



**MARKETING STRATEGIES AND FINANCIAL PERFORMANCE OF SMALL AND
MEDIUM ENTERPRISES IN UGANDA A CASE STUDY OF PALLISA COUNTY**

BY

OGUNE SAMUEL

BU/UP/2022/1305

**A RESEARCH REPORT SUBMITTED TO BUSITEMA UNIVERSITY FACULTY
OF MANAGEMENT SCIENCES IN PARTIALFULFILLMENT OF
THE REQUIREMENT FOR THE AWARD OF BACHELOR OF
BUSINESS ADMINISTRATION OF
BUSITEMA UNIVERSITY**

AUGUST 2025

DECLARATION

I, Ogune Samuel, hereby confirm that this research report is my original work and has not been submitted for examination at this university for any academic qualification.

Student Name: OGUNE SAMUEL

Registration No: BU/UP/2022/1305

Signature 

Date..... 18/08/2025

APPROVAL

This research report is submitted to Busitema University, Faculty of Management Sciences to partially fulfill the requirements for the Bachelor of Business Administration in Accounting and Finance, with my academic supervisor's approval.

Ms. IRENE PRISCA TAAKA

Signature.....

Date 18/08/2025.....

DEDICATION

This research report is dedicated to Almighty God for His endless blessings, which made the submission of this report possible. I also want to express my gratitude to my dear parents Mr. Ogune Isaac and Mrs. Angella Jesca Malin for their moral support, encouragement and understanding. A heartfelt thanks goes to my siblings Opio Esau, Odongo James and Kassa Norah, my pastor Mr. Natipe Moses, friends, classmates, and lecturers as well.

ACKNOWLEDGEMENTS

I want to take a moment to express my heartfelt gratitude to God for the gift of life, protection, wisdom, patience, love, and the opportunity to complete my research work.

I also want to thank my wonderful parents Mr. Ogune Isaac and Mrs. Angella Jesca Malin for their unwavering love, care, and support, both moral and financial, which helped me through my academic journey.

A special thank you goes to my amazing supervisor, Ms. Taaka Irene Prisca, who guided me every step of the way and truly made a difference in my performance, not forgetting Mr. Okhun Ross Tukei and all the lecturers at Busitema University who supported me throughout this process.

Lastly, I'm grateful to my dear friends, siblings, and classmates for their encouragement, made my bachelor's program such a rewarding experience. May God bless each of you and guide you on your journeys ahead.

TABLE OF CONTENTS

DECLARATION.....	i
APPROVAL.....	ii
DEDICATION	iii
ACKNOWLEDGEMENTS.....	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ACRONYMS.....	x
ABSTRACT.....	xi
CHAPTER ONE	1
INTRODUCTION	1
1.0 Introduction.....	1
1.1 Background of the Study	1
1.2 Problem Statement.....	3
1.3 Purpose of the Study	3
1.4 Research Objectives.....	4
1.5 Research Questions.....	4
1.6.0 Scope of the Study	4
1.6.1 Content of the Study	4
1.6.2 Geographical scope.....	4
1.6.3 Time Scope.....	4
1.7 Significance of the Study	5
1.7.1 To the researchers.....	5
1.7.2 To the government.	5
1.8 Conceptual Frame Work	5
1.9.0 Definition of Key Terms	6
CHAPTER TWO	7
LITERATURE REVIEW.....	7
2.0 Introduction.....	7
2.1 Theoretical Review	7
2.1.1 The 4Ps Model	7
2.2 Empirical Review of Literature.	7
2.2.1 Customer Orientation Strategy and Financial Performance	7

2.2.2 Digital Marketing and Financial Performance.....	9
2.2.3 Diversification Strategies and Financial Performance.....	10
2.3 Gaps identified from the literature review	11
CHAPTER THREE	12
RESEARCH METHODOLOGY	12
3.0 Introduction.....	12
3.1 Research Design.....	12
3.2 Study Target Population.....	12
3.3 Sample Size.....	12
3.4 Sampling Technique.....	13
3.5 Type and Sources of Data	13
3.6 Data Collection Instrument	13
3.7 Data Collection Procedure	13
3.8 Data Analysis	14
3.9 Data Quality Control.....	14
3.9.1 Validity of the Research Instruments	14
3.9.2 Reliability of the Research Instruments	14
3.10 Ethical Considerations	15
CHAPTER FOUR.....	16
DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS	16
4.0 Introduction.....	16
4.1 Response Rate.....	16
4.2 Demographic Characteristics	16
4.2.1 Gender of Respondents	16
4.2.2 Age Characteristics	17
4.2.3 Years the Organization has been in existence	17
4.2.4 Education level.....	18
4.3 Pearson’s Correlation Analysis	18
4.3.1 Customer Orientation Strategy and Financial Performance	19
4.3.2 Digital Marketing and Financial Performance.....	19
4.3.3 Diversification Strategies and Financial Performance.....	19
4.4 Regression Analysis	19
4.4.1 Customer Orientation Strategy and Financial Performance.	19
4.4.2 Digital Marketing and Financial Performance.....	20

4.4.3 Diversification Strategies and Financial Performance.....	21
CHAPTER FIVE:	22
DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	22
5.0 Introduction.....	22
5.1 Discussion of Study Findings	22
5.1.1 Customer Orientation Strategy and Financial Performance.	22
5.1.2 Digital Marketing and Financial Performance.....	23
5.1.3 Diversification Strategies and Financial Performance.....	23
5.2 Conclusion	24
5.3 Recommendations of the Study	25
5.4 Limitations of the Study.....	25
5.5 Areas for Further Studies	25
REFERENCES	27
APPENDICES	30
Appendix I: Letter of Introduction.....	30
Appendix II: Questionnaire.....	31
Appendix III: Work plan 2024-2025	36
Appendix IV: Research Budget.....	37
Appendix V: Krejcie and Morgan (1970) table of sample size determination	38

LIST OF TABLES

Table 3.1 Showing Reliability	15
Table 4.1 Showing Gender of Respondents.....	16
Table 4.2 Showing Age Characteristics.....	17
Table 4.3 Showing Years the organization has been in existence	17
Table 4.4 Showing Education Level	18
Table 4.5 Showing Correlation analysis	18
Table 4.6 Showing Customer Orientation Strategy and Financial Performance	19
Table 4.7 Showing Digital Marketing and financial Performance	20
Table 4.8 Showing Risk Management and Financial Performance	21

LIST OF FIGURES

Figure 1: Conceptual framework of marketing strategies and financial performance.....5

LIST OF ACRONYMS

CVI	Content Validity Index
F/Y	Financial Year
GDP	Gross Domestic Product
MTIC	Ministry of Trade Industry and Cooperatives
OECD	Organization for economic co-operation and development
PDLG	Pallisa District Local Government
SMEs	Small Medium Enterprises
SPSS	Statistical packages for social sciences
UIA	Uganda Investment Authority

ABSTRACT

Marketing strategy has been an operational focus and a method for achieving an all-inclusive business success. The aim of this scholarly work was to determine the influence of marketing strategies on the financial performance of SMEs in Pallisa County. Specifically, the objectives selected to achieve the aim of the study were to examine the effect of customer orientation strategy on financial performance of SMEs evaluate the effect of digital marketing on financial performance of SMEs, assess the effect of diversification strategies on financial performance of SMEs. A cross sectional and quantitative approach were adopted in the study. Sample size of 44 was drawn from a population of 50 which comprised of the registered SMEs in Pallisa County. Regression analysis was used and results presented in tables and figures. The findings obtained revealed a positive significant effect of marketing strategy on financial performance of SMEs. There was a positive relationship between the study variables; customer orientation strategy, digital marketing, diversification strategies and financial performance, implying that the application of marketing strategies positively influenced SME performance in Pallisa. The research concluded that the performance of SMEs in Pallisa was positively influenced by marketing strategies. Recommendations were made which stated that SMEs should ensure that customer feedback is received and apprehended, embrace digital marketing by having social media marketing, mobile marketing and content marketing and should embrace diversification strategies that are suitable for their business.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter introduces the study by outlining its background, the problem it seeks to address, and the overall purpose. It also presents the specific objectives, the scope within which the research was conducted, and its significance. Additionally, it includes the conceptual framework guiding the inquiry and clarifies key terms used throughout the study.

