheses and therefore we reject it. A conclusion can be drawn from the study that 'There is a significant relationship between firm size and marketing effectiveness among Micro and Small Enterprises'

Hypothesis 4: Managerial skills

H_0: There is no significant relationship between managerial skills and marketing effectiveness among Micro and Small Enterprises

H_1: There is a significant relationship between managerial skills and marketing effectiveness among Micro and Small Enterprises

The null hypotheses imply that the variables- managerial skills and marketing effectiveness are independent of each other. The researcher wanted to find out whether there was any notable relationship between managerial skills and marketing effectiveness.

Table 4.33: Chi-Square Test for managerial skills and marketing effectiveness

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.951[a]	8	.003
Likelihood Ratio	23.386	8	.001
Linear-by-Linear Association	.022	1	.882
N of Valid Cases	123		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .33.

The calculated Pearson Chi-Square value is 19.951. The associated P-Value (Asymptotic significance) is 0.003. This value is less than 0.05 (5% level of significance) indicating that there is evidence against the null hypotheses and therefore we reject it. A conclusion can be drawn from the study that 'There is a significant relationship between managerial skills and marketing effectiveness among Micro and Small Enterprises.

Hypothesis 4: Technology

H_0: There is no significant relationship between technology and marketing effectiveness among Micro and Small Enterprises

H_1: There is a significant relationship between technology and marketing effectiveness among Micro and Small Enterprises

The null hypotheses imply that the variables- technology and marketing effectiveness are independent of each other. The researcher wanted to find out whether there was any notable relationship between technology and marketing effectiveness.

Table 4.34: Chi-Square Test for managerial skills and marketing effectiveness

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.000[a]	16	.002
Likelihood Ratio	13.460	16	.004
Linear-by-Linear Association	2.359	1	.125
N of Valid Cases	10		

a. 20 cells (100.0%) have expected count less than 5. The minimum expected count is .40.

The calculated Pearson Chi-Square value is 10.00. The associated P-Value (Asymptotic significance) is 0.002. This value is less than 0.05 (5% level of significance) indicating that there is evidence against the null hypotheses and therefore we reject it. A conclusion can be drawn from the study that 'There is a significant relationship between technology and marketing effectiveness among Micro and Small Enterprises.

4.13 Discussion of Findings

This section focuses on the discussion of the study findings relative to earlier related studies done on the subject matter.

4.13.1 Financial Resources

The study found that Micro and Small Enterprises who have good financial base grow while those failing are constrained by financial resources. This is in line with Koop, de Reu and Frese (2011) who found that the amount of financial resources was positively related to business success. Cook and Nixson (2011) also observe that lack of adequate financial resources places significant constraints on Micro and Small Enterprise development. According to previous research Naidu and Chand (2012) asserted that there is limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development.

Micro and Small Enterprises struggled to obtain loans from financial institutions which previous finding established that are playing insignificant role in funding group Micro and Small Enterprises this can become problematic to run a business if the finances are not available or not managed and the owners cannot make projections. Other studies conducted in local settings within Africa such as Kallon (2010) found that 65.6% of the firms studied depend entirely upon personal savings for marketing, 10.9% had access to family savings, 9.4% used commercial banks, and 7.8% drew resources from partners, shareholders, and other sources. In addition, Keyser *et al.* (2011) found that in Zambia, lack of financial resources was a common problem for entrepreneurs, as only 24% received a loan to market their business.

Micro and Small Enterprises in Kitui County with strong financial base are able to market their products. Lack of finances therefore is a constraining factor for Micro and Small Enterprises in Kitui County. This is in line with Koop, de Reu and Frese (2011) who found that the amount of financial resources was positively related to business success. Lack of adequate financial resources places significant constraints on Micro and Small Enterprise development. According to previous research Naidu and Chand (2012), asserted that there is limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development. Cook and Nixson (2011) observe that Micro and Small Enterprises struggled to obtain loans from financial institutions which previous finding established that are playing insignificant role in funding group Micro and Small Enterprises this can become problematic to run a business if the finances are not available or not managed and the owners cannot make projections.

It was clear that financial resources have great influence on marketing effectiveness. It is imperative to note that if a Micro and Small Enterprises has sound financial base then it can support marketing activities. Gray, Cooley and Lutabingwa (2012) confirm the findings that most Micro and Small Enterprises cannot meet the requirements for commercial loans, and those who do find such loans expensive. Keyser *et al*. (2011) found that in Zambia, a lack of financial resources was a common problem for entrepreneurs, as only 24% received a loan to market their business. Levy (2013) also found that there is limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development. Parker *et al*. (2011) also established that a large portion of the Micro and Small Enterprise sector does not have access to adequate and appropriate forms of credit and equity or indeed to financial services more generally.

The study revealed that majority of the Micro and Small Enterprises use their own saving especially because own savings are considered less risky and reduces financial burden on the Micro and Small Enterprises. This is in line with Kallon (2010) who found that 65.6% of the firms studied depended entirely upon personal savings for marketing, 10.9% had access to family savings, 9.4% used commercial banks and 7.8% drew resources from partners, shareholders, and other sources. Keyser *et al.* (2011) also found that in Zambia, lack of financial resources was a common problem for entrepreneurs, as only 24% received a loan to market their business. Waweru *et al* (2012), further noted that cost of finance in Kenya is still high therefore hindering Micro and Small Enterprises' access to financing. This finding is consistent with that of Hussein (1995) who disclosed that 93% of Micro and Small Enterprises that access adequate capital increased their stock and sales. Zimmerer (2005) also attested that the major sources of equity financing includes personal savings, friends and family, Venture capital, Business angles – rich people who can assist same by giving them some amount to start and run the business factoring among others.

In terms of financial institutions lack appropriate structure for dealing with Micro and Small Enterprises, 89.5% indicated that the extent was very great while 10% indicated it was great. This is in line with Lader (2008) that there is no structural institutional mechanism to facilitate the flow of financial resources from the formal financial sector to the Micro and Small Enterprises. According to Zimmerer (2005), sources of equity financing includes personal savings, friends and family, Venture capital, Business angles – rich people who can assist same by giving them some amount to start and run the business factoring among others. However, he stresses that most of Micro and Small Enterprises do not utilize these channels as financial sources due to lack of information on where to source for financial resources and Restrictive lending. In contrast Koop, de Reu, and Frese (2011) stated that choosing a source of capital is not an easy decision. Thus, there is thus a serious lack of business angels and venture capital funds that are willing to invest in young innovative Micro and Small Enterprises. The inability to obtain early-stage investment prevents many Micro and Small Enterprises reaching a size where they can attract growth capital, thus studding their growth.

4.13.2 Human Resources

The study established that considering three out every Micro and Small Enterprises fail, the few successful one either have employed a marketer or the owner/manager engages in marketing. This confirms King and McGrath (2012) statement that majority of the lot carrying out Micro and Small Enterprises in Kenya are not quite well equipped in terms of education and skills. The study further suggested that those with more education and training are more likely to be successful in the Micro and Small Enterprise sector.

