EFFECT OF ENTREPRENEURIAL MARKETING ON THE PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) IN KENYA

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ABSTRACT

Background of the Study: Micro, small and medium enterprises (MSMEs) play crucial roles in the economic well-being of a nation. In Kenya, MSMEs are estimated to be employing 14.9 million people and contributing 33.8% of the national GDP. Despite their importance, the MSMEs in Kenya continue to suffer slow growth and performance. This has partly been attributed to lack of/ ineffective marketing practices with statistics estimating that among the licensed firms, micro (58.3%), small (35.6%) and medium (33.5%) sized establishments in Kenya do not market or advertise their products/services.

Purpose of the Study: The purpose of this study was to examine the effect of entrepreneurial marketing on the performance of MSMEs in Kenya. Specifically, the study examined the effect of digital marketing, relationship marketing, pricing strategy and product/service innovation on the performance of MSMEs in Kenya.

Methodology: It was guided by positivism research philosophy. It utilized a descriptive survey design. The study population included 8,526 licensed MSMEs in Tharaka-Nithi County in the year 2017. Stratified sampling and random sampling techniques were employed to arrive at the study sample size of 368 MSME owners/managers. Data was collected using questionnaires through hand and delivery procedure. Quantitative data was analyzed using both the descriptive statistics and inferential statistics. Qualitative data was analyzed through content analysis.

Results and findings: The results of the study showed that use of digital marketing techniques such as mobile phone, Internet and social media platforms among the MSMEs increased their performance. Relationship marketing through timely customer feedback, customer orientation and involvement and promotion of accountability and reliability enhanced the MSMEs performance. The study also established a strong correlation between pricing strategy and performance of MSMEs. Marketing by embracing products/services innovation was also found to have a

significant effect on the performance of MSMEs. The results also showed that the joint effect of the studied variables was higher than their individual effects. Further, from the findings of the study, it came out clearly that other factors such as cost of internet and county levies and regulations were negatively affecting the marketing effectiveness of the MSMEs.

Conclusions and recommendations: The study concluded that MSME owners/managers need to embrace innovative and digital based marketing practices to achieve a competitive edge in the market. They also should look into building relational exchanges with their customers through relationship marketing for long term success. Moreover, they should in addition entrench effective pricing strategies in order to remain competitive and sustainable. They also need to continuously come up with more innovative products/ services if they are to report better performance. The study recommends that the MSME owners and managers should focus on innovative marketing strategies of digital marketing, relationship marketing, and effective pricing strategies and continuously innovate in their products/services offerings. It is also recommended that the MSME owners/managers should strive to use all the studied variables together since their joint effect on performance is higher. The study further recommends that the government should prioritize support for MSMEs to buttress their marketing functions through reduction of the chargeable tariffs, levies and licenses and installation of relevant Internet infrastructure and capacity building so as to enhance their performance.

Keywords: *Entrepreneurial Marketing, digital marketing, relationship marketing, pricing strategy, product/service innovation, MSMEs, Tharaka-Nithi county & Kenya.*

1.1 INTRODUCTION

Micro, small and medium enterprises (MSMEs) play seminal roles in the economic well-being of a nation. They create diversified sources of national income, improves a nation's competitiveness and promotes economic development leading to flexibility and resilience of economies. Additionally, MSMEs play a pivotal role of improving social sectors through stimulating large scale employment, development of indigenous skills and technology, promoting entrepreneurship and innovativeness and building an industrial base at different scales (Dzisi & Ofosu, 2014; KNBS, 2016; Miles, Lehman & Fillis, 2017).

Globally, their catalytic roles have been demonstrated in many countries as the biggest contributors to the gross domestic product. In countries like Japan and China, 60% of GDP comes from small and medium enterprises (SMEs). In the USA, that percentage goes up to 65%. In UAE, SMEs generates 52% of GDP. In countries with a lower income per capita, SMEs have a higher impact on the employment level of about 78% compared to countries with a larger income where the percentage goes down to 59% (The Steering group, 2019).

