

**ASSESSMENT OF MARKETING CHALLENGES OF NEW
VENTURES AND ITS IMPACT ON PERFORMANCE *IN THE
CASE OF SMALL AND MICRO ENTERPRISE IN JIMMA TOWN***

***A THESIS SUBMITTED TO THE SCHOOL GRADUATE STUDIES OF JIMMA
UNIVERSITY IN PARTIAL FULL FILLMENT OF THE AWARD OF GEDREE
OF MASTERS OF BUSINESS ADMINISTRATION (MBA).***

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Jimma University

College of Business and Economics

**JUNE, 2021
JIMMA, ETHIOPIA**

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JIMMA UNIVERSITY

MBA PROGRAM

JUNE, 2021

JIMMA, ETHIOPIA

DECLARATION

I hereby declare that this thesis “Assessment of marketing challenges of new ventures and its impact on performance in the case study of small and micro enterprise in Jimma town” has been carried out by me under the guidance and supervision Dr. TeyeAmogne and MrsGadiseAmensis(MBA).

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

Researcher’s Name

Date

Signature

CERTIFICATE

This is to certify that the research paper entitles “Assessments of marketing challenges of new ventures and its impact on performance in the case of micro and small enterprises in Jimma town.” submitted to Jimma University for the award of the Degree of Master of Business Administration (MBA) and is a record of research work carried out by Mr Ephrem Anteneh Wassie, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Main Adviser’s Name

Date

Signature

Co-Advisor’s Name

Date

Signature

Abstract

The main purpose of this study was to examine the assessment of marketing challenges of new ventures and its impact on performance in the case of small and micro enterprise in Jimma town. The data was collected by structured questionnaire and exploring documents. The collected information is analyzed using quantitative and qualitative method of data analysis. The study was employed both descriptive and explanatory research design. Both primary and secondary data was employed. The primary data needed for this purpose is collected using structured questionnaires and secondary data is collected from the published document and unpublished document. The target population for this study was 186 comprising worker of manufacturing, construction, urban agriculture and service. The study was based on sample size of 123 respondents. The study selected the respondents using purposive sampling technique and proportionate stratified sampling to bring equal representation to each of the sectors. In this study both descriptive and inferential statistics such as mean, standard deviation, correlation, and multiple regression analysis was used through SPSS version 20 software. The finding of the study indicated that there was a statistical and significant relationship between marketing orientation of the SME, marketing capabilities, marketing support and external marketing challenges and opportunities and business performance. This study exposed marketing characteristics of successful enterprises from the experience of those that accomplished excellently in their venture financial and market performance as key success factors. Such ventures that internally exhibited market-oriented business behavior and practices and acquired necessary marketing capabilities, and/or operated in encouraging environmental situations, and obtained adequate institutional marketing supports were succeeded in their performance. Based on this finding the study recommended that, the MFIs have a great responsibility of ensuring the proper use of credit which is an important facility in business acceleration. To achieve this, credits should client -oriented and not product-oriented. Proper and extensive monitoring activities should be provided for clients who are granted loans.

Key words: MSEs, Marketing Challenges, Market Orientation, Marketing Capabilities, Institutional Marketing Supports, Venture Performance

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Table of Contents

Abstract.....	iii
Acknowledgment	iv
List of table	viii
List of figure	viii
Acronyms and Abbreviations.....	ix
CHAPTER ONE	1
1. INTRODUCTION.....	1
1.1. Background of the study	1
1.2. Statement of the Problem	3
1.3 Objectives of the Study	6
1.3.1. General objective	6
1.3.2. Specific objectives:	6
1.4 Significance of the Study	6
1.5 Scope of the Study	7
1.6 Limitations of the Study.....	7
1.7 Organization of the study	7
CHAPTER TWO	9
2. Review of Related Literature	9
2.1 Theoretical literature review.....	9
2.1.1 Introduction	9
2.1.2 The Advent of MSEs and Venture Creation in Ethiopia	9
2.1.3 MSEs Defined.....	11
2.1.4 Challenges faced by MSEs as New Ventures	13
2.1.5 Marketing in MSEs as New Ventures	15
2.1.6 Marketing: The Basic Business Function.....	16
2.1.7 Marketing in the Context of MSEs	17
2.2 Empirical literature review	19
2.2.1 Marketing factors	22

2.2.1.1 Market Orientation of MSEs	22
2.2.1.2 Marketing Capabilities of New Ventures	24
2.2.1.3 Politico-legal factors	25
2.2.1.4 Infrastructure factors	26
2.2.2 Required Interventions to MSEs Marketing Problems.....	26
2.3 Conceptual framework of the study	28
CHAPTER THREE.....	30
3. Research Methods and Methodology	30
3.1 The Research Design and Approach.....	30
3.2 Population, sample size and sampling technique.....	30
3.2.1 Population.....	30
3.2.2 Sample size.....	30
3.2.3 Sampling techniques	32
3.3 Sources of Data.....	32
3.3.1 Primary sources of data.....	32
3.3.2 Secondary data.....	32
3.4 Data Collection Tools	33
3.4.1 Questionnaire.....	33
3.5 Reliability and validity of the instrument.....	33
3.6 Model Specification.....	34
3.7 Method of Data Analysis and Presentation	35
CHAPTER FOUR.....	37
4. Data Analysis, Interpretation and Presentation	37
4.1 Introduction	37
4.2. Demographic Characteristics of Sample Respondents.....	37
4.3 Descriptive statistics	41
4.3.1 Market Orientation of the SME	42
4.3.2 Marketing Capabilities	43
4.3.3 Marketing Supports.....	45
4.3.4 External Marketing challenges and opportunities.....	47
4.3.5 Business Performance	49
4.4 The Pearson’s Correlation Coefficient between dependent and independent variables.....	50
4.5 Diagnosis Tests (Test for CLRM Assumptions).....	52

4.5.1 Normality test	52
4.5.2 Linearity test	55
4.5.3 Heteroscedasticity test.....	56
4.5.4 Multi co linearity	58
4.5 Regression Analysis Results	59
4.5.1 ANOVA	59
4.5.2 Model Summary	60
4.5.3 Beta Coefficient	62
4.6 Discussions on Results.....	63
CHAPTER FIVE.....	65
5. Summary of Major Findings Conclusion and Recommendation.....	65
5.1 Summary of Major Findings	65
5.2 Conclusion.....	67
5.3 Recommendation	68
References.....	71
Appendices.....	77

List of tables

Table1. Summarized Description and Differences between Micro and Small Enterprises	12
Table:2 List of active SME sector used in sample size determination	31
Table 3.1Reliability Statistics	34
Table: 4.1.Age of respondents	38
Table 4.3: Size of enterprise	40
Table 4.4: Number of Employees	41
Table 4.5: Business Category of the respondents.....	41
Table 4.6: Market Orientation of the SME.....	42
Table 4.8 Marketing Supports	46
Table 4.7 Descriptive Statistics of Marketing Capabilities.....	43
Table 4.9: External Marketing Context	48
Table 4.10: Business Performance	49
Table 4.11: Pearson’s Correlation Coefficient.....	51
Table 4.12 Summary of co linearity test.....	59
Table 4.13: ANOVA.....	59
Table 4.14: Model Summary	60
Table 4.15: Beta Coefficient result	62

List of figures

Figure 4.1: Sex of respondents	38
Figure 4.3: Educational level of respondents	40
Figure 4.4 Normality test.....	54
Figure 4.5 Linearity test	56
Figure 4.6 Heteroscedasticity test result	58

Acronyms and Abbreviations

MSEs – micro and small enterprises

FDRE – federal democratic republic of Ethiopia

EEA – Ethiopian economics association

CSA – central statistics authority

BDS – business development service

MSEDA – micro and small enterprises agency

GTP- growth and transformation plan

UNDP – united nation development program

PASDEP – plan for accelerated and sustainable development to end poverty

FMSES – federal micro and small-scale enterprises strategy

GDP – growth domestic product

MUDC – minister of urban development and construction

MO – market orientation

AMA – American marketing association

ILO – international labor organization

NSIC – national small industries corporation

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

Many countries in Africa suffer from high rates of unemployment and under-employment and low labor productivity. In addition, because of demographic factors, a large number of people enter into the labor market each year (Iacovone et al., 2012). Consequently, these countries have been promoting job creation through a variety of means such as targeting labor-intensive manufacturing industries, promoting labor-intensive infrastructure, expansion of micro and small enterprises (MSEs), and education expansion (e.g. technical and vocational education and training etc.) (Ferede et al., 2014). In particular, very recently, these countries have mainly emphasized the promotion of MSEs as a means to improve the wellbeing of local, national and regional communities (Gebreyesus, 2007). Empirical evidence also suggests the contribution of MSEs in generating employment and income has become increasingly recognized around the world (Liendholm, 2001).

Because of therapid growth in population, African countries have been experiencing the problem of large size of unemployment through its economic history since indeterminate time in the past(Behrman J. R., and Deolalikar.A. B, 1989). Because of this fact, the problems of unemployment and poverty have been the prime challenges that many governments have tried their best to alleviate these challenges at all levels (Chrisman and Leslie,1989; Hyvarinen Churchill and Lewis, 1990; Riding and Santos Swift, 1990).

Since Ethiopia is not exception of these countries, the Federal Micro and Small Enterprises Development Package of 2005 and EEA Conference in 2008 revealed that Ethiopia is facing high unemployment problem. In view of this, the role of MSEs in generating significant number of employment opportunities for both skilled and unskilled human power is well recognized by government and perceived as prime solution to overcome this challenge.

Currently, MSEs in both developed and developing countries are seen as the most important alternative sector in fostering socio-economic developments. Particularly, they make undoubtedly a huge contribution to employment in many developing countries where there is a

challenge of high unemployment and poverty exists. Several studies reveal that MSEs in these countries are considered as crucial in employment creation and generally contribute to economic growth as an engine of development and vehicle towards fulfilling the Sustainable development goals. Chief among these goals is the reduction of poverty through creating employment, wealth and improvement of living standards, because poverty and unemployment rate are considerably higher in these countries than developed countries, (Robinson and Pharr, 1991; Hailey, 1991). On the other hand, MSEs play a great role in bringing innovative products, techniques and new markets, dynamism and flexibility which is another virtue of smallness with possibility of meeting that they believe behaviorally to respond to customers' changing demand so as not to lose them and to win new ones by supplying better products and services. Practically, they invest relatively small amount in technology, equipment's, human resource etc. when compared with larger ones which invest large amount on expensive single purposed machines, hold large 2 inventory and use costly technologies and tools. This allows them to change what they have been doing with far less difficulty (David and Nyong, 1992; Manningo and Mashengo, 1993; Michael Bowen, Samuel Mureithi, 2009).

Although contributions of MSEs were acknowledged, many programs and policies were developed to support them, their journey in many instances is short-lived, with high rate of failure mostly in Africa due to several factors (Michael and Jeffrey, 2009; ILO, 2000; Céline Kauffmann, 2005. According to Mambula, (2002),Zewde&Associates (2002), there are many obstacles hindering their growth like competitions, lack of access to credit, cheap imports, insecurity, debt collection, marketing problems, lack of enough working space, identical products in the same market, change in demand and absence of market linkages, lack of raw material accessibilities. In addition, findings by Lois Stevenson and Annette St-Onge (2005), also indicates managerial skills, level of education and technical skills, ability to convert profit back into investment are other factors instilling or inhibiting the growth of MSEs.

When we come to MSEs in Ethiopia according to Yordanos ,(2006), Gebrehiwot and Wolday,(2006), more than 11, 000 MSEs were surveyed and about 65 percent of them admitted having main constraints like lack of working space for production and marketing, shortage of credit and finance, regulatory problems (licensing, organizing, illegal business),poor production techniques, in put access constraints, lack of information, inadequate management and business

skill, absence of appropriate strategy, lack of skilled man power, low level of awareness of MSE's as job area, low level of provision and interest for trainings and workshops. These constraints confirm with other developing countries' especially experiences of Sub-Saharan countries in which the major common constraints of MSEs are lack of financial support, poor management, corruption, lack of training and experience, poor infrastructural availability, insufficient profits and low demand for product and services (Arinaitwe, 2006; ILO, 2007; Hailay, 2007; Dildar and Zafar Yaqub,2010).

Although there are many contributions expected from these sectors for economic growth, they face difficulties constraining their survival, growth and indirectly limit for the contributions they are expected. For the purpose of this study, particularly, according to the discussions made among SMEs actors many of SMEs in Jimma Town are not well successful and some of them stopping their operation in facing challenges making them not to continue their operation. (Jimma town SME office report). Availability of these and other burning issues motivated the researcher to conduct a study on SMEs in Jimma town.

1.2. Statement of the Problem

The impact of marketing challenges facing small business has been highlighted in several research works. Among the previous inquiries; Jay (2013) raised that in most of MSEs poor adoption of technology and marketing practices have led to very poor productivity. Jay emphasized that for entrepreneurial venture innovation is required not only for products and/or service offerings but also for marketing strategies and practices. Burno and Leidecker (1988) as cited in Vasanth (2012) small business failure can result from either lack of marketing or poor marketing practices. Vasanth (2012) also cited Carson and McCartan-Quinn (1995) for that MSEs were highly defenseless to competitive threat.

The empirical results of Osotimehin, et al., (2012) in their survey to evaluate challenges and prospects/hopes of MSEs in Nigeria found that the significance of marketing related challenges to MSEs and their contribution to firms' survival and success outweigh other factors considered in the investigation. More specifically, marketing problems such as lack of promotion, lack of skills in setting competitive prices, lack of demand forecasting, poor location of business sites and lack of knowledge of the market itself, are among others that were identified as more crucial and affecting venture sustainability (Dayanandan, 2012).

Vasanth (2012) listed constraints such as limited access to resources and lack of marketing expertise on the part of owner/manager hinder marketing function of small enterprises while they are required to adopt more or less similar marketing orientation to larger firms. But this requires marketing management capabilities in terms of planning and executing essential marketing activities. Such as marketing research, marketing strategies, planning and implementation, control and evaluation are among others listed as having paramount importance in determining MSEs performance in market. Hisrich, Peters and Shepeherd (2010) strengthened Vasanth's argument by raising additional issues related to marketing management: building effective management team, assigning the responsibilities to implement the marketing plan, budgeting the marketing strategy for costs involved, monitoring the progress, tracking specific results etc.

Moreover, the existing marketing strategies that the newly created ventures use reached the saturation level and outdated in some circumstances. It requires designing new innovative strategy or modifying though they are hindered by resources and capabilities limitation from doing so. Hence, sometimes venture owners/managers blindly enter the market and end up closing the venture sooner without attaining the attention of the customer they aspired to serve (Jay, 2013).

In Ethiopia, in the country level, as well in the study area it could be rarely found investigations on marketing focus as major business function in small and/or micro enterprises. This investigation was specifically targeted at addressing this fissure/gap in focusing on MSE marketing challenges. This is due to the fact that the pervasiveness of marketing obstacles and their sizeable impact on the performance and sustainability of MSEs was calling joint effort to address it adequately.

Therefore, it isconceived to see the combined effect of marketing challenges emanating from internal as well as external marketing environment by seriously affecting their performance. Since marketing is the activity that encompasses the entire business Drucker (1954) as in Vasanth (2012); when something goes wrong to the marketing function of the firm the whole system of the institution fails to survive. Hence looking at marketing problems and their nexus/relation to performance separately and in detail is worthwhile and why this research work principally adhered to.

The existing literature shows (Yordanos, 2006), little research has been conducted on the factors affecting the growth of small and micro businesses in Ethiopia in general. “Assessment of the Challenges of Micro and Small-Scale Enterprises to Contribute to Sustainable Development: the case of Manufacturing Enterprises in Addis Ababa, Ethiopia” (YoditGebreyohannes, 2015); “Assessing Factors Affecting Transitional Development of Small Scale to Medium Scale Enterprise in Sebeta Town: Challenges, Opportunities and Prospects.” (MekonnenLenjisa, 2014); “Performance of Micro and Small Enterprises and their Role in Enhancing Local Economic Development: A Case Study in Gullele Sub City of Addis Ababa” (MuniraSherefafa, 2012); and a research MSc thesis submitted to Bahirdar University entitled ‘factors affecting the performance of women entrepreneurs in micro and small enterprises in Dessie town’ (Mulugeta, 2010). All these researches have been done on enterprises that already exist in the business environment. Thus, gaps exist with respect to understanding the problems facing MSEs in marketing in Jimma town especially new ventures. Therefore, this study pointed towards discovering the marketing challenges faced by MSEs in Jimma town and their bearings on venture performance. In light of these challenges look at MSE participants’ considerations of institutional supports given by the government and other stakeholders in making the market-place suitable for playing enterprises to improve their performance. It would also try to identify key success factors in the market-place that ought to be recognized by venture owners as well as all stakeholders in their endeavor for creating, owning and supporting successful ventures through analysis of marketing practices of best performing enterprises and those of failures.

Therefore, this research work made an effort to find answers for the following basic research questions:

- 1 How marketing orientation and capabilities related with performances of SMEs?
- 2 Could institutional marketing supports be enabled to SMEs in order to perform well in the market?
- 3 What are the internal and external marketing challenges?
- 4 How the internal and external marketing factors associated with business performance?

