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## Development of Marketing Techniques in Women-Owned Enterprises through Credit and Training: A Perspective from SMEP Microfinance Bank Program in Nakuru Town, Kenya

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### **Abstract:**

*More women are starting businesses, but they still face significant challenges operating their businesses. Marketing one such prominent challenge encountered by these businesses. Most MSEs in Kenya rarely invest in formal marketing development as a core function of their operations to gain competitive advantage as their management/owners have no formal training in marketing, hence, relying on informal marketing methods. Marketing training is, thus, crucial to any business and hence it is important to assess how training in this line influences business performance. Therefore, the objective of the paper was to determine whether credit and training offered by SMEP Microfinance Bank had influenced the usage of marketing techniques in the women-owned enterprises in Nakuru Town. The study used a longitudinal survey design targeting women entrepreneurs in the area who were clients of the microfinance banks. Through systematic random sampling, the study selected 145 women who were followed over a period of 12 months. Data was collected using researcher developed pre-tested questionnaires and was analyzed using both descriptive and inferential statistics. The Z-test analysis shows that a significant change occurred after receiving obtaining credit and training and marketing techniques. This implied that training in marketing techniques was an important aspect of business training and improved the performance of the businesses. Therefore, more coverage needs to be made in the training of marketing techniques as most of the women entrepreneurs had not fully grasped the concepts and it was affecting their growth prospects.*

**Keywords:** Credit and training, marketing techniques, microfinance banks, women-owned enterprises

### **1. Introduction**

The SME sector is widely regarded as the driving force in economic growth and job creation in both developed and developing countries (White & Simas, 2008). Women play a very important role in the SMEs sector especially in the developing world where most of them are employed either in the agriculture sector or the SMEs (Ahmad & Arif, 2015). The number of women entrepreneurs is on the rise. Women-owned small and medium enterprises (SMEs) make significant contributions to the economies in which they operate. More women are starting businesses, but they still face challenges operating their businesses. In the SMEs sector, the women owned enterprises find themselves facing significant competition from male owned SMEs largely due to the social capital advantage that men have over the women in the market. Regardless of the positive outcomes, women are struggling to survive in the business environment given the challenges they face. Although laws and policies have attempted to create a favorable business environment for everyone, the actual changes have not yet been implemented (Cheng, 2018).

The most significant barriers tend to be non-financial in nature, influencing the degree to which women-owned SMEs can formally access financial products and services and realize the growth potential of their enterprises. In comparison to men, women generally face a disproportionately larger number of challenges when applying financing (International Finance Corporation [IFC], 2014). Financial barriers include local financial conditions—such as a lack of collateral, inadequate financial infrastructure, or the high cost of funding—while non-financial barriers include the social and cultural norms underlying gender biases, as well as the tendency for women-owned SMEs to be smaller in size, and the limited access to business education opportunities and networks (Mandishaya et al., 2015). Women tend to face the greatest challenges in getting support, from lacking the relevant connections to needing financial access or emotional support. The support system is often expensive, forcing women to delay starting their businesses (Kumar & Kalyani, 2011). Some have to bootstrap their entrepreneurial ventures, rely on credit cards or raise capital on their own. Women's businesses are among the leading ventures that lack financial support (Cheng, 2018). It is also common for women to be denied loans because of gender and cultural biases—many institutions tend to fund male-owned businesses. They also need mentors and sponsors to guide them in this new path.

Over the years, competition among SMEs has increased radically. Over the years, competition among SMEs has increased radically (Gunasekaran, Rai & Griffin, 2011). Competition is viewed as one of the major challenges affecting the performance of SMEs by majority of the SME owners/managers. In Finscope survey (2010), competition ranked as the

third greatest obstacle to growth for businesses. More than half (62%) respondents saw local competitors as a challenging factor. Competition and sustainability for SMEs involve factors such as changing market trends, changing technologies and emerging new management and organizational techniques (Gunasekaran, Rai & Griffin, 2011). Local SMEs find it increasingly difficult to survive or even maintain their current business position in their respective markets (Singh, Garg & Deshmukh, 2010). SMEs are finding it difficult to maintain their market share and position, due to the competition from local competitors, as well as international competitors. SME competitiveness depends largely on the speed with which new products can be brought to the market place. From a marketing perspective, the small businesses are unable to compete with corporates due to the limited marketing strategy to guide them in exploiting the newly emerging markets brought by globalization (Rubio & Aragon 2009). Competition for most small businesses comes from both big businesses and other small businesses offering similar products and services. However, as established by Sitharam and Hoque (2016), most of the management/owners of small businesses have no formal training in marketing. Wanjohi (2012) observed that most MSEs in Kenya rarely invest in formal marketing development as a core function of their operations to gain competitive advantage. Most small-scale businesses rely on informal marketing methods.