Regionally, SMEs are estimated to comprise over 90% of African business operations and contributing to over 50% of African employment and GDP. In Ghana for instance, the sector accounts for about 70% of industrial employment and well over 50% of the country's GDP. In Nigeria, the importance and performance contributions of Small and medium scale business as a creator of employment is widely recognized. In 2002, 98% of all businesses in the manufacturing sector were SMEs, providing 76% of the workforce and 48% of all industrial output in terms of

value added. In South Africa, SMEs are estimated to contribute 56% of private sector employment and 36% of GDP (Ussif & Salifu, 2020).

In Kenya, this sector is currently estimated to be employing 14.9 million people. The value of the MSME's output is estimated at Kenya shillings (Kshs) 3,369.1 billion against a national output of Kshs 9,971.4 billion representing a contribution of 33.8% to GDP in 2015. In regard to gross value added, the MSMEs are estimated to have contributed Kshs 1,613.0 billion compared to Kshs 5,668.2 billion for the whole economy (KNBS, 2016). Additionally, the MSME sector is not only a provider of goods and services but also a driver in promoting competition and innovation while enhancing the enterprise culture which is vital for economic development, industrialization and modernization (RoK, 2019). Thus, the MSMEs form the foundation of a strong national industrial base and a domestic production structure that are central to the Kenyan government's vision of achieving a newly industrialized status by the year 2030.

The Kenyan Micro and Small Enterprises Act (2012) defines a micro enterprise as a firm engaging in trade, service, industry or a business activity whose annual turnover does not exceed five hundred thousand shillings and employing less than ten people and small enterprises as those with annual turnover of between five hundred and five million shillings employing between 10 and 50 people. *Sessional Paper No. 2* (RoK, 2005), defined a micro enterprise as a firm with 1-9 employees, a small enterprise 10-49 employees, a medium enterprise 50-99 employees and a large enterprise above 99 employees. This definition was conceptualized for this study. This was to allow for ease of alienation of the target population.

Despite their fundamental roles, MSMEs continue to suffer the setbacks of slowed growth and performance, with an estimated 70% folding up by the third year of operation (WB, 2015). In Kenya, the 2016 micro, small and medium enterprise survey indicated that a total of 2.2 million establishments closed shop in the last five years (KNBS, 2016). Previous studies attributed the poor performance of MSMEs to competition, rapid technological changes, market liberalization, poor infrastructure, defeatist attitudes, poor access to markets and capital. Importantly, the KNBS (2016) survey revealed that MSMEs in Kenya lack or practice ineffective marketing practices with the survey report analysis showing that among the licensed businesses, micro (58.3%), small (35.6%) and medium (33.5%), sized establishments do not market or advertise their products/services.

Marketing, and specifically entrepreneurial marketing (EM) plays a fundamental role towards the superior performance and survival of MSMEs. Entrepreneurial Marketing (EM) has been acknowledged before as the efficient and innovative approach to markets by MSMEs in order to enhance and sustain superior performance in challenging market settings. Previous studies relate high growth and performance of a firm to its entrepreneurial marketing endeavors (Nwankwo & Kanyangale, 2020).

1.2 STATEMENT OF THE PROBLEM

The contributions of micro, small and medium-size enterprises (MSMEs) in the economic development of both developed and developing nations have always been acknowledged (Ussif & Salifu, 2020). However, despite their socio-economic significance, and the numerous past policy initiatives introduced by different governments across the world to accelerate the growth and survival of MSMEs, the sector continues to face constraints that limit their performance and survival. In Kenya, it is estimated that a total of 2.2 million MSMEs were closed between the years 2012 to 2016 (KNBS, 2016).