1.3 Objectives of the Study

1.3.1. General objective

The general objective of this study is to assess the marketing challenges and its impact in SMEs performance in Jimma town.

1.3.2. Specific objectives:

- 1 To assess the marketing orientation and marketing capabilities of SMEs.
- 2 To see the SME participant's considerations about the adequacy of marketing supports.
- 3 To identify marketing challenges of ventures both internal and external to SMEs.
- 4 To determine relationships of internal and external marketing factors and venture performance.

1.4 Significance of the Study

The SMEs are the engines of growth and development of the developing countries like Ethiopia where poverty and unemployment rates are widespread. Effective functioning and well performing of these enterprises is considered as one of the important strategies to meet the poverty reduction and job creation in the country.

This study helps to find a more efficient and effective way of improving the performance and sustainability of new ventures with the view of fixing marketing challenges at their start-up and early growth periods.

The findings of the study are also be intended to expand the body of knowledge in respect of the application of strategic marketing to the SMEs sector and also serve as a guide to policy makers to implement policies that help to improve the performance of businesses in the sector.

This investigation would provide stakeholders insights as to how to promote, develop and sustain successful marketing support scheme.

The research could also be helpful in planning the development, implementation, monitoring and evaluation of marketing support in town since marketing to SME can be instrumental to their further growth and sustainability.

The research findings would also contribute for academicians, consultants and institutions to focus on the development of trainings and development program to support the SMEs to overcome their challenges and it may help initiate academic research to further investigate by widening the study area.

1.5 Scope of the Study

The study was conducted in south western region Jimma zone, Jimma town. The research units were SMEs which are considered as new ventures. For this reason, the population of the study was targeted to SMEs registered in Jimma town administration. The research participants of the study were encompassed the general managers and/or owners of the enterprises. Moreover, the study was focused on marketing challenges that constrain SMEs success both internally and externally. The study addressed the variables which are training in marketing, government regulation, location, marketing infrastructures, input supply, marketing capabilities and the marketing orientation of the ventures.

1.6 Limitations of the Study

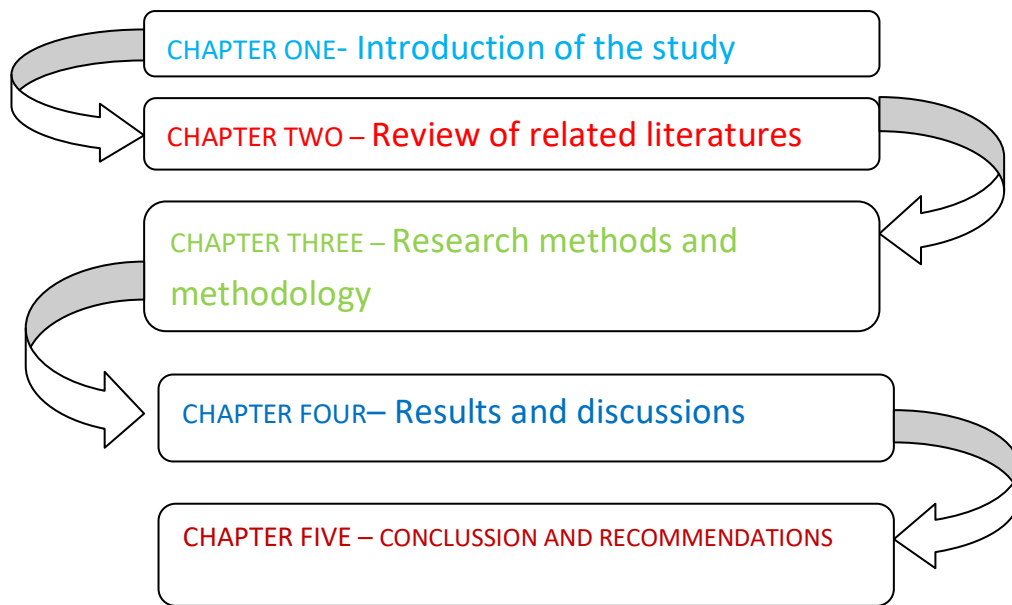
The research endeavor was limited to preliminary assessment of factors challenging marketing in SMEs and their relationship to venture performance. During the study time some limitations were faced by the researcher. To cite the limitations; absence of complete and organized information about the enterprise from SMEs office, shortage of time to carry out research, difficulty to get the address of the enterprises to be studied and there were many challenges to get the required data from some firms. Stress about covid 19 also created a limitation to interact freely with the respondents. Lack of a neutral institution that studies the market share and sales volume and organizes the appropriate information. The researcher tried to solve the identified limitations by exerting full efforts and managing the time as much as possible.

1.7 Organization of the study

This study has five chapters. The first chapter of the research paper deals with introductory parts of the study that includes background the study, problem statement, objectives of the study, its significance, scope and limitations of the study. The second chapter presents the literature related to the problem. Chapter three is the methodology part and shows the methods and tools used to

approach the problem. The fourth chapter is about results and discussion and the fifth chapter is conclusion and recommendations.

Outline of the chapters



CHAPTER TWO

2. Review of Related Literature

2.1 Theoretical literature review

2.1.1 Introduction

MSEs have significant contributions for economic welfare of any nation in the world. Among the benefits of the sector raised in different academic and empirical literatures: facilitation of both income growth and income distribution (Ayal, 2009) promotion of economic regeneration, employment, and growth in many developing economies Yuzbasioglu (1997) as noted in Alasad and Abdelrahim (2007) locational flexibility, reduction of regional imbalances, value addition in the manufacturing sector, GDP growth of the economy, contributing to export promotion, diversification of the industrial structure, transformation of rural economy, increase the degree of competitive pricing- providing near perfect competitive situation etc. have been prominently discussed.

However, they are challenged from different directions in performing their business activities. From the constraints of the ventures marketing function has serious limitation among MSEs though scholars like Stokes (2000) opined that regardless of the size and life cycle of the business marketing is crucial to the survival and development of firms. Furthermore, they were challenged from the situations in marketing environment externally. The literature reviewed concentrate on both the internal and external marketing issues constraining business performance of the ventures by introducing the entrepreneurial creation and support trends in Ethiopia.

2.1.2 The Advent of MSEs and Venture Creation in Ethiopia

More recently, micro and small enterprises took prime position in the economic policy and development agenda of many developing countries. But according to UNDP (2012) Ethiopia has a long history of mercantile and business that dates as far back as the medieval period. Since then some initiatives on entrepreneurship development were well-designed and could have produced a measurable impact on enterprise development, and employment and wealth in the past regimes of the nation. However, they were designed as short-term interventions with no provisions or

mechanisms for sustainability and scaling-up. Consequently, they had limited national impact, and did not inspire political commitment from major stakeholders such as government, entrepreneurs, and other critical non-state actors. For several decades this has been prevailing in the country.

For instance, institutional attempt to support business endeavors and MSEs development in Ethiopia came after 1950's when several reforms related to the development of MSEs were made. In between 1974-1991 venture creation was prohibited by law MUDC (2013). However, MUDC (2013) acknowledged the last time amendment of Derg regime by issuing the Small-Scale Industry Development Special Decree № 9/ 1989 based on policy failures though the government enforces nationalization of business firms and denies private sector development in several barriers such as capital ceilings.

The existing government MSEs operation initiated by the issuance of the licensing and supervision of micro finance institutions proclamation in 1996 (proclamation № 40/1996) which provide credit facility to MSEs. Onwards in 1997 Federal Micro and Small-Scale Enterprise Strategy (FMSES) and aligned regional strategies to the national strategy first devised. To address the major operational issues and problems constraining the national industrial strategy that contains packages of supports to MSEs was formulated in 2003 MUDC (2013).

Based such a trend, Ethiopia's Growth and Transformation plan GTP was proposed and executed. GTP which is the successor of PASDEP, and the current development strategy of Ethiopia (2011-2015) has also given a priority to MSE development. The GTP has put the MSE development as one of the seven identified growth pillars of the country. The MSEs to be a development pillar identified basic economic entities that they have to be formal to get the necessary support. This development goal is especially anchored on stimulating the rapid growth and structural transformation of the micro and small businesses (MSEs) in the ways that enhance wealth creation and expansion of employment opportunities (MUDC, 2013).

But the current business trends and the changing entrepreneurial land scape demands for more sophisticated skills for the competitiveness and survival of MSEs in globalized market. Therefore, revised MSE Strategy (2011) was formulated in view of the GTP plan. It included fresh band of target groups, the graduates, (in addition to its classical emphasis on the poor and

less skilled people) to form cooperatives and create their own jobs. On top of providing jobs to the people, the establishments are also hoped to bring about the technological transfer and new corporate management skills to the nation, to create a broad based spring board for competitive domestic industrial and private sector development and to expand MSEs in urban areas for large scale creation of employment opportunities which will serve to reduce poverty and to strengthen sustainable rural urban and urban-urban functional and economic linkages. Thus, the GTP envisions that this will be accomplished by strengthening the micro and small scale enterprises in a manner that unleashes the full growth potential of MSEs to grow into medium and large scale domestic enterprises (MUDC, 2013).

2.1.3 MSEs Defined

According to various previous works (McCartan-Quinn and Carson, 2003; UNDP, 2012; MUDC, 2013; Liedholm and Mead (1999); and many others) there is no universally agreed statement that defines neither micro nor small business. But institutions and countries adopt several characteristics to qualify micro or small firms from larger counterparts.

When international experiences for the sector were reviewed in the revised 2011 MSEs strategy, most countries use and implement based on legal frameworks and meanings to identify the sector from others. The objective of defining the sector is obvious which is limiting the scope of the sector to concentrate on enterprises requiring strategic attention and derive benefits from the same. Such objectives were categorized under five basic issues in the policy document (FDRE, 2011). These are:

- To have a framework that able to support MSE independently.
- To have institution, that support MSE development, uniform baseline
- To have uniform baseline about MSE information.
- To evaluate the Impacts, to setup & implement reform frameworks based on the supports given to MSE.
- To harmonize the national definition of MSE with international definition.

To the same end the Ethiopian Central Statistics Authority (CSA) defined MSEs differently; the proposed research project adapted and used the definition that was forwarded by FDRE, MSED. MSED had defined MSEs in the outset of the policy of promoting the sector since 1997. However, the current operational definition of the sector has been revised for several reasons to make it relevant for situational changes across the country. Hence this definition is relevant for whoever conducting research in the sector. As a result, this research endeavor was concentrated on the revised definition for the sector. The following statements give definitions of both micro and small enterprises (FDRE, 2011):

I. Micro enterprises.

a) Under industry sector (manufacturing, construction and mining). An enterprise operates with 5 people including the owner and/or their total asset is not exceeding Birr 100,000 (one hundred thousand).

b) Under service sector (retailer, transport, hotel and Tourism, ICT and maintenance service). It operates with 5 persons including the owner of the enterprise and/or the value of total asset is not exceeding Birr 50,000(fifty thousand).

II. Small enterprises are;

a) Industrial sectors (manufacturing, construction and mining) It operates with 6-30 persons and/or with apaid-up capital of total asset Birr 100,000(one hundred thousand) and not exceeding Birr 1.5 million.

b) Service sector (retailer, transport, hotel and Tourism, ICT and maintenance service). It operates with 6-30 persons or/and total asset, or a paid-up capital is with Birr 50,000 and not exceeding Birr 500,000.

* NB: When ambiguity is encountered between manpower and total assets as explained above, total asset is taken as primary yardstick Woldegebriel (2012) summarized the above definition in the following table to briefly describe and distinguish the characteristics of each.

Table1. Summarized Description and Differences between Micro and Small Enterprises

Level of enterprise	Sector	Human power	Total asset
Micro enterprise	Industry	≤ 5	Birr 100,000
	Service	≤ 5	Birr 50,000
Small enterprise	Industry	6-30	≤ 1.5 million
	Service	6-30	$\leq 500,000$

Source: Woldegebriel (2012); adapted from Ethiopian Micro and Small Enterprise Development Strategy.

2.1.4 Challenges faced by MSEs as New Ventures

As indicated above enterprises are the principal source of economic growth and employment creation and are at the heart of economic activity and development in nearly all countries. Business owners, managers and workers combine their skills and resources to produce enterprises that are able to compete effectively in local, national and international markets. Nearly all countries tried to support to unleash their benefits through different policy frameworks and interventions.

Despite the, policies, supports and packages implemented to raise the performance and effectiveness of SMEs; the result obtained was not encouraging. Liedholm and Mead (1999) firm closures somewhat more empirical evidence exists on the closure or death rates of small firms in developing countries. Firm mortality studies have been undertaken in Sierra Leone, Nigeria, Colombia, the Philippines and India. Nevertheless, even this information is rather scanty/small. A review of the data generated from these earlier studies suggests that the closure rates of micro firms hover between 9 and 10% a year. Gruber (2004) in his “Marketing in New Ventures: Theory and Empirical Evidence” showed similar results. Business mortality statistics suggest that discontinuance rates of new ventures can be as high as 70% in the first 5 years.

In the same vein, Tamara and Mitre (2012) posit that 50% of enterprises do not survive the first five years of their life, and the yearly average death rate of companies in the EU-25 is 7% by quoting European Commission (2007). Cant and Wiid (2013) used the estimation of Cant and

Ligthelm (2003) for that 70-80 percent of SMEs fail. A number of challenges have been identified as contributing factors to the high failure rate of SMEs in South Africa.

FDRE (2011) based on the business growth theory, a large number of enterprises may dissolve in the process and only very few enterprises promote to medium and higher level. The strategy recognized the challenges and failure rates by providing examples.

“... if we have about half a million MSE and let say 99 of which are dissolved or continue the remaining 1%, which is about 5000 MSE would promote to medium and higher level as it signifies creation of investors. Thus, MSE development should be given prior attention as it serves as incubation device for developmental investors.”

Whatever the size of closure is, several studies attempted to examine empirically whether systematic patterns exist between closure rates of micro firms and other important variables. Their closure and mortality were attributed to different factors from multitude of directions.

Problems faced by MSEs- an overview of perceived problems reported by entrepreneurs at time of different surveys. The responses indicate that three categories of problems were predominant in countries surveyed (Botswana, Kenya, Malawi, Swaziland, Zimbabwe):

Access to capital;

Problems of market; and

Access to raw materials and intermediate inputs though the relative importance of these three varied from country to country (Liedholm and Mead, 1999).

Dayanandan (2012) in his study about sustainability of small enterprises categorized these multifaceted problems into four: Viz., managerial, financial, marketing and external problems. The prime problem identified in this survey was marketing related problem such as lack of promotion, lack of skills to set competitive price, lack of demand forecasting, poor business location, lack of knowledge of the overall market, etc. Managerial problems involve lack of business planning & business experience, failure to take risks and over emphasis on short term profits, etc. Shortage of working capital is the major financial problem. Accesses to credit, lack of premise, lack of infra-structure, lack of BDS-services are the top listed problems by ventures.

Rahel and Issac (2010) also have similar view of problems of women operated enterprises in Addis Ababa such as lack of enough working space, raw material inaccessibility, shortage of working capital, and lack of availability of enough loans follow subsequently besides the major problem of marketing.

Challenges to Growth; There are many challenges MSEs face in their operations that hinder their growth in whatever terms we measure; be it in terms of capital, technology or employment. Some of these challenges are internal while others are external to the enterprise.

Empirically, the data collected from the enterprises from the regional towns reveals that most of the MSEs complain about lack of finance (42%) to expand their business followed by the lack of working premise (28.3%); while the third constraining factor is identified to be lack of access to market or absence of linkage to market. This shows that there needs to be a concerted effort from both the government and other public and private side to reduce the failure rates increase their sustainability (MUDC, 2013).

2.1.5 Marketing in MSEs as New Ventures

According to Ewah and Ekeng (2009) marketing is an evolving and dynamic discipline that cuts across every spectrum of life and it is intricately linked with the economy of virtually all nations of the world. Ideally marketing is the business philosophy which embraces the process of doing things, a state of mind, or a view of how business should be done (Vasanth, 2012). He also defined marketing as the process of satisfying the organization's stakeholders by creating value for them and the common thread that ties all the stakeholders together. He cited Drucker (1954) that marketing encompasses the entire business. Marketing is an approach to business that starts with the customer. It encompasses the activities of finding, winning, and keeping customers and a whole company concept, not confined solely to the marketing and sales department (Wilson & Bates, 2003).

Irrespective of size and stage of growth this notion works for all companies. O'Donell (2011) contends that small firm marketing is being a subject of considerable interest with researchers even though the academic literatures in marketing field surveyed suggest that the debates about the marketing competency needs of MSEs sector is neglected as cited in Stokes (2000). Marketing is the primary function of every business. It has also cross-functional impact to the

overall operations of the firm. That is why it is concluded as the primary value adding function in the word of value chain analysts.