1.1 Background of the Study

Small and medium enterprises (SMEs) play a vital role in driving economic growth and development around the world. By their very nature, SMEs play a key role in the economies of both developed and developing countries in terms of turnover, level of employment and serve as a mechanism to fight against poverty (Manzoor et al, 2021). SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development (Oyebamiji, 2023). However, SMEs are struggling to survive under intense competitive environments both domestic and international, they also haven't performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of the countries (OECD, 2021).

Globally, in Europe by 2021, the number of SME bankruptcy declarations rose across the EU-27 and several individual Member States. Out of 21 countries, eight saw insolvency rates climb between 8% and 95%, while eleven experienced a decline with seven of those recording double-digit drops. This upward trend at the EU level persisted into 2022, with bankruptcy declarations increasing by 7.1%. In total, 10 Member States experienced growth in bankruptcies, most of them notably so, as the growth is higher than 10% in all relevant cases (GROW and JRC 2023).

In UK, as of 1 January 2023, there were 5.5 million private sector businesses. The business population fell between January 2023 and January 2024, a fall of 56,000 businesses due to financial constraints. Also, In 2022, a significant shift occurred in the business landscape, marking the first time since 2010 that the rate of business deaths (11.8%) surpassed the rate of business births (11.5%). That year, there were 337,000 new business formations, a decrease of 27,000 from the previous year, resulting in a business birth rate of 11.5%, down from 12.4% in 2021. Conversely, the number of business closures rose to 345,000, an increase of approximately 18,000 compared to 2021, leading to a business death rate of 11.8%, up from

11.1% the previous year (Georgina, 2024). In Asia, according to Economic Survey of Pakistan (2022), 90% of the Pakistani businesses are SMEs. However, 60% of the SMEs struggle to scale their business operations limiting growth potential and survival (Ahmed et al., 2022).

In Africa, although the continent has shown significant improvement in business environment in the last ten years thereby attracting numerous businesses from different parts of world, it's still ranked by World Bank as the most difficult region to do businesses for SMEs (Muriithi, 2021). In South Africa, the failure is between 50% and 95% depending on the industry (Willemse, 2020). A study by Yeboah, (2021) also revealed that 75% of SMEs in South Africa do not become established businesses making the country to have the highest failure rate. Chad has also been named as a country with high SMEs poor performance rate of 65% (World Bank, 2022).

In East Africa, according to Wolf, (2021) the increasing competition through globalization puts SMEs under considerable pressure. The rate of business failure is alarming with only a few businesses surviving a few months to one year (Kenya National Bureau of Statistics, 2023). According to Adcorp, (2024), the mortality rate of SMEs remains very high with five out of seven new businesses failing in their first year.

In Uganda, about one in every three new businesses shuts down before reaching their first anniversary. Many entrepreneurs start out with hope and ambition, but face tough realities from limited funding and poor infrastructure to gaps in business skills and market understanding. Without the right support, these early-stage ventures struggle to survive. A majority (54%) of small and medium-sized enterprises (SMEs) fail to survive beyond five years, largely due to financial challenges MTIC, (2019). Despite several government-led efforts to improve Uganda's business climate and ease regulatory burdens, the performance of small and medium enterprises (SMEs) remains underwhelming, according to the Uganda Investment Authority (UIA). This underperformance is worrying, given that SMEs play a vital role in driving economic growth and contributing significantly to the country's GDP. In Pallisa District, particularly Pallisa County, the annual budget report indicate that the performance of SMEs is still below as for the FY 2021/2022 which placed the rate on the financial growth of SMEs in Pallisa at 60% in contradiction of the satisfactory national standard of 75%.

In tackling the challenge of poor SMEs performance, this research was steered by the Mc Cathy 4ps model as proposed by E. Jerome McCarthy in the 1960s. This model comprises four essential components: Product, Price, Place, and Promotion, which collectively shape an

organization's marketing approach. The model states that the effective application of the 4Ps can significantly enhance financial performance of businesses. This means carefully curating product lines through differentiation, employing effective customer orientation strategies, ensuring optimal distribution, and crafting compelling promotional messages (McCarthy, 1960), SMEs can better attract and retain customers, ultimately driving profitability.

Studies all over the world indicate that Customer Orientation Strategy, Digital Marketing and diversification strategies predict financial performance of SMEs (Al-Hayat and Aljounaidi, 2021; Tenywa, 2023; Hindu, 2021; Fekadu Tafu, 2018) However, the results from these studies are irresolute in relation to the context in of Pallisa County in Uganda. Also, there is still limited literature that shows the mechanisms through which marketing strategies influence financial performance mostly at the SMEs setting. It's through these gaps that the researcher assessed the effect of Marketing Strategies on the Financial Performance of Small and Medium Enterprises in Uganda a case study of Pallisa County to bridge such literature gaps.

1.2 Problem Statement

The input of small and medium-size enterprises (SMEs) in the economic development of both developed and developing nations have always been acknowledged (Osano, 2019). Yet, even with their vital role in socio-economic development and the many policy efforts rolled out globally to support their growth, SMEs still grapple with persistent challenges that hinder their performance and long-term survival. Uganda ranks highly for entrepreneurship, yet, a majority (54%) of small and medium-sized enterprises (SMEs) fail to survive beyond five years, largely due to financial challenges, with 28% being less than a year old (MTIC, 2019). In Pallisa County, the annual budget report indicated that the performance of SMEs is still below as for the FY 2021/2022 which placed the rate on the financial growth of SMEs in Pallisa at 60% in contradiction of the satisfactory national standard of 75%. On the other hand, according to Nafuna et al, (2019), SMEs can only successfully deliver on their vital roles when the devising and application of suitable entrepreneurial marketing practices such as effective pricing strategy is put in place to upsurge their performance. Thus, this study assessed the effect of Marketing Strategies on the Financial Performance of Small and Medium Enterprises in Uganda a case study of Pallisa County.

1.3 Purpose of the Study

To assess the effect of Marketing Strategies on the Financial Performance of Small and Medium Enterprises in Uganda a case study of Pallisa County.

1.4 Research Objectives

- I. To examine the effect of customer orientation strategy on financial performance of SMEs in Pallisa County.
- II. To evaluate the effect of digital marketing on financial performance of SMEs in Pallisa County.
- III. To assess the effect of diversification strategies on financial performance of SMEs in Pallisa County.

1.5 Research Questions

The study looks to answer the following questions;

- I. What is the effect of customer orientation strategy on financial performance of SMEs in Pallisa County.
- II. What is the effect of digital marketing on financial performance of SMEs in Pallisa County.
- III. What is the effect of diversification strategies on financial performance of SMEs in Pallisa County

1.6.0 Scope of the Study

1.6.1 Content of the Study

This study concentrated on the customer orientation strategy, digital marketing and diversification strategies to lighten the worth of financial performance of SMEs in Pallisa County. Financial performance delineated profitability, liquidity and sales volume.

1.6.2 Geographical scope

The research was done in Pallisa County which is in PDLG in Eastern Uganda. This is because it falls under the Ministry of Local Government (MOLG) and SMEs also fall under Ministry of Trade, Industry and Cooperatives in Uganda, which is responsible for overseeing and coordinating the activities of all SMEs across the country, including districts like Pallisa.

1.6.3 Time Scope

The study was carried out between 2019 and 2024, a timeframe selected to allow for a thorough exploration of the key issues. This extended period helped uncover meaningful patterns and insights related to the variables under investigation.

1.7 Significance of the Study

1.7.1 To the researchers

The study was conducted as part of the requirements for the researcher to earn a Bachelor's degree in Business Administration.

The study equipped the researcher with practical research skills, including questionnaire design, data collection, and analytical thinking. It also broadened their knowledge base and strengthened their professional development.

Additionally, the findings offer valuable insights and serve as a reference point for future studies in related fields.

1.7.2 To the government.

The research is be recycled by the government through the ministry of Trade Industry and Cooperatives to cultivate better policies for the enhancement on the financial performance of SMES in Uganda.

