

**INFLUENCE OF PRICING STRATEGIES ON GROWTH OF SMALL AND
MEDIUM ENTERPRISES IN IMENTI NORTH SUB-COUNTY, KENYA**

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**A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
CONFERMENT OF THE DEGREE OF MASTERS OF BUSINESS
ADMINISTRATION (MARKETING OPTION) OF KENYA METHODIST
UNIVERSITY**

SEPTEMBER, 2024

DECLARATION AND RECOMMENDATION

Declaration

I declare this thesis is my original work that has never been presented in any other university for award of any degree.

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Recommendations

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DEDICATION

I dedicate this work to my wife Perry Nkatha and my mother Agnes Mwito

ACKNOWLEDGEMENT

I am grateful for the support that my two supervisors who were Dr. Nancy Rintari, Ph.D. and Wilson Muema, accorded in terms of supervision of my work. Additionally, the financial and moral support from my wife Perry Nkatha, my mother Agnes Mwito and my close friend Fedis Kathure is equally appreciated. My sincere appreciation also goes to Kenya Methodist University for providing necessary resources such as lecturers and conducive environment that enabled me concentrate better in academics. The library department staff cannot be forgotten in appreciation for proving various support related to citations and references guidance. My colleagues and church priest who ensured they uttered encouraging words throughout the study, may God bless you. I am grateful for various organizations such as NACOSTI for timely provision of the permit without much delays. Last but not the least, am thankful on the efforts made by all the respondents from SMEs towards answering the research instruments.

ABSTRACT

SMEs should supply goods and services to clients in both wholesale and retail perspectives with considerations to the targeted clients. Nevertheless, Kenyan SMEs have been facing poor market access particularly on their exports due to low quality of products and services that have volatile extortionate prices. The general objective was to determine the influence of pricing strategies on growth of SMEs in Imenti North Sub-County, Kenya. The specific objectives were to examine the influence of value-based pricing, competition-based pricing, cost-plus pricing and dynamic pricing on growth of SMEs in Imenti North Sub-County, Kenya. The theories of the study were marketing mix theory, competitive signaling theory and theory of pricing. Further on, descriptive research design was used in data collection from 25 SMEs. The target respondents were 58 managers and 234 officers in marketing, procurement, and finance who answered questionnaires. The study adopted simple random method so as to identify the sample size of 31 managers and 71 officers who were interviewed and answered the questionnaires respectively. The piloting of the questionnaires was conducted at Fairlymatt supermarket and Happy foods farms limited in Imenti South Sub-County, Meru County. Thereafter, the study measured reliability through Cronbach alpha. Face, content and criterion validity were also examined. In addition, the study conducted descriptive statistics and inferential statistics. Thereafter, the study presented the findings using tables and explanation. The study found out that value-based pricing, competition-based pricing, cost-plus pricing and dynamic pricing had a positive influence on growth of SMEs. On value-based pricing, the study concluded that there was a short turn-around time taken to address pricing complaints. On competition-based pricing, SMEs had trained their staff on negotiation skills to counter the competitive market prices through provision of diverse quality and brands of products. On cost-plus pricing, decisions related to strategies of pricing were well informed, articulated and took into consideration the cost and profit margins of the SMEs. On dynamic pricing, there was an improvement of sales on national holidays due to adjustment of prices. The recommendations on value-based pricing are that there should be policy framework establishment to expose staff into pricing determining processes. On competition-based pricing, the management should diversify into various products and services to promote differentiation of prices. On cost-plus pricing, the management should set frequent training programs on pricing. On dynamic pricing, SMEs management should ensure that they also take advantage of international holidays for consistent sales.

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ABBREVIATIONS AND ACRONYMS

AGI	Africa Growth Initiative
CBK	Central Bank of Kenya
ITC	International Trade Center
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
MITED	Ministry of Industrialization, Trade and Enterprise Development
MSMEs	Micro Small and Medium Enterprises
OECD	Organization for Economic Co-operation and Development
SME	Small and Medium Enterprise
PWC	Price Water house Coopers

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The chapter introduces the variables of the study such as pricing strategies, and growth of SMEs. Additionally, it also covers the statement of the problem, general objective, specific objective, significance of the study, scope, limitations, assumption and definition of key terms.

A Small and Medium Enterprise [SME] is any business venture that have employed ten to hundred people whose annual income ranges from five hundred thousand to thirty million shillings (Central Bank of Kenya, 2021). The thrive of SMEs form the backbone of economies of many nations since they allow rotation of money, offer countless job opportunities, and distribution of resources (Price Water house Coopers [PWC], 2019). The aspect about conducting business ventures by SME provides an anchorage of all other economic activities to operate. The government of any nation is able to operate mainly due to resources provided by the SMEs. Therefore, the growth of the institution is paramount since any failure would cause a collapse of the economy.