HR operations were also found to affect marketing effectiveness. This emphasis that HR function plays a critical role in marketing. The success of Micro and Small Enterprises can be attributed to marketing. Wanjohi and Mugure (2008) found that education and skills among human resource are needed to run Micro and Small Enterprises. They noted that for small businesses to do well in Kenya, human resource managers need to be well informed in terms of skills and management. They further indicated that Micro and Small Enterprises in ICT appear to be doing well with the sprouting of many commercial colleges offering various computer applications.

The study also deduced that human resource operations have affected the effectiveness of their marketing strategies. This is in line with Harper (2010) that the growth of many enterprises of all sizes, suggest that the scarcity of competent HR managers is a more serious constraint on economic development. As the enterprise becomes larger, the more need for managers to plan, coordinate and control the activities of the enterprise. The inability to keep proper records, to separate business operations from personal, manage cash flow and growth is likely to affect business performance. The way management tackles problems determines the long-term outcome of an organization (Balfanz & Koelmel, 2009).

It was clear that career planning affects marketing effectiveness among Micro and Small Enterprises to a great extent. This is similar with Hunter and Schmidt (2011) who concluded that marketing effectiveness can be achieved through a selection procedure based on ability. Katou and Budhwar (2007) also found that recruitment and selection was positively related to all organizational performance variables such as effectiveness, efficiency, innovation, and quality. Johnson and Scholes (2006) also concurs that “the starting point of successful marketing effectiveness is acquiring, retaining and developing resources of at least threshold standards and it is applied to people as a resource.

The study deduced that performance management affects marketing effectiveness in their businesses to a great extent. These findings agree with that of Hoque (2008) who unearthed that training and development had positive impact on marketing effectiveness in Bangladesh context. North & Smallbone (2009) also pointed out that the human department also puts into consideration the reward system within the Micro and Small Enterprise as this will motivate the marketing team to put more effort in marketing the company products. Bowen and Ostroff (2008) asserts that the aim of reward management is to support the attainment of the organization strategic and short term objectives by helping to ensure it has skilled, competent, committed, and well-motivated work force it needs.

The recruitment of more qualified employees is a necessary start for sustainable human capital development in Micro and Small Enterprises. These findings agree with past studies by King & McGrath (2002) and Bowen, Morara and Mureithi (2009) who concluded that finance should be coupled with education, skills, and training for enterprises to graduate from micro enterprises to medium enterprises. These findings further correspond with those by Hirschey and Weygandt (1985) who found that a creative and innovative employee who is motivated to develop new products and new markets has strong association to the growth of Micro and Small Enterprises.

4.13.3 Technology

From this study it was clear that indeed technology has an impact. All the respondents concurred that they have indeed witnessed impact in selling more products or acquiring new and potential customers. The respondents reported greater improvement in customer retention and faster feedback. These findings are consistent with those of Bowen *et al.,* (2009) and also imply that technology changes were forcing businesses in the area to adapt their businesses to technology in order to remain competitive in the area.

The use of technology has strong contribution to better customer profiling, communication, planning and execution this in turn affects marketing effectiveness. This is in line with Apulu and Latham (2011) who found that the competitiveness of Micro and Small Enterprises will be increased through adopting Information and Communication Technology. Subrahmanya, Mathirajan, and Krishnaswamy (2010) summed up that those Micro and Small Enterprises which have technological innovation have a higher growth compared to the Micro and Small Enterprises which are not creative in the sales turnover, investment and job.

The development of Technology competency by small and medium-sized enterprises (Micro and Small Enterprises) is crucial for them to overcome the fast-changing and fiercely competitive global markets. According to Namusonge (2013), market transactions have also become more efficient due to globalization of technology. From the findings above, the respondents indicated that ease of use of technology affect marketing effectiveness in their businesses to a very great. This is consistent with Minton (2003) who claimed that through the use of information technology, Micro and Small Enterprises have gained capabilities for managing, information intensive resources, enjoy reduced transaction costs, develop capacity for information gathering and dissemination of international scale and gain access to rapid flow of information. Cooper (2009) also asserted that market innovation is playing an important role in meeting the market needs and quickly responding to emerging market opportunities. Due to the ease of use of these technologies, Further, the respondents indicated that cost affects marketing effectiveness in their businesses to a great extent

The study found that many firms have realized the significance of innovation to remain effective in the market. For that reason, they are engaging in different innovative activities like improving their products and initiatives for customer satisfaction. However, according to Wladawsky-Berger (2008), the adoption of technology among many Micro and Small Enterprises have been coupled with various challenges such as; the product is not accepted by the market; to innovate it might imply high investments that are not paid back during the product life cycle; Excessive concentration of resources and attention on the new product at the expense of quality and marketing of the existing products; there is no capacity to implement the innovation.

It was established that availability of technology affect marketing effectiveness in their businesses to a great extent. Different authors have elaborated on the benefits that accrue from adopting marketing technologies. These benefits are expected to accelerate the rate of adoption of these technologies once the uncertainties that remain around marketing are reduced to levels that encourage significant resources commitments leading towards higher cost (Polevoi, 2003).

Majority of the SMEs in Kitui embraced technology in marketing their products through tele-marketing and use of internet where they displayed their products. This agrees with Apulu and Latham (2011) who established that 70% of a Micro and Small Enterprise base comes from repeat customers. Caniels and Romijn (2003) attested that proper extraction of this information coupled with high levels of service is what will help the Micro and Small Enterprise industry build marketing effectiveness in a troubled economy. They use social media platforms such as facebook pages, other marketing websites such as olx to reach to expand their market base. The study concurs with Minton (2003) that MEs can gain from developing capabilities for managing, information intensive resources, enjoy reduced transaction costs, develop capacity for information gathering and dissemination of international scale and gain access to rapid flow of information. He further stated that Technology can enhances marketing effectiveness by altering the price structure through the development of more efficient and flexible processes and second by enabling the creation of better products of greater quality, better design, after sales service and short delivery periods. However, Muraya (2006) observes that there are three barriers in use and adoption of technology by Micro and Small Enterprises. These are: organizational readiness, external pressures (competitiveness from other players and requirements by trading partners), and technology of the technology

4.13.3 Firm Size

The study found that larger firms have an advantage over smaller firms as far as marketing is concerned. They highly attributed this to financial stability of larger firms which easily allows them to implement good marketing strategies by hiring highly qualified marketers with minimal financial strain unlike small firms which financial stability might be a problem. Calomiris and Hubbard (2011) noted that when the company is smaller, the access to the market is restricted. Serrasqueiro and Macas Nunes (2008) noted that large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers.

