

Entrepreneurial Marketing Skills and Performance of Youth-Owned Micro and Small Enterprises in Nairobi Metropolitan Region

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Abstract

Youth owned micro and small enterprises contributes immensely to the performance of economy and an intervention to the high unemployment among the Kenya youth. The government has undertaken several measures such as upgrading of metropolitan market to support and nurture youth entrepreneurship in Kenya. Despite the various government policies, statistics show low performance among youth owned micro and small enterprises. Entrepreneurship skills have been documented to be a driver of firm performance. Thus, the purpose of the study was to determine the effect of entrepreneurial marketing skills on performance of youth-owned MSEs. The study adopted dual positivist and interpretivism approaches as research philosophy and exploratory research design. The sample size was 344 respondents selected from seven markets in the Nairobi metropolitan region. The study used questionnaires to collect the data. Data analysis involved the use of descriptive and inferential statistics. The findings established that entrepreneurial marketing skills had a significant relationship with performance of youth-owned micro and small enterprises. The study concluded that more efforts should be placed in creating awareness on the instrumental role of entrepreneurial marketing as a facet for enhancing performance of youth enterprises. The study recommended that more awareness through entrepreneurship training and education is necessary to inform youth entrepreneurs on the immense power of entrepreneurial marketing skills in driving performance of youth MSEs.

Keywords—entrepreneurial; marketing skills; youth-owned; micro and small enterprises

DOI: 10.7176/EJBM/17-2-07

Publication date: February 28th 2025

Introduction

Globally, performance of micro and small enterprises (MSE) has emerged as a significant topic due to the importance of enterprises as a catalyst for improving the social and economic status of nations (Padya, 2015). In the recent past micro and small enterprises have taken centre stage as the main drivers of economic performance in most countries (Brijal, Naicker & Peters, 2016). The International Finance Corporation (IFC) (2015) posits that in developing countries MSEs face numerous performance-related obstacles such as lack of innovative capacity,

lack of managerial training and experience, inadequate education and skills, technological change, poor infrastructure, scanty market information and lack of access to credit.

However, recent studies have identified entrepreneurial skills as the drivers of performance among micro and small enterprises (Muute, 2019). This implies that for the smooth running of an enterprise, an entrepreneur should possess entrepreneurial skills to execute day-to-day business activities. Several scholars have attributed survival and success of an enterprise to entrepreneurial skills (Msumya, 2019; Oba, Olaolu & Jumbo, 2019).

Entrepreneurial Marketing Skills

Marketing skills is one of the entrepreneurial skills that enable an entrepreneur to identify customers' need and satisfy customer which is core business of an organization. Ebitu, Glory and Alfred (2016) assert that entrepreneurial marketing skills help entrepreneurs to determine the size of the markets, choose target market(s), concentrate and adopt strategies to satisfy the chosen markets or segment. Having good entrepreneurial marketing skills entails an entrepreneur to scan the environment around for the purpose of obtaining marketing information and conduct surveys, using small convenience samples (Pandya, 2015). The imperative is that managers/entrepreneurs of MSEs should possess entrepreneurial marketing skills so that they acquire knowledge or information about other markets, thus enabling them to expand the available customer base. Several scholars have identified the significant role of entrepreneurial marketing skills as a catalyst for boosting performance of micro and small enterprises (Sambo, 2016; Itibe, 2016).

The Kenya government has set up funds that actualized policies and support the MSE sector. The funds include the Youth Enterprise Development funds and Uwezo funds (RoK, 2017). These support programs are meant to provide guidance, promotion, production efficiency, research and development activities, and product development. The net effect should be an increase in job opportunities among the youths, an expanded market for MSEs' products, increased capacity to service the market, and improved returns (Bwisa et al., 2015). Further, the Government of Kenya through the Ministry of Infrastructure, Housing and Urban Development (MoTIHUD) and in partnership with Nairobi Metropolitan Services Improvement Project (NaMSIP) has upgraded 15 markets within the Nairobi Metropolitan region (Githira, Opiyo & Mwaniki, 2019). The markets include New Wakulima, Karandini, Muthurwa, Kitengela, Tala, Westlands, Kihara, Juja, Ruiru, Kikuyu, Kiambu, Ongata Rongai, Uhuru, Mwarioro, and Ngong (Muute, 2019).

The upgrading of the market is focused on creating enabling space for organized markets, market linkages for products and services, enhancing efficiency of quality of products and services and reliability of linkages with financial institutions. The youths and women entrepreneurs are the targeted groups in the upgrading of the 15 markets. With over 20,000 traders, the youths comprise of over 70% of the entrepreneurs in the upgraded markets (Githira et al., 2019).