SMEs span across diverse sectors such as hospitality, wholesale and retail, manufacturing, hotel industry, education, cosmetics, supermarkets, motor vehicle industry, milling industry, cooperatives and processing industries among others (Dewanti et al., 2021). All these sectors hold significant resources that enable an economy to grow. Therefore, the management of the SMEs have for a long time attracted not only the government but

international bodies as well. A good illustration is Singapore which has been able to turn around its economy through investing in SMEs in terms of financial support, advise, manpower and good will of the government (Budget, 2022). Therefore, businesses Singapore have been able to thrive from local to international perspectives though investing and believing in SMEs.

1.1.1 Growth of SMEs

Growth in an SME is its ability to begin operations that run successfully for a long period of time while at the same time ensuring that it consistently becomes profitable and established as a going concern (Ministry of Industrialization, Trade and Enterprise Development [MITED], 2020). Growth was measured using metric such as revenue, customer numbers, staff turnover, organization assets, management structure, and pricing policies (CBK, 2021). Revenue included the income that an SME has generated over a specific period of time (Gikera & Bula, 2023). Customer numbers included the number of new or repeat clients who have taken the products and services over a particular period of time (Jain, 2021). Staff turnover included the number of staff that have been recruited and also the ones that have left the SME (Tanyi, 2021). Organization assets included any tangible and non-tangible resources that can be used to fund the operations of an SME. The management structure is the composition of qualification and experience of senior leadership responsible for directing the entire SME (MITED, 2020). Notably, the pricing policies are the guidelines implemented to direct the pricing structure of an SME (World Bank, 2021). The aspect about growth of SME has been affected by so many issues in both developed and developing economies.

Globally in Virginia-America there have been lack of qualified staff that are able to develop pricing models of the SMEs (World Bank, 2020). In Arizona, stiff competition from large enterprises who use the advantage of economies of scale to produce goods and services at a much cheaper price in which if SMEs were to offer competitive prices, they would close down (Prasanna et al., 2019). In China, there has been low training and development of management teams to develop strategies related to competitive prices (Watts, 2020). In European nation such as Italy, there has been lack of policy structure in SMEs that provides guidelines on how prices are to be set and their implementation process (British Business Bank, 2019; Masroor & Asim, 2019).

Regionally, In Nigeria, there have been low negotiating skills among the SME marketers to a point that they are easily influenced by low value prices established by clients in the bargaining process. In Egypt, SMEs have experienced low repeat customers particularly due to setting very high prices in dynamic pricing when the demand is high for a short time (United Nations, 2019). In Tunisia, there have been losses incurred due to inflation hence affecting fixed value of products and services that have overstayed without being sold in cost-based pricing; low quality products which are excessively priced hence attracting few clientele (OECD, 2019). In Rwanda, SMEs have been challenged by high taxes which have caused the cost-plus pricing to increase tremendously (Africa Growth Initiative [AGI], 2019). In Uganda, there have been poor marketing techniques applied by SMEs such as offering very low prices to attract sales in a specific period of time (dynamic pricing) but end up reducing the profit margins.

Locally, there is lack of funding to cater for all production costs hence producing low quality goods whose price is extremely high (International Trade Center [ITC], 2019).

Additionally, there have been inefficient marketing structure that have responsible team of staff to improve sales based on different pricing strategies implemented (Osnao, 2019). Further on, SMEs have lacked long-term marketing goals such that it becomes hard to operate since the prices are set by owners of the business as they see fit. Further SMEs are struggling with poor application of marketing mix such as ensuring that the products and services have different prices specified for different targeted clients and for different period of time. There are also unbearable government regulations on production standards hence affecting the overall cost-based prices of products and services.

Notably, since the operations of SMEs are based on sale of products and services, their price management strategies are paramount to their success. This is because, the prices of commodities either attracts or discourages potential clients from making any engagements with the SMEs. A price would include any amount charged on a product or service through which a client is able to access it after payments to an SME.

1.1.2 Pricing Strategies

A pricing strategy is the ability of an SME to develop a model that guides them on the most suitable amount of money that can be charged on a particular product or service they offer (Taiwo & Esomu, 2023). The study will examine value-based pricing, competition-based pricing, cost-plus pricing and dynamic pricing. Value-based pricing is a type of pricing strategy whereby an SME sets prices based on how the customer acknowledges as the worth of the product or service (Christen et al., 2022). This is whereby a customer approaches an SME and specify that they would want a product within Kshs 1000 to 10,000. It is then up to the SME to deliver samples of products for the client to select their choice.

Competition-based pricing is a type of pricing strategy whereby an SME creates prices of products and services, which are mainly based on what other organizations with similar products are offering (Dewanti et al., 2021). This is whereby the price is mainly set to counter a competitor offering the same product. Cost-plus pricing is a type of pricing strategy whereby an SME creates prices that have a fixed value or a percentage to represent the rate at which the product or service was made (Franco-Angel et al., 2022).