The study deduced that firm size affect marketing effectiveness. This in line with Serrasqueiro and Macas Nunes (2008) that large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers. In addition, they face less difficulty in getting access to credit for investment, have broader pools of qualified human capital, and may achieve greater strategic diversification. Gilmore *et al*. (2001) noted that small firm marketing has been characterized by attributes such as haphazard, informal, loose, unstructured and spontaneous. However, Yang and Chen (2009) argues that, small firms exhibit certain characteristics which can counterbalance the handicaps attributed to their smallness. They suffer less from the agency problem and are characterized by more flexible non-hierarchical structures, which may be the appropriate organizational forms in changing business environments.

It was clear that number of employees affects marketing effectiveness in their businesses to a great extent. This is in line with Gilmore *et al.* (2001) that small firm marketing has been characterized by attributes such as haphazard, informal, loose, unstructured and spontaneous. Serrasqueiro and Macas Nunes (2008) that large firms are more likely to exploit economies of scale and enjoy higher negotiation power over their clients and suppliers. In addition, they face less difficulty in getting access to credit for investment, have broader pools of qualified human capital, and may achieve greater strategic diversification

4.13.5 Managerial skills

The study found that managerial skills among the SMEs were very good. This agrees with Hogarth-Scott (2008) that marketing in small firms is related to the owner-manager's attitudes to, asset base of and expertise in marketing because these are essentially those of the firm itself. Marketing functions in Micro and Small Enterprises are seen to be hindered by poor cash flow management, lack of marketing expertise, business size, tactical narrow Customer retention/loyalty, over-reliance on the owner-manager's marketing competency and strategic customer-led problems (O´Dwyer *et al.,* 2009).

The study deduced that Micro and Small Enterprises which have employed skilled marketers have influence in their marketing effectiveness. This agrees with O´Dwyer *et al* (2009) that marketing functions in Micro and Small Enterprises seem to be hindered by poor cash flow management, lack of marketing expertise, business size, tactical narrow Customer retention/loyalty, over-reliance on the owner-manager's marketing competency and strategic customer-led problems. King and McGrath (2002) floated that managers with more education and training are more likely to be successful in the small and medium enterprises sector and are capable of making sound decisions on financial investment and management. He however, stresses that most Micro and Small Enterprises fail due to low literacy levels as most Micro and Small Enterprises traders are unable to differentiate the loan products offered by the financial institutions. Since most of these services are offered in banking jargons, most traders are discouraged from applying for the loans. The study revealed that managerial skills influences marketing effectiveness to a very great these findings are consistent with Gilmore *et al.* (2001) that owner/manager's attitudes to, experience of and expertise in marketing because these are essentially those of the firm itself. Marketing functions in Micro and Small Enterprises are seen to be hindered by poor cash flow management, lack of marketing expertise, business size, tactical narrow Customer retention/loyalty, over-reliance on the owner-manager's marketing competency and strategic customer-led problems.

It was clear that communication skills affect marketing effectiveness in their businesses to a great extent. Thompson *et al.* (2011) emphasize that strategy is the most important determinant of business choice and its subsequent growth. Findings show that most Micro and Small Enterprises have no strategies in place, instead they are managed through gut feelings of the owner or the managers in charge, this creates room for more adhoc decisions which can save or haunt the firm.

The study further established that conflict resolution skills affect marketing effectiveness in their businesses to a great extent. However, Wawire and Nafukho (2010) found that that 54 per cent of those who manage the Micro and Small Enterprises had no training at all, while 38 per cent had some limited project management knowledge. Many Micro and Small Enterprises owners or managers lack marketing training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error and as a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Thapa, 2014).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study. Data was interpreted and the results of the findings were correlated with both empirical and theoretical literature available. The conclusion relates directly to the specific objectives. The recommendations were deduced from conclusion and discussion of the findings.

5.2 Summary of Findings

The study sought to investigate the effects of firm level characteristics on the marketing effectiveness among Small and Medium Enterprises in Kitui County. Specifically, the study investigated financial resources, human resources, firm size, managerial skills and technology. The study found that the regression equations related to marketing effectiveness among small and micro enterprises to their financial resources, human resources, firm size, managerial skills and technology was:

$$\text{Marketing Effectiveness} = 7.781 + 0.863X1 + 0.683X2 + 0.771X3 + 0.896X4 + 0.717X5$$

From the regression model, the study found that financial resources, human resources, firm size, managerial skills and technology were the main factors affecting marketing effectiveness among Small and Medium Enterprises in Kitui Count. These factors have a positive effect on the Enterprises. The study found out that the intercept was 7.781.

The five independent variables that were studied (financial resources, human resources, firm size, managerial skills and technology) explain a substantial 71% of the marketing effectiveness among small and micro enterprises in Kitui County as represented by adjusted R2 (0.715). This therefore means that the five independent variables contributes 71% of the marketing effectiveness among small and micro enterprises while other factors and random variations not studied in this research contributes a measly 29 % of the marketing effectiveness among small and micro enterprises.

5.3.1 Financial Resources

From the findings 72% of the respondents indicated that financial resources affect marketing effectiveness in Kitui County. The study also established that asset financing equity, product financing and business loans affect marketing effectiveness in their businesses to a great extent. The study also established that Micro and Small Enterprises lack information on where to source for financial resources, there are restrictive lending offered by commercial banks and they also lack of track record required by the banks. These factors hinder their marketing initiatives which results to ineffective marketing practices. Null hypothesis was rejected in favor of $H_{1.}$ The study also revealed that factors such as lack of information on where to source for financial resources, restrictive lending offered by commercial banks and inappropriate financing structures in financial institutions to deal with Micro and Small Enterprises greatly affect marketing effectiveness among Micro and Small Enterprises in Kitui County.

5.3.2 Human resources

This study found sufficient evidence to conclude that Human resources function affect the marketing effectiveness among Micro and Small Enterprises in Kitui County. The study found that recruitment of more qualified employees is a necessary start for sustainable human capital development in Micro and Small Enterprises, human resources are the most critical agent of Micro and Small Enterprise performance and that resources are a source of competitive advantage for Micro and Small Enterprises. The study also found that human resource managers consider individual’s listening skills, diversification of functions and whether the marketers are two brained. It was further established that only if one listens carefully and thoroughly to clients is when he/she is able to understand what their needs are. The more you listen to them, the more you will find out. The study also established that the marketer should have Diversity off functions as experience in a variety of functions like sales, operations and finance is more successful in marketing overall as compared to those with experience solely in marketing. The marketer should be two rained. They asserted that marketers need to be both brained to bring discipline as well as art to the profession.

The study also found that that recruitment and selection affects marketing effectiveness in their businesses to a great extent. Further, the study established that career planning and performance management affects marketing effectiveness in their businesses to a great extent.