Despite the role played by youth owned MSEs in performance of the Kenyan economy, these enterprises are facing numerous challenges (Kiprotich et al., 2015). The challenges are best summarized in the proceedings of a stakeholder workshop on youth and development organized by the World Bank on 11th March 2016 that recorded several challenges affecting youth in Kenya (World Bank, 2016). The challenges highlighted in the proceeding were lack of marketing skills, lack of entrepreneurship education, access to credit and poor attitude towards self-employment. Due to the challenges stated, the youth-owned MSEs have constantly experienced slow performance and high failure rate.

Enterprise Performance

Due to the critical role that micro and small enterprises play in the Kenya economy, the government through Kenya Vision 2030 envisages the strengthening of MSEs to become the key industries of tomorrow by improving their performance (RoK, 2016). Further, the Youth Enterprise Development Fund (YEDF) was conceived by the government in June 2006 as a strategic move toward arresting unemployment among the youth in Kenya (Sambo, 2016). Most striking, in 2015, Nairobi hosted the sixth annual Global Entrepreneurship Summit (GES) which was a platform for venture capitalists, entrepreneurs, and foundations to network and celebrate entrepreneurs from around the world, exchange innovative business ideas as well as provide investment opportunities and identify ways to improve entrepreneurial ecosystem (Itibe, 2016). These and others are some of the efforts the Kenya government aimed at boosting performance of MSEs in the country.

Despite the various interventions the government and Non-governmental Organizations (NGOs) have deployed to promote and nurture MSEs in Kenya especially those owned by youth, statistics shows that they are either stagnating or winding up (Kenya National Bureau of Statistics, 2016). Sessional paper No.2 of 2005 Republic of Kenya (RoK, 2017) states that in Kenya MSEs have high mortality rates with most of them not surviving to see beyond their third anniversaries. Msumya (2019) reported that most of MSEs in Kenya are faced with immeasurable challenges during start-up and maturity in a highly competitive environment. The causes of the

internal and external challenges facing youth enterprises in Kenya requires to be addressed if the future performance of these enterprises is envisioned to be salvaged.

Globally, metropolitan regions present huge development opportunities. The rapid urbanization also generates a lot of problems and challenges – economically, socially and environmentally (Mundia, 2019). Nairobi is one such metropolitan region in Kenya. The Government of Kenya embarked on an ambitious Nairobi Metro Vision 2030 to spatially redefine the Nairobi Metropolitan Area and create a world-class city region which is envisaged to generate sustainable wealth and quality of life for its residents, investors, and visitors. Nairobi metropolitan region (NMR) covers approximately 32, 715.5 km squared, consists of 5 (Nairobi, Kiambu, Murang'a, Machakos and Kajiado) out of 47 counties in Kenya. NMR covers 15 local authority areas – City Council of Nairobi, County Councils of Kiambu, Olkejuado, Masaku and Thika; Municipal Councils of Ruiru, Thika, Kiambu, Limuru, Mavoko, and Machakos; and Town Councils of Karuri, Kikuyu, Kajiado, and Kangundo (Mundia, 2019).

Nairobi metropolitan region has a wide range of opportunities to build on. These include: A large and growing population of over 10,400,676 million according to 2019 Kenya Population and Housing Census (KNBS, 2019). The population is projected to rise to 14.3 million people by 2030, skilled workforce and multi-cultural diversity; Strategic geographical location locally, regionally and internationally; and Concentration of education and research institutions among others. The Nairobi metropolitan region is faced with numerous problems and challenges. This includes Rapid urbanization and population performance; High unemployment and low haphazard and uncoordinated and incompatible urban and rural development; Poor provision and inadequate infrastructure and utility services. Nairobi provides the main access route for various markets in Africa, the Indian Ocean and South Asia (Mundia, 2019; Tubei & Gaas, 2023).

Nairobi Metropolitan Region's strategic vision is to be a world class African Metropolis by 2030 (ROK, 2019). The mission for NMR is to build a robust, internationally competitive, dynamic and inclusive economy; develop world class infrastructure to support development; enhance linkages and accessibility to national, regional and global contexts. In line with the mission, the Government of Kenya through the Ministry of Infrastructure, Housing and Urban Development (MoTIHUD) and in partnership with Nairobi Metropolitan Services Improvement Project (NaMSIP) has upgraded 15 markets within the Nairobi Metropolitan region (Githira, Opiyo & Mwaniki, 2019). With over 20,000 traders, the youths comprise of over 70% of the entrepreneurs in the upgraded markets (Githira et al., 2019).