Dynamic pricing is a type of pricing strategy where the prices of products and services change based on the demand (Xu, 2021). This could include hike of bus fares based on the seat number or the season of the year (Christmas holidays and opening of schools among others). Therefore, the pricing strategies that SMEs have incorporate have undergone several developments. Notably, the idea of ensuring that the strategies related to pricing work, require accurate and sensible planning, implementation, monitoring and evaluation till the desired outcome has been achieved.

Globally in Ohio-America, SMEs are increasing training on their management to set prices strategically and not speculatively. There is consistency on ensuring that they deliver products and services that have more value to attract the best prices to customers in Columbia (Franco-Angel & Urbano, 2022). In European nation such as Sweden, SMEs have formed various formal and informal business minded groups whereby they ensure that the prices are fair for competition purposes on particular products (European Commission, 2020; Moller, 2020).

Regionally in South Africa, SMEs are now diversifying their products and services ranges to have fair prices that can competitively survive in the market. There have been clear set targets on how prices should be reviewed so as to be improved annually in Ghana (Kissi et

al., 2019). In East African nation such as Ethiopia, there have been introduction of customer feedback options whereby their preferences on the value of the products are ascertained on time (Zhang & Hagos, 2020).

Locally in Kenya, SMEs have invested in market research to ascertain various factors such as competitors pricing and production efficiency to maximize on pricing of their products. According to Musundi (2022), the SME are now investing in price skimming to ensure they improve their sales when a new product has been introduced in the market then reduce its price when competition sets in. Further, there have been bundling of products and hence sell them as a package set at a competitive price to attract clients and also ensuring that they make follow-ups and lowering prices to repeat customers to improve on sales (Ndumia et al., 2020). Notably, these developments have in one way or another developed and caused growth of SMEs.

1.1.3 Small and Medium Enterprises in Kenya

SMEs in Kenya have served as a source of livelihood to so many people particularly the youth who form thirty six percent of the population. Additionally, it is through establishing these institutions that they have been able to reduce poverty rate by 11% from forty seven percent in 2005 to thirty six percent in 2019 (Kenya National Bureau of Statistics [KNBS], 2019; MITED, 2020). Nevertheless, the SMEs in Kenya were greatly affected the covid-19 pandemic with most of them permanently closing (Kawira, 2021). Additionally, the SMEs operators lack adequate skills to develop pricing models, low accessibility to financial support to produce products at economies of scale so as to set fair prices; poor access to markets hence overpricing the local markets (Osnao, 2019). Further, there SMEs

used old technology to produce goods and services therefore incurring a lot of fixed costs, and lack of clear policies that guide on the operations of SMEs especially on the newly established ones (Njeri, 2019). The government is partly to blame due to tough regulations that require the SMEs to abide by such licenses and failure to which fines and legal measures are administered. Further, Kenyan SMEs have also faced the problem of poor pricing management structures that guide on when, how, and why prices have to change which is left for the owners to make that decision.

1.1.4 SMEs in Imenti North, Meru County

Meru County which serves as the headquarter of the county whereby the governor's office and other county offices are centered (Meru County Government, 2022) Therefore, this has attracted a high population of people so as to access the services of the county government. In regards to economic activities, the sub-county is an agricultural region whereby coffee and tea serve as the main cash crops. Additionally, the area has attractive tourist attraction sites like Meru national park which act as an income generating venture (Meru County Government, 2022). Therefore, the high population and immense economic activities has caused massive number of SMEs in various sectors. Notably, the SMEs have experienced low business performance which has a lot to do with poor pricing whereby they either overcharge or undercharge for commodities. Additionally, the SMEs have faced low access to markets whereby the population have had their preference in terms of goods and services. These issues motivated the study to determine the influence of pricing strategies on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

1.2 Statement of the Problem

SMEs should supply goods and services to clients in both wholesale and retail perspectives, so as to earn profits (Nagode et al., 2022). Notably, consideration on the target clients, the demand and the cost of supplying should be keenly attributed when offering competitive prices that are value-based and dynamic (Xu, 2021). This would eventually lead to improved sales and consequently consistent improved growth of the operations (Sirumba, 2019; Tanyi, 2021).

Nevertheless, Kenyan SMEs have been facing poor market access particularly on their exports due to low quality of products and services that have volatile extortionate prices which are not value-based, competition-based, cost-plus or dynamic, as compared to other SMEs in other nations (MITED, 2020). As a result, this has led to significant poor growth of SMEs which has been evidenced on the declined deposits at financial institutions such as commercial and microfinance banks. According to CBK (2021), the cash deposits made to commercial bank by SMEs cumulatively had a Kshs 8.2 billion decline from Kshs 585.8 billion in 2017 to Kshs 577.6 billion in 2020. In Microfinance banks, the deposits made by SMEs also declined by Kshs 1.8 billion from Kshs 27.5 billion in 2017 to Kshs 25.7 billion in 2020.

Consequently, when SMEs do not improve on the quality and pricing of the products and services, it would be hard to have government protection so as to survive in the international market. This would cause the SMEs to forego the profits and excessively compete in local market which is also dominated by goods and services from China. In the

long-run, most SMEs would have to shut down due to increased costs of production as compared to the profits generate.