It also helps to enhance policies and regulations that will guide the Small and Medium Enterprises in Uganda

1.8 Conceptual Frame Work

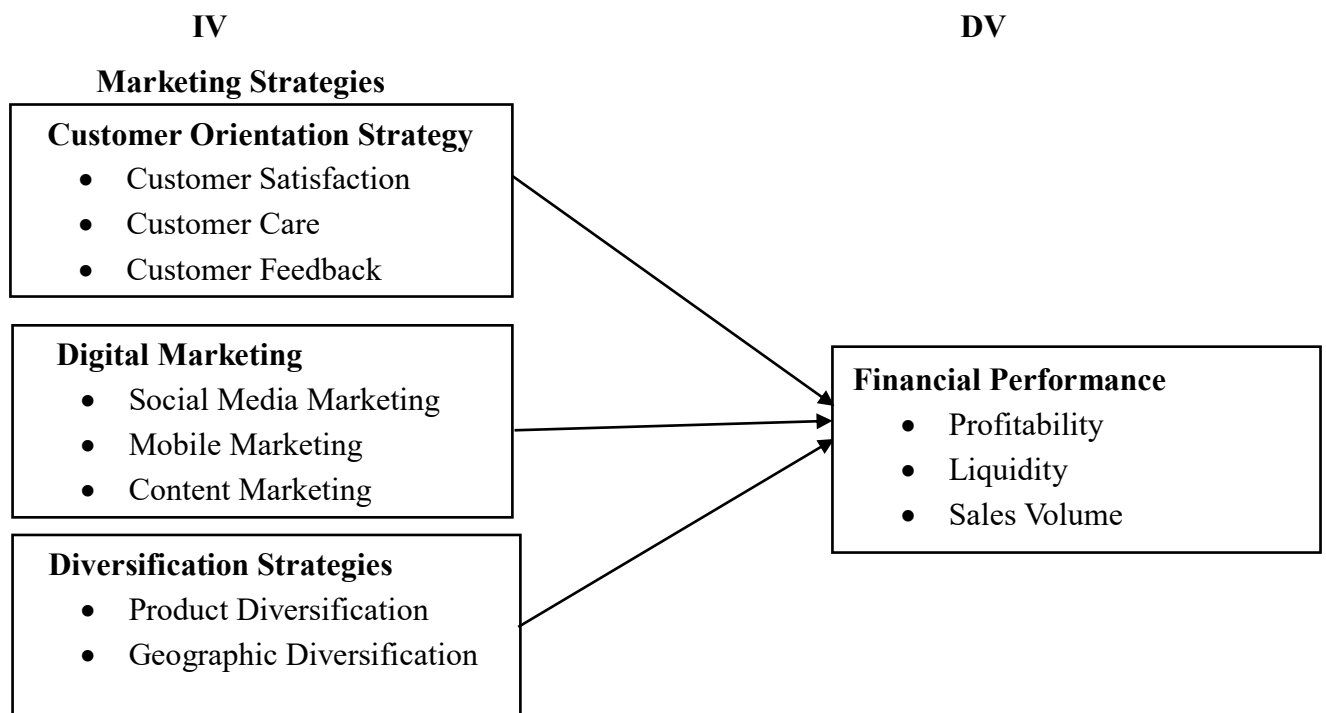


Figure 1: Conceptual framework of marketing strategies and financial performance

Source: Adopted from Fekadu Tufa 2018 and Tukamuhebwa et.al 2024 with modifications made by the researcher.

Explanation of the Conceptual Framework

The conceptual framework above instituted financial performance as the dependent variable and marketing strategies is the independent variable. It also indicated that Customer Orientation Strategy has dimensions like customer satisfaction, customer care and customer feed back, Digital Marketing through social media marketing, mobile marketing, and content marketing while diversification is underpinned by the dimensions of product diversification and geographical diversification. The dimensions employed in this framework have been validated in prior studies, supported by existing literature, and have yielded robust empirical results.

1.9.0 Definition of Key Terms

A Small Enterprise is defined as an enterprise employing maximum 50 people; annual sales/revenue turnover of maximum Ugandan Shillings 360 million and total assets of maximum Ugandan Shillings 360 million (Uganda Investment Authority, 2008).

A Medium Enterprise is defined as an enterprise employing more than 50 people; annual sales/revenue turnover of more than Ugandan Shillings 360 million and total assets of more than Ugandan Shillings 360 million (Uganda Investment Authority, 2008).

Marketing Strategies. West et al., (2010) defined marketing strategy as the comprehensive plan formulated particularly for achieving the marketing objectives of the organization.

Customer Orientation Strategy. Refers to a strategy of an organization that emphasizes the long run customer focus and commitments to implement this ideology (Appian-Adu and Singh, 1998).

Digital Marketing refers to the promotion of products and services using online platforms and digital technologies. (Don and Rogers 1993)

Diversification strategies. These are methods employed by large, medium, and small enterprises to broaden their market presence and expand their scope (Benito-osorio et al., 2020).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction.

This chapter constitutes a theory that steers the study, an empirical review of interrelated literature in the area of study as guided by the research objectives specifically; to examine the effect of customer orientation strategy on financial performance; to evaluate the effect of digital marketing on financial performance; and to assess the effect of diversification strategies on financial performance.

2.1 Theoretical Review

The study was driven by the Mc Cathy 4ps model as proposed by E. Jerome McCarthy in the 1960s.

2.1.1 The 4Ps Model

The Mc Cathy 4ps model was introduced in 1960s by E. Jerome McCarthy. This model comprises four essential components: Product, Price, Place, and Promotion, which collectively shape an organization's marketing approach. The model states that the effective application of the 4Ps can significantly enhance financial performance of businesses. Kotler and Keller (2016) note that aligning products with consumer demands, establishing competitive pricing, optimizing distribution channels, and executing targeted promotional efforts are vital for achieving business success. Research by Baker and Hart (2008) emphasizes that SMEs can experience improved financial outcomes by strategically navigating these marketing elements. To succeed in a competitive environment, SMEs must develop a cohesive marketing strategy that incorporates the principles of the 4Ps. This means carefully curating product lines through differentiation employing effective customer orientation strategies, ensuring optimal distribution, and crafting compelling promotional messages (McCarthy, 1960). By doing so, SMEs can better attract and retain customers, ultimately driving profitability.

2.2 Empirical Review of Literature.

This section presents a review of related literature based on the study research questions, and subsequently point out the research gaps based on past studies by earlier scholars

2.2.1 Customer Orientation Strategy and Financial Performance

According to Appian-Adu, (1998), customer orientation refers to a strategy of an organization that emphasizes the long run customer focus and commitments to implement this ideology.

Customer orientation can be observed to improve an appreciation of customers so that they can obtain a superior value (Evans, 2007). Paying attention to customers means truly understanding what they want, hope for, and expect and making sure those needs are thoughtfully considered. Extant literature suggests that there is a positive link between customer orientation and financial performance (Bekata & Kero, 2024; I.J. Oluwamuyiwa, 2025; Islam & Zhe, 2022; Jinku Lu et al., 2020; Makdissi et al., 2024; Mazreku, 2019).

In respect to this, studies by Islam & Zhe, (2022) in China on the effect of customer orientation on financial performance in service firms posits that customer orientation is positively related to financial performance. Similarly, a study by Jinku Lu et al., (2020) on 207 firms of China and 191 firms of South Korea alludes that the customer orientation and the entrepreneurial orientation have a positive influence on the SMEs whereas the extent of the entrepreneurial innovativeness make no difference on the orientation.

Correspondingly, according to Oluwamuyiwa, (2025) it was understood that, businesses whose customers are satisfied by its services or goods performs well. The data revealed a clear and strong link when customers are happy, small businesses in Southwest Nigeria tend to perform much better. A study by Mazreku, (2019) in Australia argues that customer satisfaction is the best way of gaining a sustainable competitive advantage and discusses the aspects of competitive advantage attained in this way. Customer-focused businesses need to think carefully about a few key things: how to keep customers happy, how to manage what customers expect, and how to handle their feedback in a meaningful way. Getting these right is crucial because when they do, the company is well-positioned to win customer loyalty and grow stronger.

A study done in Ethiopia by Bekata & Kero, (2024) found that customer orientation creates better value through open innovation, having an indirect effect on the performance of SMEs. The study shows that businesses perform better when they focus on strategies that put customer needs and satisfaction first. Similarly, in Lebanon, a study by Makdissi et al., (2024) on the relationship between customer satisfaction and the financial performance of Lebanese small and medium enterprises (SMEs), findings confirm a significant positive impact of customer satisfaction on key performance indicators such as sales growth, operational profitability, and customer retention.