Statement of the problem

The government of Kenya in conjunction with the World Bank has upgraded 15 markets in Nairobi metropolitan region (Githira, Opiyo & Mwaniki, 2019). This effort is geared towards uplifting the performance of youths and women enterprises. However, though the markets have been upgraded and traders effectively, performance of youth owned enterprises is still wanting. The World Bank (2023) report indicated that youth-owned enterprises constitute 70% of enterprises in the newly upgraded markets. However, over 65% of the youth enterprises in these markets are facing performance-related challenges.

According to Githira, Opiyo and Mwaniki (2019) poor performance of youth owned enterprises could be attributed to lack of entrepreneurial marketing skills. Local scholars such as (Kanyari & Namusonge, 2017; Birech, Chemutai & Omwono, 2018; Rambo, 2020) investigated entrepreneurial skills' factors and performance of youth owned enterprises in Kenya; however, entrepreneurial marketing skills were omitted. There are few studies focusing on the key entrepreneurial marketing skills and performance of youth-owned MSEs in Kenya. This study sought to fill this knowledge gap.

Research Objectives

1. To determine the influence of entrepreneurial marketing skills on performance of youth-owned Micro and Small Enterprises in Nairobi Metropolitan region

Research Hypothesis

H_{a1}: Entrepreneurial marketing skills have significant relationship with performance of youth-owned micro and small enterprises in Nairobi Metropolitan region, Kenya.

Literature Review

In a study by Mugambi and Karugu (2017) related to the factors affecting motor vehicle performance in Kenya, and specifically in Nairobi industrial area, the constructs of entrepreneurial marketing, strategies of business financing, entrepreneurial management skills and enterprise competencies were studied. The study employed descriptive research design with questionnaires collecting data. The sample size was 70 respondents, with data analyzed through descriptive and inferential methods. The study established that entrepreneurial management skills and enterprise competencies highly influenced the performance of motor vehicle industry in Kenya.

Similarly, there is a positive and significant relationship between entrepreneurial marketing strategies on the performance of motor vehicle industry in Kenya. Finally, innovativeness was least used in enhancing performance in the motor vehicle industry despite the significance of innovation in enhancing performance.

Kanyari and Namusonge (2017) conducted a study on influence of the Kenya youth entrepreneurs towards the Youth Enterprise Development Fund (YEDF). The specific objectives were determining interventions that influence the youth and the role of the Youth Enterprise Development Fund. The target population was youth from Gatundu district who had benefitted from the Fund either to enhance their existing business or to start new businesses. Stratified random sampling technique was used to identify 30 respondents. Personal interviews, questionnaires and observations were the tool used to collect data. The finding shows training in relevant business support services, for example entrepreneurial skills such as how to access the market, innovate et cetera. Another intervention of YEDF was public sensitization and information for accountability and education. It was also found that those youth who had received entrepreneurial training from YEDF managed to access financing through the financial intermediaries and constituency components.

A study was conducted by Janet and Ngugi (2015) focusing on the association between entrepreneurial marketing and performance of small and medium enterprise in Kiambu town in Kenya. The variables studied include strategies for product development, pricing strategy, distribution strategy and how they influenced performance. Descriptive research design, questionnaire, descriptive and inferential statistics used. The study findings demonstrated that all independent factors were all significant; however, product development was a key critical factor. It can be concluded that enterprise performance occurs through product development.

Another study by Gorica and Buhajoti (2016) examined entrepreneurial marketing from SMEs in Albania. The research objectives were to explore what SMEs they perform in marketing, what sort of marketing activities they undertake and some of the reasons behind their choices. The study used descriptive, qualitative research with structured interviews from four representatives of Small and Medium Enterprises from different sectors in Albania. It was found that SMEs in Albania, entrepreneurial marketing is characterized by informality, information gathering through networks of personal contacts, rather than the systematic market intelligence. They work through interactive marketing methods, building relationships with existing customers and relying on word-of-mouth for finding new ones.

A study was undertaken by Sitiene (2017) on the relationship between entrepreneurial marketing and performance of SMEs in Uhuru market in Nairobi, Kenya. The variables studied are budget of the market, market orientation, marketing practices and performance of SMEs. The methodology of the study included descriptive research design, target population was 200 SMEs, and a sample size of sixty SMEs selected through a random basis. The research tools used were interviews and a questionnaire targeting marketing managers' business owners. The data collected was analyzed through descriptive and inferential statistical techniques. The findings revealed that factors such as the level of education of the manager and levels of entrepreneurial experience have a major contribution on the performance of enterprises. The findings also established that marketing orientation and marketing budget have significant influence on the performance of SMEs in Kenya. Further, possession of entrepreneurial marketing practices, technical skills and interpersonal skills by the enterprise manager is the surest bet for performance of SMEs in Kenya.

