



INTERNATIONAL JOURNAL OF BUSINESS, SOCIAL SCIENCES & EDUCATION

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

DR. JOHNESTER ALI MWANGULU, Lecturer, Kiriri Women's University of Science and Technology,

DR. ROBERT OTUYA, Dean, School of Business, University of Eldoret,

Prof. Ronald Chepkilot, Associate Professor, Kabarak University

DR. JOEL KOIMA, HoD, Bio-Informatics and Computer Science, Kabarak University

CITATION: Mwangulu , J.A., Otuya, R., Chepkilot, R. & Koima, J (July 2016), Effects of firm level characteristics on marketing effectiveness among micro and small enterprises in Kitui County – Kenya. International Journal of Economics and Finance (IJEF), volume II (4), 238 - 264. ISSN 2105 6008.

ABSTRACT

Micro and Small Enterprises (Micro and Small Enterprises) play an important role in the Kenyan Economy. 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 based on Resource based view, Human capital theories, Dynamic capabilities view 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 towns where this research was undertaken. 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.

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

Background of the study

Micro and Small Enterprises (Micro and Small Enterprises) 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 3.7 million 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 Organization (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).

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). 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.

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 broad the Customer retention/loyalty of the business. For that reason, marketing is seen 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.

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 and Otuya, 2014) .

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.

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.

Specific Objectives

- i. To establish the influence of financial resources on marketing effectiveness among small and microenterprises 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

LITERATURE REVIEW

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.

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 calibre of management in practice which will dictate strategies undertaken to react to the environment.

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.

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.

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 on the state of affairs already existing in the field and no variable would be manipulated. This study therefore was able to generalize the findings to 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 Enterprises after the exit of the founders in Kenya.

The Study Population

This study was done in Kitui County and targeted 3,200 small and medium enterprises in Farming, Trade, Manufacturing and Service sectors. Data available at department of trade and industrialization in Kitui County (2013) indicate a total of 3,200 Micro and Small Enterprises licensed and operating in main sub-counties such as Kitui, Mutomo and Mwingi. Kitui County was chosen because of its diverse demographic pattern that could be generalized to many areas of the country. The study targeted the Micro and Small Enterprises across the socioeconomic strata, that is, ranging from those

in the urban areas to those in the rural areas so as to make it more representative of most Micro and Small Enterprises in Kitui County

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 whole population. Stratified random sampling technique was used for this study.

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 the primary data collection instrument. The questionnaire was designed to give a brief introduction and was divided into sections representing the various variables adopted for study. The questionnaire was self-administered through drop and pick method to the selected Micro and Small 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

Data Analysis

This study collected large amounts of data regarding effects of firm level characteristics on the marketing effectiveness among Micro and Small Enterprises Kitui County. Before processing the responses, data preparation was done on the completed questionnaires by editing, coding, entering and cleaning the data. Data collected was analyzed using inferential statistics. Hypothesis testing was done to establish the relationship of variables.

DATA ANALYSIS AND INTERPRETATIONS

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.

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).

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.

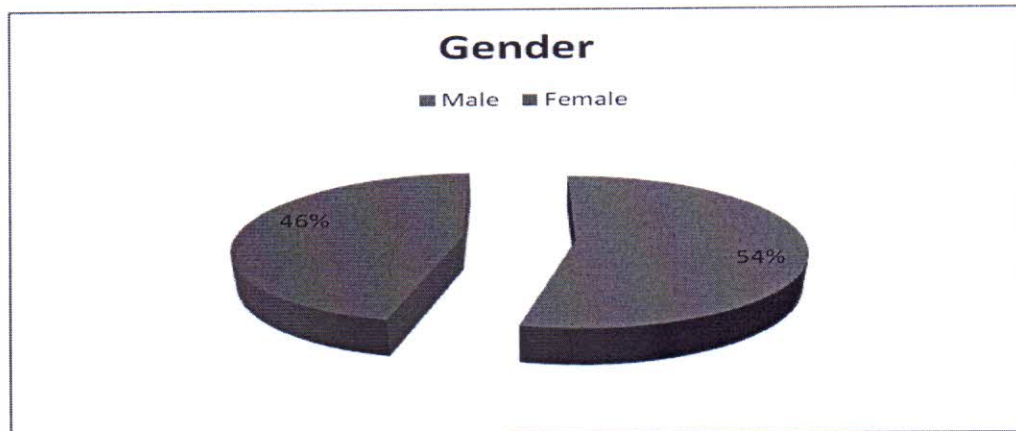


Figure 4.1: Gender Distribution

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.