Given the above literature, majority have looked at customer satisfaction as a dimension of customer orientation strategy to predict financial performance, ignoring the predictive power of customer care and customer feed back in enhancing financial performance.

Because of the gap in existing research, this study was carried out among SMEs in Pallisa County using a cross-sectional design and a quantitative approach. The aim was to align previous findings and contribute fresh insight to the current body of literature.

2.2.2 Digital Marketing and Financial Performance

Digital marketing is a contemporary approach to promoting products and services through digital means, primarily the internet (Anitha, 2024). It is firmly established in the online realm, transforming the perception of a brand from the company's viewpoint to that of the consumer across various online platforms.

Existent poetry suggests that there is a positive effect between digital marketing and financial performance (Haris, 2023; Mushi, 2024; Purba et al., 2021; Sharabati et al., 2024).

In respect to studies by Purba et al., (2021) about the effect of digital marketing and e-commerce on financial performance and business sustainability of MSMEs during COVID-19 pandemic in Indonesia, it posits that digital marketing had significant effect on financial performance. Digital marketing has been used to help customers better recognize and connect with the brand. Similarly, a study by Sharabati et al., (2024) alludes that digital marketing is essential for SME effectiveness, as a driver of digital transformation, leading to stronger economic results and an enlarged market presence. By interacting with customers through digital platforms, businesses can learn what people want and how they behave online. This helps them design better products, improve customer experiences, and make smarter sales decisions. For SMEs, these insights offer practical guidance and real-world data to shape how they adopt digital marketing strategies.

Correspondingly, results from a study by Mushi, (2024) in Tanzania demonstrated a notable correlation between the digital marketing strategies dimension and the SMEs performance dimensions in Mbeya City. The study encouraged business practitioners to adopt digital marketing techniques as a way to boost the performance of SMEs in Tanzania. A study by Haris, (2023) demonstrated that utilizing digital marketing strategies substantially impacts the efficacy and productivity of business financial operations. This study offers valuable insights into how digital marketing can be used strategically to improve a company's financial performance. To stay competitive in the fast-changing digital world, businesses need flexible strategies that can keep up with ongoing shifts in the market.

However, according to Anitha, (2024) about the impact of digital marketing in financial performance of SMEs, he reports that there is a weak relationship between key digital

marketing variables, on financial performance of SMEs. The regression model shows that these factors, by themselves, don't do a great job of predicting SME revenue growth. In short, the results suggest that these particular marketing metrics aren't enough on their own to explain how revenue changes.

Given the above fiction, majority considered social media marketing and content marketing as a dimension of digital marketing to predict financial performance, ignoring the predictive power of mobile marketing in enhancing financial performance.

Because of the limited existing literature, this study focused on SMEs in Pallisa County, using a cross-sectional design and a quantitative approach to challenge previous findings and contribute fresh insights to the field.

2.2.3 Diversification Strategies and Financial Performance

According to Benito-osorio et al., (2020) diversification strategies are methods employed by large, medium, and small enterprises to broaden their market presence and expand their scope. Existent literature suggests that there is a positive effect between diversification strategies and financial performance (Benito-osorio et al., 2020; Kenyuru et al., 2019; Mutune & Simba, 2019; Okonkwo et al., 2024; Saliba et al., 2025).

For instance, a study by Benito-osorio et al., (2020) indicates that product diversification and geographical diversification positively enhances the performance of those SMEs. The study shows that for SMEs, product and geographical diversification strategies can either work together or replace each other depending on the kind of product diversification used and how far the business expands geographically. Similarly, a study by Mutune & Simba, (2019) on the diversification strategies affecting the business performance of small and medium enterprises in Kenya alludes that product or service diversification strategy is the efficient strategy for small and business enterprises because of their flexibility characteristic increases SMEs performance.

Correspondingly, a study by Saliba et al., (2025) on the influence of diversification strategies on the financial performance of small and medium sized enterprises (SMEs) in Lebanon, focusing on three primary forms: geographical, product, and related diversification. Utilizing a quantitative approach, The findings suggest that product diversification offers the greatest advantages for SMEs, with related diversification and geographical expansion providing additional but comparatively smaller benefits. Kenyuru et al., (2019) in their study on the effects of product diversification strategy on financial performance of firms in Kenya alludes

significant and positive relationship between the vertical product diversification and bank financial performance, horizontal product diversification strategy had positive and significant relationship with financial performance. The study concludes that higher levels of product diversification positively influence banks' financial performance. To boost results, banks are encouraged to expand their product diversification strategies.

A study by Okonkwo et al., (2024) that examined the effects of diversification strategies on organizational competitiveness of selected manufacturing firms in Delta State, Nigeria. Using a descriptive research design, the study found that product diversification strategies significantly enhance organizational competitiveness and overall performance.

However, on the other hand Gunu et al., (2023) in their study of the effect of diversification on financial performance of quoted manufacturing firms in Nigeria, results indicate that geographical diversification has no significant effect on the financial performance.

Yet, negative relationship between geographical diversification and financial performance called up for the future research.

To address gaps in the existing literature, this study was carried out among SMEs in Pallisa County using a cross-sectional design and a quantitative approach. Its aim was to build on previous findings and offer new insights to enrich the current body of knowledge.

2.3 Gaps identified from the literature review

In the aspect of customer orientation strategy, majority have looked at customer satisfaction as a dimension of customer orientation strategy to predict financial performance, ignoring the predictive power of customer care and customer feed back in enhancing financial performance. Similarly, majority considered social media marketing and content marketing as a dimension of digital marketing to predict financial performance, ignoring the predictive power of mobile marketing in enhancing financial performance.

In the diversification strategy facet, while others found a positive relationship, others found a negative and insignificant relationship especially with geographical diversification. A negative relationship between geographical diversification and financial performance of SMEs calls up for the future research.

Due to the limited literature on this subject, the study was conducted among SMEs in Pallisa County using a cross-sectional research design and a quantitative approach. Its purpose was to build on prior findings and contribute deeper understanding to the existing body of knowledge.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlines the research design, study population, sample size determination, sampling techniques, data types and sources, data collection procedures, validity and reliability of the research instruments, the instruments used, and the ethical considerations observed throughout the study.

3.1 Research Design

A research design is a roadmap that guides the study (Creswell, 2014). The study employed a cross-sectional research design and a quantitative approach to examine the relationship between marketing strategy constructs and financial performance. The quantitative method was chosen for its ability to generate measurable data that helps explain the phenomenon and uncover underlying patterns in reality. It also eases collection of large amounts of data and testing the effect between variables using inferential statistical methods of presentation (Creswell, 2014).

A cross-sectional research design was employed because it allows data to be collected at a single point in time, providing a snapshot that supports drawing conclusions about the target population under investigation.

3.2 Study Target Population

A population is an assemblage of events with similar characteristics that can enable generalization of the results of a given study sample (El-Gohary, 2009). The target population is total number of SMEs, or items that the research anticipates to examine and make reference to (Sekaran & Bougie, 2013; Sekaran, 2003). The study targeted 50 registered and active SMEs as generated from the office of the commercial officer PDLG from which forty-four (44) SMEs were selected purposively to participate in the study.

3.3 Sample Size

Sample size according to Babbie (2005) refers to the actual number of respondents from which the research intends to collect information. The sample was obtained based on the guidelines by Krejcie and Morgan, (1970) table for sample size selection, using this guideline with a population of 50, 44 registered and active SMEs were selected and this forms the unit of analysis.

3.4 Sampling Technique

Sampling is a method that involves selecting representative subsets such as individuals, items, or events from a larger population to draw meaningful conclusions. The study used stratified sampling to select the SMEs in Pallisa County that participated in the study. Stratified sampling is a probability-based technique in which the population is divided into distinct subgroups, or strata, based on common traits. Random samples are then selected from each stratum to ensure balanced representation. This ensured that each subgroup is represented in the final sample since the population is heterogeneous and the characteristics of the subgroups are of particular interest to the researcher.

3.5 Type and Sources of Data

The study utilized both primary and secondary data sources. Primary data was collected through distributed questionnaires and analysed using Statistical Package for the Social Sciences (SPSS), which facilitated drawing conclusions and formulating recommendations.