A study by Franklin (2019) investigated the influence of social network sites in facilitating business development that linkage between enterprise development and new media in Nigeria. The study adopted descriptive research design and questionnaire as research tool. The findings of this study suggested many ways businesses can get potential customers to notice their brand online such as catchy posts, running online contests, and using hilarious pictures or videos. The findings also demonstrated that there is a link between the frequency of application of social media and effectiveness of the platform when used for promotional purposes. Furthermore, the factors that can cause businesses not to adopt social media were also given. The findings indicated that businesses which run effective advertisements on social media, incorporating hilarious themes will get the attention of customers, and in return will make more sales and grow their enterprises.

Methodology

Research Philosophy

To determine the influence of entrepreneurial marketing skills on performance of youth-owned MSEs, the study used dual positivist and interpretivism approaches as study philosophy.

Research Design

Since this study sought to explore an undefined problem of the interaction between entrepreneurship skills and performance of youth MSEs, exploratory research design was adopted.

Target Population

The target population comprised of 2467 youth entrepreneurs in seven upgraded markets in Nairobi Metropolitan region. The sample size was 344 respondents.

Data Collection Methods

In this study primary data was collected using questionnaires. The reliability of the questionnaire was tested using Cronbach's alpha coefficient while validity used content and construct validity measures.

Data Analysis and Presentation

The data collected was entered into Statistical Package for Social Sciences version 26.0. Two categories of data collection were undertaken: descriptive and inferential statistical techniques.

Regression Model

The following model was used to explain the relationship between the predictor and the criterion.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where Y – Performance of youth-owned MSEs

X_1 – Marketing skills

ε – Is the error term

Research Findings

The results of the descriptive statistics showed that entrepreneurial marketing skills composite had an average of 3.19 ($SD = 0.43$, $SE_M = 0.02$, Min = 0.50, Max = 4.00, Skewness = -1.86, Kurtosis = 8.47). This indicated that 31.9% of respondents supported that there is effect of entrepreneurial marketing skills on performance of youth-owned MSEs. The consensus is that entrepreneurial marketing skills affect the performance of youth-owned MSEs. These results have an agreement on the findings by Mugambi and Karugu (2017) in a study on factors affecting motor vehicle performance in Kenya, where the constructs of entrepreneurial marketing skills highly influenced the performance of motor vehicle industry in Kenya. This was highlighted by the presence of a positive and significant relationship between entrepreneurial marketing strategies on the performance of enterprises.

Results of Regression Model

The regression results are discussed in this section. Table 1 summarizes the results of the regression model.

Table 1. Results of linear regression analysis

Variable	<i>B</i>	<i>SE</i>	95.00% CI	<i>B</i>	<i>T</i>	<i>P</i>
(Intercept)	0.36	0.25	0.13, 0.86]	0.00	1.45	.001
Entrepreneurial marketing skills	0.37	0.14	[0.08, 0.65]	0.35	2.56	.001

The results show that ($\beta = 0.37$, $t = 2.56$, $p = .001$).

H_{a1} : Entrepreneurial marketing skills have significant relationship with performance of youth-owned micro and small enterprises in Nairobi Metropolitan region, Kenya.

Entrepreneurial marketing skills significantly predicted performance, $\beta = 0.37$, $t(315) = 2.56$, $p = .001$. Entrepreneurial marketing skills have significant relationship with performance of youth-owned micro and small enterprises. This supports studies by Mugambi and Karugu (2017), Gorica and Buhajjoti (2016), Sitiene (2017) and Franklin (2019) that established a positive and significant influence between entrepreneurial skills and performance of enterprises.

Conclusions, Recommendations and Area for Future Studies

Conclusions

Based on the findings, entrepreneurial marketing skills had a crucial role in determining the performance of youth-owned micro and small enterprises. The study concluded that more efforts should be placed in creating awareness on the instrumental role of entrepreneurial marketing as a facet for enhancing performance of youth enterprises.

Recommendations

The study recommended that more awareness through entrepreneurship trainings and education is necessary to inform youth entrepreneurs on the immense power of entrepreneurial marketing skills in driving performance of youth MSEs.

Area for Further Studies

1. The focus of this study was on youth entrepreneurs, similar studies should target other demographics like women and men who are not youths.

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