Globally, Alserhan (2021); Christen et al., (2022); Mollar (2021) examined how value-based pricing are competing in the digital markets and not physical markets (Amoah et al., 2022) assessed how the competition-based pricing of SMEs' products and services are actively operating in tourism sector and did not cover other sectors. Taiwo and Esomu (2023) considered cost-plus and dynamic pricing approaches used by SMEs in Nigeria hence the need to consider the Kenyan perspective. Locally, Bulle (2020); Cheruiyot (2021); Gikera & Bula (2023); Kawira (2021) assessed various pricing strategies in SMEs located in Nairobi, Kwale and Kenya in general with less emphasis on the pricing strategies in SMEs located in Imenti North Sub-County. The gaps therefore were the key supporting elements towards determining the influence of pricing strategies on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

1.3 General Objective

To determine the influence of pricing strategies on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

1.4 Specific Objectives

- i. To examine the influence of value-based pricing on growth of small and medium enterprises in Imenti North Sub-County, Kenya.
- ii. To investigate the influence of competition-based pricing on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

- iii. To explore the influence of cost-plus pricing on growth of small and medium enterprises in Imenti North Sub-County, Kenya.
- iv. To determine the influence of dynamic pricing on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

1.5 Research Hypothesis

H₀1: Value-based pricing had no significant influence on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

H₀2: Competition-based pricing had no significant influence on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

H₀3: Cost-plus pricing had no significant influence on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

H₀4: Dynamic pricing had no significant influence on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

1.6 Significance of the Study

The SMEs owners would use the findings of the study to develop internal policies that would inform the pricing structure to be used for different products and services in their organizations. They would also discover the issues that have emanated from production of low-quality products towards the accessibility of international markets.

Further on, the study would also provide information such as the advantage and disadvantage of value-based, competition-based, cost-plus and dynamic pricing. Understanding this, would improve their monitoring and evaluation skills on ascertaining

which type of pricing would be used for a product or service. Therefore, the study would act as an eye opener towards providing information on prices to SMEs staff.

In addition, the SME regulator could also get firsthand information on the pricing strategy setting issues that managers of SMEs have been encountering as they try to improve the quality of the products and services. This information would enable the regulators come up with frequent conferences, seminars and meetings with the owners of SMEs so as to educate them on the relevance of quality products and the best approach towards price setting.

Notably, the SME competitors such as large firms would also use the study's findings as a learning tool on how accurate price strategies such as value-based, competition-based, cost-plus and dynamic pricing could be used for their advantage. They would hence develop price models that offer guidance on which strategy could be used at a particular time and purpose.

Additionally, by determining the influence of pricing strategies on growth of small and medium enterprises in Imenti North Sub-County, Kenya, this study would have added new knowledge in the marketing field since they are few studies conducted. Further, future researchers would also get accurate information on the current status of SMEs as far as the pricing strategies are concerned.

1.7 Scope of the Study

The study examined the influence of pricing strategies on growth of small and medium enterprises in Imenti North Sub-County, Kenya. It considered pricing strategies such as value-based, competition-based, cost-plus and dynamic pricing. Data was collected from finance managers, operations managers, sales and marketing managers. Additionally,

officers in finance, operations and sales and marketing department were also included in the study. The managers were interviewed while the officers answered the questionnaires.

1.8 Limitations of the Study

Some small enterprises may have failed to renew their licenses or paid less taxes as required by the law. Therefore, they felt that when the study inquired on the pricing strategies of their product and services, it was an investigation by Kenya Revenue Authority [KRA] disguised as an academic study. Further the study also encountered the limitation of SMEs providing scanty information on various pricing strategies they had implemented related to value-based, competition-based, cost-plus and dynamic.

1.9 Delimitations of the Study

On the first limitation, the study did not inquire deep details on the operations of the SMEs but rather concentrated on the purpose of the study. On the second limitation, the researcher got all the necessary authorizations needed such as an introduction from the university, NACOSTI research permit and an authorization from the management of SMEs whereby the questionnaires were shared in advance with them for verification that the study was purely academic.

1.10 Assumptions of the Study

The study assumed that the findings collected from answered questionnaires and interviews were able to generalize the aspects of pricing strategies and growth of SMEs in Imenti North. Additionally, the officers and managers provided accurate information and views on concerns that affected pricing strategies.

1.11 Operational Definition of Terms

Competition-based Pricing

This is a type of pricing strategy whereby an SME creates prices of products and services, which are mainly based on what other organizations with similar products are offering.

Cost-plus Pricing

This is a type of pricing strategy whereby an SME creates prices that have a fixed value or a percentage to represent the rate at which the product or service was made.

Dynamic Pricing

This is a type of pricing strategy where the prices of products and services change based on the demand.