Secondary data was sourced from published reports, journal articles, theses, conference proceedings, and credible websites, and was used to contextualize and assess the research problem (poor financial performance).

3.6 Data Collection Instrument

The study used a questionnaire to collect information from the respondents because it is a non-biased technique (Dawson, 2002). Close-ended questions were used to allow respondents sufficient time to provide answers while minimizing researcher bias in the data collection process.

A five-point Likert scale was employed, consisting of two sections: Part A captured demographic characteristics, while Part B focused on elements of the independent and dependent variables. This scale was chosen for its ability to produce standardized responses and enhance the consistency and reliability of the results.

3.7 Data Collection Procedure

The researcher first obtained permission from Busitema University (Faculty of Management Sciences) before seeking authorization from management of SMEs in Pallisa County to administer the questionnaire to the envisioned respondents. This was done through conducting

face-to-face mode of delivery where the respondents filled the questionnaire and later, we collected the raw data for coding and analysis (Kothari, 2004).

3.8 Data Analysis

Data collected from the study was edited, coded, and organized into tables. Descriptive statistics including frequencies, percentages, means, and standard deviations were used to summarize the findings. Analysis was conducted using the Statistical Package for Social Sciences (SPSS), version 22. Correlation analysis was conducted to determine the direction, strength, and degree of association among the study variables. Finally, linear regressions were performed to determine the predictive power of the independent variables (customer orientation strategy, digital marketing, diversification strategies) on the dependent variable (financial performance).

3.9 Data Quality Control

3.9.1 Validity of the Research Instruments

Validity refers to the degree of truthfulness of an instrument in measuring the desired variable/construct under study (Amin, 2005). This was done to ensure that the operationalized items were adequate, internally consistent, and yielded valid results relative to the representative sample employed in the study. We adopted measures that have been researched, and we chose the experts who rated the research items as relevant and irrelevant and CVI results above the threshold of 0.7 were considered (Kimberlin & Winterstein, 2008; Kothari, 2004).

3.9.2 Reliability of the Research Instruments

Reliability is the degree to which an instrument measures what it is supposed to measure repeatedly (Creswell, 2014). To ensure the reliability of the results, the research instruments were pre-tested among a small sample of SMEs in Pallisa County that were excluded from the main study. Questionnaires were administered as part of a pilot study, and reliability was assessed using a pre-test and Cronbach's alpha. This process aimed to confirm the internal consistency of the instruments and the stability of respondents' views and opinions regarding the study constructs. The results above the threshold of 0.7 were chosen (Nunnally, 1978; Strainer, 2003).

Table 3.1 Showing Reliability

Variables	Item	Cronbach's Alpha	CVI
Customer Orientation Strategy	15	.745	.743
Digital Marketing	14	.754	.764
Diversification Strategies	11	.769	.782
Financial Performance	12	.706	.703

3.10 Ethical Considerations

Ethical considerations were treated with utmost care throughout the study, given the sensitive and complex nature of the topic. The research prioritized key principles such as protecting participants' identities (anonymity), safeguarding their personal information (confidentiality), minimizing any potential risks, securing informed consent, and obtaining formal permission to conduct the study. Confidentiality: Means that the participants' identity is known to the researcher but kept confidential while risk of harm takes eliminating, isolating and minimizing physical, emotional and reputational harm as well as informing the participants of the risk nature (Fleming & Zegwaard, 2018). Informed consent means that participants are made aware of what they are asked, the intended use of the data, right to access information and withdraw at any point and the effects of participation and in return they give consent to participate (Fleming & Zegwaard, 2018). Permission: To build trust and reduce any potential suspicion, the researcher secured an official introduction letter from the University. The letter clarified that the study was strictly academic in nature and assured participants that all responses would be used solely for research purposes.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter displays the analysis, data presentation, and interpretation of findings based on research objectives which were to; to examine the effect of customer orientation strategy on financial performance, to evaluate the effect of digital marketing on financial performance and to assess the effect of diversification strategies on financial performance of SMEs in Pallisa County.

4.1 Response Rate

A total of 44 questionnaires were distributed to SMEs, out of which 40 were properly completed and returned. This represents a response rate of 90.9%, indicating a strong level of participant engagement. The response rate is considered adequate for the study as it meets the threshold of 50% according to Amin (2005).

4.2 Demographic Characteristics

This information enabled the researcher to paint a clearer picture of the individuals who took part in the study, highlighting their key characteristics and backgrounds. The respondents' characteristics are said to have an influence on the nature of the findings according to Kothari (2004).

4.2.1 Gender of Respondents

Table 2 4.1 Showing Gender of Respondents

		Frequency	Percent
Gender	Male	19	47.5
	Female	21	52.5
	Total	40	100.0

Source: Primary data (2025)

Table 4.1 shows that SMEs in Pallisa County are predominantly led by women, who make up 52.5% of the respondents, compared to 47.5% male representation. The inclusion of both genders in the sample enhances the credibility of the findings by ensuring balanced perspectives and improving the validity and reliability of the results.

4.2.2 Age Characteristics

Table 3 4.2 Showing Age Characteristics

		Frequency	Percent
Age	18 to 30	8	20.0
	31 to 40	15	37.5
	41 to 50	10	25.0
	51 and above	7	17.5
	Total	40	100.0

Source: Primary Data, (2025)

The results indicate that majority of the respondents 37.5% are between 31 to 40 years of age, followed by 25.0% at the age bracket of 41 to 50 years, then 20.0% in the bracket of 18 to 30 years and 17.5% are 51 and above years of age. The implication of this is that SMEs owners are relatively mature individuals who are more settled in their personal lives, hence contributing to good life experience and knowledge that in turn improves on the financial performance of the organization.

4.2.3 Years the Organization has been in existence

Table 4 4.3 Showing Years the organization has been in existence

		Frequency	Percent
Years	Less than 5 years	11	27.5
	6-10 years	15	37.5
	11-15 years	6	15.0
	16-20 years	2	5.0
	Above 20years	6	15.0
	Total	40	100.0

Source: Primary Data (2025)

The table 4.3 above shows that 27.5% of the businesses have been in existence for less than 5 years, 37.5.8% had existed between 6-10 years and 15.0% had existed between 11-15 years, 5.0% had served for 16 to 20 years and also 15% had been in existence for above 20 years. The findings imply that, majority of the SMEs owners have adequate experience that can be used to upsurge on the organization's financial performance.

4.2.4 Education level

Table 5 4.4 Showing Education Level

		Frequency	Percent
Education	Uneducated	5	12.5
	Primary	8	20.0
	Secondary	6	15.0
	Certificate	10	25.0
	Diploma	7	17.5
	Degree	3	7.5
	Post Graduate	1	2.5
	Total	40	100.0

Source: Primary Data (2025)

From the results in the table 4.4 above, it is clear that 12.5% of the SMEs owners are uneducated, 20% were primary dropouts, 15.0% were secondary leavers, 25% had acquired at least acquired a certificate, 17.5% had acquired diploma, 7.5% had degrees and only 2.5% had acquired post graduate level of education. This implies that most of the respondents had acquired a at least a certificate level of education hence they are less equipped with knowledge needed to boost on the financial performance of SMEs.

4.3 Pearson's Correlation Analysis

Correlation analysis helps us understand how closely two variables are connected. In this study, the correlation coefficient shows the strength and direction of that connection, with results considered statistically meaningful if they meet the 0.01 significance level.

Table 6 4.5 Showing Correlation analysis

	Correlations			
	(1)	(2)	(3)	(4)
Customer Orientation Strategy (1)	1			
Digital Marketing (2)	.864**	1		
Diversification Strategies (3)	.565**	.446**	1	
Financial Performance (4)	.826**	.720**	.538**	1

** . Correlation is significant at the 0.01 level (2-tailed). N =44

Source: Primary Data (2025)

4.3.1 Customer Orientation Strategy and Financial Performance

From the table 4.5 above, outcomes show a positive and significant association exists between customer orientation strategy and financial performance ($r=.826$, $p<0.01$). This implies that enhancement in customer orientation strategy is linked with a positive change in financial performance.

4.3.2 Digital Marketing and Financial Performance.

Results in Table 4.5 above depict a positive significant relationship exists between digital marketing positively and financial performance ($r =.720$, $p <0.01$). This displays that augmentation in digital marketing is attached with variations financial performance.