Moreover, the fore mentioned new venture failure rates considerably could be reduced using certain new venture management practices. And Gruber (2004) contends that marketing is considered to be a major key to success of new firms. He cited empirical research results that have concluded that professional analysis of target market can reduce venture failure rates by up to 60%, and venture capitalists rate the overall importance of marketing for the success of new firms at 6.7 on a scale of 7, a rating that is higher than all other business functions in a firm.

2.1.6 Marketing: The Basic Business Function

The marketing concept is generally defined as a philosophy or approach that plot the allocation of resources and formulation of strategies for an organization. Clough (2011) posited that marketing of a product or service is a central activity for a successful business; it is concerned with identifying, anticipating and meeting the needs of customers in such a way as to make a profit for the business. Without a market no business would exist.

But marketing seems easy to describe, but extremely difficult to practice. Marketing have evolved, and it involves an assessment and the inclusion of various stakeholders in the decision making process. It is therefore important for organizations to develop and implement efficient and effective marketing strategies which will incorporate relevant dimensions of the marketing concept. This involves the organic tasks of selecting a target market (customers/clients) in which to operate and developing an efficient and effective marketing ingredient combination (Kotler& Connor, 1997) as cited in Dzisi&Ofosu (2014).

They used the conventional definition of marketing as defined by American Marketing Association (AMA, 2013):

Marketing has been described as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Dzisi&Ofosu (2014) also cited other related previous works of Pomeroy et.al (n.d) for the “4Ps” (product, price, promotion, and place) that suggest the elements an organization can and must

control in tailoring its product offer to the market. As they indicated this framework—first proposed by McCarthy (1960) - has dominated and informed the understanding of marketing principals since 1950s. It has not only offered a useful guide to major categories or marketing activity, but it has also provided the organizing framework for “almost all marketing textbooks and courses” since then. However, the dynamics of marketing in recent times has changed dramatically as they noticed with new technologies altering how firms connect with their clients.

In sum, marketing is a powerful tool that can transform businesses and significantly add to the growth of a firm. The aim of marketing is to acquire, retain and satisfy clients. Without their clients firms don't exist! And marketing needs to cover all aspects of the firm put central to all other functions.

2.1.7 Marketing in the Context of MSEs

Stokes (2000) identified that marketing of smaller organizations and the interface between marketing and entrepreneurship is still in its infancy. Though little researchers tried a bit, it could be perceived as appearing fragmented, often subsumed with in other types of discourses regarding MSEs” marketing. In the same vein, Gruber (2004) posited that the state of research on entrepreneurial marketing is very unsatisfactory to both researchers and practitioners. In his words, „research findings are extremely fragmented and there is no integrated analysis or comprehensive theory of the field and lax transparency in research findings makes it tedious and time consuming to develop a clear and comprehensive understanding of entrepreneurial marketing“, however, term “Entrepreneurial Marketing” (EM) has come to describe the marketing activities of small and new ventures.

Ionita (2012) defined entrepreneurial marketing (EM) as:

“An organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customers relationship in ways that benefit the organization and its stakeholders and that is characterized by innovativeness, risk taking, pro-activeness, and may be performed without researches currently controlled.”

Ionita (2012) added Morris, Schindehutte et al (2002) definition to elaborate EM as “proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation.”

Similarly, empirical researches indicate that marketing is crucial to the survival and development of small firms and a key entrepreneurial competency Carson et al (1995) as cited in Stockes (2000). However, it is not that marketing as practiced by entrepreneurs in different manner to the concepts presented in conventional marketing principles. So, he defined marketing in new ventures as „entrepreneurial marketing which is carried out by entrepreneurs or owner managers of the entrepreneurial venture. “

Marketing enables the entrepreneur to improve the quality of their goods and services. Vasanth (2012) suggested that marketing is critical in the smaller organization where every person’s action is visible. Hence, the strong skills of marketing become inevitable for MSEs due to this reason currently MSEs have realized the importance of various marketing practices. Now they have been started utilizing various marketing tools like internet platform, digital advertising, mobile applications for customers, CRM and any more.

According to Longnecker et al., (2008) defined small business marketing as:

“Small business marketing consists of those activities that direct the creation, development and delivery of bundle of satisfaction from the creator to the targeted user and that satisfy the targeted user.”

Vasanth (2012) emphasized other features of marketing required in MSEs. The need of innovative and integrated marketing strategy is stronger because of the pressure of competition has increased and bargaining power of customers who create the demand has strengthened. Customers are unable to deal with the flood of information in commercials and advertisement to clearly perceive that, the different products and services as substitutable in terms of quality and performance. At such stage and situations it becomes a herculean task for SMEs to draw the attention of customers and have a hold on target market and market share. Hence he coined “innovative marketing strategies” to SMES in his words to craft integrated business strategy which combines business and market insights, brand positioning, process and management and operational marketing.

On the contrary, the perspective of new venture owners and MSE participants to marketing function was under estimated if not ignored for several reasons. Longnecker et al (2008) entrepreneurs ignore marketing in the early stages of planning new ventures. They emphasized

this analogue saying that „concentrating on the cart and neglecting the horse“ that is emphasizing the idea behind the product or services while overlooking the marketing activities that will carry the idea to customers. Banterle, Carraresi and Straneri (2008) poor marketing or smart marketing experience of the firm is dependent on its resource capability (marketing capability) and its commitment to market orientation (Opeda, Jaiyeoba and Donatus; 2011).

2.2 Empirical literature review

As indicated above a small start-up firms have an independent owns/ manager most of the time. The owner manger presence creates a highly personalized management style. As Quinn and Carson (2003) notified such personalized management style impacts upon the type and nature of marketing activity.

There is sufficient evidence that small business failure can result from either a lack of marketing or poor marketing practice. Vasanth (2012) used to evidence the arguments of (Bruno and Leidecker, 1988; and Carson and McCartan-Quinn, 1995) that small business are unable to perform competitive marketing practice and more vulnerable to the threats from competitions.

The reason for this marketing function in SMEs is hindered by constraints such as limited access to resources, and lack of marketing expertise on the part of owner/manager, it is expected that SME marketing differs from marketing in large organization. Vasanth (2012) also referred Hill (2001) for his supporting idea for marketing concept in SMEs were not adopted to the same extent as larger firms did in the pursuit of firms goal since marketing in SMEs is situation specific, and variable regarding the level of sophistication and effectiveness.

There are several problems for this and we could see each of them from external environment and internal firm's perspective. Gruber (2004) the distinctive marketing challenges of new ventures were associated with their particular characteristics and their environmental factors also contribute to these challenges that young firms encounter in their marketing efforts. Newness, smallness of size at start-up and uncertainty and turbulence of the marketing environment are the new venture characters creating marketing challenges of new ventures as he pinpointed the causes.

According to him newness of ventures could create lack of trust in their abilities and offerings, lack of exchange relationships with suppliers and distribution channels, lack of historical data

and experience in marketing that force the owner/managers to rely on social interactions among strangers and informal and routine sales practices as an unknown entity rather than marketing to potential customers and other key stakeholders. On the other hand the limited size means limited financial and human resource to marketing. This further creates scarcity in critical marketing skills and put the venture at disadvantage of limited market presence and market power of bargaining (Gruber, 2004).

Gruber also posited that the uncertainty and turbulence in the marketing environment pours its manifold bearings on the market position of the new venture. The impacts summarized in his work include: limited market data and information that in turn results in poor marketing decisions and planning, low predictability of the market data, high risk of wrong decisions which ultimately might have fatal consequences for the venture. In similar vein, Quinn and Carson (2003) supported this argument by raising the fact that the inherent deficits in managerial expertise of small firms increase the vulnerability to the external shocks.

Markets and marketing were seen as a problem everywhere and empirical findings also support this. When we see, Liedholm and Mead (1999) problems of market were serious in all five African countries surveyed by their work. In the same vein, Clough (2011) substantiated empirical findings for marketing was third (36%) to lack of finance to expand stock and lack of adequate equipment as a major business challenge identified by entrepreneurs in East Africa. Further, marketing challenge was identified across all technologies involved in the survey.

It also comes into play with many other challenges identified. For example, increasing the stock to include a demonstration system would allow enterprises to do public demonstrations as part of their product promotion, hence a lack of finance to expand their stock is affecting their marketing capability (Clough, 2011). Organization for economic co-operation and development (OECD) (2004) strengthened this argument by positing those obstacles for MSEs were not exclusive; their prevalence, the likelihood that they will occur simultaneously, and their severity, are often greater in poorer communities like ours.

That means marketing environment of emerging markets contributes to the challenges. Characteristics such as market heterogeneity, sociopolitical governance, and chronic shortage of resources, unbranded competition and inadequate infrastructure are among the factors mentioned

in Sheth (2011). As well, the magnifying short comings in developing economies markets were identified by Ewah and Ekeng (2009). Low marketing education, preferences for foreign goods, high cost of production, inadequate infrastructure base, few competitive opportunities, excessive government regulations, interferences, political instability, and low patronage for non-essential goods were listed as problems of marketing in developing economies.

Moreover, Clough (2011) answered the question „what the major challenges of MSEs are, in terms of marketing? “ in the survey conducted in East Africa countries as:

Competition (25%) was the main marketing challenge identified by entrepreneurs and was a challenge identified across all the firms and it could come from entrepreneurs in the same business as well as substitute products.

Identifying new markets, taking time away from the business to engage in marketing activities, finances for advertising material and knowledge on advertising techniques, etc.

A lack of distribution channels was the most frequent challenge identified by survey.

Transportation costs can increase the price of products and cut into the entrepreneur’s profit margin. Osotimehin et al (2012) in their survey to evaluate challenges and prospects of MSEs in Nigeria, they notably found that the significance of marketing challenges to MSEs success and survival. Rahel and Issac (2010) in their exploratory survey of growth determinants of women operated MSEs in Addis Ababa, come up with similar results that marketing problems stood first among other problems due to the existence of competitors with identical products, change in demand and absence of market linkages. Dayanandan (2012) in his survey conducted on Dessie town identified marketing related problem such as lack of promotion, lack of skills to set competitive price, lack of demand forecasting, poor business location, lack of knowledge of the overall market, are the major determinants of MSEs sustainability.

Losing competitive advantage in the market mainly comes from the marketing activities of the ventures. Admasu (2012) in his correlational study on factors affecting the performance of micro and small enterprises in Arada and Lideta Sub Cities of Addis Ababa showed similar results. Marketing related factors such as lack of market information, not conducting market research, lack of demand forecasting, in sufficient searching of potential markets, inadequate marketing of

the product, poor pricing, promotion, distribution and poor customer relationship and handling. But this could be corrected by employing strategies and tactics of low cost marketing (Gruber, 2004) and the chance of firm success could be increased if small businesses generally started by hard working and highly motivated individuals having vision and ambition attributes that are integrated with a marketing orientation as posited in Quinn and Carson (2003).

2.2.1 Marketing factors

The market role of a business entity (Tse and Sin, 2004; Ishaq, 2002; Kotler 1992) can be observed as entity's current position/state which determines the choice of the strategy, but also as its set target/result. Market roles result from the strength of businesses on the market (share size and competitiveness position), and are characterized by the level of innovation and business pro-activeness necessary to achieve and maintain a certain position. Accordingly, in the established division of market roles (Kotler, 2003) two drawbacks can be identified: the role of niches is defined by the criterion of where/in what market segment certain business operates, and not by its position in relation to its competition; a lack of the monopolist role for situations when an entity is the only one on the market/market segment.

Marketing skills has been considered as one of the most effective factors to firm survival and growth. According to Van Scheers (2012) the lack of marketing skills has a negative impact on the success of small businesses. Some of the marketing factors included in the study that affects the venture performances are the following;

2.2.1.1 Market Orientation of MSEs

Quinn & Carson (2003) cited Cromie (1991) that the underlying principles of marketing are equally applicable to large and small firms alike though a lack of sophisticated marketing is perceived to be problematic for smaller firms. The successful small firm is seen as "a prime example of a marketing-oriented business" (Willsmer, 1984) as in Quinn and Carson (2003). The company will typically be close to its customers and flexible enough to respond quickly to changing customer needs what usually called Market Orientation (MO). Thus, one can ask „what do we mean by market orientation? “ Kholi and Jaworski (1990) defined Market Orientation (MO) as: "... an organization -wide generation of market intelligence pertaining to current and future customer needs, the dissemination of the intelligence across departments, and

organization -wide responsiveness to that intelligence. MO is an expression of actions concerned with the implementation of the marketing concept.”

They added also that customers are the center of marketing concept in a business philosophy. The implementation of the marketing concept is expressed to as market orientation. Market orientation refers to more than market segmentation. In effect, it involves more than the marketing department because it is an organization-wide concept. Likewise, Narver and Slater (1990) indicated that the understanding of the customer and keeping the rest of the organization informed about customer changes so that superior value can be delivered is a major function of the marketing as a management function. As a result, market orientation has been assumed to be a precondition to success and profitability for most companies. They also defined Market orientation: “...is the characteristic of an organization’s culture that encourages employees throughout the organization to put emphasis on profit creation and maintenance of superior customer value as major goals to accomplish. It creates norms for behavior about the organization -wide development of and responsiveness to information about customers and competitors both current and potential.”

Businesses develop long-term commitments in order to maintain the relationship through quality, service, and innovation. The inter-functional co-ordination aspect of market orientation pledges involvement of the firm’s departments in the creation of value for the targeted market segments and the rapid response to the consumers” demands (Porter, 1985) as cited in Kohli and Jaworski (1990). Inter -functional co-ordination is an important component as it makes possible the transmission of experience and promotes organizational learning. Inter -functional coordination is also a channel to communicate the market expectations to the appropriate departments that can effectively develop products/service delivery in a timely manner. The strategic actions, which the firm presents to its markets, competitors and macro environment is a consequence of, interfunctional co-ordination, established from market intelligence. These actions focus on meeting the market needs in addition to the firm’s needs.

Market oriented businesses possess a competitive advantage in both the speed and effectiveness of their responsiveness to opportunities and threats. A business culture is a basis for competitive advantage only when it is indispensable, and difficult to imitate. Proactive market orientation has a significant and positive mediating effect between resources and performance while reactive

market orientation appears to be losing its effectiveness. As a result, market orientation has been assumed to be a precondition to success and profitability for most companies since they found by their work it is an important determinant of performance regardless of the market turbulence, competitive intensity or technological turbulence of the environment in which it operates (Kohli and Jaworski, 1990).

2.2.1.2 Marketing Capabilities of New Ventures

Abony (2003) as cited in Kazimoto (2014) recommended that effective SMEs participation in markets was required and could be attained in maintaining significant capabilities in different areas ranging over the industry value chain including production, design, distribution, branding and marketing. These capabilities were developed by firm's level of market orientation and are derived from a well performed marketing management that consists of analyzing market opportunity, searching and setting appropriate market objectives, and developing marketing strategies that could be realized and controlled Kotler, (2004) as cited in Banterle, Carraresi and Stranieri (2008). They are marketing competencies that are always taken to refer to observable and relevant skills that lead to effective performance. Marketing capabilities play a key role as they are the basis on which the firm applies its market intelligence and which enables it to be really customer oriented.

Vasanth (2012) listed marketing management capabilities in terms of marketing research, marketing strategy, planning and implementation, control and evaluations that could have a key role in SMEs performance in the market. He also noted that as the existing marketing strategies reached their saturation level that requires new innovative strategies were required from new ventures to percolate into the market.

Spillan and Parnell (2006) showed the relationship between organizational resources associated with market orientation and firm performance among SMEs is a topic deserving greater research attention. This paper seeks to fill this gap by examining the relationship between marketing orientation and capabilities with performance among SMEs. Desiring a greater emphasis on the individual firm, many businesses and marketing strategy researchers began to focus more intently on idiosyncratic firm resources as the foundation for firm strategy.

Firms that create a market-driven culture and initiate effective processes for collecting, sharing, interpreting information, and decision-making tend to be more effective in judging the market and crafting a strategic vision regarding the market and competitive environment that exists. Firms attaining superior performance through vigorous market-based strategies present attributes of continuous improvement, learning and innovation (Spillan and Parnell, 2006).

Overall, these considerations show that marketing in new ventures faces a multitude of challenges. Hence, Jay (2013) have opined that SMEs should relook at their business model and establish their core competencies, through innovation and technological up grading etc. In the following parts how marketing capabilities/ resources and market orientation were required to adjust their marketing strategies and tactics of low-cost effective marketing. Therefore, efforts needed to regularly sharpen the market judgment capabilities and the future vision of the firm. Ultimately, the gradual marketing management capabilities development plays a key role in good SMEs performance in the market (Banterle, Carraresi and Stranieri, 2008).

However, as Habtamu (2007) compiled MSEs marketing problems in addition to lack of marketing information, lack of marketing expertise and knowledge of the market, they tend to underestimate the strategic importance of marketing in achieving competitive advantage while start-ups require aggressive marketing campaigns. That also jeopardizes their customer/ market orientation and development of market capabilities and competencies eventually. This in turn hampers the long term growth and sustainability of new ventures.

Hence, provision of the necessary supports and formulation of small business policy sought to address this problem through shifting the emphasis away from blanket coverage based on their needs as they occupied a prominent position in the development agenda of many developing countries like Ethiopia.