Growth of SMEs

This is its ability to begin operations that run successfully for a long period of time while at the same time ensuring that it consistently becomes profitable and established as a going concern.

Pricing Strategy

This is the ability of an SME to develop a model that guides them on the most suitable amount of money that can be charged on a particular product or service they offer.

SMEs

An SME is any business venture that have employed ten to hundred people whose annual income ranges from five hundred thousand to thirty million shillings.

Value-based Pricing

This is a type of pricing strategy whereby an SME sets prices based on how the customer acknowledges as the worth of the product or service.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter provides the theoretical review and empirical review, conceptual and operational framework. The empirical review was done based on each variable in accordance to the research objectives. Other sections of the chapter were the conceptual and operational frameworks with brief explanation.

2.2 Theoretical Review

The theories of the study were marketing mix theory, competitive signaling theory and theory of pricing. Theory of pricing guided both value-based and dynamic pricing variables. Competitive signaling theory guided competitive-based and cost-plus pricing.

2.2.1 Theory of Pricing

The initiator of theory of pricing was Marshall (1990) and guided dynamic pricing variable of the study. It stated that an equilibrium on market-price could be derived at once the demand and supply forces are in perfect competition model assumption. That is, for a specific price to work effectively, it had to come from a point of competition in the market whereby various economic forces are suitably working with each other (Bello, 2020). Additionally, the more price was accorded to a specific good or service, the higher the producers made even more numbers (Ndumia et al., 2020). The producers became more interested and motivated to ensure that the supply of the good or service does not decrease any unforeseeable future.

In regards to value-based pricing of SMEs, the prices they set for every demand result to the value equilibrium effect on the supply (Dewanti et al., 2021). The demand could be in terms of price change due to high-quality products, customer loyalty, value communication channels and diverse brand-values. All these elements had a resultant effect towards changing the supply nature of any product. In regards to the revelation, it was of significant value that SMEs staff understood what factors caused a shift of prices such that it would increase the demand of a particular product (Moller, 2020). If they could regularly create a way to increase the demand resulting to high prices, it was a method that was applied to ensure sustained sales quantities (Franco-Angel & Urbano, 2022).

In dynamic pricing whereby the prices of goods and services changed based on the demand, it depended on the level of pricing experienced once the demand sets in (Kawira, 2021). When the demand was high and there was sudden increment of prices, it was expected that more supply would follow suit since the producer/s would want to make sales. Nevertheless, if the demand had minimal price changes, there supplies would decrease in any perfect competition market.

Pricing theory was criticized by Baath (2023) that it provides theoretical and not practical on specific parts of a working economy but these specific parts cannot generally dictate how the economy performs. This critique did not affect the study since the concentration was more on pricing of the SMEs rather than that of the economy.

2.2.2 Competitive Signaling Theory

The initiator of competitive signaling theory was Spence (1973) and it guided competitive-based pricing and cost-plus pricing variables of the study. It stated that there was always

limit set to minimize prices set out of greed for high profits hence able to be supported by costs of production by the potential or actual entry firms. That is, in every market there were institutions that charged very high prices, average prices and low prices for their products (Onyeaghala et al., 2019). In the case where a large institution would want to enter a market, it could offer low prices for similar products to attract the clients. However, the existent firms counter that through giving discounts on the product to the clients. Therefore, in the long-run the prices remain ever competitive but accommodating the costs incurred in production of goods and services (Osano, 2019).

In competitive-based pricing, the market offered various signals to the traders hence it was paramount that they were always informed in regards to changes in technology and policy formulation. This enabled them have a clear selling point since they would create counterproductive techniques to ensure that the prices remain articulately competitive and at the same time every trader is able to make sales (World Bank, 2020). This was in terms of skimming pricing, penetration pricing, discounts, and prices based on geographical location. It was very difficult for an SME to operate secretively such that other market competitors did not have any clue on their prices, policies and other important elements. Some competitive SMEs went an extent of seeking information through directly inquiring as 'clients' to ensure that they were not pushed out. However, the most important factor in competitive signaling theory is that information from one SME to the other has to keep moving to promote healthy trading operations (Kissi et al., 2019).

In cost-plus pricing, SMEs appreciated the value for charges they incurred when producing various products and service they sold. Therefore, they set the prices of each product above the cost incurred in production (Harjadi et al., 2020). This information was amicably

communicated to the customer so as to create an environment of mutual understanding on what was actual cost to bring the good or service at the selling point (Kanana, 2019). This therefore was also considered as the break-even point and at which profitability begun to set in. It was in terms of mark-up pricing, profit margin pricing, risk insurance of production and other pricing policies.

Competitive signaling theory was criticized by Nyagadza et al. (2021) that it assumes the place for rational behavior of the participants. This critique did not affect the study since the attention was more on how SMEs signaled the traders rather than the resultant signaling behaviors.

