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**MARKETING AS A DETERMINANT OF GROWTH AMONG  
MICRO, SMALL AND MEDIUM ENTERPRISES IN MAVOKO  
MUNICIPALITY, MACHAKOS, COUNTY, KENYA**

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**MARKETING AS A DETERMINANT OF GROWTH AMONG MICRO, SMALL  
AND MEDIUM ENTERPRISES IN MAVOKO MUNICIPALITY, MACHAKOS,  
COUNTY, KENYA**

Justus M Munyoki, PhD<sup>1</sup>

**Abstract**

**This study sought to establish the determinants of growth among the micro, small and medium sector enterprises in Mavoko municipality, Machakos county, Kenya. Descriptive cross-sectional survey design was used with a semi structured questionnaire being the main data collection instrument. A convenient sample of 100 MSMes was used, in which 79 firms responded, giving a response rate of 79 %. Descriptive analysis, regression and correlation analysis were used to analyze the data. The study found that marketing practices do influence the growth of the enterprises. It was found that a number of marketing practices had significant influence on growth of the enterprises. Personal characteristics of the entrepreneur, such as age and educational level of the entrepreneur were found to significantly influence the growth of an enterprise.. Organizational characteristics such as financial ability and, Quality of employees were also found to have positive influence on growth of enterprise.**

**Key Words:** Micro sector enterprise, growth, marketing practices, Personal characteristics, Organizational characteristics

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## Introduction

The role of marketing as a determinant of enterprise growth has never been fully explained. Attempts have been made towards explaining how marketing relates with entrepreneurship. For Instance, Morris and Gordon (1987) examined the relationship between entrepreneurial and marketing orientations of a firm, and hypothesized that more entrepreneurial firms will also be more marketing oriented. They argued that both orientations represent strategic responses to the turbulent environments faced by firms today. There is a very strong believe today that marketing is the home for the entrepreneurial process. The definition of a micro-enterprise varies from country to country, but in all cases, it is usually on the basis of the persons employed. For instance, the Government of Kenya defines a micro enterprise as a firm, trade, service or a business activity that employs less than ten people, and whose annual turn over does not exceed Ksh 500,000 (GoK , 1992). Other countries like Australia use micro to mean 1-2, small ( 3-15) and medium (16-200) people, while Canada bases its definition on the type of industry, with 100 being the ceiling for small enterprises within the food manufacturing sector.

In addition to understanding the meaning of an enterprise, researchers are also concerned with enterprise growth, which is a key concept among all businesses and is sometimes used as an indicator of success. Organizations, regardless of their size and type, are concerned about growth, whether by profitability, market share, or just by number of employees. The micro small and medium Enterprises in Kenya have become a major employer and

contributors to the economic development of the country. It is estimated that the micro, small and medium enterprises contribute about 40% of total employment in Kenya, with 64% of the population in Kenya being engaged in the Micro and small enterprises. The sector contributes over 40% of the country's GDP and 82% of total employment (KNBS, 2013). This is a significant contribution, and county governments could benefit a lot by encouraging more people to join this sector. While the reasons for venturing into the MSME may seem obvious, it is not clear which of these reasons are the most common. It is also not clear what factors contribute to growth of such businesses.

Various theories have been advanced to explain what determines one's desire to venture into the SME business, but the role of marketing in entrepreneurship has not been given much attention. The theories include entrepreneurial Intention Model (Bird, 1988), Theory of planned behaviour ( Ajzeni and Fishbein, 1980) and the entrepreneurial event model ( Shapero and Sokol, 1982).

Marketing practices, personal and organizational characteristics are key in influencing the growth of enterprises , but the extent to which they influence growth is not clear. Mavoko municipality in Machakos County has several fast growing townships, among which is Athi River and Mlolongo. These are very cosmopolitan owing to their close proximity to the city of Nairobi. Mlolongo is approximately 20 Km from the Nairobi City Centre, while Athi River is about 25 Km from the city centre. A majority of residents in Athi River work in the city of Nairobi and the township is expanding at a very high rate,

due ~~thanks~~ to the many residential estates coming up around the town-, although there are no accurate figures on the number of SMEs in the county, there are over 100 Micro, Small and Medium Enterprises in Athi river town alone. Most of the businesses in this category are involved in general merchandise businesses, barber/salon businesses, butcheries and MPESA. A few supermarkets are also coming up in the area. A majority of the businesses are run as family businesses. This study therefore sought to determine the perceived role of marketing as a determinant of growth among the micro, small and medium enterprises in Mavoko Municipality, Machakos county, Kenya.