For women-owned SMEs, the challenges they face in accessing valuable markets are significantly higher than those of their male counterparts. Women entrepreneurs have been less-established business networks, and social and traditional constraints that restrict their participation in business. Therefore, empowering a woman with knowledge is just the beginning of a long journey to business success (Kamberidou, 2020). Life is a daily learning process where each day comes with new information (Cheng, 2018). Unfortunately, women's access to this information and emerging knowledge is limited. Women often lack the necessary capacities, gained through economic skills enhancement trainings, as well as work experience. However, women are less likely to seek counselling and expert advice in starting up and developing their businesses. This is due in part to their unawareness of the existence of these services, and because women's enterprises (due to their size and sector) are often not targeted by SME experts. Women often lack networks which would allow them to facilitate business development, know-how concerning corporate and public sector procurement, and mastery of technologies that would enable them to penetrate new markets (Mitchelmore & Rowley, 2013).

Drawing from these challenges faced by SMEs and in particular women-owned SMEs, SMEP Microfinance Bank in Kenya, began providing the poor in the slum areas in Nairobi with food and later small business grants. It later recognized that it could not continue the feeding program indefinitely and therefore ways and means had to be sought out to make people participate in meeting their daily needs and avoid dependency. Thus, the microfinance opted to providing loans to entrepreneurs to start and expand their businesses so that they could raise their own source of income. Marketing is crucial to any business and hence it is important to assess how training in this line influences business performance. However, the effect of training and credit offered by microfinance institutions such as SMEP on marketing techniques among women-operated enterprises has not been well established empirically. While marketing is a well-known barrier to SMEs and more so women-owned SMEs, there is paucity in empirical literature showing the effect of training and credit interventions on the post-intervention marketing capacity of the beneficiaries. Hence, the objective of the paper was to;

- To determine whether credit and training offered by SMEP had influenced the usage of marketing techniques in the women-owned enterprises in Nakuru Municipality.

## 2. Materials and Methods

The study used a longitudinal study utilizing a descriptive-comparative research design. This involved studying the performance of women-operated enterprises before and after training and credit was offered. This was compared to determine whether there is a significant difference in the performance of the businesses after the credit and training were offered. Generally, longitudinal studies are observational in nature, with quantitative and/or qualitative data being collected on any combination of exposures and outcomes, without any external influenced being applied (Caruana et al., 2015). Because data is collected for given individuals within a predefined group, appropriate statistical testing may be employed to analyse change over time for the group as a whole, or for particular individuals (Van Belle et al., 2004).

The study targeted 2000 SMEP's women customers who operate enterprises in Nakuru Town (currently Nakuru City) and received credit and training on marketing techniques. Using the Nassiuma (2000) formula, the study obtained a sample size of 145 respondents who were selected through systematic random sampling using the data supplied by SMEP Microfinance Bank. The instruments used in this study were structured questionnaires that were developed using constructs from the training manuals and also literature review. The questionnaire was then pretested for validity and reliability. Both construct validity and content validity were used to ascertain validity and test-retest method used to determine the reliability of the instruments. A reliability coefficient  $R = 0.8118$  resulted from the tests which showed that the instruments could be safely administered after some modifications. The questionnaires were administered twice to the same respondents at different times-over a period of 12 months. They were researcher administered to avoid respondent bias especially at the follow-up stage. Data was analyzed descriptively using means to describe the basic features of the data. The data was also subjected to Z-tests draw further meaning from it.

## 3. Results and Discussions

### 3.1. Introduction

The study administered 145 instruments to the respondents and 126 were returned duly filled and useable for the study purposes. This represented an 87% response rate which was considered acceptable for the study purposes.

### 3.2. Effects of Training in Marketing Techniques

The objective of the study was to determine the effectiveness of training in marketing techniques by SMEP on women-owned enterprises in Nakuru Town. These results are presented in Table 1

Area of Marketing Techniques			Paired Differences						
			Difference	Std.	Std. Error Mean	95% Confidence Interval of the Difference		t	Sig. (2-tailed)
	Period		Mean	Devi.		Lower	Upper		
Customer support	After	4.31							
	Before	2.52	1.79	1.168	0.066	1.66	1.921	26.99	0.000
After sales service	After	3.87							
	Before	2.22	1.655	1.199	0.068	1.521	1.789	24.31	0.000
Customer retention	After	4.23							
	Before	2.49	1.745	1.489	0.085	1.579	1.912	20.64	0.000
Pricing	After	4.79							
	Before	2.6	2.197	3.184	0.181	1.841	2.553	12.15	0.000
Promotional sales	After	4.23							
	Before	2.53	1.703	1.451	0.082	1.541	1.865	20.67	0.000

Table 1: Training in Marketing Techniques Before and After Credit and Training

Looking at Table 1, it can be noticed that most of the respondents had poor approaches to customer support (mean = 2.52 before training and credit with SMEP. This was evidenced by the poor after sales services (mean = 2.22) and customer retention techniques (mean = 2.49). The findings also indicate that product pricing prior to receiving training was poor (mean = 2.6) as was promotional sales (mean = 2.53). The results further reveal that training and credit access from the organization dramatically impacted on the marketing techniques of the respondents. This was indicated by the improvement in customer support (mean = 4.31), the high means indicating that most respondents agreed that their customer support was now very good as a result of the training. However, there was some slight improvement in sales services (mean = 3.87). Training and credit had also improved after and customer retention techniques (mean = 4.23) and pricing techniques (mean = 4.79) as a result of improved product presentation comparatively. Promotional sales had also improved as a result (mean = 4.23). The differences in means all paired values were significant implying that there were indeed challenges in marketing and that providing credit and training had significantly changed the situation for the better.