2.2.1.3 Politico-legal factors/regulatory

Research by AsmaBouazza, et al. (2015) observes that governments that are not concerned with the promotion of small enterprises should examine the impact of its policies and programs on the small businesses. Robert Galan, et al. (2014) makes a similar observation that government regulation about wages, taxation, licensing and others are among the important reasons why the

informal sector business develops. Without careful attention, government policies could crush/distract the small business sector in any economy.

According to Lumpkin and Dess (1996) the growth of SMEs is affected by its business climate. Chuthamas C., et al. (2011) noted that an unfavorable business climate has negative affect on small firm growth. Brown (2007) identified competition as one of the major hindrances to the growth of small firm. Davidsson (1989) noted that an unfavorable tax system, complicated rules and regulations can heavily hamper/hide small firms' growth. Krasniqi (2007) showed that corruption is a major source of the rise in unfair competition.

2.2.1.4 Infrastructure factors

The inadequacy of the physical infrastructure is a principal cause of low levels of investment and unsatisfactory performance of small and micro enterprises. World Bank group international finance corporation enterprise survey 2011 has identified poor infrastructure as a critical factor that constrain business performance in Ethiopia. The infrastructure problem includes poor state of roads, inaccessibility to land, work space, electricity and utility. Lack of allocation of suitable land to SMEs in most urban and rural areas is a major impediment to growth and development. Inaccessibility to land and lack of property rights hamper access to infrastructure and utilities by line SMEs (Mbugua et al. 2014). On his study Akinruwa, T. et al. (2013) found a critical factor affecting performance is infrastructure with significant level of 0.001, it shows that with absence of amenities like; power, good road network, effective communication system and readily available market that can absorb the finishing products business may not survive

2.2.2 Required Interventions to MSEs Marketing Problems

The ILO has a spell out the unique mandates to improve the business environment for building sustainable enterprises in promoting “opportunities for decent and productive work, in conditions of freedom, equity, security and human dignity”. ILO’s conclusions highlight the importance of an “enabling environment” for sustainable enterprises. This term contains four elements such as i) the norms and values in a country with regards to entrepreneurship, ii) the policy, legal and regulatory framework in which enterprises operate, iii) the administrative arrangements used to implement and enforce this framework, and iv) the organizations that promote, regulate and represent enterprises and their workers, including financial institutions (ILO,2010).

Liedholm and Mead (1999) efforts to promote the development of MSEs often involve helping the entrepreneurs solve the problems that constrain their growth. To do this effectively, it is helpful to know which are the most serious problems or “the binding constraints” that small enterprises face. A full analysis of this question would involve developing a complex understanding of the directions in which a particular small enterprise might evolve and the things that are required to enable it to survive and to thrive. However, entrepreneurs may have only a limited understanding of the difficulties they face.

But as we have seen so far marketing, a strategic tool for business development is critical for the growth and survival of micro, small and medium enterprises. Marketing is the most important factor for the success of any enterprise. Large enterprises have enough resources at their command to hire manpower to take care of marketing of their products and services. MSEs do not have adequate awareness for and the necessary resources at their command and thus needs institutional support for providing these inputs in the area of marketing.

When we looked at the Indian experience the government established independent public sector enterprise to provide marketing assistance to MSEs. The enterprise eligible this authority is National Small Industries Corporation (NSIC). The broad objectives of the scheme include: to enhance marketing capabilities, the competencies & competitiveness of the MSEs; To update MSEs about the prevalent market scenario (MO) and its impact on their activities; and To enrich the marketing skills of the micro, small & medium entrepreneurs. NSIC adopts various mechanisms to enhance competitiveness and marketability of MSEs and their products; it uses consortia and tender marketing, single point registration for government purchases, B2B web portal for marketing MSEs, market intelligence service, exhibitions and technology fairs, Buyer-Seller meets, Short term credit supports (usually of 90 days term) for marketing and inputs, and performance and credit rating mechanisms as a techniques to be included in the marketing support scheme (NSIC, 2012).

The revised national MSE development strategy FDRE (2011) aspires to provide supports to MSEs based on business growth model considering the developmental level, problems that are likely to occur and recommendable solutions and future strategic directions. In line with the ILO commandments to create the enabling environment the support framework also envisioned to create enabling condition by solving the problems of MSEs. The support framework comprises 5

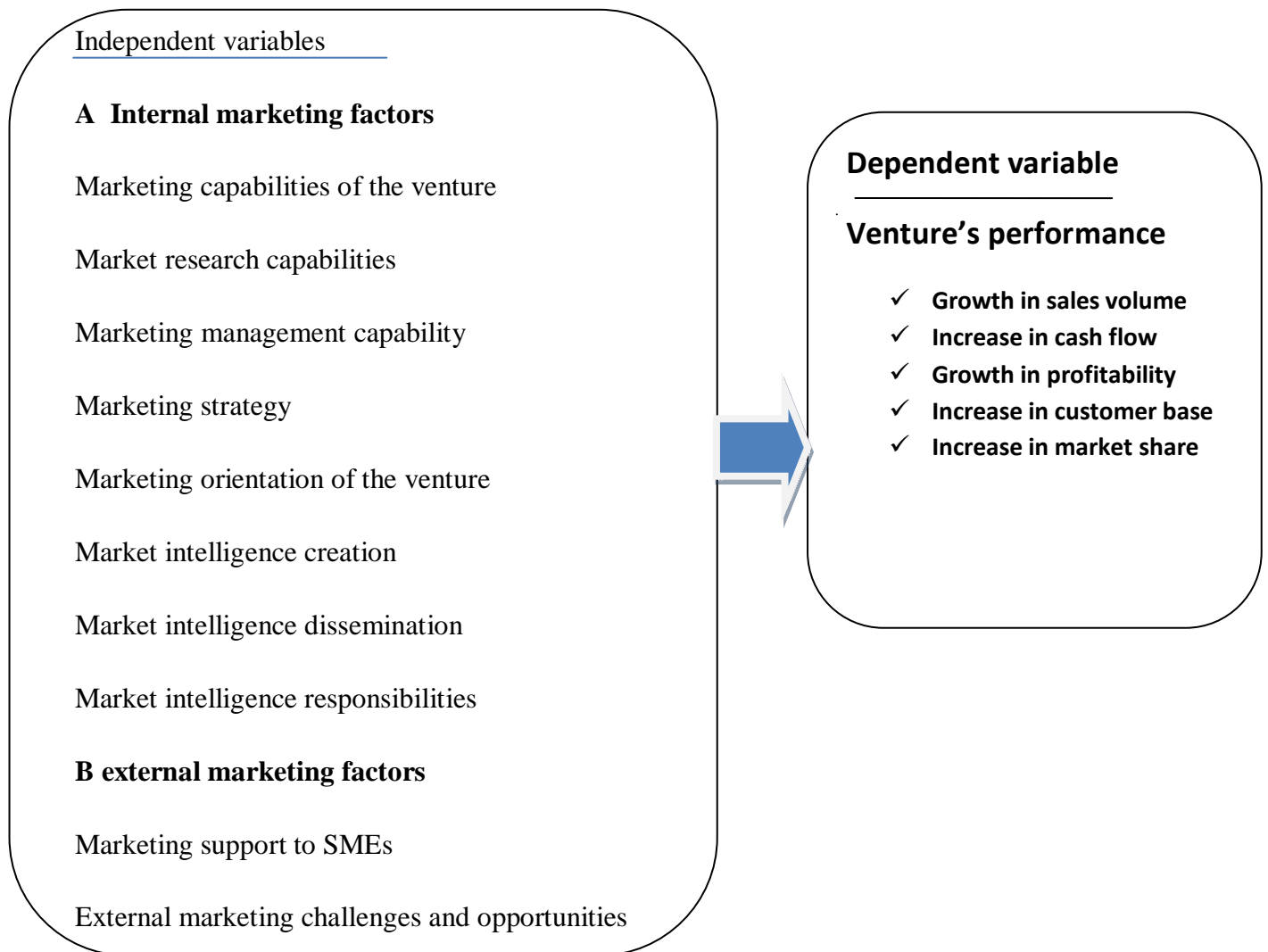
major support schemes such as; HR, technology development, industry extension, market development and marketing system support, finance and credit facilitation, and production and sales center development.

The market development and marketing system support in turn 5 sub-support schemes, viz., marketing system supports (sub-contracting, outsourcing, franchising, and out grower systems); raw materials/input supports; MSEs exhibition and bazar arrangements; construction of market centers; and formulating MSE website and directory. Market support frameworks are formulated to enhance market capacity although searching market is the primary role of MSE through creating capabilities and marketing orientations.

2.3 Conceptual framework of the study

The objective of the proposed research work will be assessing marketing challenges/factors: viz., market orientation and marketing capabilities of the firm; and external marketing environmental factors and institutional supports that could facilitate or hamper the performance and sustainability of MSEs. And hence, it aspires to know the relationship that exists between of market orientation and marketing capabilities with firm's performance and sustainable growth. Finally, the research work wants to highlight relationship between institutional supports given to them and their performance in the market. That means firm's performance is the dependent variable and market orientation, marketing capabilities, institutional supports and other external marketing factors are independent variables.

To this end the following diagram shows the conceptual frame work of the study.



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CHAPTER THREE

3. Research Methods and Methodology

3.1 The Research Design and Approach

The study was employed through descriptive and explanatory design in which both quantitative and qualitative data analysis was used to produce richer and more complete information. And then analysis of cause effect relationship between marketing factors from both internal and external environment on business performance was performed in order to see the significance of the challenges emanating from each source. Hence, all the processes of the study; the sampling design and procedures, data collection instruments and field work procedures, statistical analysis of measurements was following this track.

3.2 Population, sample size and sampling technique

3.2.1 Population

The unit of analysis in this assessment was Small-Scale & Micro Enterprises (SMEs). Meanwhile SMEs are vague due to different approaches that have been applied to define them. Hence this research project adopted the revised governmental definition of the sector. Therefore, the sampling frame was the list of officially registered enterprises which are created as new venture business firms and that was obtained from the department of small and micro enterprises in jimma town. Currently, the total number of the ventures that are considered as new (from 2008-2012)(According to Y combinator accelerator founders Paul Graham, Jessica and Robert Tappa “a company which is five years old can still be a startup”)are 186: Manufacturing 115, Construction 7, Urban Agriculture 49, Service, 15 (jimma town small and micro enterprise organizing office Report, 2020/21).

3.2.2 Sample size

The sample size refers to the number of items to be selected from the universe to constitute a sample. The size of sample should neither be excessively large, nor too small. It should be optimum. An optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility (C.R Kothari 2004). To keep the representativeness and enhance the reliability of the findings of the sample size the researcher will apply C.R Kothari (2004) formula which determines the sample size by specifying margins of error. Hence, by considering the level of acceptable error of 5%, the sample size required for this research was determined using the following formula Taro Yamane (1967)

$$n = N/1+N(e)^2$$

Where n = sample size

N = total population

e = acceptable error

$$= 186/1+186(0.05)^2 = 126 = 126$$

From the total enterprises in the sampling frame, 126 enterprises were selected as a sample considering 95% confidence level. Using stratified sampling formula, the size was determined from each stratum/sector.

$$n_h = n/N*N_h$$

n_h – sample size for stratum h

n-total sample size

N- total population

N_h – population size for stratum h (William G. Cochran(1977))

Table:2 List of active SME sector used in sample size determination

No	Name	Number of SMEs	Calculation	Sample size

1	Manufacturing	115	126/186*115	78
2	Construction	7	126/186*7	5
3	Urban agriculture	49	126/186*49	33
4	Service	15	126/186*15	10
	Total	186		126

Source SMEs organizing office and own computation

3.2.3 Sampling techniques

Stratified random sampling allocation the enterprises from the 4 key sectors that was regarded as developmental sectors by government: namely; Construction, Manufacturing, Urban Agriculture and Service rendering enterprises as strata made so as to bring equal representation to each of the sectors since the enterprises are performing their business activities in different sub-sectors having different characteristics.

The individual respondent was selected based on the respondent's information power relative to other members of the firm ownership. Therefore, the choice of the respondent of the venture is based on the position or agreement with the members in the venture and chairpersons was given preferences.

3.3 Sources of Data

3.3.1 Primary sources of data

Primary data is the data at which the researcher collects for a specific purpose of investigating the research problem at hand (Dr.sue Greener. (2008). The primary data sources of the study was enterprise members of different sectors of SMEs such as manufacturing, urban agriculture, construction and service sectors.

3.3.2 Secondary data

The Secondary data was gathered from SMEs organizing office, as well as from the published and unpublished materials.

3.4 Data Collection Tools

3.4.1 Questionnaire

The questionnaire intended to use in this study was comprises both closed ended and open-ended questions. Closed-ended, mainly Likert-scaled, questions were used to collect data from respondents because it is important to collect respondents' attitudes and opinions. However, opportunities were given to the respondents to say more about the challenges faced in each section through open-ended questions. The questionnaire was validated and translated into Amharic and Afan Oromo language before actual execution commenced.

3.5 Reliability and validity of the instrument

Bless & Higson-Smith (1995) highlight that reliability is “concerned with the consistency of measures”, thus, the level of an instrument's reliability is dependent on its ability to produce the same score when used repeatedly. For the reliability of the questionnaire experienced academics were used to review the questions and categories listed in the original questionnaire. The reliability of a standardized test is usually expressed as a correlation coefficient, which measures the strength of association between variables. Such coefficients vary between -1.00 and +1.00 with the former showing that there is a perfect negative reliability and the latter shows that there is perfect positive reliability (AdmasuAbera. 2012). Validity on the other hand refers to whether an instrument actually measures what it supposed to measure, given the context in which it is Applied (Bless & Higson-Smith. 1995) while, the instruments were developed based on research questions and objectives; it is possible to collect necessary data from respondents. Then, instruments are consistent with the objectives of the study. Validity defined as the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under the study (AdmasuAbera. 2012).

Reliability test

One of the methods to estimate the reliability of the scores on a test or measurements is Cronbach's coefficients alpha method. Hence, Cronbach's coefficients alpha refers to the extent to which there is interrelatedness among the responses to the multiple items comprising in the Likert scale. Hence, as explored by Field (2009), if Alpha Coefficients were above 0.70, consistency and suitability were considered high. Accordingly, the reliability measures of each of the major variables are presented in the following table to ease the process of the data analysis.

Table 3.1 Reliability Statistics

	Cronbach's Alpha	Number of items
Market Orientation of SMEs	.766	15
Marketing capability	.900	12
Marketing Supports	.828	9
External Marketing challenges and opportunities	.848	6
Business Performance	.701	5

Thus, as shown in table 3.1 the reliability of the scores was evident by strong Cronbach's alpha coefficients for all variables, which used as independent and dependent variables of the study. The Cronbach's alpha ranged from 0.701 to 0.900, indicating that items are highly reliable to measure the variables they are expected to measure.

3.6 Model Specification

A multiple linear regression equation is set up to investigate the relationships between the dependent variable and the independent variables in this study. According to Brooks, (2008), the multiple regression models with K independent variables can be written as follows: -

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k + \varepsilon \quad (i = 1, 2, 3, \dots, n)$$

Where Y is the sample of dependent variable (business performance), X_1, \dots, X_4 are the sample of independent variables (marketing orientation of the SME, marketing capabilities, marketing support, external marketing challenges and opportunities β_0, \dots, β_4 are the regression coefficients,

ϵ is the sample of the error term, and n is the number of samples. Hence, the assessment of marketing challenges of new ventures and its impact on performance in the case of small and micro enterprise can be modeled as described below: -

$$Y = \beta_0 + \beta_1 (\text{MOSME}) + \beta_2 (\text{MC}) + \beta_3 (\text{MS}) + \beta_4 (\text{EMCO}) + \epsilon$$

Where;

β_0 is an intercept

β_1 , β_2 , β_3 , and β_4 , represent estimated coefficient for specific study area

Y= Business Performance

MOSME: Marketing Orientation of the SME

MC: Marketing Capabilities

MS: Marketing Support

EMCO: External Marketing Challenges and Opportunities

ϵ : Represents error terms for intentionally/unintentionally omitted or added variables. It has the characteristics of zero mean, constant variance and non- auto correlated.

3.7 Method of Data Analysis and Presentation

Based on the research questions the objective of this research, the paper is primarily based on quantitative research, which adopted an econometric model to assessment of marketing challenges of new ventures and its impact on performance in the case of small and micro enterprise. The researcher adopted multiple linear regression models to identify and measure possible factors that can affect the marketing challenges as measured by business performance. Furthermore, descriptive analysis, the Pearson correlation matrix analysis, F-test and the regression analysis were conducted. To this end the data was analyzed using the Statistical Package for Social Sciences (SPSS V.20). In addition, qualitative data from open and close ended items was analyzed by their contents for emerging themes and patterns and uses as basis for discussion of the findings. The data was analyzed the descriptive statistics including minimum, mean, maximum and standard deviation is used to describe and provide detailed

information about selected variables; this study also conducted correlation analysis, specifically Pearson correlation to measure the degree of association between the variables under considerations; F-test is used to test more than one coefficient simultaneously different from zero and to check the significance level of all explanatory variables in this research models; and regression analysis is used to examine the relationship between dependent and independent variables in order to conclude based on the collected data about the significant assessment of marketing challenges of new ventures in the case of small and micro enterprise; the P-value was used to determine the significance of the constant term and the coefficients terms for the regressions. The importance of each of the regressions was determined by carrying out the F-test at 95% confidence level. The coefficient of determination R square was used to measure the strength to which independent variables explain the variations in the dependent variables.