This study had three objectives, namely;

- i. To determine the influence of marketing practices on the growth of MSMEs in Mavoko Municipality, Machakos county, Kenya,
- ii. To establish the influence of personal characteristics of the entrepreneur on the growth of MSMEs in Mavoko municipality, Machakos county, Kenya,
- iii. To establish the influence of organizational characteristics on the growth of MSMEs in Mavoko municipality, Machakos county, Kenya,

### **Theoretical Review**

Numerous studies have been done over the years to try and explain the various dimensions of entrepreneurial behaviour. Some studies have focused on psychological characteristics of an entrepreneur, and assert that the desire to take risk were all inherent in the individual ( Birley, 1989). Others have shifted focus to entrepreneurial competency, which

recognizes that behavioural, psychological, demographic as well as entrepreneurial competency is key determinants of performance (Man, et al, 2002, Mungai, 2013). This is the area that has been very broadly studied. The theory of planned behavior has been advanced to explain the differences between males and females venturing into entrepreneurship. The theory has its roots in social psychology , which asserts that behaviour is planned and often preceded by intentions toward that behaviour (Ajzen and Fishbein, 1980). Gender is widely accepted as an important socio economic factor related to venture success ( Ahl, 2006) , hence the growing need to study gender in entrepreneurial studies. Earlier, Matthews and Moser (1996) were able to show that the influence of gender on interest in business ownership

Shapero and Sokol, (1982) came up with the entrepreneurship event model which asserts that one's perception of desirability and feasibility determines his/her response to an external event. These perceptions are derived from cultural and social factors. The entrepreneurial intention model (EIM) is borrowed from cognitive theory and was developed by Bird (1988). The model asserts that entrepreneurial intention is predicted by personal experience, education, ability) factors as well as contextual (political, social, economic) factors.. There are also clear differences in terms of levels entrepreneurial self efficacy . In some cultures, women are regarded as inferior and not able to take challenges in entrepreneurship. For instance, a study done in Zimbabwe found that among the Shona, women view making large amounts of money as a dirty pursuit (Chitsike, 2001). In fact, globally,

women exhibit consistently lower likelihood of becoming an entrepreneur than men ( Van Gelderen, 1999, wagner, 2005).

Mungai (2013) found that there were no significant differences between the males and females on their intention to venture into entrepreneurship. The study findings contradicts those by Delmar and Davidson (2000) and Vecian et al (2005), that males have higher preference for entrepreneurial behavior than females. Mungai (2013) found a positive relationship between entrepreneurial education and entrepreneurial intention. What seems not to have been given prominence is the role of marketing in as far as growth of an enterprise is concerned. Some studies (Nerver, 1990) have found that business performance is affected by marketing orientation . However, not much attention has been made to ascertain this relationship. Further, individual characteristics of an entrepreneur take centre stage in many studies, but little is said about the organizational characteristics. Education has been seen to assist in gaining knowledge that may be helpful to entrepreneurs ( Martin et al ,2013) . A number of studies have been done focusing on how entrepreneur education influences the decision to become an entrepreneur (Shane and Venkatraman, 2001), and have found education, does in fact influence the decision to become an enterprise. Most of the studies, however, have been done in the developed world, whose characteristics are very different from those of the developing countries. Further, while it is clear that education influences the decision to be an entrepreneur, it is not clear whether it also influences growth of an enterprise.

According to Drucker as quoted by Nagarajan ( 2012), entrepreneurship is a behaviour rather than a personality trait. The behaviour can be activated by the systematic process of innovation. , Thus, according to Nagarajan (2012), education expands the vision of entrepreneurs, by enlarging their thinking and understanding of horizons.

For instance, Tanoira and Valencia (2014) carried out a study to establish the role of knowledge management, and entrepreneurial competencies on development of micro and small enterprises in Mexico. They found that culture and one's way of life could act as barrier towards formation of an enterprise. Knowledge management and entrepreneurial competencies were found to affect development of micro sector enterprises. Similarly, Ibidunni, Iyiola and Ayodotun ( 2014) found that product innovation has a positive influence on survival of SMEs. Studies in this area have found that education has been seen to assist in gaining knowledge that may be helpful to entrepreneurs (Martin et al., 2013) .

What seems to be the missing link in these studies is the role of marketing and organizational characteristics in enterprise growth. Growth of an enterprise can be influenced by many factors, ranging from marketing practices to personal characteristics of the entrepreneur. Marketing has over the years been seen as a key driver of business growth. Traditionally, marketing interventions revolve around the four Ps in marketing, namely product, price, promotion and Place (distribution). Organizations employ different mixes of these four variables in order to grow and survive. Of concern is,

which of these four variables contribute highest towards growth of SMEs in Kenya. Are there deliberate efforts made by the firms in order to ensure they grow, or is growth meant to be accidental, not planned?.

Growth is an important dimension in an organization and is an indication that an organization is performing well. Measurement of growth includes opening of new branches, employing more personnel, diversification into more product areas, and growth in amount of stock handled annually by an enterprise. There has been an increasing interest towards developing an understanding of firm growth ( Brown, Davidsson, & Wiklund, 2001; Correa, Acosta, Gonzalez, & Medina, 2003; Delmar, Davidsson, & Gartner, 2003; Moreno & Cassillas, 2008). This is because firms that grow more are believed to be the ones that generate more new jobs (Littunen & Tohmo, 2003). Furthermore, high growth tends to be associated with a firm's entrepreneurial behavior ( Bown et al, 2001) Growth should be seen to be different from Performance, and while better performance is an indicator of growth, the reverse is not necessarily true. An organization can increase its employee numbers when it is not necessarily performing better. However, when an organization is growing, it is a positive indication that it is likely to be performing better either now, or to be preparing for better performance. This is because employees are an asset to an organization and just as is the case with other resources, increased resource base is likely to lead to better performance . In their study to determine entrepreneurial orientation and growth of SMEs, Moreno and Cassillan