One of the key constraint attributable to the poor performance of MSMEs is poor marketing strategies. In Kenya, the MSMEs lack or deploy ineffective marketing practices with previous data estimating that among the licensed firms, micro (58.3%), small (35.6%) and medium (33.5%) sized establishments do not market or advertise their products/services (KNBS, 2016). According to Nwankwo and Kanyangale (2020), MSMEs can only effectively deliver on their fundamental roles when the formulation and application of appropriate entrepreneurial marketing practices are put in place to exert a positive effect on performance.

Therefore, the need for an understanding of entrepreneurial marketing approaches and their applicability to entrepreneurial firms for enhanced performance has gradually become an issue of pivotal concern to many scholars and entrepreneurs. However, the lack of adequate attention to practice-based entrepreneurial marketing approaches has reduced competitive edge and hence the performance of micro, small and medium-sized enterprises. Previous studies such as Kesinro, Ogunlusi and Adu (2016) looked at entrepreneurial marketing from an entrepreneurial orientation perspective ignoring the actual forms of marketing adopted by small firms. Other studies such as Kimathi, Mukulu and Odhiambo (2019) and Forkuoh, Osei, Shao, and Ansah (2016) focused on specific industries and therefore the results could not be generalized to all the sectors. A study by Janet and Ngugi (2014) examined the influence of EM on the growth of SMEs in Kiambu CBD, ignoring the fact that a majority of the Kenya population live in the rural areas, and in effect the MSMEs. From the foregoing, it can be seen that previous studies linking the effect entrepreneurial marketing on the performance of micro, small and medium enterprises in Kenya are limited. This study aimed to fill this missing knowledge gap by examining the effect of entrepreneurial marketing on the performance of micro, small and medium enterprises in Kenya.

1.3 OBJECTIVE OF THE STUDY

  i.   To examine the effect of digital marketing on the performance of MSMEs in Kenya.
  ii. To examine the effect of relationship marketing on the performance of MSMEs in Kenya.
  iii. To determine the effect of pricing strategy on the performance of MSMEs in Kenya.
  iv. To ascertain the effect of product/service innovation on the performance of MSMEs in Kenya.

1.4 Research Hypotheses

H$_{a1}$: Digital marketing has a significant positive effect on performance of MSMEs in Kenya.

H$_{a2}$: Relationship marketing has a significant positive effect on the performance of MSME in Kenya.

H$_{a3}$: Pricing strategy has a significant positive effect on the performance MSMEs in Kenya.

H$_{a4}$: Product /service innovation has a significant and positive effect on the performance of MSMEs in Kenya.

2.1 THEORETICAL REVIEW

This study was guided by the dynamic capabilities theory, first articulated by Teece, Pisano, and Shuen (1997). It relates to how business organizations adapt and create heterogeneous resource positions in dynamic environments. According to the authors, current economies present more challenges than ever to efficient and effective management due to hypercompetitive environments characterized by major discrete environmental shifts in competitive, technological, social, and regulatory domains. Failure to address these major environmental changes can negatively affect firm's performance (Kiveu & Ofafa, 2014).