CHAPTER FOUR

4. Data Analysis, Interpretation and Presentation

4.1 Introduction

This chapter focuses on the analysis of the data collected from the field as well as the discussions of the findings. The results of the study are based on the general objective of the study which was to assess the marketing challenges and its impact on performance of SMEs in Jimma town. The results of the study are presented in both tabular and graphical formats. Once the primary data was collected, prior to the analysis, the questionnaire was reviewed and it was to certify that if questionnaires were filled appropriately. Any incomplete or missing responses were rejected from the subsequent analysis. The steps which stated in the data analysis section such as coding, eliminating coding and data entry error, known as “clearing the data”, was performed in this research.

The survey questionnaires were distributed to a randomly selected 126 owners/managers of SMEs. 2 respondents could not be returned and a total of returned 1 response was excluded from analysis due to irrelevant information and not correctly filling the questionnaires. Thus, the study analysed the data on only 123 responses of the owner of SMEs, which resulted a sufficient percentage (97.6%) response rate. According to Rubin & Babbie (2010), a response rate of 70% is “very good” for further assessment. Descriptive statistics and inferential statistical analysis (correlation and multiple linear regressions) tools were utilized to analyze the data.

4.2. Demographic Characteristics of Sample Respondents

In order to have clear understanding about the result of the study, it is important to be familiar with demographic characteristics of the sample members of SMEs in Jimma Town. The demographic characteristic consists of sex, age, educational background, marital status, work experience, number of employees, size of enterprise, and business category of the respondents. This aspect of the analysis deals with the personal data which was briefly described through tables and charts found below.

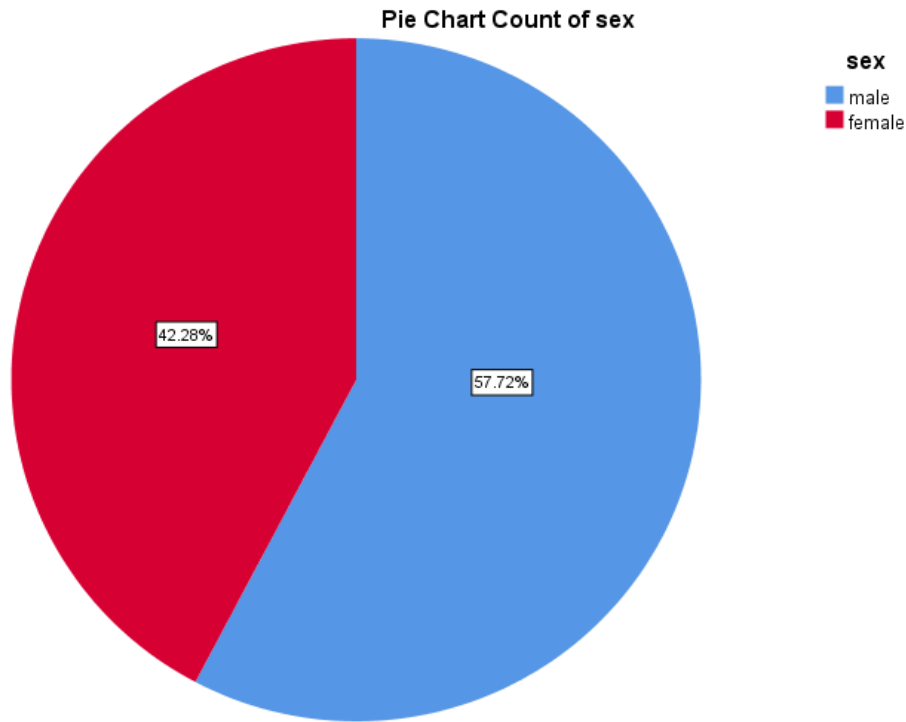


Figure 4.1: Sex of respondents

As it can be seen in the above chart there were a large number of male respondents which accounts for 71(57.7%) of males owned a managed businesses while 52(42.3%) of female own businesses in Jimma city. This shows that the majority of the respondents were male and one can generalize that the majority of SMEs were owned and/or managed by male.

Table: 4.1.Age of respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
<20	8	6.5	6.5	6.5
21-30	28	22.8	22.8	29.3
31-40	67	54.5	54.5	83.7
Above 40	20	16.3	16.3	100.0
Total	123	100.0	100.0	

Source: Own survey data, 2021

The above table 4.1 shows that majority of the study respondents 54.5% were in the age range of 31-40 years, hence in their prime productive and reproductive ages, followed by those in the age range of 21-30 years 22.8%, and above 40 years 16.3%, respectively. The result indicated that most of the SMEs Owners/Managers are young. This shows the majority of respondents are between ages of 31 and 40 years in which they are active work force and ready to act where there is comfortable situation is prepared for them because they are in adult age and have many responsibilities in the future. In addition, they are the age group expected to imitate and flexible according to the environment.

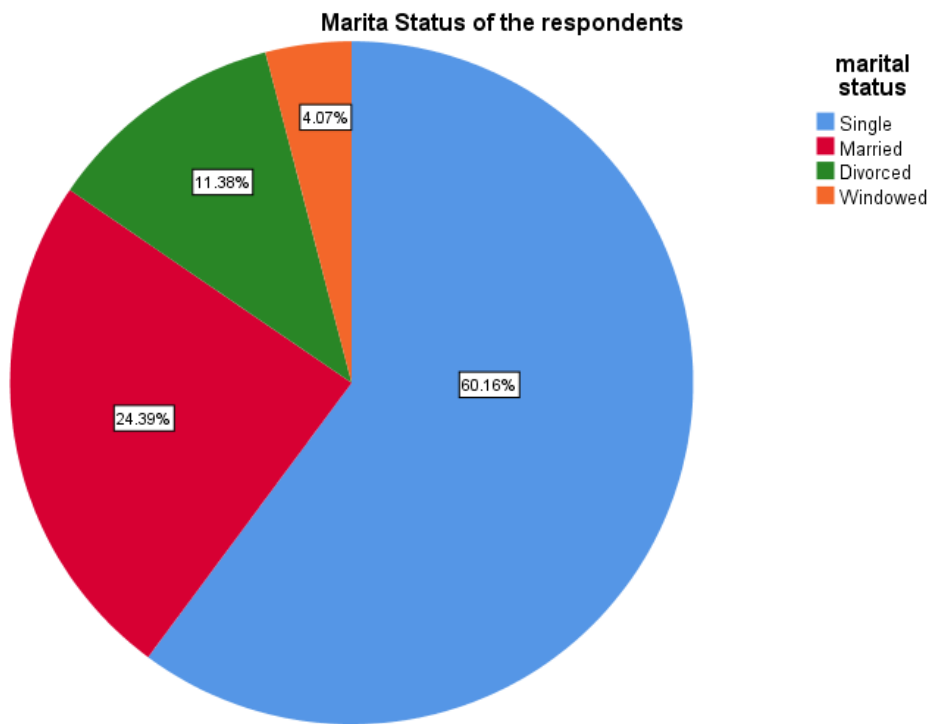


Figure 4.2 Marital status of the respondents

Above pie-chart shows as there were a large number of single respondents which accounts for 60.1% of the sample size while 24.39% of them were married, 11.38% of them were divorce and the rest 4.07% were widowed. Hence, these figure shows that most proportions of single and married women and men are able to participate in SMEs, and the sector is capable of absorbing both single and married individuals indiscriminately.

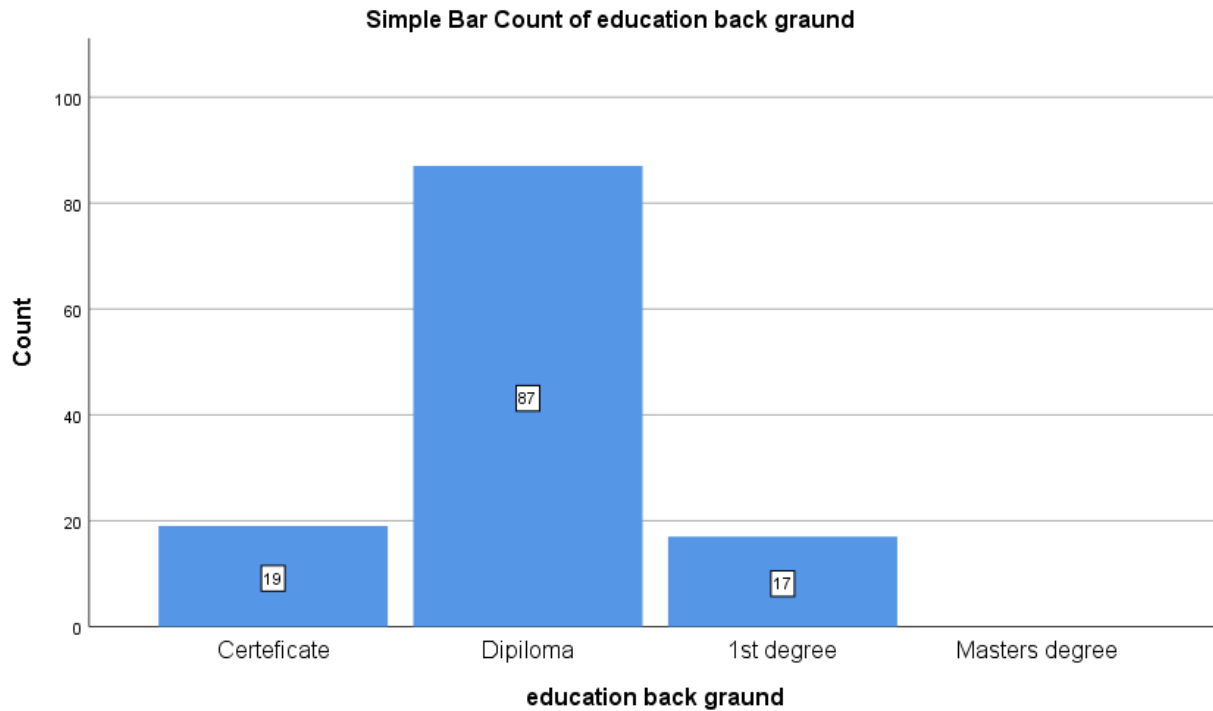


Figure 4.3: Educational level of respondents4

About 87(70.7%) sample respondents were diploma holder, 19(15.4%) were certificate, the remaining 17(13.8%) 1st degree holder. Therefore, this result implies that the majority of the respondents were possessed a good level of education and have know - how/understanding about marketing challenges of new ventures in the case of small and micro enterprise in Jimma town.

Table 4.3: Size of enterprise

Size of enterprise	Frequency	Percent
Micro	106	86.2
Small	17	13.8
Total	123	100.0

Source: Own survey data, 2021

The above table indicated that with regards to the size of the enterprise, the majority of the respondents were from micro-size enterprises which accounted for 86.2% which followed by the small enterprise which accounted for 13.8%.

Table 4.4: Number of Employees

Number of employees	Frequency	Percent
<5	89	72.4
6-15	28	22.8
16-30	6	4.9
Total	123	100.0

Source: Own survey data, 2021

Table 4.4 reveals that the number of employees, most of them has less than 5 employees which accounted for 72.4% and followed by the enterprise having 6 to 15 employees which accounted for 22.8%, while 4.9%, of them have 16-30 employees.

Table 4.5: Business Category of the respondents

Category	Frequency	Percent
Manufacturing	76	61.8
Construction	5	4.1
Urban agriculture	33	26.8
Service	9	7.3
Total	123	100.0

Source: Own survey data, 2021

The above table 4.5 reveals that majority of the respondents related to business category was manufacturing high which accounted for 61.8%, while remaining 26.8%, 7.3% and 4.1% of them have a business category of urban agriculture, service, and construction, respectively.

4.3 Descriptive statistics

In this particular section, all the items used to measure variables, and categorized into four independent variables (Marketing orientation of the SME, marketing capabilities, marketing support, external marketing challenges and opportunities) and dependent variable (Business performance). The respondents were asked to indicate their level of agreement or disagreement with different

statements. The results are summarized by using the mean and standard deviation. The mean shows the extent to which respondents averagely agree or disagree with the variables statement. So, the higher the mean indicates that the majority of sample respondents agree with statements while the smaller mean indicates that the majority of the respondents disagree with different statements.

4.3.1 Market Orientation of the SME

The study required related to market orientation of the SME on business performance in the study area. The researcher considered the level of firm’s market intelligence creation into three categories; namely low for mean market intelligence creation below 2.70, medium for mean market intelligence creation between 2.71 & 3.39, and high for mean market intelligence creation greater than 3.39 after transforming the data((Saunders *et.al*, 2009))

The researcher asked the respondents to indicate the level of market orientation of the SME on business performance. Their answers were as evidenced in table 4.6.

Table 4.6: Market Orientation of the SME

Market orientation	Low	Medium	High	Mean	Std.
Market Intelligence Creation	14(11.4)	34(27.6)	75(61.0)	3.611	.659
Market Intelligence Dissemination	22(17.9)	37(30.1)	64(52.0)	3.398	.766
Intelligence Responsiveness	41(33.3)	27(22.0)	55(44.7)	3.349	.909
Total market orientation of ventures	13(10.6)	48(39.0)	62(50.4)	3.453	.548

Source: Own survey data, 2021

As noticed from the above table 4.6, descriptive statistics of market orientation of the SME with its three items: market intelligence creation, market intelligence dissemination, and intelligence responsiveness. The result of analysis of this market orientation creation, as indicated in the table above, showed that 11.4% of the firms involved in the study fall under low intelligence generating category. 27.6% of the enterprises fell under medium and 61% were included our business objectives are driven by customer satisfaction under higher market intelligence creation categories. The market intelligence creation had a high mean score value (Mean 3.611, SD = 0.659). Besides, the evidenced

data of study depicted that data on customer satisfaction are disseminated at all levels in this business unit on a regular basis 17.9% of the firms involved in the study fall under low intelligence dissemination category. However, 30.1% & 52.0% of the enterprises were fell under medium and higher in market intelligence dissemination respectively as it could be seen in the above table. The market intelligence dissemination had a moderate mean score value (Mean 3.398, SD = 0.766). Similar categorization of the level to periodically review our product development efforts to ensure that they are in line with what customers want and the result of the data showed that 44.7% of the SMEs were highly responding to the intelligence responsiveness. The rest categories were responding moderately and slowly responding categories 22% & 33.3% respectively. And also, the intelligence responsiveness had a moderate mean score value (Mean 3.349, SD = 0.909). The overall results of the findings were a mean score of market orientation of the SME (mean = 3.453, SD =0.548) are high level in the items. For the open-ended questions to identify the methods employed by SMEs to attain market information, most of the SMEs reacted as they did bother about the market information and the information moves faster in their social attachments and networks and they have formal information by collecting customer feedback, enterprise linkages from SME development offices and the like. But some of the firms not seek the information keenly but the ways they used are in informal and un-intentioned fashion. And hence information collected from the market players was used effectively in improving their marketing efforts. This finding related to Ofosu (2014) described as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

4.3.2 Marketing Capabilities

The study required related to marketing capabilities on business performance in the study area. The researcher considered the level of firm's market intelligence creation into three categories; namely low for mean market intelligence creation below 2.70, medium for mean market intelligence creation between 2.71 & 3.39, and high for mean market intelligence creation greater than 3.39 after transforming the data ((Saunders *et.al*, 2009)) The researcher asked the respondents to indicate the level of marketing capabilities on business performance. Their answers were as evidenced in table 4.7.

Table 4.7 Descriptive Statistics of Marketing Capabilities

Marketing Capabilities	Min.	Max.	Mean	Std.
Market Research	1	5.00	3.72	.812
Marketing Management	1	5.00	3.79	.731
Marketing Strategy	1	5.00	3.51	.836
Other capabilities	1	5.00	3.26	.768
Total Marketing Capability	1	5.00	3.57	.686

Source: Own survey data, 2021

As one marketing capabilities variable of enterprises marketing capabilities was categorized under four broad sections for the purpose of this research endeavor. These are market research, marketing strategies, marketing management and other marketing related capabilities of the enterprises.

