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Marketing Innovation Strategy and Entrepreneurial Performance of Small and Medium Enterprises in Nakuru East Town Sub-County

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ABSTRACT

The economic development of a country is determined by various key roles played by Small and Medium Enterprises (SMEs). They contribute approximately 40 percent of the Gross Domestic Product (GDP) and create 80 percent of jobs. However, SMEs have been facing performance challenges which threaten their sustainability based on entrepreneurial abilities. Therefore, it is in the interest of the Kenyan government, organizational philosophers, managers and equally entrepreneurs who have long shown more interest in innovation in SMEs, predominantly due to the vital role innovation plays in safeguarding sustained competitive gain. In consequence of the increase in competition levels, it is therefore necessary to identify appropriate innovation strategies that would make their product and services competitive in the market in which they operate in. Thus, this study's objective was to define and determine the effect of marketing innovation strategy and entrepreneurial performance of SMEs in Nakuru East Town Sub-County, Kenya. This study's specific objective was the effect of Marketing Innovation Strategy on entrepreneurial performance of selected SMEs in Nakuru East Town Sub-County, Kenya. It is in this context that Nakuru East Town Sub-County was targeted because of the high rate of SMEs decline in the area and the variability in the entrepreneurial nature of 1,259 SMEs that have single business permits operating in the area including: wholesalers and retailers, fishmongers, salons and barbershops, cybercafés, hotels and cafes, construction, and hardware stores. The study engaged a descriptive and explanatory research design that targeted 126 respondents who are 10 percent of the selected registered 1,259 SMEs in Nakuru East Town Sub-County. A questionnaire which had open and close ended questions was adopted in this study. The questionnaire was administered using drop-and-pick later methods for some, and for others the researcher herself used an interview schedule. The respondents of the study were the owner or the in-charge/manager of the SME. The questionnaire was piloted to determine validity and to establish whether the questions will measure the expected theorized variables. According to the findings, all of the items' Cronbach's Alpha values were greater than 0.7. this indicated that that the questionnaires used to collect the data were reliable. The data collected was quantitative and was analyzed using descriptive and inferential statistics. According to the findings, there is a strong positive and significant relationship between marketing innovation strategy and entrepreneurial performance of SMEs in Nakuru East Town Sub-County. Based on these conclusions, the study suggests and recommends that SMEs business owners should consider improving product design, introduce new distribution channels, find new markets for their products and change their advertising methods. These will lead to growth in the market share, customer satisfaction, profitability and efficiency.

Key Words: *Innovation Strategies, Marketing Innovation Strategy, Small and Medium-sized Enterprises, Entrepreneurial Performance*

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1.0 Introduction

1.1 Background of the Study

Firms operating in the first changing business environment are expected to be creative and innovative if they expect to remain competitive and thus improve their performance. An innovation capability acts as an ingredient to developing unique operational and marketing strategies that are expected to enable a firm capture available opportunities more effectively and consequently maintain or improve the existing performance level (Karabulut, 2015). Presence of innovation capabilities in an organization is expected to enable a firm's decision-makers to better manage emanating social and technological changes, which continue coming up at an unpredictable manner, and eventually result in an improved firm performance (Teece, 2016). The existing products are continuously vulnerable to changing customer needs and tastes, and the adoption of new technologies is becoming necessary for firms if they have to produce products that can meet the short-term consumer demands that have lately become the norm.

Entrepreneurial performance can be described as depending on the success level of the firms in fulfilling their objectives. On the enterprise level, performance is a multi-dimensional concept which consists of integration of marketing, overall management, accounting, economics, sociology and psychology (De Harlez & Malagueno, 2016). Entrepreneurs grapple with growing competition and environmental dynamism in their mission to improve business performance, despite the growing awareness of the need to apply innovation strategies within their businesses. Innovation is the modifications in the approaches of creation and transferring, creation of a new product, transformation in the industrial organization and opening up of a new market Joseph Schumpeter (1934). According to the Oslo Guide (2005: 51), there is given considerable discussion to definitions concerning innovation and innovation types. In these definitions, four types of innovation are discussed: Product innovation, process innovation, market innovation, and organizational innovation are the innovative activities that help to improve an enterprise's growth. Marketing innovation is defined as the implementation of a new marketing method involving significant changes in product design or packaging, product placement or pricing strategy. Its target is to better meet customer' needs, to open up new markets, or to give the firm's products a new position in the market with the intention to increase sales incomes. Marketing innovations target at addressing customer needs better, opening up new markets, or newly positioning a firm's product on the market with the intention of increasing firm's sales. It is strongly related to pricing strategies, product package design properties, product placement and promotion activities along the lines of four Ps of marketing (Kotler, 1991).