### 3.3. Z-Tests Results and Hypothesis Testing

The study used the z -tests to compare the differences in the means of the determinants of the variables before and after the training and receiving credit. The significance level was measured at 5% and one tailed in all cases and the rejection region was right handed. The aim was to establish whether obtaining credit and training have significantly influenced marketing techniques in women-operated businesses in Nakuru Town under the hypothesis;

- $H_{01}$ : Obtaining credit and training have not significantly influenced marketing techniques in women-operated businesses in Nakuru Town

The results are shown in Table 2

Apects of Marketing Techniques	Credit	Before and Training After	
	Mean	Mean	z-statistic
Customer support	2.52	4.31	16.86
After sales service	2.22	3.87	16.01
Customer retention techniques	2.49	4.23	15.197
Pricing	6.63	11.01	19.66
Product presentation	8.45	14.45	21.37
Sales promotion	10.40	12.96	14.78

Table 2: Z-Tests on the Status of Marketing Techniques before and after Training and Credit

The results in Table 2 indicate that there was a significant change in the status of marketing techniques and improved after training and receiving credit. The z-tests reveal that the means were greater than  $z > 1.960$ ;  $\alpha < .05$ ;  $df = 309$ ;  $p = 0.000$  which was in the rejection area of the one tailed test and led to the rejection of the null hypothesis. This meant that a significant relationship existed between obtaining credit and training and marketing techniques in the women-operated businesses in the area. This suggests that training in marketing techniques were important aspects of business training and could significantly improve the performance of these businesses.

### 3.4. Discussion

The findings support those of Kessy and Temu (2010) who found out that, assets, average revenue, number of employees and market outreach were higher for enterprises owned by those who attended trainings as compared to those of who did not attend training. Hence, training in marketing techniques and consequently obtaining credit was a significant element of the performance of the women-owned business in the area and needed to be given priority. The findings also agree with Absah et al., (2018) study on improving performance of SMEs through social media marketing training that established that Micro, Small & Medium Enterprises (MSMEs) performance can be improved if it is supported by effective training. In particular, Absah et al., (2018) showed that the differences in MSME performance before and after training were positive and significant.

Mbuui and Nkirina (2018) study on the influence of marketing and financial management training on performance of MSMEs in Nairobi County, Kenya also support these findings. In particular, Mbuui and Nkirina's (2018) study found Marketing training contributed to business performance by 0.614. The implication of these findings is that training on marketing related courses, stands to improve significantly the performance of MSMEs. Hence, the Micro and Small Enterprises Authority (MSEA) needs to intensify the training programmes since they are not only perceived by participants to be useful to improving business skills, but also contribute to improved business performance. The findings also show that marketing training had the highest (0.614) correlation with business performance followed by financial management training which had a correlation of 0.586. Marketing management tended to improve performance to moderate extent and hence enhancing it stands to improve customer loyalty and market share growth.

The findings similarly corroborate those of Anderson-Macdonald et al., (2014) whose study on the impact of marketing (versus finance) skills on firm performance revealed that 12 months after the programs ended, both trained groups saw an increase in profits relative to the businesses that did not receive training. The finance group's profits increased 41 percent, and the marketing group's profits increased by 61 percent. The pathways to these higher profits differed between the two groups. Entrepreneurs who received marketing training achieved gains by increasing sales and hiring more staff (i.e., they focused on growth). Finance trainees, on the other hand, enhanced profits by trimming costs (i.e., they focused on efficiency). Less seasoned entrepreneurs tended to do better when they received the marketing program, as it encouraged them to look beyond their existing business context and develop new perspectives on products, customers, distributors and suppliers.

### 4. Conclusions and Recommendations

The study found that though marketing was significant to the performance of the businesses, it was not covered well during the trainings resulting in a not so strong performance. A z-test analysis shows that a significant change occurred after receiving obtaining credit and training and marketing techniques resulted in the rejection of the null hypothesis. This suggested that training in marketing techniques was an important aspect of business training and improved the performance of the businesses. However, most of the businesses were concentrated in the food and textile industry resulting in much competition and it was also observed that the enterprises locations did not change much. This had the effect of lowering their competitiveness. Training in marketing techniques was also an important aspect of business training and reduced the underperformance of the businesses. Therefore, more coverage needs to be made in the training of marketing techniques as most of the women entrepreneurs had not fully grasped the concepts and it was affecting their growth prospects.

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