The results of the above table reveal that the marketing research capabilities, the SMEs were considered to obtaining customer needs, competitor action and general market information in each of broad categories of marketing capabilities was a mean 3.72 with standard deviation 0.812. Data on marketing management capability of the SMEs were gathered on the firms' ability to plan, to implement, control and evaluate that marketing plan in the firm. It could be seen that the average capability of SMEs in marketing management capabilities 3.79 with standard variability of 0.731. The marketing strategies capability which was rated using product capability (product or service quality, new product development, and product varieties); pricing capability (costing and ability to set competitive prices for products); promotional capabilities; and distributional (reach and availability of products or services to customers) capabilities as constructs to the items a mean 3.51 with standard deviation .836. Finally, the other marketing related capabilities of SMEs were rated by constructs such as competitiveness, after sales service, responsiveness, customer relationship management and marketing resources, skills and knowledge of the enterprises. The mean capability of SMEs in these areas of market related capabilities was 3.26 and its standard deviation was 0.768. The overall results of the findings were a mean score of marketing capabilities (mean = 3.57, SD =0.686) are high level in the items. This result supported by Vasanth (2012) the marketing management capabilities in terms of marketing research, marketing strategy, planning and

implementation, control and evaluations that could have a key role in SMEs performance in the market. He also noted that as the existing marketing strategies reached their saturation level that requires new innovative strategies were required from new ventures to percolate into the market.

Table 4.8: Capability Levels

Marketing Capabilities	Incapable	Moderate Capacity	Well Capable
Market Research Capability	37(30.1)	35(28.4)	51(41.5)
Marketing Management Cap	36(29.3)	38(30.9)	49(39.8)
Marketing Strategy	38(30.9)	35(28.5)	50(40.6)
Others Competitiveness	39(31.7)	40(32.5)	44(35.8)
Total Marketing Capability	36(29.3)	39(31.7)	48(39)

Table 4.8 showed that out of the rated 123 enterprises 39% were having average or higher capability in total marketing capability. For instance, the market research capability 41.5% of the SMEs was well capable with such a capability. Whereas 28.4% of them were moderately capable and the rest 30.1% did possess poorly developed capacity in obtaining marketing information and the general marketing environment. Similarly, 30.9%, 28.5% and 40.6% of the enterprises were rated as incapable, moderately capable and well capacitated in marketing strategies respectively. To see the trend of the data on totality, significant portion of the SMEs (39%) were fallen under well marketing capacities and 31.7% and 29.3% were moderately capable and incapable respectively.

The response for the question that asks whether there was a culture of evaluating marketing capabilities of the enterprise or not, only 41 respondents from their respective MSEs (33.3%) were responded as no for the question. The remaining portion, 66.7% or in 82 MSEs, there was evaluation of marketing competencies and resource capacities for marketing in the firms.

Similarly, the remedy actions that used to be taken by MSEs that evaluated their marketing deficiencies were trying to produce best quality products to customer attention and satisfaction; reducing their prices; labor division among members including salesmanship; create linkages with other firms complementing them or as last resort requesting government’s supports were more pronounced by respondents.

4.3.3 Marketing Supports

The study required related to marketing supports on business performance in the study area. The researcher asked the respondents to indicate the level of marketing supports on business performance. Their answers were as evidenced in table 4.8.

Table 4.8 Marketing Supports

	Non-existent	Below Satisfactory	Satisfactory	Good	Excellent	Mean	Std.
Marketing Training		18(14.6)	20(16.3)	61(49.6)	24(19.5)	3.73	.939
Market Development Support		22(17.9)	15(12.2)	66(53.7)	20(16.3)	3.68	.952
Advertising/Promoting Products/Services	1(0.8)	13(10.6)	23(18.7)	68(55.3)	18(14.6)	3.72	.871
Pricing and Costing products/services	3(2.4)	29(23.6)	28(22.8)	51(41.5)	12(9.8)	3.32	1.02
product / service placement or distribution	5(4.1)	7(5.7)	27(22.0)	57(46.3)	27(22.0)	3.76	.992
Products and services quality improvement and branding	3(2.4)	8(6.5)	21(17.1)	63(51.2)	28(22.8)	3.85	.929
Market Information Provision market research support	6(4.9)	10(8.1)	24(19.5)	51(41.5)	32(26.0)	3.75	1.08
Facilitation of Market Linkage, Events and Exhibitions	3(2.4)	17(13.8)	30(24.4)	53(43.1)	20(16.3)	3.56	1.00
Favorably Located Premise Grant and Market Infrastructure Support	3(2.40)	31(25.2)	33(26.8)	44(35.8)	12(9.80)	3.25	1.02
Overall mean						3.62	0.063

Source: Own survey data, 2021

The above table 4.8 illustrate, the mean score of 3.73 & SD of 0.939 on the item, ‘marketing training’ shows that the sample respondents highly agreed on the item but 49.6% of the respondents excellent & 19.5% good. The remaining 16.3% and 14.6% of the respondents were satisfactory and

below satisfactory on the item respectively. Regarding this more than half of the respondents would be marketing training, in order to help the enterprise. With regards to the mean score of 3.72 & SD of 0.871 on the item, “advertising/promoting products/services shows that the sample respondents 55.3% good and 18.7 % satisfactory. The remaining 14.6% of the respondents were excellent 10.6 % of the respondents below satisfactory and 0.8% of the respondents nonexistent on the item. With respect to reverse coded item, product / service placement or distribution 22.0% of the respondents excellent and satisfactory & 46.3 % of the respondents were good. Furthermore, 5.7 % and 4.1% of the respondents were below satisfactory and nonexistent on business performance with the mean score 3.76 and SD 0.992. The highest mean of 3.85 and SD 0.929 is on the item, products and services quality improvement and branding 51.2% and 22.8% of the respondents were good and excellent on the item respectively. While 17.1% of the respondents are satisfactory, 6.5% of the respondents are below satisfactory and the remaining 2.4% of the respondents nonexistent on the item. With regards to the mean score of 3.75 & SD of 1.08 on the item, “market information provision market research support shows that the sample respondents 26.0% excellent and 41.5 % good. The remaining 19.5 % of the respondents are satisfactory, 8.1% of the respondents below satisfactory and 4.9 % of the respondents nonexistent on the item. The descriptive statistics result shows that a mean score of marketing supports (mean = 3.62, SD =0.063) are high level in the items. For the open-ended item the respondents replied that financial supports or supports that brought opportunities to sell out their products as soon as possible were given preferential priorities over others. The previous study support (Gregory, 2009), the extent to which the different lending technologies may be legally and profitably employed. The regulatory environment may also restrict SME credit availability indirectly by constraining the potential financial institution structure.

4.3.4 External Marketing challenges and opportunities

The study required related to external marketing challenges and opportunities on business performance in the study area. The researcher asked the respondents to indicate the level of external marketing challenges and opportunities on business performance. The same 5-point Likert scale, from strong positive influence to strong negative influence, was applied to collect the data. But transforming of the responses/data to three categories (favorable for mean above 3.5, normal for 2.51-3.5 and unfavorable environment for mean of 2.5 and below responses) was made to make clear the situation in the marketing environment. Their answers were as evidenced in table 4.9.

Table 4.9: External Marketing Context

External Marketing Context	Strong negative	Moderate negative	No influence	Moderate positive influence	Strong positive	mean	Std
Demand and Market Size	8(6.5)	34(27.6)	32(26.0)	42(34.1)	7(5.7)	3.05	1.055
State of Competition	4(3.3)	39(31.7)	29(23.6)	44(35.8)	7(5.7)	3.08	1.016
Marketing Infrastructure Base	6(4.9)	31(25.2)	35(28.5)	46(37.4)	5(4.1)	3.12	.990
Location	5(4.1)	11(8.9)	20(16.3)	68(55.3)	19(15.4)	3.69	.976
Input Supply	5(4.1)	14(11.4)	34(27.6)	57(46.3)	13(10.6)	3.48	.969
Government Regulations	4(3.3)	12(9.8)	17(13.8)	72(58.5)	18(14.6)	3.72	.945
Overall mean						3.36	0.71

Source: Own survey data, 2021

As depicted on the above table, the mean score of 3.05 and SD 1.055 on the item demand and market size shows that the sample respondents moderately agreed on the item but 34.1% of the respondents were moderate positive influence. The remaining 27.6% and 26.0% of the respondents were moderate negative influence and no influence on the item respectively. The highest mean of 3.72 is on the item government regulations shows that the sample respondents moderate positive influence on the item 58.5% that is half of the sample size and 14.6% of the respondents were strong positive influence on the item. The remaining 13.8 % of the respondents no influence 9.8% of the respondents' moderate negative influence and the remaining 3.3 % of the respondents' strong negative influence on the item. On the other hand, according to table 4.9, 35.8% of the respondent's moderate positive influence on the item state of competition in this study and 31.7% of the respondents were moderate negative influence. In addition, 37.4% and 28.5% of the respondents' moderate positive influence on the reverse items marketing infrastructure base and location respectively. When respondents were requested the input supply, 10.6% of the respondents' strong positive influence & 46.3% moderate positive influence and the remaining 27.6% of the respondents no influence & 11.4% moderate negative influence and 4.1 % of the respondent's strong negative influence on the item. The descriptive statistics result shows that a mean score of external marketing

challenges and opportunities (mean = 3.41, SD =0.71) are normal level in the items. For the open-ended survey respondents indicated that the challenges in the market environment during introduction were weighed as serious for most of the enterprises. Among the prominent introduction problems poor customer understanding, attraction, handling and retention coupled with low awareness and/or negative attitudes of clients in the market resulted in very slow sales of products over longer period. Ultimately this resulted in loss of commitment, helplessness and finally disagreement of the members with each other. The other critical problems emphasized were the infrastructural problems mainly, water, electricity, premise, and limited working capital position.

The study reveals that Sheth (2011) who low marketing education, preferences for foreign goods, high cost of production, inadequate infrastructure base, few competitive opportunities, excessive government regulations, interferences, political instability, and low patronage/approval for non-essential goods were listed as problems of marketing in developing economies.

4.3.5 Business Performance

The study required related to business performance in the study area. The researcher asked the respondents to indicate the level of business performance. Parallel to the responses in external market situation, the responses were also transformed to three categories (excellent performance for mean above 3.5; good for the mean response between 2.51 and 3.5; and below average performance 2.5 and below mean response) to evaluate the performance. Their answers were as evidenced in table 4.10.

Table 4.10: Business Performance

	very Bad	Poor	Normal	Good	Excellent	Mean	Std.
Sales Volume	5(4.1)	17(13.8)	60(48.8)	26(21.1)	15(12.2)	3.51	1.01
Cash Flow	4(3.3)	8(6.5)	67(54.5)	28(22.8)	16(13.0)	3.67	.901
Profitability	7(5.7)	7(5.7)	62(50.4)	30(24.4)	17(13.8)	3.60	.988
Customer Base		8(6.5)	75(61.0)	13(10.6)	27(22.0)	3.98	.768
Market Share	2(1.6)	2(1.6)	75(61.0)	28(22.8)	16(13.0)	3.82	.735

Overall Mean	3.72	0.125
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Source: Own survey data, 2021

From the findings of the data revealed 33.3% of the respondents remarked that the enterprises' annual sales volume was good and exceeds. In the same way 35.8%, 38.2%, 32.6%, and 35.8% of the respondents denoted similar opinion in that their SME's cash flow, profitability, customer size and market share respectively were good and beyond. However, the relative proportion of those respondents who confirmed that their business performance was poor or even worse was almost as equivalent as to those who said it is more than or equal to good performance in annual sales volume. On the other performance indicators, the proportion of respondents who thought their performance is weak was by far higher than in annual sales volume. The descriptive statistics result shows that a mean score of business performance (mean = 3.70, SD =0.125) are high level in the items. This result in line with the perception of higher risk, informational barriers, existence of high collateral to financial institutions, credit rating, accounting and auditing, economies of Scale and the higher costs of intermediation for smaller firms. As a result, SMIs often cannot obtain long-term finance in the form of debt and equity (Quartey, 2010).

4.4 The Pearson's Correlation Coefficient between dependent and independent variables

After the descriptive analysis, the study conducted Pearson correlation analysis to indicate a linear association between the predicted and explanatory variables. It thus helps in determining the strength of association in the model that is, which variable best explained the relationship between the internal and external marketing factors and venture performance.

According to Wajahat (2010), before the start of regression analysis it is important to check the correlation test between dependent variable and independent variables. The Pearson correlation scale ranges from -1 to 1, any value greater than zero indicate a positive direct relationship between the two variables, which implies that every increase in the independent variable will lead to increase the dependent variable, while any value less than zero indicate a negative indirect relationship between two variables, this means that every increase in the independent variable will lead to the decrease on the dependent variable (Hafiz, 2007). Different authors suggest different interpretations; However, (Saunders *et.al*, 2009) suggests about strength of relationship as: $r = 0$ to 0.39 or 0 to -0.39

small(weak) relationship, $r = 0.4$ to 0.69 or -0.40 to -0.69 medium (moderate) relationship and 0.70 to 1 or -0.70 to -1 large (strong) relationship. The following table shows the relationship between each variable. In general, this result shows as relationships of internal and external marketing factors and venture performance.

Table 4.11: Pearson’s Correlation Coefficient

		Market Orientation of SMEs	Marketing capability	Marketing Supports	External Marketing challenges and opportunities	Business Performance
Market Orientation of SMEs	Pearson Correlation	1	-.075	.356**	.184*	.214*
	Sig. (2-tailed)		.412	.000	.041	.018
	N	123	123	123	123	123
Marketing capability	Pearson Correlation	-.075	1	-.056	.122	.406**
	Sig. (2-tailed)	.412		.541	.179	.000
	N	123	123	123	123	123
Marketing Supports	Pearson Correlation	.356**	-.056	1	.292**	.218*
	Sig. (2-tailed)	.000	.541		.001	.016
	N	123	123	123	123	123
External Marketing challenges and opportunities	Pearson Correlation	.184*	.122	.292**	1	.688**
	Sig. (2-tailed)	.041	.179	.001		.000
	N	123	123	123	123	123
Business Performance	Pearson Correlation	.214*	.406**	.218*	.688**	1
	Sig. (2-tailed)	.018	.000	.016	.000	
	N	123	123	123	123	123

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

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

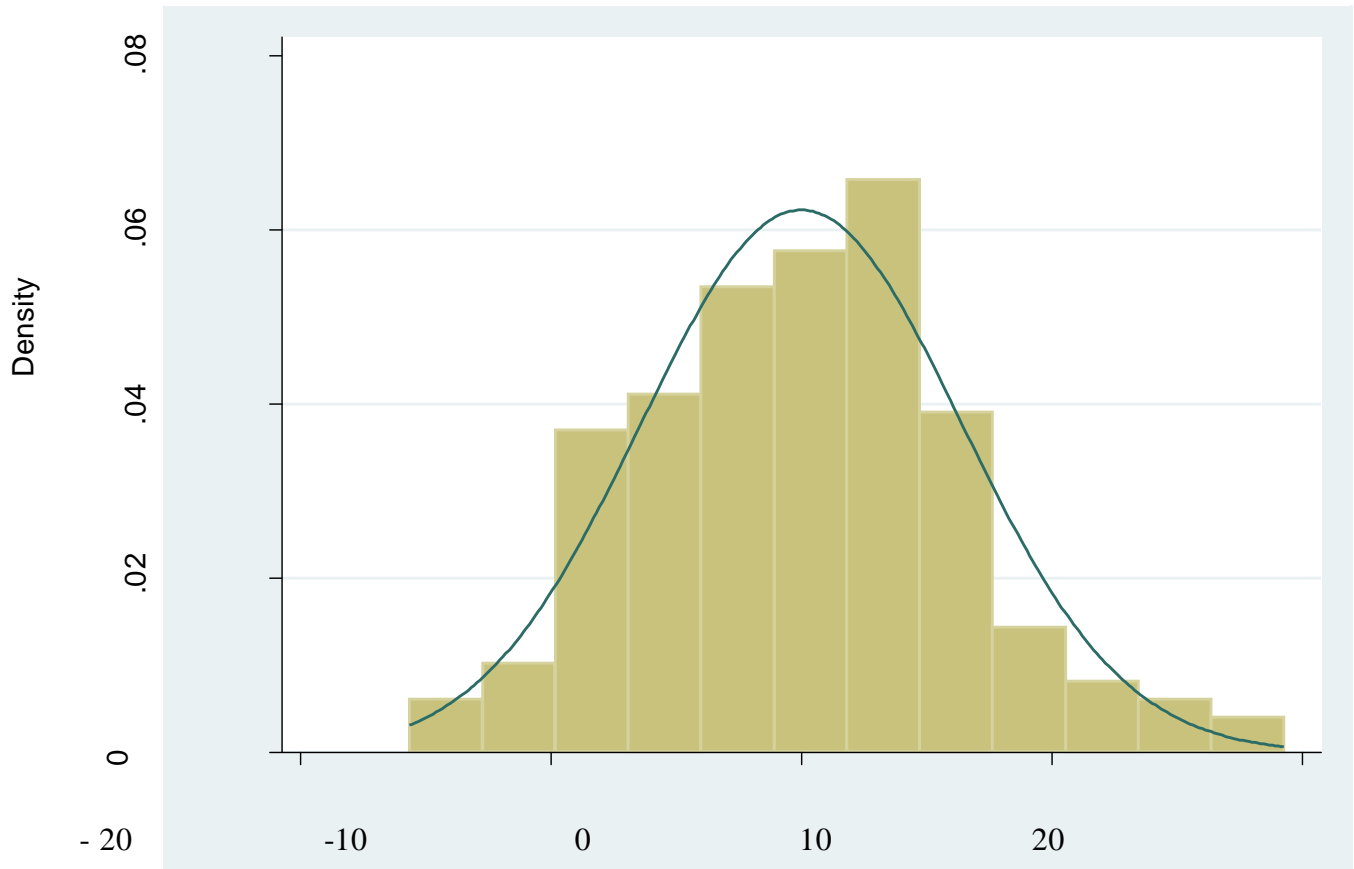
From the correlation matrix, I have seen that the relationship between the independent and dependent variables. The above table indicated that the correlation between marketing orientation of the SME and business performance was considered. The findings in table 4.11 show that there was a statistical and significant relationship between marketing orientation of the SME and business performance, $r(123) = .214, p < .05$. Correlation analysis was done to determine the strength and direction of relationship/ association between marketing capabilities and business performance among the respondent of the study area. The findings that there was a statistical and significant positive relationship/ association between marketing capabilities and business performance, $r(123) = .406, p < .01$. In this section, correlation analysis was done to determine the strength and direction of association between marketing support and business performance among the respondents of the study area. The findings show that there was a statistical and significant relationship between marketing support and business performance, $r(123) = .218, p < .05$. The correlation between external marketing challenges and opportunities and business performance was considered. The findings in table show that there was a statistical and significant relationship between external marketing challenges and opportunities and business performance, $r(123) = .688, p < .01$. All the relationships were statistically significant at 95% level of confidence. Therefore, it possible to conclude there is a relationship between independent variables i.e. marketing orientation of the SME, marketing capabilities, marketing support and external marketing challenges and opportunities effect on dependent variable business performance in the study area

4.5 Diagnosis Tests (Test for CLRM Assumptions)(classical linear regression model)

4.5.1 Normality test

It is also crucial to check the distribution of the error term or the disturbance term before embarking into discussion of the regression result. To check the normality of the distribution of the error term or the disturbance term both the graphical approach and the statistical approach have been applied.