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 4 and 9 years.

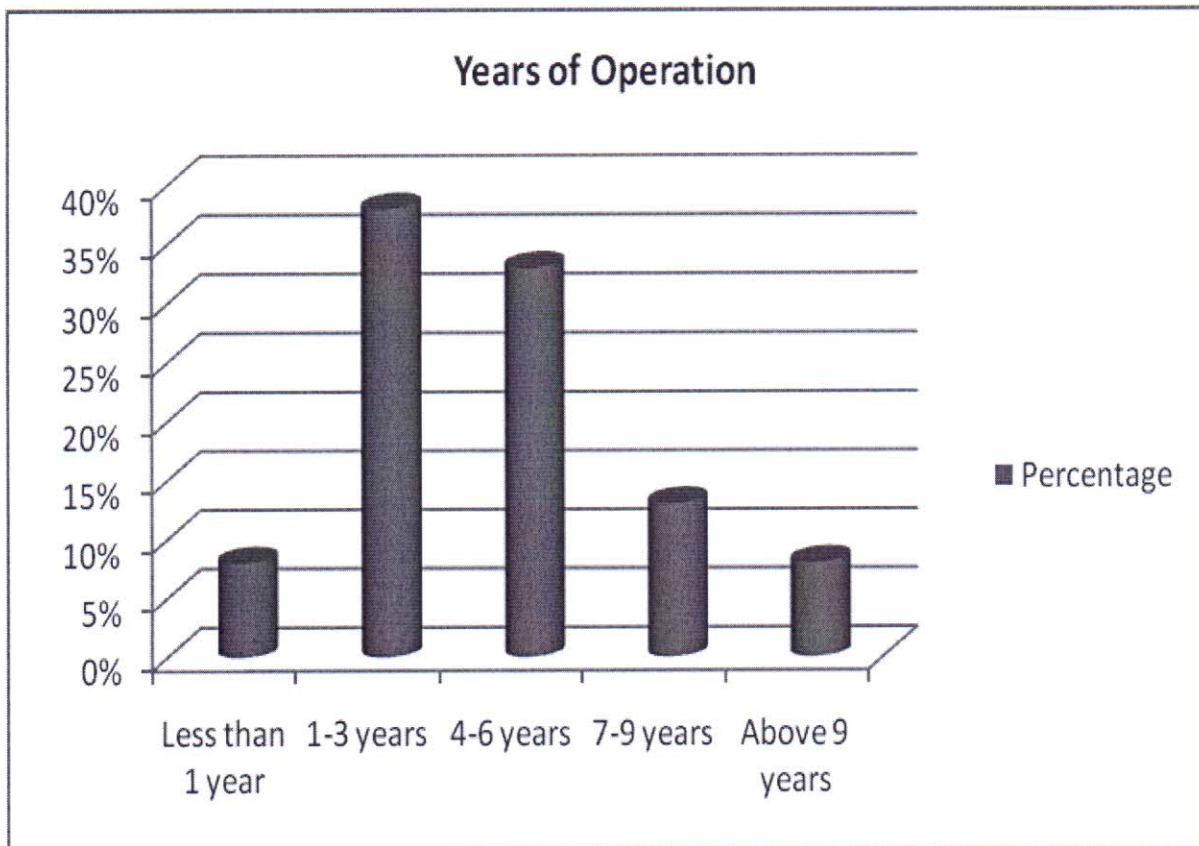
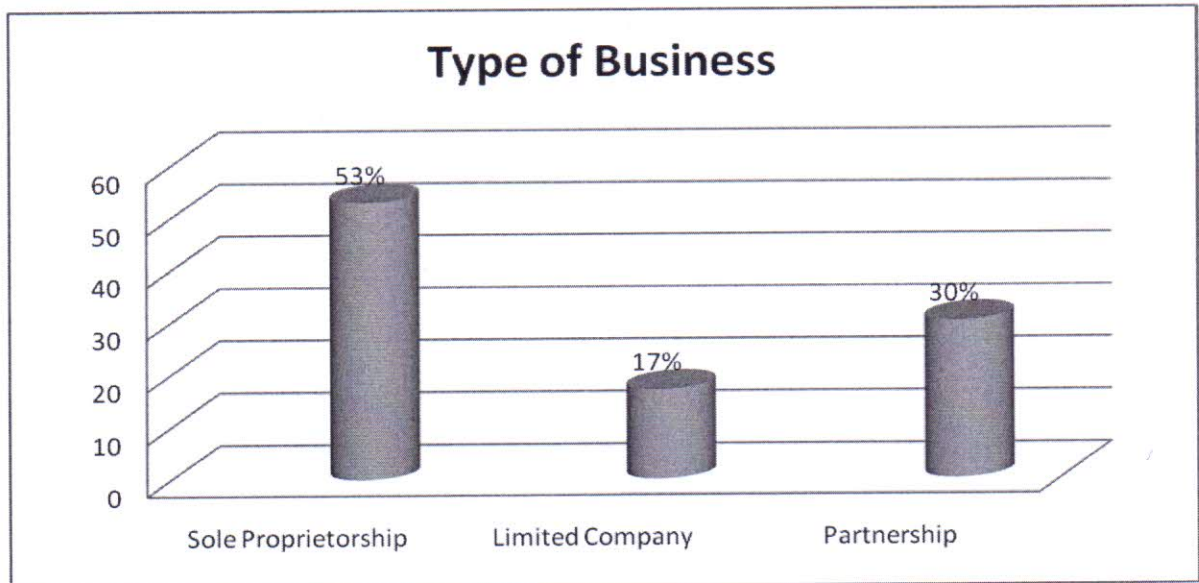