4.3.3 Diversification Strategies and Financial Performance.

From the table 4.5 above, results show a positive significant relationship exists between diversification strategies and financial performance. ($r=.538$, $p<0.01$). This suggests that improvement in diversification strategies is associated with a positive change in financial performance.

4.4 Regression Analysis

A regression analysis was conducted to determine the predictive power of the independent variables on the dependent variable. It entails determining the regression equation of the two variables. It involves using model summary table, ANOVA, among others to determine the T-Significance.

4.4.1 Customer Orientation Strategy and Financial Performance.

The first objective of this study was to examine the effect of customer orientation strategy on financial performance of SMEs, in order to do so, a regression analysis was conducted and the results are shown in table 4.6 below.

Table 7Table 4.6 Showing Customer Orientation Strategy and Financial Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.935	.439		2.132	.040

Customer	1.375	.152	.826	9.034	.000
Orientation					
Strategy	R=.826	R ² =.682	Adj.R ² =.674	F=81.605	.000

Dependent Variable: Financial Performance

Source: Primary Data (2025)

As shown in Table 4.6, customer orientation strategy accounts for 67.4% of the variation in the financial performance of SMEs (Adjusted R² = 0.674; $p < 0.01$). This is reinforced by a strong and statistically significant relationship between customer orientation and financial performance (F = 81.605; $p < 0.01$). Additionally, the standardized beta coefficient ($\beta = 0.826$; $p < 0.01$) indicates that customer orientation is a powerful predictor of financial performance among SMEs.

4.4.2 Digital Marketing and Financial Performance.

The second objective of this study was to evaluate the impact of digital marketing on financial performance of SMEs, in order to do so, a regression analysis was conducted and the results are shown in table 4.7 below.

Table 8 4.7 Showing Digital Marketing and financial Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.833	.347		2.404	.021
Digital Marketing	.798	.125	.720	6.404	.000
	R=.720	R ² =.519	Adj.R ² =.506	F=41.014	.000

Dependent Variable: Financial Performance

Source: Primary Data (2025)

Table 4.7 reveals that digital marketing explains 50.6% of the variation in SMEs' financial performance (Adjusted R² = 0.506; $p < 0.01$). This relationship is statistically significant and positive, as evidenced by the model's F-value (F = 41.014; $p < 0.01$). Moreover, the standardized beta coefficient ($\beta = 0.720$; $p < 0.01$) confirms that digital marketing is a strong predictor of financial performance.

4.4.3 Diversification Strategies and Financial Performance

The third objective of this study was to assess the effect of diversification strategies on financial performance of SMEs, in order to do so, a regression analysis was conducted and the results are shown in table 4.8 below.

Table 9 Table 4.8 Showing Risk Management and Financial Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.326	.433		3.063	.004
Diversification Strategies	.599	.152	.538	3.931	.001
	R=.538	R ² =.289	Adj.R ² =.270	F=15.450	.000

Dependent Variable: Financial Performance

Source: Primary data (2025)

Table 4.8 indicates that diversification strategies account for 27.0% of the variation in SMEs' financial performance (Adjusted $R^2 = 0.270$; $p < 0.01$). The model demonstrates a statistically significant and positive relationship between diversification and financial performance ($F = 15.450$; $p < 0.01$). Furthermore, the standardized beta coefficient ($\beta = 0.538$; $p < 0.01$) suggests that diversification strategies moderately predict financial performance.

CHAPTER FIVE:

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This section presents discussion of the study findings, conclusion, recommendations, limitations of the study, and areas of further research

5.1 Discussion of Study Findings

Based on the findings from chapter four above of the study, this chapter provides interpretation of data of these findings on the study objectives.

5.1.1 Customer Orientation Strategy and Financial Performance.

The study sought to examine the effect of customer orientation strategy on financial performance. The results confirmed that customer orientation strategy have a positive and significant effect on financial performance. These outcomes are constant with earlier studies of Islam & Zhe, (2022)) who confirmed that customer orientation is positively related to financial performance. of SMEs. This means that when SMEs have good customer orientation strategies, they foster stronger relationships with their clients, ensuring that customer needs and preferences are understood and addressed, which leads to increased satisfaction, loyalty, and repeat business. This is in line with the study by Bekata & Kero, (2024) who urged that customer orientation creates better value through open innovation, having an effect on the performance of SMEs. Similar results are in the study by Jinku Lu et al., (2020) who suggest that the customer orientation has a positive influence on the SMEs performance. This can arise as a result of carrying out intermittent a deep understanding of customer needs, ongoing feedback, and a culture that prioritizes customer satisfaction at all levels.

The findings seem to suggest that augmentation on financial performance necessitates emphasis on customer satisfaction. This is supported by the Oluwamuyiwa, (2025) whose results also showed significantly strong positive relationship between customer satisfaction and the business performance of SMEs in Southwest Nigeria.

Similarly, enhancing on the financial performance calls SMEs to ensure quality customer care. This will arise as a result of always having consistent, responsive service, effective communication, and a commitment to resolving customer issues promptly and satisfactorily. This is supported by Makdissi et al., (2024).

Lastly, the findings seem to suggest that putting emphasis on customer feedback can be a ruse to financial performance of SMEs. This calls for surveys, online reviews, social media

engagement, focus groups, and direct interactions during customer support. This is similar to findings by Mazreku, (2019) in Australia that found out that customer feedback is essential for any business to perform well.

5.1.2 Digital Marketing and Financial Performance.

The study sought to evaluate the effect of digital marketing on financial performance. The results verified that digital marketing has a positive significant effect on financial performance. These results are consistent with earlier studies of Purba et al., (2021), who concentrated on effect of digital marketing and e-commerce on financial performance, revealed that digital marketing had significant effect on financial performance. This was also in line with the study by Sharabati et al., (2024) who alludes that digital marketing is essential for SME effectiveness, as a driver of digital transformation, leading to stronger economic results and an enlarged market presence. Engaging with customers through digital channels allows organizations to gain deeper insights into their behaviours and preferences. This understanding helps tailor products and experiences more effectively, while also enabling smarter, more targeted sales strategies.

The findings seem to suggest that improvement on financial performance requires SME businesses to embrace social media marketing in their advertising activities. This arises as a result of identifying the right platforms, creating engaging content, targeting the ideal audience, and consistently measuring results to refine strategy. This is supported by Sharabati et al., (2024).

Also, enhancement in financial performance also requires SMEs to partake mobile marketing and content marketing, this help SMEs attract and retain customers by delivering personalized messages and valuable information across digital platforms at low cost.

Lastly, findings seem to disagree with Anitha, (2024) whose findings reported that there is a weak relationship between key digital marketing variables, on financial performance of SMEs.

5.1.3 Diversification Strategies and Financial Performance.

The study sought to assess the effect of diversification strategies on financial performance. The findings confirmed that diversification strategies have a positive and significant effect on financial performance. These results are consistent with Mutune & Simba, (2019) who studied the effects of diversification strategies on the business performance of small and medium enterprises in Kenya and affirmed that diversification strategies have positive and significant impact on the performance of SMEs.

The findings seem to propose that when SMEs critically have product diversification in their operations, it will create a good stand for improving steadiness and excellence in performance. This is supported by Kenyoru et al., (2019) on the effects of product diversification strategy on financial performance of firms in Kenya who affirmed that product diversification strategy has positive and significant relationship with financial performance.

The outcomes of the study suggest that for financial performance in SMEs to improve, SMEs should definitely accentuate geographical diversification to expand and enlarge their reach. These results are in line with those of Benito-osorio et al., (2020) that indicated that geographical diversification positively enhances the performance of SMEs. Same findings were ascertained by Saliba et al., (2025) on their study of the influence of diversification strategies on the financial performance of small and medium sized enterprises (SMEs) in Lebanon which revealed that geographical diversification has a positive effect on the performance of SMEs in Lebanon.

Lastly, the findings seem to disagree with Gunu et al., (2023) in their study of the effect of diversification on financial performance of quoted manufacturing firms in Nigeria where results indicate that geographical diversification has no significant effect on the financial performance.

5.2 Conclusion

Based on the results from the study, we present the following conclusion to improve on financial performance within SMEs.