2.3 Growth of SMEs

The growth of SMEs was paramount towards ascertaining its survival in an ever-competitive market environment. The harder an SMEs experienced growth phenomenon in terms of revenue, customer numbers, staff turnover, organization assets, and management structure, the tougher it was existing for long. According to Gikera and Bula (2023), SMEs' ability to have consistent income after engaging in the sale of accurately priced products and services promotes growth. Additionally, Jain (2021) also added that the services offered to new or repeat clients have the capacity to promote or disintegrate their chances of ever conducting any business transactions with the SMEs again.

Further, Tanyi (2021) also posited that any SME with a serious plan to attain its goals always minimizes employee turnover since it is associated with increased expenditure to recruit and training the new staff which may derail the operations for some time. Therefore, the staff are considered as organizational assets since they tend to offer intangible services that

increases the availability of tangible resources. Furthermore, a report by MITED (2020) indicated that the overall composition of the management plays a great deal in attaining the vision of SMEs. The management team qualification and experience provide an avenue for duplication of working marketing strategies that could be applied such as regulating the prices of products and services to enhance growth.

Additionally, Azra and Ummah (2021) assessed how various strategies related to marketing affected growth of SMEs in central province of Sri Lanka. One hundred and fourteen SMEs were considered as the population. Notably, Azra and Ummah (2021) discovered that SMEs that utilized marketing mix which involved setting realistic prices on produced products and promoting them within the viable market structure caused an increase in growth. However, Azra and Ummah (2021) only revealed that they used questionnaires but did not provide information on the characteristics of the respondents, response rates or their descriptive frequencies.

Further, Chopra et al. (2021) documented on how various corporates managed their prices strategies in the covid-19 pandemic period. The study considered several elements such as the relevance of pricing to clients; various limitations that have been affecting pricing such as low purchases due to pandemic tension and job loss. Additionally, Chopra et al. (2021) also documented on use of retention power such that they maximized on use of strongholds pricing strategies, and optimizing prices. On the price optimization, the study indicated use of cost models, competitive management analysis, customer elasticity models and other optimization methods. On pricing strategies Chopra et al. (2021) suggested that use of dynamic pricing, fair pricing, and reduction of price to improve the base of customers. Despite the numerous contributions towards pricing, Chopra et al. (2021) considered

industries from oil, aviation, real estate, and pharmaceuticals. The study did not assess the pricing strategies implemented in the food and processing industries.

Furthermore, Taiwo and Esomu (2023) explored how Nigerian SMEs were aligning their pricing strategies to excel in their line of operations. The study interviewed forty managers and owners of the SMEs and established that various price strategies such as premium, customer value, demand and cost-based pricings had a significant influence on SMEs' performance. Premium-based pricing was most applicable when a product was being introduced for the first time in the market. When selling huge volume of products and services customer value and cost-based pricing were preferred. Bundle pricing was needed when selling different goods. Therefore, Taiwo and Esomu (2023) did not examine competition-based pricing and also did not provide the results of demand /dynamic pricing.

Moreover, Garba (2020) explored how Benue state's SMEs were performing when marketing strategies were implemented. Two hundred and twenty managers' participants from four hundred and twenty SMEs were consulted. According to Garba (2020), when and SME set prices either very high or low, it negatively influenced its performance. When high or low, clients doubted the quality of products. Therefore, Garba (2020) advised that SMEs should adopt various pricing strategies such as competition-based, cost plus, dynamic and value-based to improve their profitability. Additionally, Garba (2020) used factor analysis to test reliability and also presented the regression coefficient results. However, the study did not present correlation results or model summary and ANOVA to test the relationship between variables.

Additionally, Kawira (2021) investigated how Kenyan MSMEs performance were affected by strategies placed on their prices. The sample size used was 368 owners of MSMEs who were issued with questionnaires to answer. According to Kawira (2021), pricing strategies dictated thirty-nine percentage influence on performance. Further, the study also found out that when the pricing levels of MSMEs' products was anchored on demand, competition, and cost, they became competitive enough. However, there was little mentioned on the exact population of piloting. Additionally, Kawira (2021) did not assess dynamic pricing strategy.

2.4 Value-based Pricing and Growth

Value-based pricing was a type of pricing strategy whereby an SME sets prices based on how the customer acknowledges as the worth of the product or service (Christen et al., 2022; Kissi et al., 2019). This is whereby customers opinion are collected on how they would want a product improved in relation to added features which brought uttermost satisfaction to them. In this study, value-based pricing was measured using high-quality products and services, customer loyalty, value communication channels, diverse brand-values, pricing policies service, and consistent review of prices (Christen et al., 2022; Kissi et al., 2019). Therefore, the presence of high-quality products and services was a key indicator that there was value-based pricing since this was what majorly clients wanted to purchase. Furthermore, loyalty among customers is mainly gotten when they appreciate the products and services offered at a given price (Belllo et al., 2020).