5.3.3 Technology

To determine how technology affects the marketing effectiveness among small and medium enterprises in Kitui County. This study established that Technology affects Marketing effectiveness among Micro and Small Enterprises in Kitui County. In addition, the study also established that technology has improved marketing effectiveness among Micro and Small Enterprises in Kitui County. On various aspects of technology, the study established that ease of use of technology and the cost affects marketing effectiveness among Micro and Small Enterprises to a great extent. In the hypothesis testing of this variable H_0 is rejected in favor of $H_{1.}$

5.3.4 Firm Size

The findings of this study established that firm size affects the marketing effectiveness among Micro and Small Enterprises in Kitui County. Most firms interviewed indicated that they were large 33% and medium 35% while 57% felt that firm size affects marketing effectiveness to a greater extent. On hypothesis testing H_0 should be rejected in favor of H_1. A UK-based study; success in challenging times, key lessons from UK Micro and Small Enterprises found evidence of a positive relationship between plant size and firm survival but, in contrast, a negative relationship for micro-businesses (firms with fewer than 10 employees) .This may be because larger Micro and Small Enterprises are more likely to reach output that is close to the minimum efficiency levels needed to survive. Size, however, becomes less important over time provided that businesses can grow fast. The study also found that number of employees, asset base, number of departments and output levels affects marketing effectiveness among Micro and Small Enterprise in Kitui County to a great extent.

5.3.5 Managerial skills

To determine how managerial skills affects marketing effectiveness among small and micro enterprises in Kitui County. The study established that managerial skills affect the marketing effectiveness among Micro and Small Enterprises in Kitui County. The study also found that Micro and Small Enterprises which have employed skilled marketers have influence in their marketing effectiveness to a greater extent. In addition, it was revealed that that communication skills, leadership skills, team management skills and negotiation skills affect marketing effectiveness among Micro and Small Enterprises in Kitui County to a great extent. The study also found that majority of Micro and Small Enterprise managers obtained their managerial skills through on job training, previous employment, through formal business training and entrepreneurial workshops.

5.3.6 Marketing Effectiveness

The study found that there was an effective marketing among Micro and Small Enterprises in Kitui County. The study established that sales volume, customer retention/loyalty and market share has greatly improved over the last three years. The study further revealed that revenue (Return on Marketing Investment (ROMI)), upsell/cross sell (sales for new products/services) and brand awareness had also improved over the last three years. In line with the literature, marketing effectiveness contributes to both financial and non-financial measures. Financial measures such as profits, revenues, returns on investment (ROI), returns on sales and returns on equity, sales growth, and profitability growth can be improved with an effective marketing strategy. Non-financial measures such as overall performance of the firm relative to competitors, employment of additional employees, customer satisfaction, employee satisfaction, customer loyalty, brand awareness and owner's satisfaction with way the business is progressing are also key determinants of an effective marketing.

5.4 Conclusions

The objective of this study was to explore the effects of firm level characteristics on the marketing effectiveness among Micro and Small Enterprises in Kitui County. Based on previous studies, the components of Firm level characteristics were expected to have positive relation with growth of Micro and Small Enterprises in Kitui County. The output given from the findings indicate that there is a significant positive relationship between the components of Firm level characteristics namely Financial resources, Human resources, Managerial skills, Firm size and Technology influence marketing effectiveness among Micro and Small Enterprises in Kitui County. The findings also indicated that managerial skills have been a major contributor towards the growth of Micro and Small Enterprises in Kitui County.

5.4.1 Financial Resources

The study concluded that financial resources is a significant determinant of marketing effectiveness among small and medium enterprises in Kitui County with: lack of information on where to source for financial resources, restrictive lending offered by commercial banks, lack of track record required by the banks and financial institutions lacking appropriate structure for dealing with Micro and Small Enterprises adversely affecting Micro and Small Enterprises in Kitui County. Resources can constrain development and expansion. As such, an enterprise must efficiently manage human, financial, social (government or community support), technological, and physical resources.

5.4.2 Human resources

The study concluded that human resources is a significant determinant of marketing effectiveness among small and medium enterprises in Kitui County which is through the recruitment practices adopted, training that the marketing team undergoes and strategies adopted in retaining a competitive marketing team.

5.4.3 Technology

The study concluded that technology is a significant determinant of marketing effectiveness among small and medium enterprises in Kitui County. Adoption of new technology such as the use of web, mobile phones, social media, and customer relationship management systems have greatly affected effectiveness of marketing for Micro and Small Enterprises in Kitui County. The study concluded that the effectiveness of marketing sector can be increased by using new technology. It is also cost saving. Marketing success is directly dependent upon technological factors. Micro and Small Enterprises owners who are doing traditional business are less adaptive to change. They added that the world environment is rapidly changing due to technological change so businesses and manufacturers should be more innovative and creative in delivering product and service to their customers. Entrepreneurs should adapt new technology system in their business. Technologies, such as the Internet, mobile phones, social media, and customer relationship management systems greatly affect the way companies communicate with prospective customers. These new forms of communication are changing the media landscape and the type of messaging strategy organizations use.

5.4.4 Firm size

The study concluded that firm size is a significant determinant of the effectiveness of marketing of Micro and Small Enterprises in Kitui Cunty. Wagner (2011) argues that firm size has a strong relationship with effective marketing because of economies of scale.

5.4.5 Managerial skills

The study concluded that managerial skills are significant determinants influencing market effectiveness in Micro and Small Enterprises in Kitui County. Leadership skills, decision making skills, managerial skills and professional affiliation with the business is very important in achieving success of the business. If an entrepreneur is an expert in above mentioned functions, only then they can avail opportunities in better ways. Conventional marketing wisdom holds that a market orientation provides a business with a better understanding of its customers, competitors and environment, subsequently leading to superior performance. Overall the study concludes that managerial skills contributed most to the marketing effectiveness among small and micro enterprises followed by financial resources, firm size then technology while human resources had the least significant effect on the marketing effectiveness among small and micro enterprises.

5.4 Recommendations

5.5.1 Recommendations for the Study

The study is a justification of the fact that firm level characteristics affect marketing effectiveness among small and medium enterprises in Kitui County. Specifically, the study recommends:

1) The owner/managers should realize that in the present globalized economy Micro and Small Enterprises must remain very competitive and that financial resources affect the organizations ability to market. The owners should mobilize financial resources through enhanced savings, loans and retained earnings. The Government must create enabling environment and regulate interest rates to enable cheaper loans for the borrowers.

2) Human resources of the owner/manager are necessary to impart an entrepreneurial culture in the enterprise which drives the employees into creating new and more competitive products for increased growth of the enterprise. The owner/manager should therefore possess excellent entrepreneurial skills to coordinate employees and guide them to discovering the mission of the enterprise which is growth. On retention of employees the Micro and Small Enterprises should retain, motivate through financial and non financial incentives. The study found positive relationship between Micro and Small Enterprises growth and retention of employees. It was further evident that success of Micro and Small Enterprises is largely attributed to employment of marketers or the owner managers with managerial skills.