Teece et al. (1997) proposed the dynamic capabilities approach as an extension of the resource based view (RBV) of the firm by Barney (1986; 1991). While the RBV tends to explain the conditions under which firms may achieve a sustained competitive advantage based on their bundles of resources and capabilities, it is however considered to be essentially static in nature and thus inadequate in explaining firms' competitive advantage in rapidly changing environments. As a result, Teece et al. (1997) proposed the dynamic capabilities theory to fill that gap.
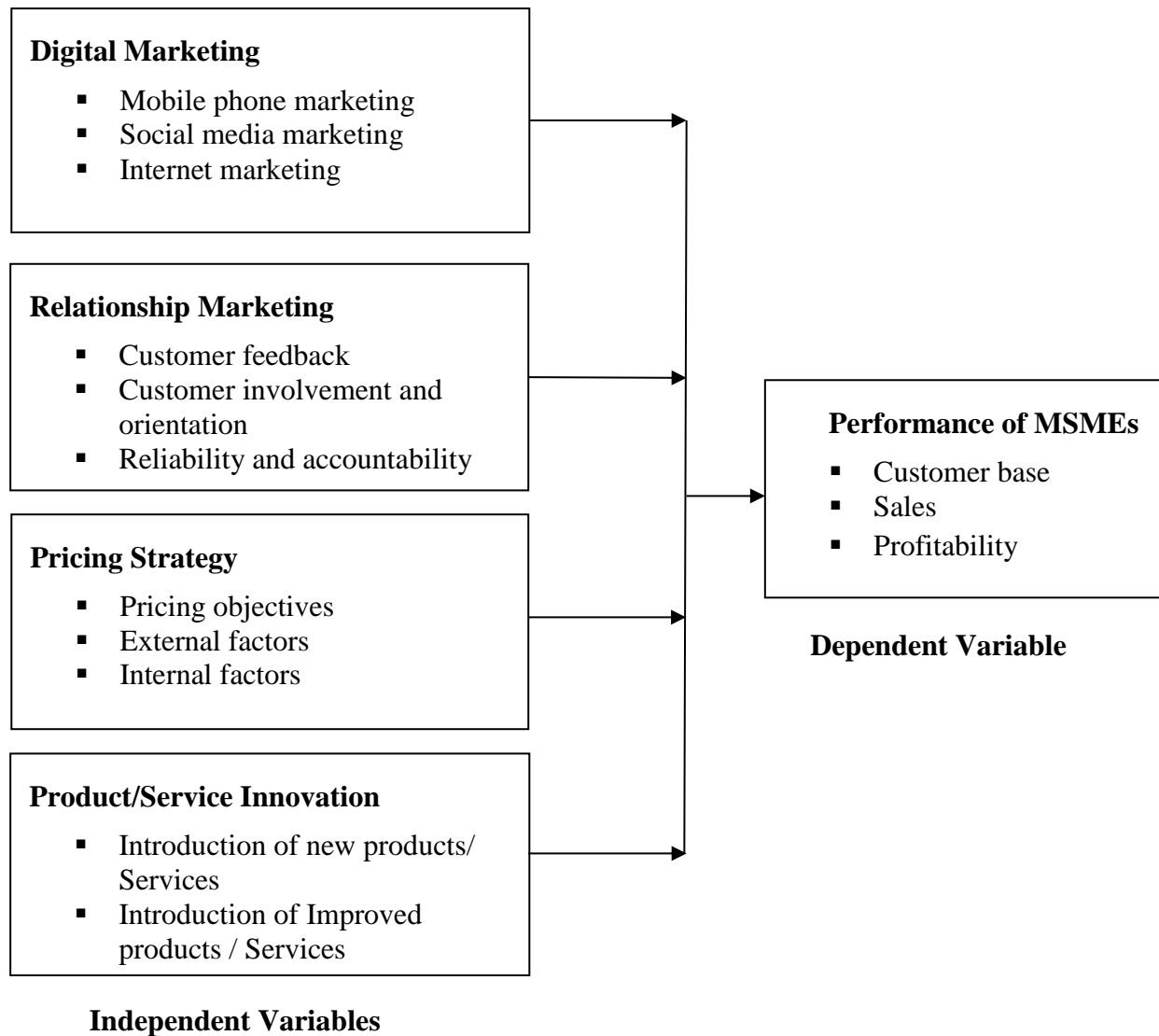
They categorized the nature of the concept as being ability (capacity), thus suggested a special kind of capability. Second, they specified the desired end (the role) of this special capability as being to integrate, build, and reconfigure internal and external competences. Third, they focused on a particular type of external context, namely, rapidly changing environments. This was a natural consequence of their view of dynamic capabilities as an extension of the RBV toward regimes of rapid change, for which they undertook a more entrepreneurial perspective. Fourth, they assumed that dynamic capabilities are typically built rather than bought and that their creation and their evolution are embedded in organizational processes that are shaped by firms' asset positions and the evolutionary paths they have adopted in the past. Fifth, they emphasized that dynamic capabilities are heterogeneous across firms and finally, their approach explicitly stated sustained competitive advantage as a direct outcome of dynamic capabilities (Galvin, Rice & Liao, 2014).