(2008) used both subjective (on basis of perception by managers) and subjective (annual accounts) measures for enterprise growth. These have also been used by previous researchers (Wizimmer et al, 1998)

Theoretically, a firm that adopts appropriate marketing strategies is more likely to grow than one that does not apply relevant strategies. Morris (1987) found that there is a very close relationship between marketing and entrepreneurship, and argued that firms that are more entrepreneurial in their orientation are also likely to be more market oriented. However, David, (2000) argues that entrepreneurial marketing may differ from traditional marketing theory, in that Entrepreneurs tend to be “innovation-oriented”, driven by new ideas and intuitive market feel, rather than customer oriented, or driven by rigorous assessment of market needs. David, (2000) further argues that entrepreneurial marketing target markets through “bottom-up” self-selection and recommendations of customers and other influence groups, rather than relying on “top-down” segmentation, targeting and positioning processes.

This study was guided by the following hypotheses

**H<sub>1</sub>.** Marketing practices have a significant influence on growth of MSMEs in Machakos County, Kenya,

**H<sub>2</sub>.** Personal characteristics of the entrepreneur have s significant influence on the growth of MSMEs in Mavoko municipality, Machakos county, Kenya,

**H<sub>3</sub>.** Organizational characteristics of the enterprise have a significant influence on

the growth of MSMEs in Mavoko municipality, Machakos county, Kenya

### Methodology

The study adopted a descriptive cross sectional design. A convenient sample of 100 MSMEs was selected from all MSMEs in Mlolongo and Athi river townships of Mavoko Municipality. The two townships, were preferred because of their proximity to the city of Nairobi, and their dynamic and cosmopolitan nature of entrepreneurial activity associated with fast growing city suburbs. The number of MSMEs in Mavoko Municipality is not clear as there are no clear records on their registration. It was not possible to access the list of registered MSMEs, but it was expected that there were over 1000 such businesses, hence it was found prudent to conveniently target 100 MSMEs which is about 10% of the target population. A semi structured questionnaire was used to

collect data. Respondents were the entrepreneurs themselves or the manager running the business . Descriptive analysis such as averages and cross tabulations, were done to determine the key characteristics, while Inferential statistics involving ANOVA, regression and correlation analysis was done to test the hypotheses. Validation and reliability was done by first carrying out a pilot study among three MSMEs to check their consistency in answering the questions. Adjustments were done on those questions that were not clear, before administering to the respondents for the main study. The questionnaire was also thoroughly checked to ensure that all questions were okay. Further, only experienced respondents were involved as evidenced by the number of years worked by the employees. The variables were operationalized as shown in Table 1.

**Table 1: Operationalization of Variables**

Variable	Nature	Measurement Indicators
Personal Characteristics	Independent	<ul style="list-style-type: none"> <li>• Age</li> <li>• Gender</li> <li>• Marital status</li> <li>• Level of education</li> </ul>
Organizational Characteristics	Independent	<ul style="list-style-type: none"> <li>• Quality of employees</li> <li>• Physical resources</li> <li>• Financial ability</li> <li>• Location</li> <li>• Cost of doing business</li> </ul>
Marketing Practices	Independent	<ul style="list-style-type: none"> <li>• Branding</li> <li>• Proper Packaging</li> <li>• Introduction of new products</li> <li>• Pricing strategies</li> <li>• Public Relations</li> </ul>

		<ul style="list-style-type: none"> <li>• Availability of products</li> </ul>
Growth	Dependent	<ul style="list-style-type: none"> <li>• Number of employees</li> <li>• Number of customers handled</li> <li>• Amount of merchandize handled</li> </ul>

### Results

The study targeted 100 firms, of which 79 responded, giving a response rate of 79%. It was found that the entrepreneurs comprised 58.2 % single, 36.7 % married, and 5.1% Separated individuals . In terms of length of service to the organizations,

70.9 % had worked in the current organization for less than 5 years, while 22.8% had worked for 6-10 years, giving a cumulative value of 93.7% of people who had worked for less than 10 years. Only 2.5% had worked for more than 16 years. Table 2 shows the main categories of the Businesses

**Table 2: Type of business**

Type of business	Frequenc y	Percent	Cumulative Percent
Barber shop/salon/kinyozi	17	21.5	21.5
Hardware/electrical/glassmart/ Furniture	21	26.6	48.1
Supermarket/wholesale	3	3.8	51.9
Shop/greengrocer/hotel /Animal feed	21	26.6	78.5
Mpesa/chemist/bank agent	17	21.5	100.0
Total	79	100.0	

In terms of categorization, 3, (21.5%) of the firms were barber shops/salons, 26.6%

were hardware/electrical and glass mart dealers, 26.6.% were greengrocers and



shops, 21.5% were operating as MPESA/bank agents, while 3.8 were supermarkets and wholesale shops.

The study further sought to know the number size of the businesses in terms of number of employees, and the results are show in table 3.