Most of Micro and Small Enterprises do not have proper training or guidance to implement the business strategies. Therefore it is vital to conduct proper training programs on the areas of financial management, quality controlling, marketing, HR etc. In order to meet industry specific skill requirements of the Micro and Small Enterprises it is also recommend to conduct skill development programs tailor made to specific industry sub sectors. Here the government should play a facilitative role and encourage more private sector participation on providing skills development programs.

3) Use of technology has been embraced though most Micro and Small Enterprises use tele-marketing. This study recommends that Micro and Small Enterprises in Kitui County should take advantage of the low cost internet connectivity following the laying of the fibre optic cable. This study particularly recommends enhanced use of internet as a cheaper medium of marketing compared to other means such as print and electronic.

This thesis proposes a significant framework which can be empirically tested in different Kenyan towns; and across different Counties in order to be able to generalize the findings. It would be very fascinating to study differences in Micro and Small Enterprises benefits of technology, challenges of technology, type and extent of technology and consequently the connection between their impacts on marketing effectiveness of specific business types.

4) This study found strong relationship between firm size and marketing effectiveness. It found size as a determinant in securing finances where bigger enterprises easily secured finances and customer confidence on bigger Micro and Small Enterprises being better. Indeed, the study attributes failure of Micro and Small Enterprises to the inability to grow and attract lending and boost customer confidence. Bigger Micro and Small Enterprises have the capacity to attract and retain talents who have skills and experience.

5) Owner/manager should ensure that employees with the requisite skills are employed while continuously ensuring regular trainings are done. Managerial skills are critical for successful marketing of goods or services. The study emphasizes on marketing as a critical path of creating a sustainable Marketing effectiveness for the Micro and Small Enterprises

6) The Kenya Government should provide specific laws restricting and clarifying and therefore, offering certain types of financial contracts or financial business, including factoring, venture capital, structured finance, credit guarantee system, and credit information bureau. There is need to improve financial information infrastructure. Better coordination between existing Credit Information Bureau and the industry will be important to ensure development of an information system which will effectively serve Micro and Small Enterprises. The government should further strengthen capacity building through equipping Micro and Small Enterprises managers with

managerial skills on financial management, managerial skills. On human resources; the government should equip Micro and Small Enterprises owners / managers with skills to motivate and retain productive employees. On technology the Kenyan government should enhance high electricity connectivity which will further support e-business.

5.5.2 Recommendations for Further Research

This study is a milestone for future research in this area, particularly in Kenya. The findings emphasize the effects of firm level characteristics which comprise of financial resources, human resources, firm size, managerial skills and technology on the marketing effectiveness among Micro and Small Enterprises in Kitui County. Since the past studies focused on one construct alone, this study recommends a further study on the effects of firm level characteristics on large manufacturing firms. This will provide a comparative study between its effects on both Micro and Small Enterprises and large firms. Arising from the findings and the gaps in the study, a replica study is recommended in other Counties in order to test whether the conclusions of this study will hold true. In addition, further studies should focus on the internal factors that influence marketing effectiveness of Micro and Small Enterprises. These internal factors enhance the internal efficiency of the business and may have positive spillover effects on customer loyalty, employee skills (managerial skills) financial resources and human resources. In addition, the influence of working capital management on business marketing effectiveness is also an internal aspect of the organization that can be researched on. Future research should attempt to investigate 'why' small firms fail and how to overcome their failure. To establish the 'why' and 'how', future research should consider a longitudinal qualitative study because new firms are considered fragile and organization experience may have an impact on both firm survival and growth.

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APPENDICES

Appendix I: Research Instrument

Instructions: Tick your appropriate answer

SECTION A: GENERAL INFORMATION

1. Gender

Male [ ] Female [ ]

2. Highest level of education

Primary level [ ]

Secondary level [ ]

Some college [ ]

University level [ ]

Other (specify)……………………………………………………………

3. How long have you been in business

Less than 1 year [ ]

1-3 years [ ]

4-6 years [ ]

7-9 years [ ]

Above 9 years. [ ]

4. Please indicate the type of business you run by a tick.

Sole proprietorship [ ]

Limited Company [ ]

Partnership [ ]

Other (specify)…………………………………………………………..

5. State the scope of your market.

Community level

Regional level [ ]

National level [ ]

International level [ ]

6. Does your business trade in retail or wholesale?

Retail [ ]

Wholesale [ ]

Both [ ]

7. How do you rate the effectiveness of marketing strategies in your business

Very effective [ ]

Effective [ ]

Averagely effective [ ]

Less effective [ ]

Not effective at all [ ]

SECTION B: FINANCIAL RESOURCES

8. How do you rate your current business financial status

Very good [ ]

Good [ ]

Average [ ]

Poor [ ]

Very poor [ ]

9. Do financial resources influence marketing effectiveness among Micro and Small Enterprises in Kitui County?

Yes [ ] No [ ]

10. To what extent do financial resources influence marketing effectiveness among Micro and Small Enterprises in Kitui County?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Low extent [ ]

Not at all [ ]

11. Please indicate the extent that the following aspects financial resources affect marketing effectiveness in your company

Where: 5- Very Great Extent 4-Great Extent 3-Moderate Extent

2-Low Extent 1- No Extent

	5	**4**	**3**	**2**	**1**
Asset financing					
Equity					
Product financing					
Business loans					

12. What was the source of capital for your business?

Savings [ ]

Handshake (friends) [ ]

Pension [ ]

Loan [ ]

Merry go-round [ ]

Others (specify)…………………………………………………………….

13. To what extent do the following problems on financial resources affect Micro and Small Enterprises in Kitui County?

	Not at all	**Little extent**	**Moderate extent**	**Great extent**	**Very great extent**
Lack of information on where to source for financial resources					
Restrictive lending offered by commercial banks					
Lack of track record required by the banks					
Financial institutions lack appropriate structure for dealing with Micro and Small Enterprises					

SECTION C: HUMAN RESOURCES

14. How do you rate your human resource department performance in terms of recruitment, training and retention of employees

Very good [ ]

Good [ ]

Average [ ]

Poor [ ]

Very poor [ ]

15. Does your firm employ business marketers?

Yes [ ] No [ ]

16. What qualities do you consider when recruiting business marketers?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

…………………………………………………………………………………………

17. Do human resources operations influence marketing effectiveness among Micro and Small Enterprises in Kitui County?

Yes [ ] No [ ]

18. To what extent do human resources operations influence marketing effectiveness among Micro and Small Enterprises in Kitui County?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Low extent [ ]

Not at all [ ]

19. Please indicate the extent that the following aspects of human resources affect marketing effectiveness in your company

Where: 5- Very Great Extent 4-Great Extent 3-Moderate Extent

2-Low Extent 1- No Extent

	5	**4**	**3**	**2**	**1**
Recruitment and selection					
Performance management					
Employee relations					
Career planning					

20. Which strategies does human resource apply to ensure retention of its well performing employees

i. …………………………………………………………………..

ii. …………………………………………………………………..

iii. …………………………………………………………………..