1.2 Statement of the Problem

As a result of the increased level of competition, the profit margins, customer loyalty and survival rate of the small businesses, there has been a continuous negative effect especially if there is no appropriate intervention by the entrepreneur. Consequently, in the context of prevailing business conditions for SMEs that mostly lack adequate resources to compete in the global arena to survive, they need to identify appropriate strategies that would make their product and services competitive in the market in which they operate in. One of the strategies that are expected to influence the small businesses entrepreneurial performance is their capacity to innovate. Lumpkin *et al*. (2009) identified innovation as one of the key entrepreneurial orientations that is characterized by a strong R&D emphasis, technological leadership, full resource utilization and the introduction of new products. In SMEs context, Lechner and Gudmundsson (2014) highlighted that innovation capability is the main driving force for being competitive due to its capacity to create uniqueness in the customer's eyes and therefore, justifying price premiums. Consequently, it is expected that entrepreneurial innovativeness should be an important feature of a firm's entrepreneurial performance for the SMEs.

Regardless of the critical part that innovation plays in the entrepreneurial performance of SMEs, Freeman and Engel (2015) assert that this segment of business organizations has attracted limited research and most of the studies have attempted to scrutinize the connection among innovation, innovation strategies and performance and which has only been in large organizations. Similarly, the findings on the earlier studies have not been conclusive on the relationship. According to scholars in the past, innovation strategy has no impact on the performance of the SMEs (Pooja & Singh, 2009). However, Mwania and Muganda (2011) in their study concluded that innovation contributed significantly on the performance of major organizations. Innovation strategy studies have been carried out in Kenya, however, most of studies have concentrated mostly on performance only and not entrepreneurial performance. Larger organizations such as commercial banks have been mostly the target (Juma *et al*., 2014). A study carried out by Ong'olo & Awino (2013) concentrated on comparing the SMEs and devolved Government and the challenges that the SMEs were faced with due to the changes in regulatory procedures.

1.3 Objective of the Study

The general objective of this study was to determine the effect of marketing innovation strategy and entrepreneurial performance of selected Small and Medium-sized Enterprises in Nakuru East Town Sub-County, Kenya.

2.0 Literature Review

2.1 Theoretical Review

The hinges of this study are on three theories including: Resource-Based View (RBV), Diffusion of Innovation Theory (DOI) and Balance Scorecard which are often used in entrepreneurship and strategic management.

2.1.1 Resource-Based View

Penrose (1959) developed this theory and it focuses on the internal resources of an organization and their role in creating strategies to use in the care and maintenance of a sustainable competitive advantage in its markets (Peteraf & Bergen, 2003). The resource-based view explains why some players in an industry do better than others in similar industry; and in this study, it was useful and helpful in interpreting the role marketing innovation strategy in an enterprise played against the overall documented SMEs performance. Application of resource-based view theory in this study will assist business enterprises know the most significant resources that they possess and how to employ them towards improving their entrepreneurial performance. Therefore, the theory will be used to explain how SMEs can achieve competitiveness and improve their overall performance by identifying the resources at its disposal and using them optimally. Also, it will give the study an understanding of SMEs changes capabilities with its available resources and how this can impact their future entrepreneurial performance using marketing innovation strategy.