**Table 3: Number of employees**

Number of employees	Frequency	Percent	Cumulative Percent
Less than 10	68	86.1	86.1
11 – 49	8	10.1	96.2
50 – 99	3	3.8	100.0
Total	79	100.0	

The results in Table 3 show that 68, (86.1 % ) of the organizations had less than 10 employees, 10.1 % had between 11 and 49 employees , while only 3.8% had between 50 and 99 employees. This means that according to the categorization of firms, 86.1 % of the organizations were micro sector enterprises, 10.1 % were small while only 3.8% were medium enterprises. It was found that the entrepreneurs comprised 58.2 % single, 36.7 % married, and 5.1% Separated

individuals . In terms of length of service to the organizations, 70.9 % had worked in the current organization for less than 5 years, while 22.8% had worked for 6-10 years, giving a cumulative value of 93.7% of people who had worked for less than 10 years. Only 2.5% had worked for more than 16 years. Table 4 shows a cross tabulation of the demographic characteristics with the various types of business.

**Table 4 : Cross tabulation personal characteristics and Type of business**

		Type of business					Total
		Barber shop/saloon	Hardware/electrical/glassmart/furniture	Supermarket/wholesale	Shop/greengr/ocer/hotel/Animal feed	Mpesa/chemist/bank agent	
Gender	Male	9	12	0	13	8	42
	Female	8	9	3	8	9	37
Total		17	21	3	21	17	79
Marital	Single	12	13	1	11	9	46

status	Married	5	8	2	9	5	29
	Separated	0	0	0	1	3	4
Total		17	21	3	21	17	79
Level of education	Primary	6	2	1	8	3	20
	Secondary	7	13	1	8	7	36
	College	3	5	0	4	4	16
	University	1	1	1	1	3	7
Total		17	21	3	21	17	79

The results in table 4 show that most of the people working in this industry were secondary school leavers ( 36 out of 79, or 45.6%) . In fact 56 (70.9%) have not gone beyond form four, leaving only 29.1% who have gone beyond form four. Among these, 7 ( 8.8% ) had university level education. What is worth noting is that almost 50% of the university graduates are in the more technical oriented jobs like MPESA or chemists. Among the entrepreneurs running barber shops and salons, only 4 ( 23.5%) had gone beyond form four. , while 19% of those in hardware have gone beyond form

four. Among those running general shops and greengrocers, 28.8%. This is as compared to 41% of those in the MPESA and chemist categories who have gone beyond form four. What these mean is that many Kenyans still see the micro small and medium sector as meant for the less educated. However, the fact that we have a few people with collect and university level education going into this sector is good news, as this sector could be a major source of employment to many graduates

Table 4 shows the importance of the various strategies used by the businesses

**Table 4: The importance of the various marketing strategies**

	Mean	S.E. of Mean
<b>Product</b>		
Proper packaging	2.9367	0.136
Branding	3.1899	0.1408
development of new products	3.038	0.1400
<b>Pricing</b>		
Starting with low prices for new products	3.038	0.176
Starting with high prices for new products	1.7468	0.114
Different price for same product depending on customer	2.3038	0.164
Using odd prices( eg 99) as opposed to even prices ( eg 100)	2.3.07	0.159
<b>Promotion</b>		
Advertising (eg Radio, posters and fliers)	2.400	0.176
Personal selling (eg using sales people to sell products directly to customers)	2.304	0.1543
Sales promotion (eg free samples, gifts)	2.316	0.1609
Public relations ( eg convincing customers and the publics to have positive attitude towards our company and products)	2.962	0.1832
<b>Place(distribution)</b>		
our products are always available	3.354	0.1810
We undertake deliveries to customers	2.759	0.1701
We have an efficient distribution system	2.532	0.1653

It was found that as that micro medium and small sector enterprises use different practices in order to grow. Among product related practices, branding, and development of new products were both rated at above 3.0 on a scale of 1-5, where one meant very small extent and 5

meant very large extent. For instance, branding had the highest mean score (3.1899, SE 0.1408), while development of new products had mean score of 3.038 with standard error of 0.1400. The other Product related practice was packaging, which had a mean score of 2.9367, and

SE of 0.136. Overall, pricing practices were generally rated lowest, with skimming being given the lowest mean score (1.7468, SE 0.114), while the most important among the pricing practices, penetration pricing had the highest score (3.038, SE 0.176). The fact that penetration pricing had a relatively high standard error is an indication that the entrepreneurs have a diverse application of this practice.

Considering the promotional mix practices, the entrepreneurs tended to prefer public relations as a way of marketing themselves (2.962, SE 0.1832) while advertising, mainly by use of fliers and notices, came in second (2.400, SE 0.176). Overall, the most common marketing practices seem to be those related to 'Place' or distribution. Availability was found to be the commonest practice (3.3544, SE 0.1810). The entrepreneurs are very keen to ensure that they are available to their customers, by having long opening hours which some times stretches beyond 8.00 in the night. This is a major

characteristics among the micro and small and medium sector enterprises. They also undertake to deliver goods to their customers (2.759, SE 0.170). This is more so for those in the hardware related businesses who often organize for deliveries to their customers.