Figure 4.2: Years of Operation

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.

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.



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.

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.

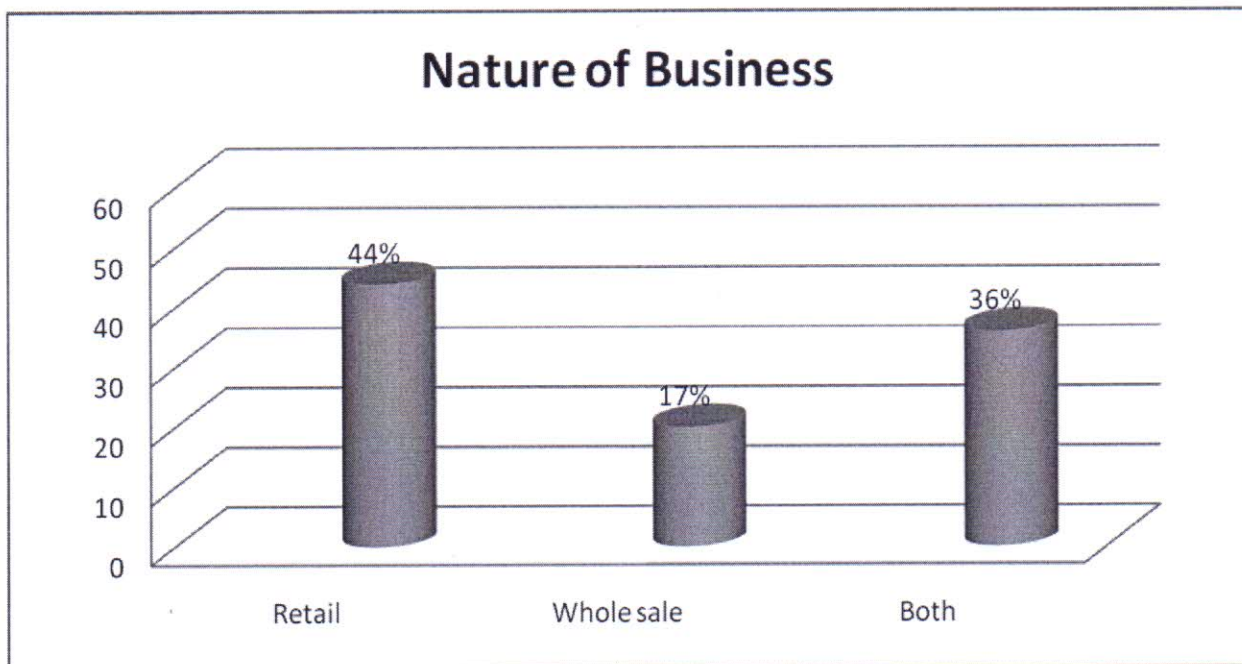


Figure 4.4: Nature of Trade

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

Table: 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%

Table: 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

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: 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

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: 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.

Influence of aspects of technology on 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: Influence of aspects of technology on marketing effectiveness

	Not at all %	Little extent %	Moderate extent %	Great extent %	Very great extent %	X²	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%.

Table: 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%.

Table: 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.

CONCLUSION

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.

RECOMMENDATIONS FOR FURTHER STUDY

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

REFERENCES

- Barney, J. and Clark, F. (2014). A Quantitative Content Analysis of the Characteristics of Rapid Growth Firms and their Founders. *Journal of Business Venturing*, 20(5).663-687.
- Barney, J. B. (2009). Strategic Factor Markets: Expectations, Luck, and Business Strategy. *Management Science*, 32(10).1231-1241.
- Carson, D. J. (2013).The Evolution of Marketing in Small Firms. *European Journal of Marketing*, 19(5).7-16.
- Carson, K. D., & Bedeian, A. G. (2013). Career commitment: construction of a measure and examination of its psychometric properties. *Journal of Vocational Behavior*, 44(3).237-262.
- Cooper, D. R. and Schindler, P. S. (2003).Business Research Methods.
- Creswell, J. W. (2003). Mixed Methods Research Designs in Counseling Psychology. *Journal of Counseling Psychology*, 52(2). 224.
- Cunningham, L. X. and Rowley, C. (2008). The Development of Chinese Small and Medium Enterprises and Human Resource Management: A review. *Asia Pacific Journal of Human Resources*, 46(3).353-379.
- Day, D. (1994). *Research Linkages Between Entrepreneurship and Strategic Management or General Management*, In the State of the Art of Entrepreneurship, D. Sexton & J. Kasarda (eds.), 117-163. Boston: PWS-Kent.
- Day, G.S., (1994). "The Capability of Market-Driven Organization". *Journal of Marketing*, 58, 37- 52.
- Dierickx, I. and Cool, K. (2009). Asset Stock Accumulation and the Sustainability of Marketing effectiveness: *Management Science*, 35(2). pp. 1504–1511.
- Eisenhardt, P. & martin, L. (2012).Continued Entrepreneurship: Ability, Need and Opportunity as Determinants of Small Firm Growth. *Journal of Business Venturing*, 6: 405-429.
- Ghemawat, P. (2011). A dynamic View of Strategy. *Sloan Management Review*, 40(3). 55-63.