2.1.2 Diffusion of Innovation Theory

Everett M. Rogers (1962) came about the diffusion of innovation model and over time, it devised to expound in what way an idea or product gathers momentum and pans out along a social system or populace. Diffusion is sharing and exchanging of information between associates of a social network and this includes the marketing environment. This diffusion's end result is people, as part of a communal structure, adopts a product, notion or behavior that is new through marketing innovation strategy introduced. Diffusion of innovation theory will be used because the goal is not only to just support a person through the adoption process but somewhat, a customer base by way of that process. Through understanding each step in the diffusion of innovation theory will allow the SMEs to observe ingeniously at each stage how they influence customers including the final stage of confirmation, where a consumer may begin to sway others in their purchasing decisions too. Abrahamson & Rosenkopf (1997) argue that the extent of innovation diffusions in many organizations are social marketing networking effects that are partly responsible for entrepreneurial performance upsurge.

2.1.3 Balance Scorecard

Kaplan and Norton (1992) of Harvard University developed the balance scorecard using more balanced sets of performance measures as a framework for measuring any type of organizational performance. Conservatively, to measure success in companies, they used only short-term financial performance. The balance scorecard focused on the long-term successes by adding the non-financial aspect to the mix as a strategic measure. It assesses the created value by and through innovation projects, and further assures the alignment of these projects to the organization strategy. Project evaluation is done after the definition of the project based on marketing innovative metrics. The metrics chosen are employed or are engaged to measure the added value when implementing the venture. The project will be used to compare the organizations performance before and after the implementation the marketing innovation project. However, this study will use the balance scorecard since it is a holistic system for strategic management, and will be used to determine the connection between the activities that managers are undertaking entrepreneurially, the measurements being employed on the road to entrepreneurship achievement, the objectives that are strategic to the SME is trying to accomplish vision, mission and marketing innovation strategy of the SME in reference to profitability, customer satisfaction, market share and efficiency.

2.2 Empirical Literature Review

Chen, Huang and Chia (2017) explored the functions that marketing innovation offers to improve organizational performance because they have specialized in the marketing field of medicine. They claimed that product design or packaging, channel of communication or product placement, product promotion, product delivery and service delivery are the six functions under which marketing innovation is based on. The authors further gave examples of the six functions which simply entail opening up processes to customers, use of marketing applications and utilizing of social media. Their research then focused on marketing innovation in enterprises associated with the industry only which is limited in terms of their conclusion to such research studies. Lee *et al*. (2017) research tried to prove that there was positive influences and synergy between innovating marketing and performance of technology on firms that had adopted the high-tech sector. There were both radical and incremental innovation impacts as drawn from the research. In contrast to this, firms that employed little or no technological innovation, marketing innovation was not a predominant component that was considered to innovation activity increment of the firm's performance (Aksoy & Cengiz, 2016). Therefore, this research project will need to identify SMEs that have invested in marketing innovation for more understanding.

Exploration of the impacts marketing innovation strategy has had on customer behavior and organizational performance was studied by Anna & Fang (2016). Eight fundamental changes were identified to on how enterprises and marketing staff should react. Impacts such as innovative marketing, heterogeneity of customer needs, sensitizing customer awareness, exploitation in the market, inter-functional coordination, flexibility in strategies, the performance of new products and capability of technology which impacted the consumers who were the targeted audience of the research. This study combined all the innovation strategies without isolating marketing, thereby concluding that all the innovation strategies complement each other for success. Marketing innovation strategy involves tools that are linked to social media and enormous data that enable customers to create and configure their own products according to Ghezzi, Balocco & Rangone (2016). With creation and configuration, it results to the product being adapted directly hence will suit each customer. Integration is external problem-solvers who has no personal communication and has been led by innovations in marketing. Jeng & Pak (2016) published an interesting survey, where they studied how marketing innovations impacted USA firms according to their sizes. From the research, big firms did not employ marketing innovations and were prospering well while small firms that adopted innovation and marketing had their performance greatly reduced.