In order to clearly understand the relationships amongst the various factors and how they influence growth of the enterprises, regression and correlation analysis were done. For purposes of this exercise, two indicators that were deemed more relevant indicators of growth were used, namely, growth in terms of merchandize handled, and growth in terms of number of customers handled. As of the marketing practices, only factors that had a mean score of 2.900 and above were considered. The first set of regression analysis involved marketing practices and the growth indicators. Table 5a and 5b shown results of the regression between marketing practices and Amount of merchandise handled as an indicator of growth

**Table 5a: ANOVA on Influence of marketing practices on Amount of merchandise handled**

Model Summary	R	R Square	Adjusted Square	Std. Error of the Estimate	
	.528 <sup>a</sup>	.279	.219		.98920
Model ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	27.217	6	4.536	4.636	.000 <sup>b</sup>
Residual	70.454	72	.979		
Total	97.671	78			

*a. Dependent Variable: Amount of merchandise handled*

*b. Predictors: (Constant), Our products are always available, Proper packaging, Public relations, Starting with low prices for new products, Development of new products, Branding such as our business name and quality of our products*

**Table 5b: Influence of marketing practices on Amount of merchandise handled**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.243	.434		5.167	.000
Branding	-.035	.128	-.039	-.270	.788
Development of new products	-.216	.128	-.241	-1.691	.095
Proper packaging	.316	.113	.342	2.797	.007
Starting with low prices for new products	-.043	.086	-.061	-.506	.615
Public relations	.064	.080	.094	.805	.424
Availability of products	.319	.079	.459	4.051	.000

*a. Dependent Variable: Amount of merchandise handled*

From the above results, we find that marketing practices have positive influence on growth of enterprise in terms of merchandize handled. We can derive the following predictive model for predicting growth in terms of merchandize handled

$$Y = 2.243 - 0.039 X_1 - 0.241X_2 + 0.342X_3 - 0.61 X_4 + 0.094 X_5 + 0.459 X_6 \dots\dots\dots(i)$$

Where

y = Amount of merchandise handled

X<sub>1</sub> = Branding ; X<sub>2</sub>= Development of new products; X<sub>3</sub> = Proper packaging; X<sub>4</sub> = Starting with

low prices for new products; X<sub>5</sub> = Public relations; X<sub>6</sub> = Availability of products

This model has an F value of 4.636 and adjusted R<sup>2</sup> value of 0. 219. This is an indication of the importance of marketing practices in determining the growth of an enterprise. Availability of the product has the highest influence, while branding and starting with low price have negative influence, and indication that they are not considered important as far as growth in merchandise is concerned.

The same marketing practices were regressed against number of customers handled as shown in table 5c and 5d

**Table 2c. ANOVA on Influence of marketing practices on number of customers handled**

	R	R Square	Adjusted R Square	Std. Error of the Estimate	
	.367 <sup>a</sup>	.135	.062	.76257	
Modelsummary/ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	6.510	6	1.085	1.866	.098 <sup>b</sup>
Residual	41.869	72	.582		
Total	48.380	78			

a. Dependent Variable: Number of customers handled

b. Predictors: (Constant), Our products are always available, Proper packaging, Public relations, Starting with low prices for new products, Development of new products, Branding such as our business name and quality of our products

**Table 5d. Influence of marketing practices on number of customers handled**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.232	.335		9.655	.000
Branding such as our business name and quality of our products	-.074	.099	-.117	-.750	.456
Development of new products	.066	.099	.104	.668	.506
Proper packaging	.192	.087	.295	2.203	.031
Starting with low prices for new products	-.107	.066	-.212	-1.613	.111
Public relations	-.008	.062	-.017	-.132	.896
Our products are always available	.149	.061	.305	2.456	.016

a. Dependent Variable: Number of customers handled

The results in Table 5d demonstrate that marketing practices have positive influence on growth of enterprise in terms of number of customers handled. We can derive the following predictive model for predicting growth in terms of merchandize handled

$$Y = 3.232 - 0.117 X_1 + 0.104X_2 + 0.295X_3 - 0.212 X_4 - 0.017 X_5 + 0.305 X_6$$

.....(ii)

Where Y = Number of customers handled

X<sub>1</sub> Branding; X<sub>2</sub>= Development of new products; X<sub>3</sub> = Proper packaging; X<sub>4</sub> = Starting with low prices for new products; X<sub>5</sub> = Public relations; X<sub>6</sub> = Availability of products

While branding has a negative influence, starting with low prices for new products has a positive influence, while public relations has a negative influence. This an indication that low prices are still considered important by micro, small and medium sector enterprises. The model has an F value of 1.866 and adjusted R<sup>2</sup> value of 0.062. Overall, packaging and availability of products have the highest influence on the growth of an enterprise.

We then sought to determine regressions of the various personal and organizational characteristics on growth indicators. The results are shown in tables 6a, 6b, 6c, and 6d

**Table 6a: ANOVA on Influence of personal characteristics on number of customers handled**

Model Summary		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.276 <sup>a</sup>	.076	.026	.77724	
Model ANOVA		Sum of Squares	Df	Mean Square	F	Sig.
1 Regression		3.676	4	.919	1.521	.205 <sup>b</sup>
Residual		44.704	74	.604		
Total		48.380	78			

a. Dependent Variable: Number of customers handled

b. Predictors: (Constant), marital status , age of entrepreneur, level of education, gender