Thus, according to Teece (2007), dynamic capabilities can be disaggregated into the capacity to establish, develop and exploit three distinct capabilities necessary to maintaining a competitive advantage in high velocity business environments. These include the ability (a) to sense and shape opportunities and threats, (b) to seize opportunities, and (c) to maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise's intangible and tangible assets.

Therefore, the dynamic capabilities theory articulates the current business operating environment characterized by hyper-competition. Such an environment rarely provides an equilibrium. This demands for continuous customer engagement as co-creators and development of key capabilities that contribute to a continuous superior performance (Makkonen, Pohjola, Olkkonen& Koponen, 2020). Thus, this theory anchored this study by providing a deeper understanding of the entrepreneurial marketing concept as shaped by the hyper competitive environments and the need to pursue competitive advantage over other business rivals. It also anchored entrepreneurial marketing as a resource that contributes to competitive advantage in the market.

2.2 CONCEPTUAL FRAMEWORK

A conceptual framework is a diagrammatical representation depicting the relationship between dependent variable and independent variables of a study. Mugenda and Mugenda (2003) defined conceptual framework as a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study. In this study, the conceptual framework was used to show the effect of the independent variables of digital marketing, relationship marketing, pricing strategy and product/service innovation on the performance of MSMEs in Kenya as illustrated in Figure 1.

Digital Marketing

- Mobile phone marketing
- Social media marketing
- Internet marketing

Relationship Marketing

- Customer feedback
- Customer involvement and orientation
- Reliability and accountability

Pricing Strategy

- Pricing objectives
- External factors
- Internal factors

Product/Service Innovation

- Introduction of new products/ Services
- Introduction of Improved products / Services

Independent Variables

Performance of MSMEs

- Customer base
- Sales
- Profitability

Dependent Variable

Figure 1: Conceptual Framework

2.3 EMPIRICAL REVIEW

Kesinro *et al*. (2016) carried out a study on the entrepreneurial marketing and SMEs performance in Lagos State, Nigeria. The findings of this study revealed that there was significant relationship between entrepreneurial marketing and organizational performance of SMEs. Hacioglu *et al*. (2012) studied the effect of entrepreneurial marketing on firm's innovative performance in Turkish SMEs. The study found out that proactiveness, innovativeness, customer intensity, resource leveraging dimensions of entrepreneurial marketing were positively related with innovative performance of SMEs in Turkey. The study employed a representative sample of 560 SMEs.

Phua *et al.* (2014) carried out a study titled: The performance of entrepreneurial ventures-Examining the role of marketing practices in United Kingdom. The results demonstrated that some practices generally associated with marketing such as selective distribution, market segmentation and advertising have limited impact on performance of new ventures. In contrast, other practices such as product/service innovation, market research and service quality and functionality do help to establish competitive advantage in dynamic markets. The results suggest that marketing practices associated with entrepreneurial behaviour drive new venture success. The study adopted a longitudinal approach among new ventures.

Franco *et al.* (2014) carried out an exploratory study of entrepreneurial marketing in SMEs: The role of the founder-entrepreneur in Portugal. The empirical evidence obtained shows that the importance of entrepreneurial marketing is recognized though differs considerably according to firm size. Amongst the SMEs studied, marketing is informal and reactive to market opportunities and the founder-entrepreneur has an influence on the decision-making process. The introduction of the role of the founder entrepreneur in this study makes its findings significant. This is because the entrepreneur is at core of the adoption and utilization of entrepreneurial marketing for the enhanced performance of their firms.