In the graphical approach the histogram is drawn for the error term and the command density is used to evaluate if the histogram resembles a normal distribution shape. As it can be seen clearly from the histogram drawn below one can deduce that the histogram roughly resembles a normal distribution shape. Despite individual subjectivity it is kind of first impression towards the nature of normality. From the graph one can conclude that the error term is roughly normal.



Residuals

Figure 4.4 Normality test

Source: Own survey data, 2021

4.5.2 Linearity test

Linearity test is among the diagnosis tests to be conducted before embarking the regression analysis. One of the basic assumptions of a classical linear regression model is that the relationship between the dependent variable and the independent variables is linear. Thus, I have to assure that the relation between the variables is linear before making inference and conclusion based on a linear model.

The approach to use to check linearity in a multiple regression model is to draw the residual against the normal distribution using the two competing commands which are the “pnorm” and the “qnorm”. The relationship between the dependent and independent variables is expected to be linear when the two lines on the graph sheet or more or less the same. On the other hand, departure of the two lines on the graph sheet from each other proves non-linear nature of relationship between the independent and dependent variables.

As it can be seen from the figure 4.5 presented below have shown proved that the two lines along both graphs found to exactly the same which is an evidence supporting linearity.

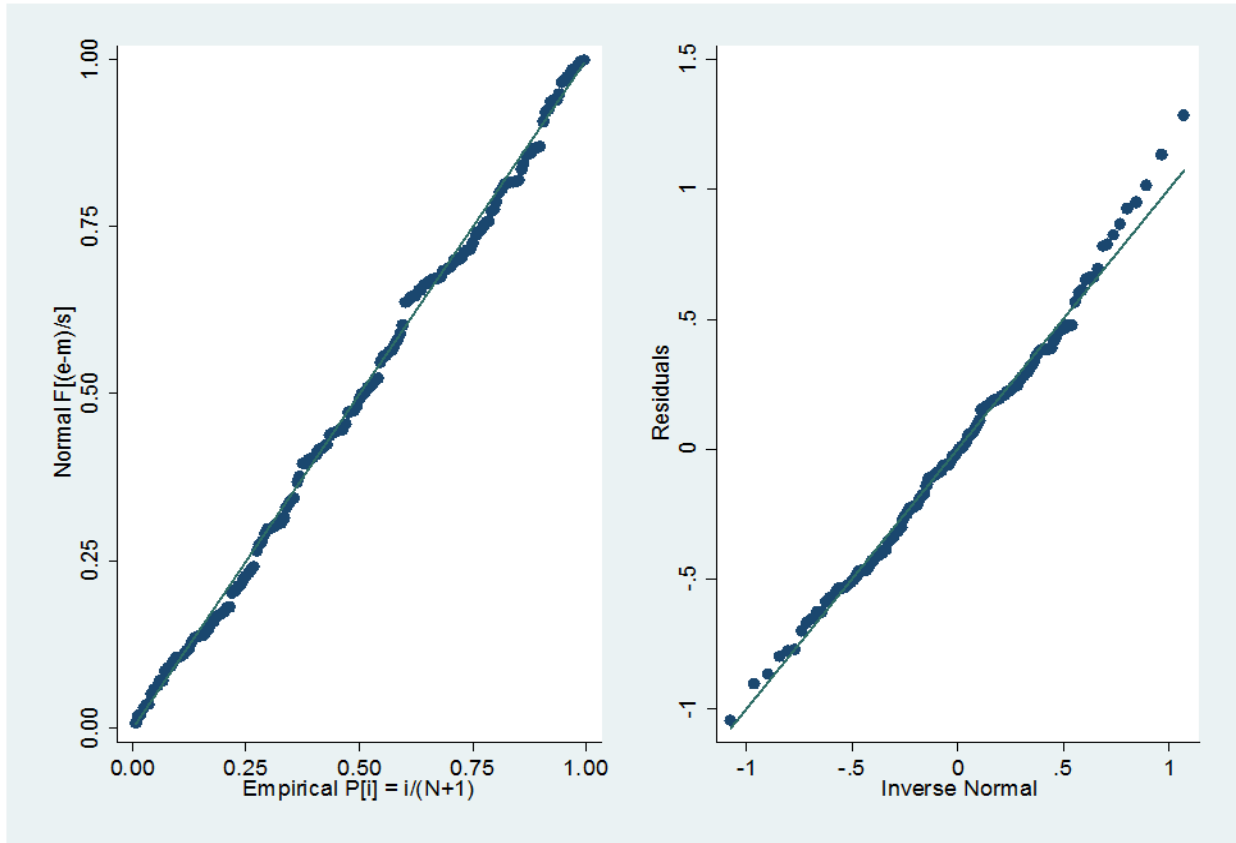


Figure 4.5 Linearity test

4.5.3 Heteroscedasticity test

Another assumption of the classical linear regression model is that the variance of the error term or the residual is assumed to be constant. This is because a heteroscedastic variance will result in a wrong inference and conclusion. Thus, it is very crucial to undertake a heteroscedasticity and check for the presence of the problem and so as to address the problem if any.

In this study both the graphical and the statistical approaches have been used to detect for the problem of heteroscedasticity. In the graphical approach a two-way relationship is drawn between the residual and the fitted values of the dependent variables. In this approach, if the graph shows any systematic relationship between the two variables; the residual and the fitted value of the dependent variables it implies the presence of heteroscedasticity. On the other hand, if no systematic association is found in the relationship between the variables of interest it shows variance is homoscedastic and thus no heteroscedasticity problem.

As it can be clearly seen from figure 4.6 below the variables under consideration have no systematic relationship. That is no clear trend is found for the residual following the increase in the fitted value of the dependent variable. This justifies that there is no heteroscedasticity problem in the model under consideration. (If the vertical range of the residual is not increased as the fitted value increased, there is no heteroscedastic problem) also if the graph developed a cone shape there is a problem

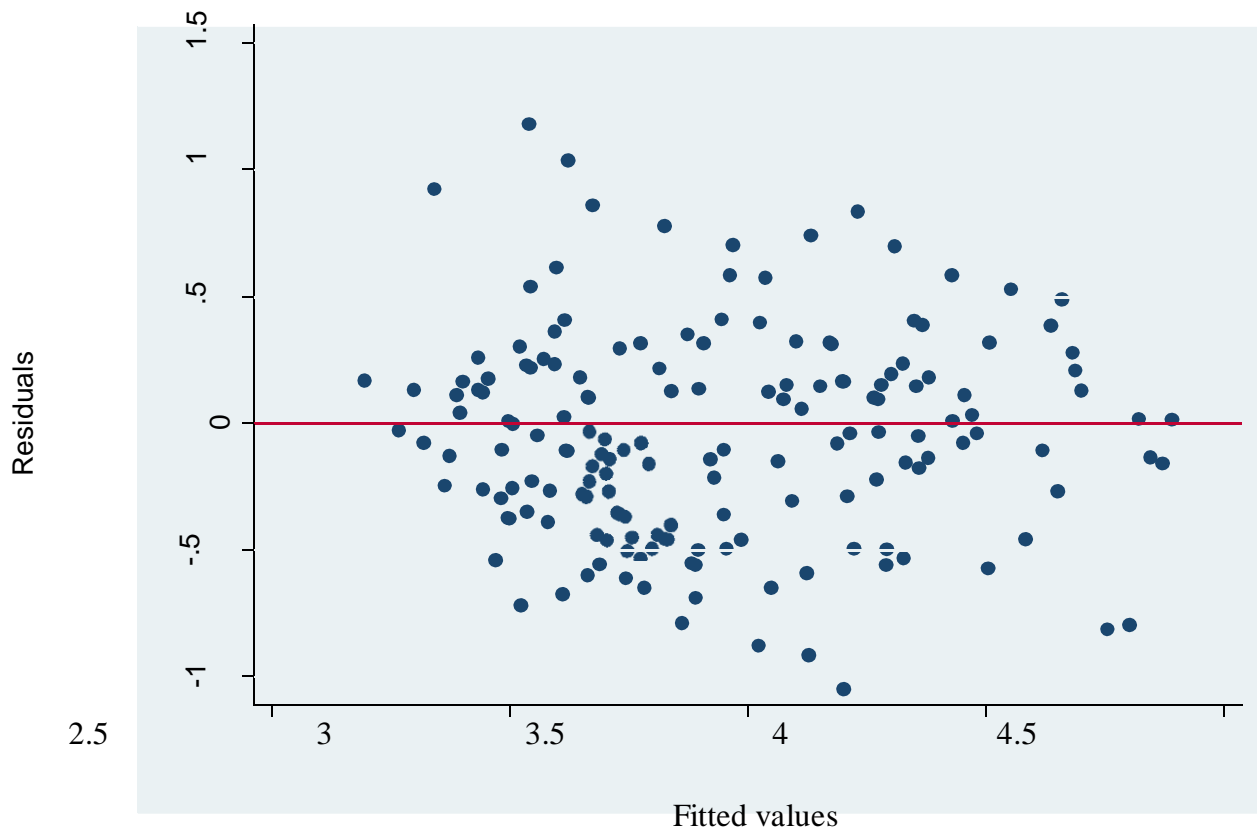


Figure 4.6 Heteroscedasticity test result

Source: Own survey data, 2021

4.5.4 Multicollinearity

Multicollinearity occurs when you have two or more independent variables that are highly correlated with each other. This leads to problems with understanding which variable contributes to the explanation of the dependent variable and technical issues in calculating a multiple regression. From below table 4.12, there is no multicollinearity effect among indicators of the independent variables. In addition to the Multicollinearity is unlikely to be a problem if the tolerance more than 0.2 (Menard, 1995), and variance inflation factor (VIF) should be less than 10 (Myers, 1990). Based on this parameter also Tolerance is more than 0.2, and VIF is also less than 10.

Table 4.12 Summary of co linearity test

Model	Co linearity Statistics	
	Tolerance	VIF
Marketing orientation of the SME	.368	5.954
Marketing capabilities	.811	1.233
Marketing support	.223	4.487
External marketing challenges and opportunities	.254	6.484

Source: Own survey data, 2021

4.5 Regression Analysis Results

Regression Analysis is a numerical instrument to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the value of dependent variable, given the value of the independent variables.

4.5.1 ANOVA

Table 4.13: ANOVA

Model		Sum of square	Df	Mean square	F	Sig.
1	Regression	385.109	4	96.25	97.795)	.000 ^b
	Residual	96.521	118	.946		
	Total	481.63	122			

a. Dependent Variable: business performance

b. Predictors: (Constant), marketing orientation of the SME, marketing capabilities, marketing support, external marketing challenges and opportunities

The regression model generally fit can be examined with the help of ANOVA. As a result, on the whole variables has a positive significance of the model presented in ANOVA table 4.13 above, the total variance 481.63 was the difference in to the variance which can be explained by the independent variables of model and the variance which was not explained by the independent

variables of error. The study recognized that there bepresented a significant goodness of fit between variables as F-test =97.795, at P=0.000<0.01). This showed that the model formed between effect of marketing orientation of the SME, marketing capabilities, marketing support, external marketing challenges and opportunities and business performance was a good fit for the data.

4.5.2 Model Summary

Table 4.14: Model Summary

Model	R	R ²	Adjusted R Square	Std. Error Of the estimate	Durbin- Watson
1	.908 ^a	.824	.816	.97277	1.955

a. Predictors: (Constant), marketing orientation of the SME, marketing capabilities, marketing support, external marketing challenges and opportunities.

b. Dependent Variable: business performance

The finding of the model summary in the above table 4.14, the multiple regression coefficients R, indicates a very strong correlation of 0.908 between business performance and the four independent variables. The R square = 0.82.4 reveals that the model accounts for 82.4 % of the variation in business performance is explained by the linear combination of all the four independent variables of marketing orientation of the SME, marketing capabilities, marketing support and external marketing challenges and opportunities. The remaining 17.6% is explained by other factors giving room for further research to investigate other factors which affect business performance.

The model fits the data well if the difference b/n the observed values and the model predicted values are small and unbiased

4.5.3 Beta Coefficient

Table 4.15: Beta Coefficient result

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		Beta	Std.Error	Beta		
1	(Constant)	-2.217	.819		-2.708	0.08
	MOSME	.241	.079	.320	4.298	.000
	MC	.201	.063	.221	3.215	.000
	MS	.225	.048	.228	4.714	.000
	EMCO	.226	.052	.225	4.315	.000

Standardized coefficient shows the relative effect of independent variables independent variables on business performance.

The larger contribution is explained by marketing orientation which accounts for the standardized beta coefficient 0.32(32%)

a. Dependent Variable: business performance

As it is based on the formula the above table 4.15 reveals that, the unstandardized coefficients (β_1 to β_4) are the coefficients of the estimated regression model. Hence, by including the error term (e), the model for business performance can be written as;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

$$Y = -2.217 + .241X_1 + .201X_2 + .225X_3 + .226X_4 + e$$

The intercept β_0 is the point on the vertical axis where the regression line crosses the Y axis. The value of β_0 is -2.217 which means the expected value of business performance is -2.217 when all the independent variables assume zero value.

As it can recognize from table 4.15 above, the unstandardized coefficients of marketing orientation of the SME is the largest value followed by external marketing challenges and opportunities, marketing support and marketing capabilities ranks from one to independent

variables respectively. The larger the standardized coefficient, the higher is the relative effect of independent variables on the business performance. The significance test of the four explanatory variables indicate that all of the explanatory variables are significant with p-value ($p < 0.01$) for predicting business performance. All the independent variables are marketing orientation of the SME, external marketing challenges and opportunities, marketing support and marketing capabilities are found to be statistically significant. The beta coefficients of these factors indicate that a one unit increase in the independent variables will result increase in business performance by the amount specified.

4.6 Discussions on Results

SMEs still contribute for the economic participation of people who have little skills, low educational status and few job opportunities. The root of all problems was mainly perspective difference in the firms depending on their size. Small firms need Market Orientation as large firms do but SMEs were lack this marketing related behavior. They have been created little intelligence on the market territory they are serving. The limited information obtained by their weak intelligence was not transmitted to all internal stakeholders of the business. Their responsiveness for that little information also lags behind or surrounds the medium level (Banterle, et al., 2008). Similarly, in this survey the result indicated some of firms that do not exhibited market-oriented behavior which approached for those who exhibited more or less. The market orientation of the MSEs in market intelligence responsiveness (reacting quickly to the changing market demand) the respondents those react slowly accounts for 33.3%, this is large number that can affect the venture performance even though the overall mean in this regard is normal. The result for this is not the size related budget and resource limitations only, but also their perspective was guided by the selling concept to deliver their products for already established markets as posited by Banterle, et al., (2008).

However, their business performance was largely influenced by this crucial internal factor. The correlation between external marketing challenges and performance (0.688) shows this relationship clearly. But this is not extraordinary since external marketing challenges behavior influence inter functional coordination in the underlying marketing concept other than selling concept as evidenced in earlier empirical studies such as Mahmoud (2011). According to Jawroski and Kohli (1993), Narver and Slater (1990) market orientation brings improvements in

capabilities, competencies and practices internal marketing of the firm as well as the devotion to allocate firm resources on marketing activities of the firm. This could be justified as market orientation has coefficient of correlation 0.356 for the relationship with marketing capabilities in the survey. This shows market orientation precedes possession of marketing capabilities and it is the foundation that has to be laid in SMEs. This is also in tandem with the findings of the study of Opeda, Jaiyeoba and Donatus (2011).