**Table 6b: Influence of personal characteristics on number of customers handled**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.441	.276		12.448	.000
1 Age of entrepreneur	.059	.079	.107	.747	.458
gender	.050	.085	.093	.593	.555
level of education	.073	.066	.143	1.109	.271
marital status	-.018	.071	-.028	-.250	.803

a. Dependent Variable: Number of customers handled

From the above regression, the following predictive model is derived

$$Y = 3.441 + 0.107 X_1 + 0.093X_2 + 0.143X_3 - 0.028X_4 \dots\dots\dots (iii)$$

Where Y = Number of customers handled

X<sub>1</sub> Age of entrepreneur; X<sub>2</sub>= Gender; X<sub>3</sub> = level of education; X<sub>4</sub> = marital status

The model shows that personal characteristics such as age , gender and

educational level have positive influence on growth of an enterprise measured by number of customers handled, while marital status has a negative influence. The model has an F value of 1.521 and adjusted R<sup>2</sup> value of .026.

Table 6c and 6d show influence of personal characteristics on organizational growth as measured by amount of merchandize handled

**Table 6c: ANOVA on Influence of personal characteristics on Amount of merchandise handled**

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.280 <sup>a</sup>	.078	.029	1.10287	
Model ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	7.662	4	1.916	1.575	.190 <sup>b</sup>
Residual	90.008	74	1.216		
Total	97.671	78			

a. Dependent Variable: Amount of merchandise handled

b. Predictors: (Constant), marital status , age of entrepreneur, level of education, gender

**Table 6d: Influence of personal characteristics on Amount of merchandise handled**



Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.020	.392		7.700	.000
1 Age of entrepreneur	.132	.112	.168	1.177	.243
gender	.070	.121	.091	.578	.565
level of education	.043	.094	.059	.458	.648
marital status	-.075	.100	-.085	-.749	.456

a. Dependent Variable: Amount of merchandise handled

From the results, the following model is derived

$$Y = 3.020 + 0.168 X_1 + 0.091X_2 + 0.059X_3 - 0.05X_4 \dots\dots\dots (iv)$$

**Where Y** = Amount of merchandise handled

$X_1$  Age of entrepreneur;  $X_2$ = Gender;  $X_3$  = level of education;  $X_4$  = marital status

Personal characteristics affect growth in terms of Number of customers handled. As shown in the above model, which has an F value of 1.575 and adjusted  $R^2$  value of

.029. As far as personal characteristics are concerns, it is clear that age of the entrepreneur, gender and educational level of the entrepreneur have a positive influence on the growth of an enterprise,. However, marital status seems to have negative if any affluence, and may be taken to have no relevance in the running of this kind of an enterprise.

Table 6e and 6f show the regression between organizational characteristics and growth as measured by number of customers handled

**Table 6e: ANOVA on Influence organizational characteristics on number of customers handled**

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.342 <sup>a</sup>	.117	.057	.76487	
Model ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	5.673	5	1.135	1.939	.098 <sup>b</sup>
Residual	42.707	73	.585		
Total	48.380	78			

a. Dependent Variable: Number of customers handled

b. Predictors: (Constant), Cost of doing business, Physical resources ,location of business, quality of employees , financial ability

**Table 6f. Influence of organizational characteristics on number of customers handled**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.255	.379		8.592	.000
1 Quality of our employees	.073	.087	.122	.846	.400
Physical resources	.020	.086	.031	.230	.819
Financial ability	.121	.106	.172	1.149	.254
location of business	.081	.085	.125	.946	.348
Cost of doing business	-.132	.073	-.219	-1.822	.073

a. Dependent Variable: Number of customers handled

From these results, the following model is generated

$$Y = 3.255 + 0.122X_1 + 0.31X_2 + 0.172X_3 + 0.125 X_4 - 0.219 X_5 \dots\dots\dots$$

(v)

Where **Y** = Number of customers handled,  
**X<sub>1</sub>** = Quality of employees;  
**X<sub>2</sub>**= Physical resources;  
**X<sub>3</sub>** = Financial ability;  
**X<sub>4</sub>** = Location of business ,  
**X<sub>5</sub>** = Cost of doing business

As the model demonstrates, organizational characteristics affect growth in terms of

number of customers handled. Quality of employees, physical resources ,financial ability and location of business all have a positive influence of growth, while cost of doing business has negative influence. The model has an F value of 0.057 and adjusted R<sup>2</sup> value of 0.1939.

Table 6g and 6h show the regression between organizational characteristics and growth as measured by number of customers handled

**Table 4g. ANOVA on Influence organizational characteristics on Amount of merchandise handled**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.481 <sup>a</sup>	.231	.178	1.01434	
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	22.562	5	4.512	4.386	.002 <sup>b</sup>
Residual	75.109	73	1.029		
Total	97.671	78			

a. Dependent Variable: Amount of merchandise handled

b. Predictors: (Constant), Cost of doing business, Physical resources ,location of business, quality of employees , financial ability

**Table 6h. Influence organizational characteristics on Amount of merchandise handled**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.865	.502		3.712	.000
	Quality of our employees	.195	.115	.228	1.694	.094
	Physical resources	-.052	.114	-.057	-.458	.648
	Financial ability	.092	.140	.092	.657	.513
	location of business	.317	.113	.345	2.804	.006
	Cost of doing business	-.131	.096	-.153	-1.363	.177

a. Dependent Variable: Amount of merchandise handled

b. Predictors: (Constant), Cost of doing business, Physical resources ,location of business, quality of employees , financial ability