The study sought to examine the effect of customer orientation strategy on financial performance. The study findings depict that customer orientation strategy positively affects the financial performance. The researcher therefore concludes that in order to improve financial performance, SMEs need to increase on customer orientation strategies.

Similarly, the study sought to evaluate the effect of digital marketing on financial performance. The study findings portray that digital marketing positively and significantly affects financial performance. The researcher therefore concludes that in order to improve financial performance, SMEs need to intensify the efficacy of digital marketing.

Lastly, the study sought to assess the effect of diversification strategies on financial performance. The study findings reveal that diversification strategies positively affect financial

performance. The researcher therefore concludes that in order to enhance on financial performance, SMEs need to propagate diversification strategies in all their dealings.

5.3 Recommendations of the Study

Based on the above conclusions, the researcher makes the following recommendations.

In order to improve on financial performance, SMEs should embrace customer orientation strategies by providing a customer with products that satisfy their needs and wants, having good customer care and ensuring that customer feedback is received and apprehended. This helps to enhance customer satisfaction and loyalty, ultimately driving growth and competitive advantage in the market.

In order to increase financial performance, SMEs should look up to and embrace digital marketing by having social media marketing, mobile marketing and content marketing to ensure they reach unto far online customers and make them aware of their business products.

In order to improve financial performance, SMEs should appraise and embrace diversification strategies that are suitable for their business. This can be done through product diversification and geographic diversification. Diversification strategies help SMEs to reduce risk by spreading their investments across different products or markets, enhancing resilience and creating new revenue streams.

5.4 Limitations of the Study

Data for the study was collected using a closed-ended questionnaire measured on a five-point Likert scale, where respondents provided answers to predefined and structured questions. As a result, qualitative insights and open-ended views from respondents were not captured.

The study adopted a cross-sectional research design, offering a snapshot of the phenomenon under investigation at a single point in time. This design may not capture the dynamic nature of the research context over time.

The study was limited by the geographical scope, research from only one county may not be sufficient.

5.5 Areas for Further Studies

The researcher recommends conducting a qualitative study to gain deeper insights into the relationship between marketing strategies and the financial performance of SMEs.

Additionally, a longitudinal research design is suggested to enable multiple observations of the same subjects over time, thereby facilitating a more robust assessment of causal effects and

temporal dynamics.

Research should also be done in SMEs of other district local governments preferably according to regions.

REFERENCES

- Bekata, A. T., & Kero, C. A. (2024). Customer orientation , open innovation and enterprise performance , evidence from Ethiopian SMEs. *Cogent Business & Management*, 11(1). <https://doi.org/10.1080/23311975.2024.2320462>
- Bend, J. D. (2020). Factors Affecting Electronic Banking Adoption in Barbados. <https://search.proquest.com/openview/a47c83b0362bde914bad52b2b7e2ef0e/1?pq-origsite=gscholar&cbl=51922&diss=y>
- Benito-osorio, D., Colino, A., & Guerras-martín, L. Á. (2020). The combined effects of product and geographical diversification on performance : Evidence in manufacturing SMEs. April. <https://doi.org/10.1177/2340944420916332>
- Creswell. (2014). Creswell, J. W. (2014). *Research Design: Qualitative, Quantitative and Mixed Methods Approaches* (4th ed.). Thousand Oaks, CA: Sage. *English Language Teaching*, 12(5), 40. <https://doi.org/10.5539/elt.v12n5p40>
- DAWSON, D. C. (2002). *Practical Research Methods*. 168.
- Denzin, N. K., & Lincoln, Y. S. (2011). The Discipline and Practice of Qualitative Research. *Evaluation Journal of Australasia*, 11(2), 52–53. <https://doi.org/10.1177/1035719x1101100208>
- El-Gohary. (2009). The impact of E-marketing practices on market performance of small business enterprises. An empirical investigation. 247–248.
- Fleming, J., & Zegwaard, K. E. (2018). Methodologies, methods and ethical considerations for conducting research in work-integrated learning. *International Journal of Work-Integrated Learning*, 19(3), 205–213.
- Gunu, U., Suleiman, U., & Omolekan, O. (2023). Effect of Diversification on Financial Performance of Quoted Manufacturing Effect of Diversification on Financial Performance of Quoted Manufacturing Firms in Nigeria Suleiman , Umar Gunu. December.
- Haris, A. (2023). The role of digital marketing in increasing financial effectiveness and efficiency. *Atestasi : Jurnal Ilmiah Akuntansi*, 6(2), 419–429. <https://doi.org/10.57178/atestasi.v6i2.701>
- I.J. Oluwamuyiwa, A. O. (2025). Effect of customer satisfaction on water utility business performance. *International Journal of Academic Research in Business and Social Sciences*, 15(2). <https://doi.org/10.5942/jawwa.2013.105.0114>
- Islam, M. Z., & Zhe, Z. (2022). The effect of customer orientation on financial performance in service firms: The mediating role of service innovation. *Management Science Letters*,

- 12(2), 101–116. <https://doi.org/10.5267/j.msl.2021.10.003>
- Jinku Lu, B., Zhang, G., Lu α, J., & Zhang σ, G. (2020). The Effect of Customer Orientation and Entrepreneurial Orientation on Performance of SMEs: Comparison between Chinese and South Korean SMEs. Type: Double Blind Peer Reviewed International Research Journal Publisher: Global Journals Inc, 16(12).
- Kenyoru, D. N., Chumba, G. K., Chumba, S. K., & Rotich, S. C. (2019). Effect of Product Diversification on Financial Performance of Selected Banks in Kericho Town. 8(22), 126–134.
- Kimberlin, C. L., & Winterstein, A. G. (2008). Validity and reliability of measurement instruments used in research. *American Journal of Health-System Pharmacy*, 65(23), 2276–2284. <https://doi.org/10.2146/ajhp070364>
- Kimere, V. W. (2022). Effect of Electronic Banking on Financial Performance of Microfinance Institutions in Kenya Veronica Wanjiru Kimere a Research Project Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Finance , Facul. 7.
- Kothari. (2004). Kothari Research Methodology~Methods and Techniques: Vol. null (p. null).
- Kumar and Pandey. (2023). Role of E-Banking on Banks Performance: A Quantitative Investigation of Bank Executives. *European Economic Letters*, 13(1), 324–328. <https://doi.org/10.52783/eel.v13i1.176>
- Makdissi, R., Makdissi, E., & Mekdessi, S. (2024). Customer-Centric Strategies and Their Impact on the Financial Performance of Lebanese SMEs CUSTOMER-CENTRIC STRATEGIES AND THEIR IMPACT ON THE FINANCIAL PERFORMANCE OF LEBANESE SMES. December. <https://doi.org/10.58257/IJPREMS37848>
- Mazreku, A. (2019). The Impact of Customer Satisfaction and Customer Orientation of the Company on the Verge of Gaining. *European Journal of Research and Reflection in Management Sciences*, 3(4), 28–41.
- Mushi, H. M. (2024). Digital marketing strategies and SMEs performance in Tanzania: insights, impact, and implications. *Cogent Business and Management*, 11(1). <https://doi.org/10.1080/23311975.2024.2415533>
- Mutune, J., & Simba, F. (2019). DIVERSIFICATION STRATEGIES AFFECTING THE BUSINESS. 6(1), 181–203.
- Nunnally. (1978). A Meta-Analysis of Cronbach’s Coefficient Alpha on JSTOR.
- OECD. (2021). “SME and Entrepreneurship Outlook 2021.” *Small and Medium Enterprises*, 1–5. <https://www.oecd.org/cfe/smes/>