21. How often do you subject your employees to trainings

More often [ ]

Often [ ]

Less often [ ]

Not at all [ ]

Below are various statements on the influence of human resources on marketing effectiveness among Micro and Small Enterprises in Kitui County. On a scale of 1-5 where

1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly disagree, please indicate your level of agreement with each statement. To what extent do the following Human Resource practices affect Marketing effectiveness of your company?

Influence of Human Resources on Marketing effectiveness	**1**	**2**	**3**	**4**	**5**
The recruitment of academically qualified employees is a necessary start for sustainable human capital development in Micro and Small Enterprises.					
Human resources is the most critical agent of Micro and Small Enterprise performance					
Human resources are a source of competitive advantage for Micro and Small Enterprises					

SECTION D: TECHNOLOGY

22. Do you think technology has an impact on effective marketing of a business

Yes [ ] No [ ]

23. In your opinion, to what extent does technology contribute to effective marketing of a business

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Low extent [ ]

Very low extent [ ]

24. Please indicate the extent that the following aspects of technology affect marketing effectiveness in your company

Where: 5- Very Great Extent 4-Great Extent 3-Moderate Extent

2-Low Extent 1- No Extent

	5	**4**	**3**	**2**	**1**
Ease of use					
Cost					
Usefulness					
Quality					
Availability					

25. How frequent do you use technology to market your products

Very frequently [ ]

Frequently [ ]

Averagely [ ]

Rarely [ ]

Very rarely [ ]

26. How have you embraced technology in marketing your products

………………………………………………………………………………………………

………………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

……………………………………………………………………………...

27. Has technology in any way improved your marketing effectiveness

Yes [ ] No [ ]

If 'yes' to what extent has it improved your marketing effectiveness

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Low extent [ ]

Very low extent [ ]

SECTION E: FIRM SIZE

28. In your opinion, does firm size have an impact on its marketing effectiveness

Yes [ ] No [ ]

If 'yes' how does it affect marketing strategies of a business?

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………

29. How do you rate the size of your firm

Very large [ ]

Large [ ]

Average [ ]

Small [ ]

Very small [ ]

30. In your opinion, to what extent does firm size affect marketing effectiveness of a business

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Low extent [ ]

Very low extent [ ]

31. Please indicate the extent that the following aspects of firm size affect marketing effectiveness in your company

Where: 5- Very Great Extent 4-Great Extent 3-Moderate Extent

2-Low Extent 1- No Extent

	5	**4**	**3**	**2**	**1**
Number of employees					
Asset base					
Number of departments					
Output levels					

32. What factors do you consider when determining the size of your firm

i. ………………………………………………………………………………

ii. ………………………………………………………………………………

iii. ………………………………………………………………………………

iv. ………………………………………………………………………………

SECTION F: MANAGERIAL SKILLS

33. How do you rate your managerial skills in marketing of a business

Very good [ ]

Good [ ]

Average [ ]

Poor [ ]

Very poor [ ]

34. How have managerial skills in marketing influenced effectiveness of marketing strategies applied?

....

....

....

35. Please indicate the extent that the following aspects of managerial skills affect marketing effectiveness in your company

Where: 5- Very Great Extent 4-Great Extent 3-Moderate Extent

2-Low Extent 1- No Extent

	5	4	3	2	1
Communication skills					
Team management					
Negotiation skills					
Conflict resolution skills					
Leadership skills					

36. How did you acquire the marketing knowledge?

....

....

37. How do you market your products?

Through giving special offers and discounts to our customers [ ]

Through giving free samples [ ]

Through offering guarantee on damaged goods [ ]

Through advertisements and media [ ]

Through decent and standardized packaging [ ]

Through manufacturing quality products [ ]

Through ensuring that our products /services are KEBS Certified [ ]

Others (specify all strategies used)

i. ………………………………………..

ii. ………………………………………..

iii. ………………………………………..

iv. ……………………………………….

v. ……………………………………….

38. How do you evaluate your marketing effectiveness?

....

....

....

....

....

SECTION C: MEASURES OF MARKETING EFFECTIVENESS

39. How has your business performed in the last three years.

Statements	**Greatly Improved**	**Improved**	**Constant**	**Decreasing**	**Greatly decreased**
Revenue [Return on Marketing Investment (ROMI)]					
Brand awareness					

Customer Growth (new customers)					
Growth in Sales volume					
Customer retention/loyalty has reduced					
Market share is steadily declining					
I use Upselling/cross selling to introduce new products (sales for new products/services)					

40. Provide justification for your answers in question 39 above

....

....

....

....

....

....

....

41. Which statement (s) in question 39 describes marketing practices in your enterprise and why?..

....

....

....

....

....

....

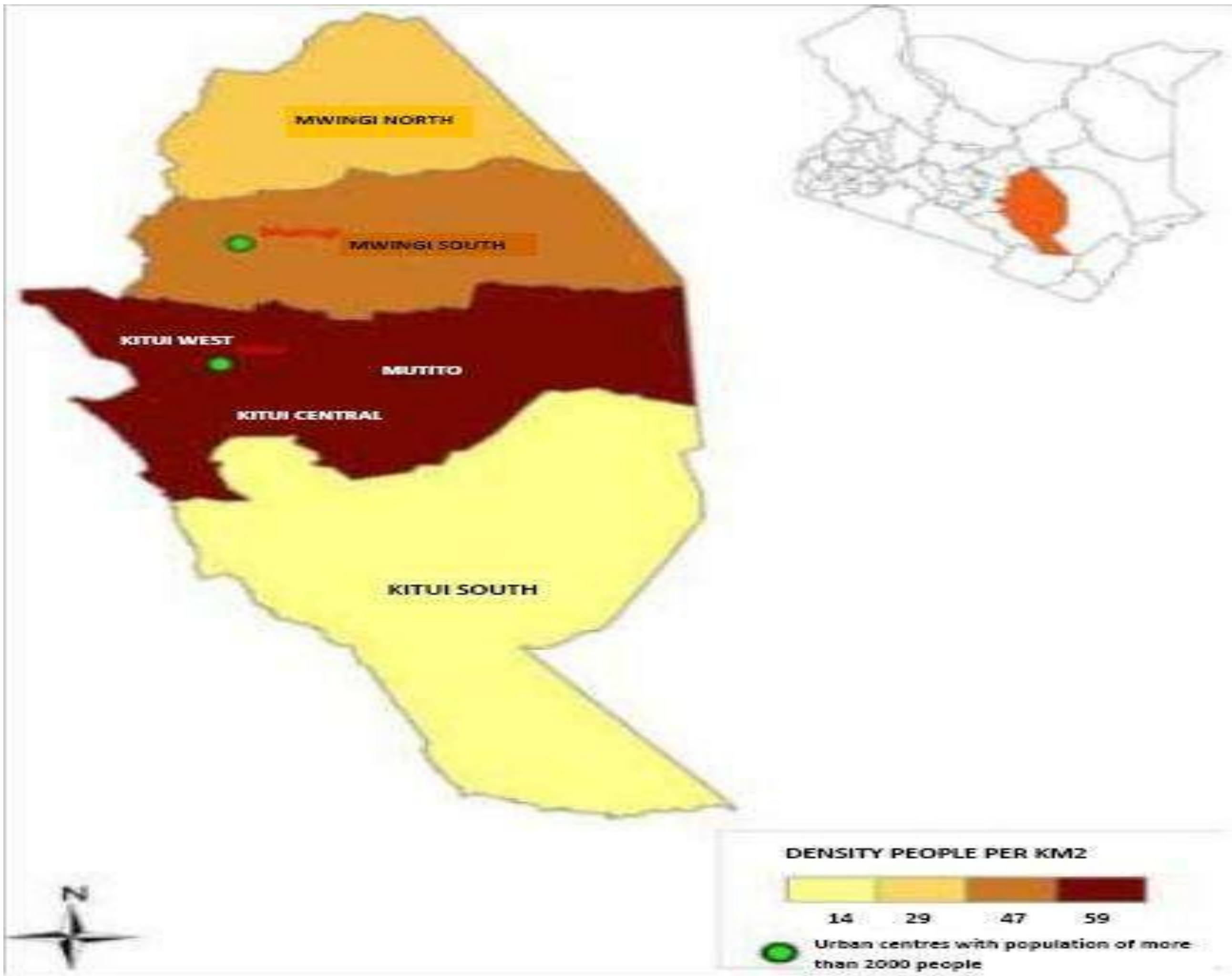
....

