



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

BY

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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.

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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.

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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.

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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

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