From the above results, the following model is developed

$$Y = 1.865 + 0.228X_1 - 0.057X_2 + 0.092X_3 + 0.345 X_4 - 0.153 X_5 \dots\dots\dots$$

(vi)

X<sub>1</sub> Quality of employees; X<sub>2</sub>= Physical resources; X<sub>3</sub> = Financial ability; X<sub>4</sub> = Location of business , X<sub>5</sub> = Cost of doing business

Where Y = Number of customers handled

Organizational characteristics affect growth in terms of amount of merchandize handled. As shown in the above model, which has an F value of 4.386 and adjusted R<sup>2</sup> value of 0.178. As of the organizational characteristics, cost of doing business has a negative influence,

while the other factors have a positive influence on growth of the enterprise.

Correlation analysis were then done in order to test the hypotheses. Table 7 shows the Correlation between personal characteristics and growth of the enterprise.

**Table 7: Correlation between personal characteristics and growth**

		age	Gender	level of education	marital status
growth in number of employees over the last four years	Pearson Correlation	.339**	.212	.095	-.377**
	Sig. (2-tailed)	.002	.060	.403	.001
	Sum of Squares and Cross-products	40.785	26.190	12.418	-40.329
	Covariance	.523	.336	.159	-.517
	N	79	79	79	79
Amount of merchandise handled	Pearson Correlation	.243*	.232*	.149	-.092
	Sig. (2-tailed)	.031	.040	.190	.422
	Sum of Squares and Cross-products	30.165	29.443	19.975	-10.101
	Covariance	.387	.377	.256	-.130
	N	79	79	79	79
Number of customers handled	Pearson Correlation	.208	.232*	.219	-.030
	Sig. (2-tailed)	.066	.040	.052	.794
	Sum of Squares and Cross-products	18.139	20.759	20.671	-2.316
	Covariance	.233	.266	.265	-.030
	N	79	79	79	79

To make money	Pearson Correlation	.073	.149	.298**	.066
	Sig. (2-tailed)	.524	.190	.008	.563
	Sum of Squares and Cross-products	7.671	16.114	34.051	6.203
	Covariance	.098	.207	.437	.080
	N	79	79	79	79
	N	79	79	79	79

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

\*\*. Correlation is significant at the 0.01 level (2-tailed).

As shown in table 7, personal characteristics were found to have influence on growth of the enterprise. For instance, Age was found to have influence on the amount of merchandise handled (  $r = 0.243$ ,  $p < 0.05$ ) and also influence on growth in terms of number of employees (  $r = 0.243$ ,  $p < 0.01$ ). Similarly, gender was found to have influence on number of employees (  $r = 0.232$ ,  $p < 0.05$ ) and on the amount of merchandise handled(  $r = 0.232$ ,

$p < 0.05$ ). We may therefore argue that specific personal characteristics of an entrepreneur have influence on the growth of an enterprise. Some of them have greater influence than others.

Table 8 shows the Correlation between Organizational characteristics and growth of the enterprise.

**Table 8: Organizational characteristics and growth of the organization**

		quality of our employees	physical resources	financial ability	location of businesses	cost of doing business
growth in number of employees over the last four years	Pearson Correlation	.204	.172	.069	.246*	.013
	Sig. (2-tailed)	.071	.130	.547	.029	.907
	Sum of Squares and Cross-products	22.658	17.759	6.506	25.367	1.481
	Covariance	.290	.228	.083	.325	.019

	N	79	79	79	79	79
Amount of merchandise handled	Pearson Correlation	.334**	.176	.316**	.407**	.030
	Sig. (2-tailed)	.003	.120	.005	.000	.791
	Sum of Squares and Cross-products	38.203	18.772	30.848	43.190	3.456
	Covariance	.490	.241	.395	.554	.044
	N	79	79	79	79	79
Number of customers handled	Pearson Correlation	.232*	.174	.233*	.194	-.088
	Sig. (2-tailed)	.040	.126	.038	.087	.440
	Sum of Squares and Cross-products	18.633	13.038	16.025	14.468	-7.076
	Covariance	.239	.167	.205	.185	-.091
	N	79	79	79	79	79
To make money	Pearson Correlation	.243*	.093	.281*	.328**	-.123
	Sig. (2-tailed)	.031	.414	.012	.003	.281
	Sum of Squares and Cross-products	23.595	8.456	23.304	29.620	-11.911
	Covariance	.302	.108	.299	.380	-.153
	N	79	79	79	79	79

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

\*\*.. Correlation is significant at the 0.01 level (2-tailed).