3.1 METHODOLOGY

The study was guided by positivism research philosophy. It utilized a descriptive survey design. The study population included 8,526 licensed MSMEs in Tharaka-Nithi in the year 2017. Stratified sampling and random sampling techniques were employed to arrive at the study sample size of 368 MSME owners/managers as presented in Table 1. The sample size was adopted from Krejcie and Morgan (1970) sample size table developed using the sample size formula for a finite population;

$S = \chi2\ NP\ (1−P) ÷ d\ 2\ (N −1) + \chi2P\ (1−P)$.

S = required sample size,

N = the population size.

$\chi2$= the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841). P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

Table 1: Sampling Table

Sub-Sector	Population	Sample Size
Agricultural Activity	102	4
Wholesale/Retail trade	3401	147
Restaurants/Hotels	1612	70
Service	2132	92
Education/Training	426	18
Craft	853	37
Total	**8526**	**368**

Data was collected using questionnaires through hand and delivery procedure. To ensure reliability of the study, a pilot study was carried with 37 questionnaires followed by the computation of the Chronbach's alpha coefficient for each of the variables. The proposed pilot test falls within the rule of thumb as proposed by Mugenda and Mugenda (2003) that 10% of the sample should constitute the pilot test. For content validity, the researcher solicited for expert opinion from the university supervisors, peers and professionals in the industry.

3.2 Data processing and analysis

For completeness and consistency, the collected data was processed via editing and coding before analysis. Qualitative data was analyzed using content analysis and interpreted through identification of main themes. Quantitative data was analyzed using both the descriptive and inferential statistics. The descriptive statistics included frequency distributions mean and measures of dispersion while the inferential statistics were t-test, multiple regression analysis, Karl-Pearson correlation coefficient and F-test.

3.3 Statistical Model and Hypothesis Testing

For majority of business and management studies, researchers are satisfied to estimate the population's characteristics to be within plus or minus 3% to 5% of its true values (Saunders *et al.*, 2012). Accordingly, for this study, the desired level of precision was +/– 5% and a confidence level of 95%. The decision level was, reject null hypothesis if P<0.05. Karl Person correlation coefficient was used to test the level and direction of correlation between the independent variables and dependent variable. A multiple regression analysis model was applied to determine the effect of entrepreneurial marketing (independent variable) on the performance of MSMEs (dependent variable) in Kenya. The choice of the multiple regression analysis model agreed with Gujarati and Porter (2010) and Malhotra and Dash (2012) that this technique is more robust to draw reasonable conclusions in causal relationships. The regression model was conceptualized as follows; -

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where: Y =MSMEs Performance

X_1 = Digital marketing

X_2 = Relationship Marketing

X_3 = Pricing Strategy

X_4=Product/Service innovation

β_0 = Constant

B_1- β_3 = Regression coefficients

ε = Regression error

4.1 FINDINGS AND DISCUSSIONS

Pearson's correlation coefficient was run to establish the overall strength and direction of the relationship between the dependent and the independent variables as shown in Table 2. From the results, a higher correlation was obtained for product/service innovation and performance (.701), followed by relationship marketing (.698), pricing strategy (.627) and digital marketing (.623) respectively. These correlations were also significant at sig 0.000 <α=0.05.

Table 2: Pearson's Correlations Analysis Results on Model

		Performance	Digital Marketing	Relationship Marketing	Pricing Strategy	Product/Service Innovation
Performance	Pearson Correlation	1	.623*	.698*	.627*	.701*
	Sig. (2-tailed)		.000	.000	.000	.000
	N	302	302	302	302	302
Digital Marketing	Pearson Correlation	.623*	1	.524*	.434*	.448*
	Sig. (2-tailed)	.000		.000	.000	.000
	N	302	302	302	302	302
Relationship Marketing	Pearson Correlation	.698*	.524*	1	.484*	.501*
	Sig. (2-tailed)	.000	.000		.000	.000
	N	302	302	302	302	302
Pricing Strategy	Pearson Correlation	.627*	.434*	.484*	1	.422*
	Sig. (2-tailed)	.000	.000	.000		.000
	N	302	302	302	302	302
Product/Service Innovation	Pearson Correlation	.701*	.448*	.501*	.422*	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	302	302	302	302	302

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

Additionally, the study results as presented Table 3 show a coefficient of determination (R-squared) of 0.632 revealing that entrepreneurial marketing strategies of digital

marketing, relationship marketing, pricing strategy and product/service innovation accounted for 63.2% of the variation in performance of micro, small and medium enterprises leaving 36.8% unexplained (error term). Since R^2 >50% but less than 70%, it can be concluded that there exists a moderately strong linear relationship between the dependent and the independent variable. The results further indicated a better relationship when the variables were used together as compared to their individual contributions.