Additionally, when a SME has value communication channels such as main telephone lines, emails and social media platforms, it indicates that they are keen in getting various feedback regarding the products and services they offer (Zhang & Hagos, 2020). Further, when there

are different brands of products, it clearly shows that customers have a choice to buy what they can afford within the stipulated price range and the type of products (Ndumia et al., 2020). Additionally, the policies in place that guide an SME on how to go about pricing of products and services is key towards ascertaining the kind of value-based pricing present (Moller, 2020). Past studies have been documented providing information on how value-based pricing affect the overall SMEs' growth criteria.

Globally, a study by Christen et al. (2022) examined the applicability of pricing based on value on e-platforms in accommodation industry in United Kingdom and Austria. The study had a goal of assessing how clients can use different e-platforms to have historical information of the seller and channel brand related to pricing elements, before booking a room, so as to dictate whether the pricing is high or low. Signal theory was used to explain the concept of the study whereby, Christen et al. (2022) advised that when there was a channel that could provide this limited information, it improved the decision-making ability such that clients are always vigilant on predicting the pricing of the rooms. That notwithstanding, Christen et al. (2022) did not assess the applicability of pricing based on value on e-platforms of manufacturing, food, and processing industries.

Regionally, Kissi et al. (2019) investigated the various factors that affected Ghanaian SMEs' tender pricing strategies in construction industry. The study acknowledged setting of prices was a key element towards dictating whether there would be profitability or not in an SME. Among the strategies assessed, value-based pricing was considered when reviewing past literature. The study collected data through questionnaire method from the experts in the construction industry. According to Kissi et al. (2019), when SMEs were placing tenders,

their ability to come up with value-based prices was mainly linked to pricing policies and value communication channels. However, other value-based price indicators such as customer loyalty and diverse brand values were not assessed. Further, the study was only conducted in the construction industry and not any other industry.

Locally, Ndumia et al. (2020) analyzed how performance of sixty-eight SMEs affiliated with printing in Nairobi were affected by strategies related to marketing. The participants who answered questionnaires were a hundred and thirty-six managers and supervisors in charge of marketing. The results related to value-based pricing indicated that when the SMEs applied value-based pricing by enhancing branding, design and quality of print outs, its improved volume of sales made. However, Ndumia et al. (2020) consulted managers and supervisor and did not include officers.

Further, Gikera and Bula (2023) explored how performance of twenty-four SMEs affiliated with maize seeds in Nairobi were affected by strategies related to pricing of products. One hundred and twenty management staff. Informatively, Gikera and Bula (2023) poised that performance was positively affected by pricing of products. This was whereby when they charged high for premium maize seeds, sales improved since customers had to select different quality of seeds with different prices. The higher the maize seeds were charged, the higher their quality wards yielding bumper harvest. However, Gikera and Bula (2023) pointed that when government did not regulate pricing, it would lead to SMEs being cut off the market by large firms which were operating under the economies of scale during production stages. Additionally, the study also discovered that packaging of the products was almost similar hence affecting the value-based pricing.

2.5 Competition-based Pricing and Growth

Competition-based pricing was a type of pricing strategy whereby an SME creates prices of products and services, which are mainly based on what other organizations with similar products are offering (Dewanti et al., 2021). In this study, competition-based pricing was measured using skimming pricing, penetration pricing, discounts, prices based on geographical location, and trainings to staff on ways to manage and competitive pricing (Amoah et al., 2022; Musundi, 2022). Skimming pricing was a competition-based pricing whereby the prices are set high as a way of assuring the clients that they are of high quality (Njeri, 2019). Penetration pricing was a pricing where an SME charges specifically low prices so as to be able to sell their products and services in a new market or a new location (Amoah et al., 2022). Further, SMEs could also decide to offer discounts such that they reduce prices on specific products and services for a particular time, as a way of attracting new clients or repeat business (Harjadi et al., 2020). In addition, SMEs may decide to charge different prices of their commodities based on where they are being sold (Bello et al., 2020). The urban region prices are definitely set differently as the rural prices depending on the demand of various products and services. Past studies have been documented providing information on how competition-based pricing affect the overall SMEs' growth criteria.

Globally, a synopsis in Indonesia by Dewanti et al. (2021) examined which strategies had been applied by Buleleng district's SMEs that were competitive in food industry trade. Among the variables investigated in the study, pricing based on the present competition was a key aspect among the SMEs in Singaraja city's SMEs. The study was qualitative mainly dealing with documents, and available photos. From the information gathered, it was noted that quality of production elements was not enough hence required further careful pricing

based on the taste and preferences of the customers, as well as the range of what the competitors were charging for their products and services. Further, Dewanti et al. (2021) pointed out that as long as SMEs were able to balance their SWOT amicably, growth was positively instigated in due process. However, Dewanti et al. (2021) did not specify the methods used by SMEs to research on the competition prices to make informed decisions on pricing.

Regionally, Amoah et al. (2022) conducted an introspective analysis on what aspects did tourism sector focused SMEs apply to ensure they remained competitive and sustainable. Anchored on the theory of changes, the study gathered information from three hundred and ten Ghanaian SMEs offering tourism related services. The management staff of the SMEs who were selected through convenience sampling method were consulted through use of a structured questionnaire. Among the findings discovered in the study, the ones related to competition-based pricing revealed that the SMEs paid attention to high and low season standard rate prices based on other tourist related SMEs.