In accordance to Czech's Statistical Office (2016), 20.5% of firms in Czech Republic have innovative marketing methods. Considering the marketing innovation field, 70% focused on techniques for marketing or new media, 53% concentrated on packaging and design, 40.9% product placement new ways introduced and 21.4% of the firms dwelled in the evaluation of products and services. From the data, it was interesting to see the variance in innovation focusing on large and medium-sized enterprises. 60.4% which was the representation of the large firms, positioned more emphasis on changes in the product's packaging and designs while only 49.3% was for the small firms. While implementing marketing innovations of foreign-controlled enterprises, there was a significant difference whereby, 59.2% of firms considered applying extra innovative ideas of selling and placing products in the market; and 37.1% of the businesses that are domestic have used marketing practices that are innovative. Comparatively, in Denmark for instance, Junge *et al*. (2016) highlighted that 76% of Danish enterprises focus on product innovation, while firms that conduct these innovations were 40%; and those who implemented market innovations were 13%. These results were concluded for a developed country while this research was done for a developing country and on entrepreneurial performance.

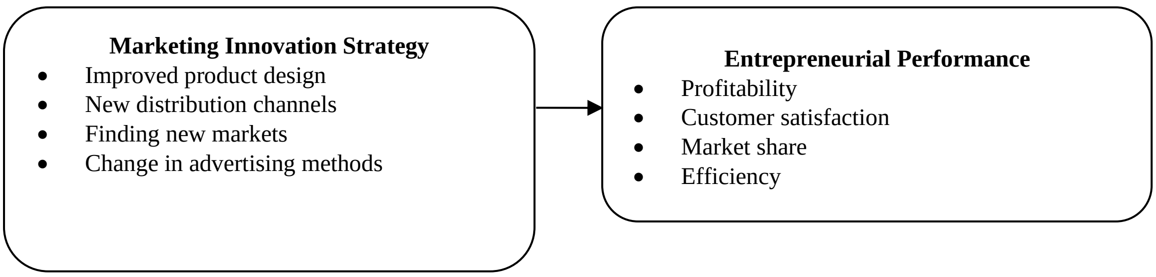
Innovative marketing strategy done both online and offline has impacts, Shuba (2016) states. Online marketing outdoes offline marketing by 15% because of innovations. In the field of public relations, online marketing is improving despite payment of online advertisement being on the decline. In relation to the 4P's of marketing, he researched on how innovative marketing has impacted it. Its biggest impact was on product distribution and calculated change was 60% and prices strategies which were at 20% impact and 5% change on marketing and production focusing mainly on advertisements. However, some SMEs for this research are not online due to illiteracy and products that do not need to be advertised on such platforms. Kijek, Lisowski and Starzyńska (2013) implementation of marketing innovations in an enterprise are positively affected by expenditures on training. Likewise, Medrano-Saéz and Olarte-Pascual (2012) did a study and research confirming that the principal determining factor for all kinds innovation is R&D. Additionally, Moreira *et al*. (2012) finds that the more there is input in investments such as acquisition of technological knowledge, equipment and software and investments in acquisition machinery, comes firms' prosperity by being more market innovative. This conclusion required firms to invest on training, research and development which cannot be undertaken fully for this research because of its small nature of businesses.

Gunday *et al.*, (2011) realized the presence of an understanding that is shared or a conflict of what marketing innovation is and not. In an analysis of marketing innovation on an organization's performance, he finds that practitioners and academic institutions and communities agree that customer value is created by marketing. Aragón-Correa *et al.*, (2007) further argue that consumer habits can be altered by marketing innovations. In order for a firm to achieve greater success, there has to be a greater innovation ability that will alter consumer habits that is both sophisticated and multi-layered, and has spread beyond the concept of selling. This is equally shared by Alnawas, Alsamydai and Yousef (2010) while investigating marketing innovation's influence on private commercial banks' performance in Jordan, highlighting it as a positive effect on creating long-term consumer habits that have competitive advantage and company growth. Marketing has a wide scope covering consumer behavior, packaging, pricing, communication, marketing distribution and management and distribution, which extend beyond the four Ps of marketing which are renowned by marketers worldwide (Dibb *et al.*, 2014), thereby making it an expensive venture for SMEs to do in developing countries. Owing to innovative marketing research and loyalty programs implemented in 1999 by Harrah's Entertainment Inc., their revenue had grown by 50% and 100% in their stock price (Lal and Martone, 2002). According to Lal and Martone (2002), quantitative models' development that precisely predicted the worth of customers was the greatest marketing innovation, their executives highlight. The models facilitated building and nurturing relationships between the firm and the customers which was established on future worth instead of past behavior. Significantly and positively, from these instances, the marketing innovations influenced the firm's performance and not necessarily products being innovative by themselves for example, the candy in vending machines. However, this study will work on SMEs that don't yet understand the need to innovate marketing on a large capacity due to lack of resources.