Table 3: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795[a]	.632	.627	.63151819

a. Predictors: (Constant), Product/Service Innovation , Digital Marketing , Relationship Marketing , Pricing Strategy

Similarly, an ANOVA test was conducted to determine whether the model worked in explaining the relationship among variables as hypothesized in the conceptual model at 5% level of significance. The results as summarized in Table 4 showed a F value of 126.566 with a significance level of 0.000<0.05, thus confirming collective significant effect of the independent variables on the dependent variable. This implied that all the independent variables collectively contributed significantly to changes in the dependent variable. This confirmed that the model was overall fit for forecasting.

Table 4: ANOVA Regression Results on the Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	203.501	4	50.875	127.566	.000[b]
	Residual	118.448	297	.399		
	Total	321.949	301			

a. Dependent Variable: Performance

b. Predictors: (Constant), Product/Service Innovation , Digital Marketing , Relationship Marketing , Pricing Strategy

Multiple regression analysis was used to determine if the model as conceptualized was fit for forecasting. The results were as presented in Table 5.

Table 5: Regression Analysis Results on the Model

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	.179	.038		4.774	.000
	Digital Marketing	.272	.042	.277	6.407	.000
	Relationship Marketing	.285	.054	.286	5.274	.000
	Pricing Strategy	.123	.054	.125	2.285	.023
	Product/Service Innovation	.249	.056	.259	4.454	.000

a. Dependent Variable: Performance of MSMEs

From the results, the regression model was summarized as;

$$Y = 0.179 + 0.272 X_1 + 0.285 X_2 + 0.123 X_3 + 0.249 X_4$$

The results implied that an increase in digital marketing, relationship marketing, pricing strategy and product/service innovation by one unit increases performance by 0.272, 0.285, 0.123 and 0.249 units respectively other factors held constant. Further, each independent variable was individually significant in the model, at a p-value<0.05, hence the four independent variable model as conceptualized is fit for forecasting performance of MSMEs in Kenya.

4.2 Discussion of the Over Model

The overall objective of this study was to examine the effect of entrepreneurial marketing on the performance of MSMEs in Kenya. The hypothesis was that a business entity that adopts entrepreneurial marketing strategies of digital marketing, relationship marketing, pricing strategy and product/service innovation was likely to stay ahead of competition and achieve superior performance. The results of regression analysis showed that digital marketing, relationship marketing, pricing strategy and product/service innovation strategies combined had significant positive effect on performance of micro, small and medium enterprises in Kenya. The results were X1 (β = 0.272, p-value= 0.000), X2 (β = 0.285, p-value = 0.000), X3 (β 0.123, p-value= 0.023) and X4 (β=0.249, p-value=0.000) as shown in Table 5. The Pearson correlation coefficient analysis also gave results that showed a moderately strong to strong positive correlation for all the variables. The results therefore illuminated that entrepreneurial marketing has a positive effect on the performance of MSMEs in Kenya

These results of this study agree with past studies that sought to examine the effect of entrepreneurial marketing on firm performance. For example, Kesinro *et al.* (2016) carried out a study on the relationship of entrepreneurial marketing and SMEs performance in Lagos State, Nigeria. Their results revealed a significant relationship between entrepreneurial marketing and organizational performance of SMEs. Miles *et al.* (2017) also established a significant relationship between entrepreneurial marketing and products' offering. Further, while examining the role of marketing practices on the performance of entrepreneurial ventures in United Kingdom, Phua *et al.* (2014) established that practices such as product/service innovation, market research and

service quality and functionality do help to establish competitive advantage in dynamic markets. A study done in Kenya by Janet and Ngugi (2014) focusing on the influence of entrepreneurial marketing on growth of SMEs in Kiambu-CBD revealed that entrepreneurial marketing had significant positive influence on the performance of SMEs.