Table 8 shows that organizational characteristics influence growth of an enterprise. Quality of employees were found to have a significantly positive

influence on amount of merchandize handles (  $r = 0.334$ ,  $p < 0.01$ ), number of customers handled (  $r = 0.232$ ,  $p < 0.05$ ), and making money (  $r = 0.243$ ,  $p < 0.01$ ),

physical resources were found to have a positive but insignificant influence on all indicators of growth. Financial ability of the firm was found to have a significantly positive influence on amount of merchandize handles (  $r = 0.316$ ,  $p < 0.01$ ), number of customers handled (  $r = 0.233$ ,  $p < 0.05$ ), and making money (  $r = 0.281$ ,  $p < 0.01$ ). Location of the business was found to have a significantly positive influence on the number of employees as a growth indicator (  $r = 0.246$ ,  $p < 0.05$ ),

amount of merchandize handled (  $r = 0.407$ ,  $p < 0.01$ ), and making money (  $r = 0.328$ ,  $p < 0.01$ ). Cost of doing business seems to have negative but insignificant influence on the growth of the enterprises. These results show that specific organizational characteristics have influence on the growth of an enterprise. Some of them have greater influence than others.

Table 9 shows the Correlation between marketing practices and growth indicators of the enterprise

**Table 9: Correlation between marketing practices and growth indicators**

		Amount of merchandize handled	Number of customers handled	growth in number of employees over the last four years
Proper packaging	Pearson Correlation	.290**	.222*	.157
	Sig. (2-tailed)	.010	.049	.166
	N	79	79	79
Branding such as our business name and quality of our products	Pearson Correlation	.156	.121	.308**
	Sig. (2-tailed)	.170	.287	.006
	N	79	79	79
Development of new products	Pearson Correlation	-.061	.082	.107
	Sig. (2-tailed)	.595	.473	.346
	N	79	79	79
Starting with low prices for new products	Pearson Correlation	.069	-.028	.184
	Sig. (2-tailed)	.546	.803	.105
	N	79	79	79

Public relations	Pearson Correlation	.018	.037	.244 <sup>*</sup>
	Sig. (2-tailed)	.873	.744	.030
	N	79	79	79
Our products are always available	Pearson Correlation	.378 <sup>**</sup>	.227 <sup>*</sup>	.342 <sup>**</sup>
	Sig. (2-tailed)	.001	.044	.002
	N	79	79	79

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

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 9 shows that proper packaging has a significantly positive influence on amount of merchandize handled (  $r = 0.290$ ,  $p < 0.01$ ) and on number of customers handled (  $r = 0.222$ ,  $p < 0.05$ ), Branding on the other hand has a significantly positive influence on growth in terms of number of employees (  $r = 0.308$ ,  $p < 0.01$ ). New product development, was not found to have a significant influence on growth of an enterprise. Public relations was found to have positive influence on all indicators of growth, and had significantly positive influence on growth in terms of number of employees (  $r = 0.244$ ,  $p < 0.05$ )

The study found that availability of the product has significant influence on all indicators of growth . It has a significantly positive influence on growth in number of employees (  $r = 0.342$ ,  $p < 0.01$ ), amount of merchandize handled (  $r = 0.378$ ,  $p < 0.01$ ), and number of customers handled (  $r = 0.227$ ,  $p < 0.05$ ). We may therefore argue that specific marketing practices influence on the growth of an enterprise in different ways. Some of these practices are more important than others.

## Conclusion

The results of this study have demonstrated that marketing practices are very important in determining the growth of micro, small and medium scale organizations in Kenya. These findings seem to support findings by Morris (1987). The study found that among the 4 Ps of the marketing mix, product related practices such as packaging and branding are the most important. The only practice related to pricing was that of penetration, in which maintaining low prices was the main practice. Promotion was not emphasized, although public relations was found to positively influence the growth of the enterprises. Among the distribution or 'place' related practices, availability was found to be the most popular practice. The study thus failed to reject the first hypothesis that 'marketing practices have a significant influence on growth of MSMEs in Machakos County'

The study also found that personal characteristics of the entrepreneur have a positive influence on the growth of MSMEs, and therefore failed to reject the second hypothesis. These findings are



consistent with previous studies (Delmar and Davidson (2000), Martin et al ,2013) ). Similarly, it was found that organizational characteristics have a positive influence on the growth of an enterprise. The study therefore failed to reject the third hypothesis. It is therefore concluded that marketing practices, personal characteristics and organizational actually positively influence growth of MSMEs.

While these findings support all the three hypotheses, the main contribution of this study is the realization that specific personal and organizational characteristics influence that growth of micro, small and medium scale enterprises. Further, while it has been postulated that marketing practices have positive influence on the growth of micro, small and medium scale enterprises, the study has identified specific marketing practices that influence the growth.

### **Implications of The Study**

Three implications may be derived from the results of this study. Foremost, firms , whether micro, medium or small, should try to adopt various marketing practices in order to grow and be successful in a competitive environment. The study found that there are specific marketing practices that influence that growth of micro, small and medium scale enterprises. Secondly, firms need to seriously consider personal characteristics such as education and age of the person. Age is relevant as it is associated with experience, while education exposes one to more knowledge and skills related to business. Finally, the study found that not all organizational characteristics influence an enterprise growth in the same way. Entrepreneurs

therefore need to know which factors to focus on in order for their businesses to grow. The study found that a number of university graduates are venturing into this kind of business which is an also an indication of more highly educated people moving into the micro, small and medium sector enterprises

Given that this study focused on micro, small and medium enterprise, but did not make a comparison with the large firms to assess the extent to which the factors identified in this study are also relevant for the large firms. It is therefore recommended that a similar study targeting large scale firms be carried out to establish the extent to which the factors identified here are relevant.

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