2.3 Conceptual Framework

It is a framework that provides a streamlined conversant configuration which is predetermined to assist in gaining awareness into an elaborate phenomenon that an individual intends. Thus, a conceptual framework provides a schematic connection linking the independent variables and the dependent variables. In this research, marketing innovation strategy was the independent variable represented by: improved product design, new distribution channels, finding new markets and change in advertising methods. Entrepreneurial performance was the dependent variable as represented by the balance scorecard performance measures.

Independent Variable **Dependent Variable**



3.0 Research Methodology

The research design of this study adopted both descriptive and explanatory research design. Bougie & Sekaran (2017) maintain that descriptive research design enables a research to record characteristics of a population as well as test the hypotheses. Explanatory research attempts to examine the cause effect of connections and find clarifications on scope of certain relations among variables. In respect to the research approach used for this study, a survey was the most appropriate research design. A survey provides a rapid and true assessment of information means if conducted properly and appropriately. This study's target population included 1,259 both registered and some unregistered SMEs in Nakuru East Town Sub-County. These were drawn from fishmongers, small hotels and cafes, butcheries, tailors, welders and masons in construction, *juakali* artisans, cybercafés, salons and barbershops, wholesale and retail stores, hardware stores, supermarkets, micro-finance institutions and transport saccos as shown in Table 1 below. The respondents were SMEs proprietors/managers/entrepreneurs/owners or those in the acting capacity, who were found in their business premises.

Table 1: Nature of Business

Nature of Business	Population
Fishmongers	342
Hotels and Cafes	136
Butcheries	47
Tailors	63
Welders and Masons	54
Juakali artisans	119
Cybercafes	39
Salons and Barbershops	104
Wholesale and Retail stores	266
Hardware stores	46
Supermarkets	9
Micro-Finance institutions	12
Transport Saccos	22
Total	**1,259**

Source: ***Nakuru East Town Sub-County Revenue Collection Office, (2020)***

To sample from this larger population, the methodology used depended on the analysis type that was being executed which included simple random sampling explaining that every population circumstance has an equivalent probability of being chosen (Ghauri and Gronghaug, 2005). These small businesses came from 13 classifications. Further, Mugenda and Mugenda (2008) recommend that a sample of between 10 percent – 30 percent is appropriate. Thus, this study as recommended by Mugenda and Mugenda (2008) adopted 10 percent of the target population, thereby giving a representative sample of 126 SMEs operating in Nakuru East Town Sub-County as illustrated in Table 2 below:

Table 2: Sample of the Study

Nature of Business	Population	Sample (10 percent of population)
Fishmongers	342	34
Hotels and Cafes	136	14
Butcheries	47	5
Tailors	63	6
Welders and Masons	54	5

Nature of Business	Population	Sample (10 percent of population)
Juakali artisans	119	12
Cybercafes	39	4
Salons and Barbershops	104	10
Wholesale and Retail stores	266	27
Hardware stores	46	5
Supermarkets	9	1
Micro-Finance institutions	12	1
Transport Saccos	22	2
Total	**1,259**	**126**

Source: ***Nakuru East Town Sub-County Revenue Collection Office, (2020***

Bearing in mind that this study was qualitative, the collection instrument of primary and secondary data was done by the researcher. Therefore, the primary data collection used a questionnaire which had both open and close-ended questions allowing the researcher to gather in-depth qualitative data to get an interpretation that is more insightful and better understanding of the research results.