....

END OF QUESTIONNAIRE

Thank you for taking your time to fill it.

Appendix II: Map of Kitui County



Source: www.kenyampya.com

Appendix III: Letter of introduction

<u>REF: REQUEST FOR RESEARCH DATA</u>

I am a PHD student at Kabarak University doing a research in Kitui County in Kenya to be used in evaluating the effects of firm level characteristics on marketing effectiveness and organizational performance. The data shall be used for academic purposes only and will be treated with strict confidence.

Your participation in facilitating the study is highly appreciated.

Thank you in advance

…………………………………

MWANGULU JOHNESTER ALI

PhD Candidate (Researcher)

Appendix IV: Research Authorization

NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471, 2241349, 310571, 2219420
Fax: +254-20-318245, 318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date:

6th July, 2015

NACOSTI/P/15/8303/6385

Johnester Ali Mwangulu
Kabarak University
Private Bag - 20157
KABARAK.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"The effects of firm level characteristics on the marketing effectiveness among micro and small enterprises in Kitui County – Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **Kitui County** for a period ending **31st August, 2016.**

You are advised to report to **the County Commissioner and the County Director of Education, Kitui County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

DR. M. K. RUGUTT, PhD, HSC.
DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Kitui County.

The County Director of Education
Kitui County.

National Commission for Science, Technology and Innovation is ISO 9001: 2008 Certified

THIS IS TO CERTIFY THAT:
MR. JOHNESTER ALI MWANGULU
of KABARAK UNIVERSITY, 7342-200
NAIROBI,has been permitted to conduct
research in *Kitui County*

on the topic: *THE EFFECTS OF FIRM LEVEL CHARACTERISTICS ON THE MARKETING EFFECTIVENESS AMONG MICRO AND SMALL ENTERPRISES IN KITUI COUNTY - KENYA*

for the period ending:
31st August,2016

Permit No : NACOSTI/P/15/8303/6385
Date Of Issue : 6th July,2015
Fee Recieved :Ksh 2,000

Applicant's Signature

Director General
National Commission for Scie
Technology & Innovatior

MINISTRY OF EDUCATION, SCIENCE & TECHNOLOGY
State Department for Education

Telegrams "EDUCATION" Kitui
Telephone: Kitui 22759
Fax :04444-22103
E-Mail : cde.kitui@gmai.com

When replying please quote;

REPUBLIC OF KENYA

COUNTY EDUCATION OFFICE
KITUI COUNTY
P.O BOX 1557-90200
KITUI

Ref. No: KTIC/ED/RES/22/100

Date.19/11/2015

Johnester Ali Mwangulu,
Kabarak University,
Private Bag – 20157
KABARAK

RE:RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ``**The effects of firm level characteristics on the marketing effectiveness among micro and small enterprises in Kitui County, Kenya'',** I am pleased to inform you that authority has been granted.

P.M.MAKITE
COUNTY DIRECTOR OF EDUCATION
KITUI COUNTY

THE PRESIDENCY
MINISTRY OF INTERIOR AND COORDINATION OF NATIONAL GOVERNMENT

E-mail; *cckitui@gmail.com*
When calling or telephoning please ask for
....
When replying please quote

OFFICE OF THE
COUNTY COMMISSIONER
KITUI COUNTY
P.O. BOX 1 - 90200
KITUI

Ref. K.C.603/1/35

19th November 2015

Deputy County Commissioner
KITUI CENTRAL

Deputy County Commissioner
MWINGI CENTRAL

Deputy County Commissioner
MUTOMO

RE: RESEARCH AUTHORIZATION: MR. JOHNESTER ALI MWANGULU

This is to inform you that the above named is a student at Karabak University. He has been granted authority to carry out a research on ***"The effects of firm level characteristics on the marketing effectiveness among micro and small enterprise in Kitui County".***

His focus will be Mwingi, Kitui and Mutomo towns.

Kindly accord him the necessary assistance.

B. M. KARANI
FOR: COUNTY COMMISSIONER
KITUI COUNTY

Appendix V: Sampled population

SAMPLED POPULATION

MANUFACTURING

1. Eldoret Flour Milling
2. Mwingi Honey Refinery
3. Lulu and Aqua safe Water Packaging
4. Kitui Fruit Processors
5. Liberty Bakery
6. Grit Millers
7. Chuluni Fruit Processing
8. Kitui Cotton Ginnery
9. Chapa Printers
10. Kyanika honey products
11. Kalundu handcrafts
12. Wikililye bricks
13. Mutie honey processors
14. Ikanga Handcrafts
15. Zombe honey products
16. Mwingi bakers
17. Mbitini handcrafts
18. Matinyani waters
19. Kitui development centre
20. Mutonguni juices
21. Wikwatyo wa kandie cassava
22. Tharaka weavers
23. Kitui floor mills
24. Mwingi honey
25. Mwingi fruit processors
26. Kyanika fruit processors
27. Chuluni fruits processing
28. Neema multi fruit
29. Kabati bakers
30. Mwingi cakes
31. Wikililye confectionaries