- Okonkwo, E. P., Eromafuru, E. G., & Osazevbaru, H. (2024). Effects of Diversification Strategies on Organizational Competitiveness. 6(11), 409–421. <https://doi.org/10.35629/5252-0611409421>
- Purba, M. I., Simanjutak, D. C. Y., Malau, Y. N., Sholihat, W., & Ahmadi, E. A. (2021). The effect of digital marketing and e-commerce on financial performance and business sustainability of MSMEs during COVID-19 pandemic in Indonesia. *International Journal of Data and Network Science*, 5(3), 275–282. <https://doi.org/10.5267/j.ijdns.2021.6.006>
- Rosenkranz, P., & Lee, J. (2019). Nonperforming Loans in Asia: Determinants and Macrofinancial Linkages. *SSRN Electronic Journal*, 574. <https://doi.org/10.2139/ssrn.3357289>
- Saliba, G., Makdissi, E., Makdissi, R., & Mekdessi, S. (2025). Strategic Diversification and its Influence on Financial Performance: Insights from Lebanese SMEs Strategic Diversification and its Influence on Financial Performance: Insights from Lebanese SMEs. February. <https://doi.org/10.9790/5933-1601051728>
- Sharabati, A. A. A., Ali, A. A. A., Allahham, M. I., Hussein, A. A., Alheet, A. F., & Mohammad, A. S. (2024). The Impact of Digital Marketing on the Performance of SMEs: An Analytical Study in Light of Modern Digital Transformations. *Sustainability (Switzerland)*, 16(19), 1–25. <https://doi.org/10.3390/su16198667>
- UMUGWANEZA, J. P., & KISING’U, PhD, T. M. (2023). Electronic Banking and Performance of Commercial Banks in Mombasa County, Kenya. *Strategic Journal of Business & Change Management*, 10(2). <https://doi.org/10.61426/sjbcm.v10i2.2635>
- V. Anitha, N. O. (2024). The Impact of Digital Marketing in Financial. *SSRN Electronic Journal*, 5(12), 5343–5347. <https://doi.org/10.2139/ssrn.4909110>

APPENDICES

Appendix I: Letter of Introduction

 **BUSITEMA UNIVERSITY**
Passing Excellence

P.O. Box 53 Pallisa District
Uganda
Tel: +256 772 181090 / +256 772 181091
Email: info@busitema.ac.ug
www.busitema.ac.ug

FACULTY OF MANAGEMENT SCIENCES

To: Chief Administrative Officer, Pallisa District Local Government Date: 21st 07/2025

Dear Sir/Madam,

RE: Oguni Samuel Bulupl 202213037/25

On behalf of Busitema University, Faculty of Management Sciences, please allow me extend my appreciation to your organization for the continued support and commitment to providing services to our community. The Faculty looks forward to continuously partner with your organization in pursuance of excellence of our students by exposing them to practical learning experiences.

It's a University requirement that every student must carry out research and write a report in order to satisfy the requirement for the award of a Bachelor's Degree. The purpose of this letter is therefore to humbly request you to allow our fore mentioned student, who is in year of study on a programme of Bachelors of Business Administration / Bachelor of Public Administration and Management of Busitema University, to carry out research by way of collecting data in your esteemed organization.

We look forward to your supportive and positive response to our request above.

Yours faithfully,


Esuku Joseph
+256772181090/+25670181090
Ag. HOD (Economics & Management).



Appendix II: Questionnaire

Dear respondent,

I am a student, pursuing a bachelor's degree of Business Administration at Busitema University and as a requirement I am indebted to collect data on marketing strategies and financial performance of SMEs in Pallisa County. You have chosen as my cherished respondent and pray that God gives you a kind heart in giving valid replies to the questions. This study is conducted solely for academic purposes, and all information provided will be treated with strict confidentiality. Your participation is highly valued, and I kindly request that you take a moment of your time to provide thoughtful and appropriate responses to the questionnaire.

SECTION A: BACKGROUND INFORMATION

Q1. Please indicate your gender by ticking the appropriate answer.

Male	Female
1	2

Q2. Please indicate your age

18-30	31-40	41-50	51 and above
1	2	3	4

Q3. Indicate your level of education? (Please tick the highest)

Uneducated	Primary	Secondary	Certificate	Diploma	Degree	Post graduate
1	2	3	4	5	6	7

Q4. For how long has your business been in existence?

Less than 5yrs	6-10yrs	11-15yrs	16-20yrs	Over 20yrs
1	2	3	4	5

SECTION B:

Indicate the extent to which you agree with the following observations using a scale of 5= Strongly Agree (SA), 4= Agree (A), 3= Not Sure (NS), 2= Disagree (D) and 1= Strongly Disagree (SD)

CODE	Statement	SD	D	NS	A	SA
	CUSTOMER ORIENTATION STRATEGY	1	2	3	4	5
CS	Customer Satisfaction					
CS1	We conduct customer satisfaction surveys regularly.					

CS2	We have a clear method for measuring customer satisfaction					
CS3	We respond quickly to customer complaints or issues					
CS4	Our actions are based on customer satisfaction data					
CS5	We ensure that customer expectations are met or exceeded.					
CC	Customer Care					
CC1	Customer support is easily accessible to our clients					
CC2	We have initiatives in place to enhance customer care					
CC3	Our staff receives appropriate training regarding customer care					
CC4	We handle customer complaints or negative feedback effectively					
CC5	We ensure consistency in customer service quality					
CF	Customer Feedback					
CF1	We gather customer feedback on our products or services actively					
CF2	Our actions are influenced by customer feedback					
CF3	Customer feedback is important in our decision-making process.					
CF4	We encourage customers to provide feedback consistently					
CF5	Customer feedback influences our product diversification decisions					
CODE		SD	D	NS	A	SA
	DIGITAL MARKETING	1	2	3	4	5
SMM	Social Media Marketing					
SMM1	Our social media presence significantly enhances brand awareness					
SMM2	We actively engage with our audience on social media platforms.					
SMM3	Our content on social media is tailored to our audience's interests					

SMM4	We run targeted advertising campaigns on social media platforms					
SMM5	Social media marketing contributes positively to our overall sales					
MM	Mobile Marketing					
MM1	We track mobile user behavior to refine our marketing strategies					
MM2	We utilize SMS marketing to engage with customers					
MM3	We track mobile user behavior to refine our marketing strategies					
MM4	Mobile engagement is a priority for our marketing efforts.					
CM	Content Marketing					
CM1	Our content marketing strategy aligns with our business goals					
CM2	We regularly produce high-quality content for our audience					
CM3	Customer feedback informs our content creation process					
CM4	We promote our content effectively across different channels.					
CM5	Our content marketing efforts contribute to lead generation					
CODE		SD	D	NS	A	SA
	DIVERSIFICATION STRATEGIES	1	2	3	4	5
PD	Product Diversification					
PD1	We actively pursue product diversification to meet market demands					
PD2	Our product portfolio includes a variety of offerings					
PD3	Product diversification contributes positively to our revenue growth					
PD4	We regularly assess the performance of our diversified products					
PD5	Our team is trained to manage diverse product lines effectively					

GD	Geographic Diversification					
GD1	We have expanded our operations into new geographic markets					
GD2	Our geographic expansion has led to increased customer reach					
GD3	We tailor our marketing strategies to suit different geographic regions.					
GD4	We regularly analyze market conditions in new geographic areas.					
GD5	Customer preferences vary significantly across different regions					
GD6	Our geographic diversification efforts have improved overall business resilience					
CODE		SD	D	N	A	SA
FP	FINANCIAL PERFORMANCE	1	2	3	4	5
FP1	The business' profit increases every year					
FP2	Investments in marketing have positively impacted our profitability.					
FP3	Investments in marketing have positively impacted our profitability.					
FP4	We prioritize maintaining a healthy balance between assets and liabilities					
FP5	We monitor cash flow regularly to maintain liquidity					
FP6	We set achievable targets for sales volume growth					
FP7	We have sufficient cash reserves to handle unexpected expenses					
FP8	Our sales volume has consistently increased over the past year.					
FP9	Our liquidity position is strong enough to meet short-term obligations					
FP10	Promotional strategies effectively boost our sales volume					

FP11	Customer engagement initiatives have positively affected our sales volume.					
FP12	We analyze sales data to understand trends and patterns.					

Your compassionate collaboration is extremely cherished.

Appendix III: Work plan 2024-2025

ACTIVITY	AUG	SEPT- DEC	JAN- MAY	JUN- JUL	JULY	END OF JUL	AUG
Identifying the Research Problem							
Creating the Background and Problem Statement							
Developing the Research Proposal							
Obtaining Approval and Submitting the Research Proposal; Designing the Questionnaire Tool							
Collecting and Analyzing Data							
Compiling the Final Research Report							
Getting Approval and Submitting the Final Research Report							

Appendix IV: Research Budget

ITEMS	AMOUNT
Stationary	50,000
Data	25,000
Typing	30,000
Transport	60,000
Printing	80,000
Binding	80,000
Total	325,000

Appendix V: Krejcie and Morgan (1970) table of sample size determination

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970