Three relevant types of validity for this research were considered through a pilot test: Face validity dealt with the individual assessment of the researcher's measuring instruments' validity, and so, the extent the researcher believed the appropriateness of the instrument. Currently, this research relied on instruments that were developed in other related studies in addition to concepts that were generated from a broad range of applicable and appropriate literature. Content validity was guaranteed through testing the questionnaire by undergoing double-check and verification. The questionnaire ensured that it covered all the two main areas of the study which include: marketing innovation strategy and entrepreneurial performance. Construct validity, using the operationalization of terms was ensured. By reinforcing the conceptual framework for this study, the theoretical assumptions were reflected by the operationalized study variables.

There are three types of reliability, namely: stability, representative and equivalence (Neuman, 2006). Therefore, this study addressed reliability using Cronbach Alpha statistical test with its co-efficient ranging from 0 to 1; the higher the co-efficient, the more dependable and reliable the scale is. The study adopted the cutoff of 0.7 and above as recommended by Fraenkel and Wallen's (2000) and Nunnaly's (1978). The following were the findings of the research as indicated in Table 3:

Table 3: Reliability

Variable	Number of Items	Cronbach's Alpha
Market Innovation Strategy	4	.938

Source: ***Research Data (2021)***

The data collection procedure was administered using two methods: where the respondents were literate, the drop and pick later method was used; whereas, where the respondents were not literate, the questionnaire was researcher-administered and an interview schedule used. The researcher did data analysis and presentation by collecting both quantitative and qualitative data for this study. To analyze qualitative data, content analysis was used and presented based on narratives and themes; while descriptive statistics such as standard deviation, mean and inferential statistics, precisely, multiple regression analysis analyzed quantitative data. Presentation of quantitative data was by use of tables. The regression model used by this study is presented below: $Y = a + bx1 + \varepsilon i$, Where Y = Entrepreneurial Performance, x_3 = Marketing innovation, b_0 = Constant Term, b_1 = Beta coefficient, ε_i = Error term that refers to changes in the dependent variable which are not explained by the model utilized.

The moralities and principles guiding the research's ethics included respect for persons by letting the participants be autonomous and of beneficence focussing on shielding them from any risk related to the study that may influence their comfort and uphold utmost confidentiality. There was no divulging of any personal information on the responses by the respondents, alternatively, be given a respondent 'code number' used for identification in replacing their names, thus maintaining the participants' confidentiality. Other moral concerns that were laid in check comprised honesty where the researcher attempted and strived to uphold honesty in reporting data results by making sure that there was no fabrication, lies, or any falsification of information.

4.0 Research Findings

4.1 Marketing Innovation Strategy and Entrepreneurial Performance

The study sought to evaluate what effect marketing innovation strategy has on entrepreneurial performance of selected SMEs in Nakuru East Town Sub-County and Table 4 below shows the response results:

Table 4: Marketing Innovation Strategy Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Improved product design	121	1.00	5.00	348.00	2.8760	1.19422
New distribution channels	121	1.00	5.00	347.00	2.8678	1.17574
Change in advertising methods	121	1.00	5.00	344.00	2.8430	1.35406
Finding new markets	121	1.00	5.00	342.00	2.8264	1.15958
Aggregate Score					**2.8533**	**1.2209**
Valid N (listwise)	**121**					

Source: ***Research Data (2021)***

This section's total aggregate mean score was 2.8533 with a standard deviation of 1.2209 implying that averagely, business owners affirmed that marketing innovation strategy affect entrepreneurial performance of SMEs to a moderate extent. The results indicate that entrepreneurial performance of SMEs is affected by improved product design (mean score=2.8760) and new distribution channels (mean score=2.8678) to a moderate extent. Factually, it can be explained that for market share to grow, SMEs have to keep developing new distribution channels to ensure that their products reach as many customers as possible hence improve their sales revenue and performance. Improved product design is key in reaching customers in various geographical locations whose needs differ from time to time. The findings further indicate that change in advertising methods (mean score=2.8430) and finding new markets (mean score=2.8264) have moderate effect on entrepreneurial performance of SMEs. This is a clear indication that in the Kenyan context and especially in SMEs, that change in advertising methods and finding new markets have moderate effect on entrepreneurial performance of SMEs. However, since change in advertising methods has a mean score of 2.8430, the SMEs managers have to keep changing advertising methods to ensure that customers are aware of the products on offer needs.