5.1 CONCLUSIONS

The study concluded practice based entrepreneurial marketing approaches od digital marketing, relationship marketing, pricing strategy and product/service innovation yields superior performance for MSMEs. Specifically, the digital marketing tools of mobile phones, Internet and social media sites play significant roles in attracting/reaching and retaining customers hence resulting to improved sales volumes and profitability. Further, the digital marketing tools also avail an easily accessible and cheap means through which entrepreneurs reach the targeted consumers as compared to other traditional and equally expensive approaches such as print media. Consequently, MSMEs targeting to achieve and sustain a competitive edge over their competitors for superior performance must endeavor to adopt and deploy digital technology in their marketing functions.

The study further concluded that adoption of relationship marketing yields better performance for MSMEs in Kenya. Therefore, cultivating a relational approach to marketing through intentional customer feedback, involvement and orientation and promoting reliability and accountability, culminates to enhanced customer loyalty so that mutually profitable and long-term relationships are developed and maintained with customers. Therefore, customer relationship oriented firms create, develop and maintain committed, interactive and profitable relationships with customers for superior performance gains.

On the effect of pricing strategy on performance of MSMEs in Kenya, the study concluded that effective pricing strategies culminates to enhanced performance. The study further concluded that a good pricing strategy should be anchored on an organizational wide evaluation of a firm's pricing objectives, consumers (target market), demand curve, competition, and other internal factors such as costs incurred as this is cardinal in establishing and sustaining a competitive edge over other co-players in the market, culminating to a better firm performance.

Based on the findings of this study, it can be concluded that product/service innovation significantly enhances performance of the MSMEs in Kenya. Thus, product/service innovation achieved through introduction of new/improved products/services and enhanced service quality presents an opportunity for entrepreneurial firms to gain traction through the temporary gains accruing from an innovation and a necessary continuous activity for long term entrepreneurial success.

5.2 RECOMMENDATIONS

This study recommends that owners/managers of MSMEs in Kenya should embrace digital marketing as a strategy towards improved performance. Embedded on the high mobile phone penetration and improved internet connectivity in Kenya, coupled with vibrant and easy to use social media platforms, entrepreneurs in Kenya should position such tools for marketing purposes.

The study also recommends that MSME owners' in Kenya should embrace relationship marketing as a strategy towards better firm performance. Initiatives such as timely customer feedback, customer involvement and orientation while enhancing firm's reliability and accountability towards the customers are sure to culminate to superior performance.

Thirdly, the study recommends that MSME owners and managers should have in place a pricing strategy if they are to achieve superior performance. In order to derive full benefits of the pricing strategy, it is recommended that pricing decisions should be made in cognizant of other firm wide factors that in return affect the expected outcomes of such decisions including competitors' prices, cost of production and other pricing objectives such as market penetration.

Further, the study recommends that MSME owners/ managers should be more proactive towards product/service innovations, pay attention to changes happening in the operating environment and adjust their competitive strategies appropriately to stay ahead of competition. The entrepreneurs are urged to proactively introduce new/improved products/services while enhancing service quality. Overall, the study recommends use of all the variables together for increased performance.

The study also recommends that regulatory agencies and the government both at the national and county level should prioritize support for MSMEs through development and implementation of policies that support the reduction of costs associated with entrepreneurial marketing practices. Such policies should look into reducing the chargeable tariffs, levies and licenses and installation of relevant Internet infrastructure. The government should also put in place programs for entrepreneurs training in the area of entrepreneurial marketing, as a focus for enhancing performance in these enterprises.

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