TRADE

1. Mutomo Hardware
2. Ikutha general
3. Salim traders
4. Mwavu General
5. Amaka Musa
6. Mbitini stores
7. Muthengi taita brothers
8. Kitui bondeni pharmacy
9. S. Sakhani
10. Katulani supermarket
11. Kathivo stores
12. Kabati mini mart
13. Tulia stores
14. Kabati service station
15. Juhudi stores
16. Daystar stores
17. Kakusyi services
18. Migwani mini mart
19. Kabati wholesalers
20. Mutembei stores
21. Ngovu wholesales
22. Mamba mini market
23. Zombe wholesalers
24. Konga stores
25. Salim stores
26. Muwongo general
27. Moses general
28. Rose and sons
29. Bidii supermarket
30. Itoloni general
31. South eastern stores
32. Ikanga superstores
33. Makeele services
34. Matinyani stores
35. Ngaange mini
36. Ngunze and sons
37. Mona general stores
38. Joy stores
39. Grace mini mart
40. Kyanika stores
41. Wonder Price Stores

42. Janeta F. Stores
43. Liban Retailers
44. Iseuri Shop
45. Bismilahi Stores
46. Promoters Shop
47. Mini Price Supermarket
48. Minders Wholesalers
49. Jirani Stores
50. Nzukiwi Wholesalers
51. Kivuvo Traders
52. Jamii Traders
53. Bidii Gen. Shop
54. Baraka Traders
55. Patrick Wambua Shop
56. Yuambua
57. Damas G. Shop
58. J. F. Stores
59. Kitui Supermarket
60. J. N. Stores
61. Kitui Happy Family
62. Jirani Supermarket
63. Tayabal Supermarket
64. Ikanga Wholesalers
65. Miambini Wholesalers
66. Mwenge Supermarket
67. John Superstores
68. Musyoka Family
69. Miambani Wholesalers
70. Vision Supermarket
71. Bajaber Limited
72. Smakan Supermarket
73. F. K. Stores
74. Mama Dave Shop
75. Akili ni Mali Shop
76. Abdalla Ahmed Wholesalers
77. Hassann Stores
78. Kathuma Stores
79. Kauwi Wholesalers
80. Sungies Supermarket
81. Mutito Wholesalers
82. Variety Shop
83. Your Choice Shop
84. Mbuna Stores
85. Mini Price Shop
86. J. N. Kamuti
87. Usia Wholesalers

88. Mutomo Wholesalers
89. Pendo Stores
90. Corner Supermarket
91. Mini Mart Supermarket
92. Jambo Stores
93. Mzalendo Wholesalers
94. Jamii Stores
95. Sisi kwa Sisi Supermarket
96. Mbitini Wholesalers
97. Okay Traders
98. Mumbu traders
99. Usiani wa ndei
100. Kwitu stores
101. Kithendu traders
102. Kwa nyota
103. Jonjos traders
104. Mulutu stores
105. Katulani wholesalers
106. Mwakini general traders
107. J & G traders
108. Nzambani wholesalers
109. Mikutini sales
110. Mutonga traders
111. Uvaini wholesalers
112. Nzeluni wholesale trade
113. Kavisuni wholesale limited
114. Oasis traders
115. Kavalulya enterprises
116. Mutuni traders
117. Mutia sales
118. Ngondi Traders
119. Zombe mini mart
120. Carol sales
121. Mwanyani wholesalers
122. Sun set stores
123. Grace beauty services
124. Thome cosmetics
125. Mumbu hardware stores
126. Kanyaa traders
127. Thokoa wholesalers
128. Mwenze sales
129. Mwongela and Sons
130. Tyaa traders
131. Usueni stores

SERVICE SECTOR

1. Jubilee college
2. Kitui resort
3. Kiusyani Fosa
4. Nakam Sacco
5. Museele financial services
6. Kitui Sacco
7. Universal sacco
8. Kitui service station
9. Mwingi Cottages
10. Edu step
11. Pinnacle guest house
12. Falish guest house
13. Free resort
14. Sunshine restaurant
15. Paris restaurant
16. M &M hotel
17. Kiembeni county club
18. Igloos resort
19. Elim Christian G. house
20. Signal
21. Mini hotel
22. Kitui resort hotel
23. Ideal place hotel
24. Msafiri plaza hotel
25. Kitui htel
26. Benjo sacco
27. Katulani sacco
28. Umowa sacco
29. Kilembwa sacco
30. Kinatwa sacco
31. Mwingi sacco
32. Migwani sacco
33. Mwalimu sacco
34. Thika medical services- mwingi
36. Maisha resort
37. Nina sacco
38. Shell station mwingi
39. Mwingi nursing home
40. Kabati pharmacy
41. Musoni
42. Comfort hotel
43. Garrisa sacco
44. Makuti park

FARMING

1. Mueke Greens services
2. Kalivu chickens
3. Yatta farm
4. Kabati growers
5. Katulu Trees
6. Smart farm
7. Kavalula forest service
8. Kawongo Farmers
9. Mutuni melons
10. Kwa-vonza breeders
11. Maliku green service
12. B2 Yatta ranch
13. GASP
14. Seku farm
15. Sosoma ranch
16. Nziu ranch
17. Kitui aloe vera
18. Lower yatta forest service association
19. Kitumbi bee keepers
20. Kitui Orchards
21. Kalundu breeds
22. Mbitini women group
23. Wikililye youth group
24. Lower yatta nursery
25. Mutomo chicks
26. Kitui rabbits
27. Ithiani goat project
28. Kisasi breeders
29. Muthale nursery
30. Ikutha green house
31. Kithumula nurseries
32. Katothya mango growers
33. Mwitasyano tree seedlings
34. Tulia trees
35. Kwa siku women group

LIST OF PUBLICATIONS AND CONFERENCE PAPERS

1. **Publication:** "Effects of human resources on Marketing effectiveness among small and micro enterprises in Kitui County" Published in International Journal of Multidisciplinary research Academy. Vol. 5 Issue 3. May 2015

2. **Publication:** "The effects of firm size on the marketing effectiveness among small and micro enterprises in Kitui County'' published in the International Journal of Humanities and Social Sciences, Vol 4, Issue II, Feb 2016. **URL: http://www.theijhss.com**

3. **Publication:** A study to assess the influence of citizen participation on decentralized service delivery. A case study of Kipipiri Constituency; Nyandarua County- Kenya. Published in International Journal of Social Sciences Management and Entrepreneurship. Vol 1 (2): 85-105. Aug 2014.

4. **Publication**: "Factors influencing marketing of alcoholic beverages in Kenya, A case study of East Breweries limited" published in European Journal of Business and Social Sciences, Vol. 3, No 2, pp 122-153. URL: http://www.ejbss.com/recent.aspx

5. **Paper Presentation:** The effects of financial resources on the marketing effectiveness among small and medium enterprises in Kitui county – 5th International Conference on research and innovation-Kabarak university 14th -17th July 2015.

6. **Paper Presentation**: Factors influencing internationalization of small and medium sized enterprises (SMEs) in Kenya – Research paper on the 5th International conference on industry and higher education. Management University of Africa, sub-theme "Globalization of management; Internationalization of African business" 15th to 17th October 2014.