4.2 Tests of Linearity on Market Innovation Strategy

Table 5: ANOVA – Test of Linearity

			Sum of Squares	df	Mean Square	F	Sig.
Market Innovation Strategy * Entrepreneurial Performance	Between Groups	(Combined)	61.896	15	4.126	10.180	.000
		Linearity	54.145	1	54.145	133.574	.000
		Deviation from Linearity	7.751	14	.554	1.366	.183
	Within Groups		42.562	105	.405		
	Total		104.459	120			

Source: ***Research Data (2021)***

Given the value sig deviation from a linearity of 0.183 > 0.05 based on the ANOVA table 5 above, it can be concluded that the relationship between market innovation strategy and entrepreneurial performance of SMEs is linear.

4.3 Establishing Marketing Innovation Strategy's Effect on Entrepreneurial Performance

It was established from output Table 6 below that the P-value of market innovation strategy was = 0.047 implying statistically that this predictor variable is significant at a confidence level of 95%.

Table 6: Output – P-value of Marketing Innovation

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.440	.179		2.455	.016	.085	.794
Market Innovation Strategy	.172	.103	.157	1.676	.047	-.031	.375

Dependent Variable: Entrepreneurial Performance

Source: ***Research Data (2021)***

From the findings of Table 6, we reject the null hypothesis and accept the alternative hypothesis that market innovation strategy is statistically significant in its effect on entrepreneurial performance of SMEs in Nakuru East Town Sub-County. The coefficient for market innovation strategy was 0.172. This implies that there exist a positive relationship between market innovation strategy and entrepreneurial performance of SMEs; hence, increase in market innovation strategy will lead to increase in the entrepreneurial performance of SMEs.

5.0 Conclusions and Recommendations

5.1 Conclusions

Based on the aforementioned background study and literature review, studies exploring the relationship between marketing innovation strategy and SMEs entrepreneurial performance were largely carried out in developed countries mainly in Europe, America and Asia. A small number of African countries have however, been captured with a very limited number of researchers assessing the mediators and/or attempting to address the respective importance. Furthermore, most of the previous related studies were limited to a small sample size to infer on actual results. To help address the challenge, this study involved resource-based view, diffusion of innovation theory and balance score-card as its theoretical framework. Therefore, an ample sample size to handle limitation of small samples was done in this research. To address other identifiable gaps and to scrutinize the existence of this relationship, it was crucial to conduct research in a Kenyan setting generally and especially among SMEs in Kenya in particular, SMEs in Nakuru East Town Sub-County. In conclusion of this research, business owners/managers of SMEs are not creating enough new distribution channels and also not changing in advertising methods with a view to finding new markets thereby increasing their profitability, customer satisfaction, market share and efficiency in performing entrepreneurial duties.

5.2 Recommendations

The researcher recommended that regular improvement in product designs improves customer satisfaction. In addition, coming up with new advertising methods, developing new distribution channels and finding new markets for SMEs products will help SMEs increase efficiency and market share. Furthermore, use of new management models in SMEs leads to higher generation of profits. Moreover, regular introduction of new business practices will improve customer satisfaction and that implementation of changes in workplace routines will improve efficiency of SMEs. The researcher also suggests that further studies be conducted on county geography since it is on a wider audience to establish the effect of marketing innovation strategy and entrepreneurial performance of Small and Medium-sized Enterprises in Kenya for more understanding and influence once implemented. The Government of Kenya and especially at the County level need to invest more on Research and Development of SMEs performance and how more innovation strategies can be implemented into the business environment to create more awareness and jobs thereby improving the economy. The research findings to be implemented by the government fully and policies made to create law and order.

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