The institutional marketing supports were good to bring such behavioral orientation and capabilities in first instance. Secondly, they are important to solve the marketing problems they are bump into. But most often, the supports were transactional connections and they concentrate on giving fish but not on the ways of catching those fish by own. However, the common adage “attitude leads deeds” works here also. The marketing supports given to them should be redirected to the caliber and actions in marketing function in SMEs especially in the early stage of establishment. If the perspective and marketing caliber of the ventures improved, it would turn out to marketing capability by default as we have seen the relationships. With no doubt those capable enterprises withstand any of the challenges emanating from the environment and/or able to make use of the opportunities.

The survey results showed that the adequacy of the supports was reflected in the level of market orientation, marketing capabilities and venture performance. Moreover, the external marketing environment has so many challenges and opportunities which SMEs could make use of.

CHAPTER FIVE

5. Summary of Major Findings Conclusion and Recommendation

5.1 Summary of Major Findings

The study conducted on assessment of marketing challenges of new ventures and its impact on performance in the case of small and micro enterprise in jimma town. Descriptive statistics of market orientation of the SME with it's the result of analysis of this market orientation creation, as showed that 11.4% of the firms involved in the study fall under low intelligence generating category. 27.6% of the enterprises fell under medium and 61% were included our business objectives are driven by customer satisfaction under higher market intelligence creation categories. The market intelligence creation had a high mean score value (Mean 3.611, SD = 0.659). The market intelligence dissemination had a moderate mean score value (Mean 3.398, SD = 0.766). And also, the intelligence responsiveness had a moderate mean score value (Mean 3.349, SD = 0.909). The overall results of the findings were a mean score of market orientation of the SME (mean = 3.453, SD =0.548) are high level in the items. The Pearson's coefficient of correlation matrix, the correlation between marketing orientation of the SME and business performance was a statistical and significant weak positive relationship between marketing orientation of the SME and business performance, $r(123) = .214, p < .05$. The regression model result revealed that, a unit increase in marketing orientation of the SME by keeping other independent variables constant will lead to 0.241 increases in business performance. This implies that marketing orientation of the SME indicate for 24.1 % of variation in business performance. Therefore, the findings indicated that marketing orientation of the SME positively effect on business performance.

As one marketing capabilities variable of enterprises marketing capabilities of the results of the marketing research capabilities, the SMEs were considered to obtaining customer needs, competitor action and general market information in each of broad categories of marketing capabilities was a mean 3.72 with standard deviation 0.812. Data on marketing management capability of the SMEs were gathered on the firms' ability to plan, to implement, control and

evaluate that marketing plan in the firm. It could be seen that the average capability of SMEs in marketing management capabilities 3.79 with standard variability of 0.731. The marketing strategies capability which was rated using product capability (product or service quality, new product development, and product varieties); pricing capability (costing and ability to set competitive prices for products); promotional capabilities; and distributional (reach and availability of products or services to customers) capabilities as constructs to the items a mean 3.51 with standard deviation .836. Finally, the other marketing related capabilities of SMEs were rated by constructs such as competitiveness, after sales service, responsiveness, customer relationship management and marketing resources, skills and knowledge of the enterprises. The mean capability of SMEs in these areas of market related capabilities was 3.26 and its standard deviation was 0.768. The overall results of the findings were a mean score of marketing capabilities (mean = 3.57, SD =0.686) are high level in the items. Correlation analysis was done to determine the strength and direction of relationship/ association between marketing capabilities and business performance of the findings that there was a statistical and significant strong relationship/ association between marketing capabilities and business performance, $r(123) = .406$, $p < .01$. The regression model result revealed that, a unit increase in marketing capabilities by keeping other independent variables constant will lead to 0.201 increases in business performance. This implies that marketing capabilities indicate for 20.1 % of variation in business performance. Therefore, the findings indicated marketing capabilities positively effect on business performance. The mean score of 3.73 & SD of 0.939 on the item, marketing training. With regards to the mean score of 3.72 & SD of 0.871 on the item, advertising/promoting products/services. With respect to reverse coded item, product / service placement or distribution with the mean score 3.76 and SD 0.992. The highest mean of 3.85 and SD 0.929 is on the item, products and services quality improvement and branding. With regards to the mean score of 3.75 & SD of 1.08 on the item, market information provision market research support. The descriptive statistics result shows that a mean score of marketing supports (mean = 3.62, SD =0.063) are high level in the items. Correlation analysis was done to determine the strength and direction of association between marketing support and business performance was a statistical and significant strong relationship between marketing support and business performance, ($r(123) = .218$, $p < .05$). The regression model result revealed that, a unit increase in marketing support by keeping other independent variables constant will lead to 0.225 increases in business

performance. This implies that marketing support indicate for 22.5 % of variation in business performance. Therefore, the findings indicated that marketing support positively affect business performance.

As depicted on the findings, the mean score of 3.05 and SD 1.055 on the item demand and market size. The highest mean of 3.72 is on the item government regulations. When respondents were requested the input supply with a mean of 3.48 and SD 0.969. The descriptive statistics result shows that a mean score of external marketing challenges and opportunities (mean = 3.41, SD =0.71) are high level in the items. The correlation between external marketing challenges and opportunities and business performance was considered in the finding was a statistical and significant strong relationship between external marketing challenges and opportunities and business performance, $r(123) = .688, p < .01$). The regression model result revealed that, a unit increase in external marketing challenges and opportunities by keeping other independent variables constant will lead to 0.226 increases in business performance. This implies that external marketing challenges and opportunities indicate for 22.6 % of variation in business performance. Therefore, the findings indicated that external marketing challenges and opportunities have positive effect on business performance.

5.2 Conclusion

The study was mainly concerned with the assessment of marketing challenges of new ventures in the case of small and micro enterprise in Jimma town within four sectors namely: manufacturing, service, urban agriculture and construction. Hence Micro and small enterprises in developing countries play an important role in employment creation and income generation and contribute to the growth in developing countries. MSEs in Ethiopia are also playing an important role in improving employment opportunity for unemployed, income distribution, economic growth and poverty alleviation. The government has designed MSEs Development program under the urban industrial development package with the objective of reducing urban poverty and unemployment.

The marketing challenges that were seen in this study are market orientation and marketing capabilities from the inside enterprise; and institutional marketing supports and environmental marketing challenges and opportunities from outside marketing environment. The study has provided empirical justification for the framework that identifies the independent variables and describes the relationship among the constructs and business performance within the context of

Jimma town. Based on the findings, the study concludes that there is a relationship between the marketing orientation of the SME, marketing capabilities, marketing support and external marketing challenges and opportunities and business performance; the correlation relation shows that they have strong and a positive correlation with all the independent variables. The independent variables studied significantly and positively effect on the project business performance in the study area. In general, the study concludes that marketing orientation of the SME, external marketing challenges and opportunities, marketing support and marketing capabilities positively effect on business performance. The independent variables are ranked in terms of their importance as follows; marketing orientation of the SME, external marketing challenges and opportunities, marketing support and marketing capabilities.

The marketing supports provided to solve both internal marketing limitations of the enterprises and external environmental challenges were good when we see the overall mean score of 3.62 but there is still gap in different items. For example, the support in terms of favorable located premise grant and market infrastructure, the unsatisfied number of respondents are higher than the satisfied one which accounts for 27.6% and also the support in the area of pricing and costing products/services the percentage of unsatisfied respondents are greater than the satisfied one which accounts 26% whereas the satisfiers are 22.8%.As a result, it couldn't solve fully the whole challenges in marketing for ventures.

However, this study exposed marketing characteristics of successful enterprises from the experience of those that accomplished excellently in their venture financial and market performance as key success factors. Such ventures that internally exhibited market-oriented business behavior and practices and acquired necessary marketing capabilities, and/or operated in encouraging environmental situations, and obtained adequate institutional marketing supports were succeeded in their performance.

5.3 Recommendation

In view of the conclusions drawn from the study the following recommendations are provided to help enhance an accelerated and sustained growth in the SME sector.

- Marketing could be seen as the basic theme for firms undertaking business as it has been said so many times. In this survey it should also be considered beyond that because the

spillover of failure in it affects all other business functions and successes in it cover the limitations of the same. Likewise, Banterle, et al., (2008) reinforced this notion by contending the strategic role of marketing activities as market oriented and innovative firms have the capacity to understand their customer needs and strategically responding to them.

- Based on the findings and implications of this investigation, it was advisable to all the partners in MSE sector including the MSE participants to work and consider more the need of marketing and market orientation for their business from the scratch start-up and establishment of the venture. Market orientation is the basement for other marketing capabilities and competencies that enables firms to sustain competing and performing in any of the circumstances.
- For operators, people engaged in SME business, it was advised and encouraged to periodically evaluate again and again some of their observed marketing weaknesses in terms of market orientation and capability parameters. Each evaluation phase could provide the limitations and gaps to be filled and hence through time they could develop a culture of up-dating the SME from the benefits experiencing market orientation since change occurs everywhere. This was also suggested by Mahmoud (2011) that it is in MSE sector that firms need to be more customer focus, monitor competitive trends, and respond appropriately to market intelligence in order to survive and sustain in a business.
- Moreover, types of support that ought to be sought from other partners base these evaluations and have the ability to create internal strength of the venture which is rather real need of the support than the cooked cake version of transactional facilitation. Similarly, promoters of the sector must also support these mentioned moves of the enterprises.
- Extensive training might be the prerequisite to bring marketing perspective changes in SME business. Secondly, creating conducive business environment in general and infrastructural facilitation specifically has also a paramount advantage of encouraging the enterprise as it has been seen in the survey. The SMEs have a great responsibility of ensuring the proper use of credit which is an important facility in business acceleration. To achieve this, credits should client -oriented. Proper and extensive monitoring activities should be provided for clients who are granted loans.

- NGOs and other institutions should work with commitment in collaboration with MSEs office to strengthen and broaden the sectors.
- MSEs must forecast demand based on the adequate information. They must analyze the existing and potential foreign and domestic competition, and device a strategy and tactics to increase their market share.
- The MFIs have a great responsibility of ensuring the proper use of credit which is an important facility in business acceleration. To achieve this, credits should be client-oriented and not product-oriented. Proper and extensive monitoring activities should be provided for clients who are granted loans.
- The provision of electric power must be well improved. Electric power is a key for almost all business enterprises. The government of Ethiopia must strengthen to eliminate the electric power supply problems and challenges.
- Working premises was revealed in this study as one of the most influential factors to business performance of SMEs. The government of Ethiopia must create a means for enterprises to make availability of adequate and convenient working premises, and prepare a platform or ratify a regulation regarding business working premises rents or a means to alleviate a high cost of business working premises rent. Government must device a mechanism to avail a land for business expansion.
- Finally, the overall marketing support scheme should consider and base the need assessment of enterprises in the marketing support and be redirected in order to address real marketing gap of the enterprises.

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Appendices

1. Questionnaire

Dear respondent, this questionnaire is designed to gather pertinent data that will be used to conduct academic research on the topic “An Assessment of Marketing Challenges of New Ventures: A Study on Small and Micro Enterprises (SMEs) in Jimma city. Your cooperation in providing genuine answers for the questions that follow is highly important for the success of this study. Your responses will be kept confidential. It will be used only for academic purpose. Thank you for your cooperation in advance!

I Basic Demographic Information

1. About the Respondent (Put “√” in your choice of response in the table.)

1.1 Age:

< 20 years	21-30 years	31 - 40years	Above 40 years

1.2 Gender

Male	Female

1.3 Marital Status

single	married	Divorced	Widowed

1.4 Educational Level:

Read and write	Elementary School	Secondary School	TVET graduate(certificate)	College diploma	First degree	Mastersdegree and above

2. About the Enterprise (Put “√” in response that qualifies your enterprise in the table.)

2.1 Size of your business:

Micro	Small

2.2 Business Category

Manufacturing	Construction	Urban Agri.	Service	Retail

II. Basic Business Information

1. Market Orientation of SMEs: (Put “√” in one of responses about your opinion in your business; 5 = Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1= Strongly Disagree as indicated in the table.)

1.1 Market Intelligence Creation

Item	Item Description	Response set					Remark
		5	4	3	2	1	
	In Our Enterprise;						
1.1.1	Our business objectives are driven by customer satisfaction.						
1.1.2	we meet with customers at least once a year to find out what products or services they will need in the future						
1.1.3	We poll end users at least once a year to assess the quality of our products and services.						
1.1.4	We generate intelligence on our competitors independently by own.						
1.1.5	We periodically review the likely effect of changes in our business environment (e.g., regulation) on customers						
1.1.6	We are slow to detect changes in our customers' product preferences.						

1.2 Market Intelligence Dissemination

Item	Item Description	Response set					Remark
		5	4	3	2	1	
	In Our Enterprise;						
1.2.1	Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.						
1.2.2	A lot of "informal talks" in this business unit concerns our competitors' tactics or strategies						
1.2.3	When something important happens to a major customer of market, the whole business unit knows about it within a short period						
1.2.4	We have formal enterprise meetings at least once a month to discuss market trends and developments.						

1.3 Intelligence Responsiveness

Item	Item Description	Response set					Remark
		5	4	3	2	1	
	In Our Enterprise;						
1.3.1	periodically review our product development efforts to ensure that they are in line with what customers want						
1.3.2	When we find that customers would like us to modify a product of service, the departments involved make concerted efforts to do so.						
1.3.3	When we find out that customers are unhappy with the quality of our service, we take corrective action immediately.						
1.3.4	We are quick to respond						

	to significant changes in our competitors' pricing structures and other competitive actions that threaten us						
1.3.5	Several departments get together periodically to plan a response to changes taking place in our business environment						

2. Marketing Capabilities of the Firm

a. Please rate marketing capabilities of your enterprise. (Put “√” in one of the responses about your rating the business you are involved in; 5 = Very Strong, 4= Strong, 3= Average, 2= Weak and 1= Very Weak in the table.)

Item	Item description		Response set					
			5	4	3	2	1	Remark
		Our enterprise's capability in						
2.1	Market Research	In obtaining customer needs						
		In obtaining competitor action						
		In obtaining general market information						
2.2	Marketing Strategy	Product Capability; Quality, Development						
		Price Capability; Costing, Competitive Pricing						
		Promotion Capability; ads, sales promotion, etc.						
		Placement Capability; availability, reach...						
2.3	Marketing Management	Planning						
		Implementation						
		Control						
		Evaluation						
2.4	Other Capabilities	Competitiveness						
		After Sales Service						
		Responsiveness						

		Customer Relationship Management						
		Marketing Resources, Skills, Knowledge						

b. Had you evaluated your marketing capabilities ever? Yes _____ No _____

c. If your answer for the above question (b) is “Yes”, how you used to improve your weaknesses and capability deficiencies? _____
 _____.

3. Marketing Supports

a. Please provide your opinion about the marketing supports on the following parameters and issues as Excellent (5), Good (4), Satisfactory (3), Below Satisfactory (2) and Non-existent (1) by putting “√” depending on your experience.

Item	Item Description	Response set					1	Remark
		5	4	3	2			
	Our Enterprise/its members obtained supports in;							
3.1	Marketing Training							
3.2	Market Development Support							
3.3	Advertising/Promoting Products/Services							
3.4	Pricing and Costing products/services							
3.5	product / service placement or distribution							
3.6	Products and services quality improvement and branding							
3.7	Market Information Provision market research support							
3.8	Facilitation of Market Linkage, Events and Exhibitions							
3.9	Favorably Located Premise Grant and Market							

	Infrastructure Support						
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b. How do you prefer to be supported in marketing your enterprise’s product or service?

4. External Marketing challenges and opportunities

a. Please provide your opinion about the following marketing challenges and opportunities depending on their impact on your firm as by putting “√” Strong Positive Influence (5), Moderate Positive Influence (4), No Influence (3), Moderate Negative Influence (2), and Strong Negative Influence (1) depending on your business experience.

Item	Item Description	Response set					remark
		5	4	3	2	1	
	The influence of the factor to our business enterprise was;						
4.1	Demand and Market Size						
4.2	State of Competition						
4.3	Marketing Infrastructure Base						
4.4	Location						
4.5	Input Supply						
4.6	Government Regulations						

b. how you explain the marketing challenges that your enterprise faced during start up?

c. List market and marketing challenges you faced when you just started your business and that are still unsolved and your enterprise was suffering from.

5. Business Performance

a. Please rate your business performance and growth based on the following parameters Excellent (5), Satisfactory (4), Normal (3), poor (2) and Very Bad (1) by putting “√” depending on your current position.

Item	Item Description	Response set					remark
		5	4	3	2	1	
	Our Enterprise/its members obtained						
5.1	Growth in sales volume						
5.2	Increase in cash inflow						
5.3	Growth in profitability						
5.4	Increase in customer base						
5.5	Increase in market share						

b. Your enterprise’s current position

1. Size of your business now: (Put “√” in response that qualifies your enterprise in the table.)

Micro	Small

2. Number of Existing Members M__ F__ T__

Current Employment M__ F__ T__