- Gitau, G., & Otuya, R (2014). Determinants of internationalization of micro and small enterprises in Kenya. *International Journal of Social Sciences and Entrepreneurship*, 1 (12), 640-654.
- Hodgents, M. and Kuratko R. (2013). Strategic Windows in the Entrepreneurial Process. *Journal of Business Venturing*, 10(5). 331-347.
- Katwalo, A. M. (2006). An Overview of Competence Development in Micro and Small Enterprises. *International Journal of Strategic Change Management*, 1(1-2). 89-95.
- KIPPRA, (2014). *Legal and other Constraints on Access to Micro and Small Enterprise growth in Kenya: Survey Results: Special Report*. Nairobi: Kenya Institute for Public Policy Research and Analysis (KIPPRA).
- Koop, S., De Reu, T. and Frese, M. (2011). Entrepreneurial Orientation and Personal Initiative. *Success and failure of micro business owners in Africa: A psychological approach*, 55.
- Kraaijenbrink, S.A. Spender, M. and Groen, K (2010). The Relationship between distinctive Capabilities, Innovativeness, Strategy Types and the Performance of Small and Medium-Size Enterprises (Micro and Small Enterprises) of Malaysian manufacturing sector. *International Business and Economics Research Journal (IBER)*.8(11).
- Kraus, S., Harms, R. and Schwarz, E. (2008). Strategic Business Planning and Success in Small Firms. *International Journal of Entrepreneurship and Innovation Management*, 8(4).381 396.
- Kyaka, M. D. (2012). *The Impact of Microcredit on the Growth of Small and Micro Enterprises in Kitui District* (MBA dissertation).
- Man, M. M. K. (2014). The Relationship between Distinctive Capabilities, Innovativeness, Strategy Types and the Performance of Small and Medium-Size Enterprises (Micro and Small Enterprises) of Malaysian Manufacturing Sector. *International Business and Economics Research Journal (IBER)*.8(11).
- Mugenda, A. G. (2008). *Social Science Research: Theory and Principles*. Nairobi: Applied.
- Mugenda, O. M. (2011). *Research Methods: Quantitative and Qualitative Approaches*. African Centre for Technology Studies.
- Munyoki, J. M., & Mulwa, A. S. (2014). *Perceived Role of Marketing as a Determinant of Growth among Micro, Small and Medium Enterprises in Kenya: A study of Micro Small and Medium Enterprises in Mavoko, Machakos, County, Kenya*.
- Munyoki, J. M. (2015). Perception of marketing as a determinant of growth among micro, small and medium enterprises in Mavoko Municipality, Machakos, County, Kenya. Unpublished Thesis, University of Nairobi.

- Mwangulu, J.A (2014) . Factors influencing marketing of alcoholic beverages in Kenya. A case of East African Breweries Limited. *European Journal of Business and Social Science*, Vol. 3, No. 2, 122 -153.
- Ngugi, P. K. (2012). *Challenges Hindering Sustainability of Small and Medium Family Enterprises After the Exit of the Founders in Kenya* (Doctoral dissertation, Jomo Kenyatta University of Agriculture and Technology).
- Njanja, W. L., Ogutu, M., Pellisier, R. (2012). *The Effects of the External Environment on Internal Management Strategies within Micro, Small and Medium Enterprises; Kenyan Case*. Unpublished Thesis, University of Nairobi.
- Orodho, A. J. (2003). *Essentials of Educational and Social Science Research Methods*. Nairobi: Mazola Publishers.
- Peteraf, M. A. (2013). The Cornerstones of Marketing effectiveness: A Resource-Based View, *Strategic Management Journal*, 14(3). pp. 179–191.
- Rauch, A., Frese, M. and Sonnentag, S. (2012). Cultural Differences in Planning-Success Relationships: A comparison of small enterprises in Ireland, West Germany, and East Germany. *Journal of Small Business Management*, 38(4).28-41.
- Republic of Kenya, (2012). *Economic Survey*. Nairobi Kenya: Government Printers.
- Roos, G. Roos, J. and Edvinsson, L. (2012). *Intellectual Capital: Realizing Your Company's True Value by Finding Its Hidden Brainpower*.
- Rwigema, H. and Karungu, P. (2011). SMME Development in Johannesburg's Southern Metropolitan Local Council: an assessment on Micro and Small Enterprises. *Development Southern Africa*, 16(1).107-124.
- Sui, W. and Kirby, D. A. (2011). Approaches to Small Firm Marketing. *European Journal of Marketing*, 32(1/2). 40-60.
- Teece, D. J., Pisano, R. & Shuen, N. (2012). Dynamic Capabilities: Routines versus Entrepreneurial Action. *Journal of Management Studies*, 49(8), 1395-1401.
- Wernerfelt, B. (2010). The Use of Resources in Resource Acquisition. *Journal of Management*.
- World Bank, (2010). *World Economic Forum*.
- World Bank, (2012). *Kenya Investment Climate Asses Micro and Small Enterprise: Regional Program for Enterprise Development (RPED)*. Africa Finance and Private Sector.
- Zimmerer, T., Scarborough, N. and Wilson, D. (2008). *Essential of Entrepreneurship and Small Business Management*.