Notably, the background nation of the tourist was considered whereby the local tourists were charged less since they had high potential of frequent visit as compared to international tourists. However, Amoah et al. (2022) used a non-scientific sampling method which weakened the findings since it missed out on other key participants such as operations staff. These staff would provide accurate data on how the tourism services prices were set based on available competition in the market. Further, the study did not assess other service-related industries such as air and road transport SMEs which were also a key determinant on success rate of tourist SMEs.

Locally, Musundi (2022) explored how Nairobi-based SMEs' performance was influenced by various business strategies. Eighty-seven managers were selected to participate in the study through answering the questionnaires on a sixty-five-response rate. According to Musundi (2022), diversification of real estate products had enabled the SMEs anchor themselves competitively through offering customized prices to clients. However, Musundi (2022) failed to provide pre-test respondent information.

Remarkably, Njeri (2019) examined the various innovative ways that Nairobi-based SMEs were marketing their products and services to ensure competitiveness. The study targeted five hundred and sixty-four SMEs which were sampled using Yamane formula to get two hundred and thirty-four sample size and managers selected using simple random method. Notably, a hundred and twenty questionnaires were returned signifying a 51% response rate. The study found out that SMEs had become pro-active through offering competitive penetration prices which were customer focused. Additionally, due diligence was also conducted on the proposed prices to incorporate accurate research data on the history of prices, how the products enable the clients get satisfaction and the intended objective of the SME in providing the demanded products and services. However, Njeri (2019) failed to provide the policy framework related to competitive pricing as used by the SMEs. This could have provided detailed information on the guidelines that the SMEs operated on to ensure they became competitive.

2.6 Cost-plus Pricing and Growth

This was a type of pricing strategy whereby an SME creates prices that contain a portion of fixed value or a percentage to represent the rate at which the product or service was made

(Franco-Angel et al., 2022). In this study, cost-plus pricing was measured using mark-up pricing, profit margin pricing, risk insurance of production, pricing policies, and cost factor of production (Jain, 2021; Kanana, 2019; Onyeaghala et al., 2019). Mark-up pricing relates to additional expense of an item related to production while profit margin pricing relates to minimum cost that should be assigned to a product as the sales price (Nagode et al., 2022). Risk insurance of production entails the loss indemnification of a product to ensure that any foreseeable loss is covered in its fixed cost price (Sirumba, 2019). Pricing policies are all strategies set to act as a guideline when setting charges of products and services (Kanana, 2019). Further, past studies have been documented providing information on how cost-plus pricing affect the overall SMEs' growth criteria.

Globally, Alserhan (2021) explored the kind of impact that various strategies related to market had on increasing the Jordan's SME performance. A sample of sixty-five employees of the SMEs were selected to answer the questionnaires. The study revealed that as a result of having robust pricing strategies, it became easier to factor in the cost of production and profit margin in the prices so as to break even at a reasonable range on each product and service. However, Alserhan (2021) failed to elaborate the job description of the sixty-five employees to ascertain their suitability to include both the management and operations staff. Further, there was less elaboration on the sampling procedures used nor the entire target population.

Regionally, Nagode et al. (2022) assessed how Nigeria's petroleum retail outlets retained their customers through establishing pricing strategies. Three hundred and eighty-four customers sampled using simple random method from six retail outlets, were consulted during answering of the questionnaires. The findings proclaimed by Nagode et al. (2022)

indicated that in as much as petroleum retail outlets followed the two main aspects of pricing which were the oil purchasing costs and revenue margin desired by the management. According to Nagode et al. (2022), oil purchasing cost was a fixed rate but the revenue margin was flexible in the prices to retain more customers. Regrettably, establishing strict policy on having high fixed cost of oil procured, hurt the overall pricing of the petroleum which in turn affected negatively the decisions of their customers to remain in business with the corporate. However, Nagode et al. (2022) focused on only customer retention and not any other performance measures such as revenue and management structure.

Locally, Sirumba (2019) documented a write-up on how pricing strategies work for SMEs to thrive. Sirumba (2019) encouraged that for a pricing strategy to work, there was need to first conduct an analysis based on the desired profits and the willingness of the clients to pay for the price so as to obtain the goods and services. Additionally, Sirumba (2019) pointed that cost-based pricing was anchored on two aspects which were mark-up pricing related to cost of an item and profit margin related to sales price. Notably, the study advised that setting mark-up percentage necessarily involved established a percentage that was medium since setting it to high, increased the overall prices hence clients unable to purchase it in high numbers. Further setting the mark-up percentage too low saw to it the increment of opportunity cost of profitability. In conclusion, Sirumba (2019) indicated that setting cost-based pricing was more challenging on SMEs that were new and small as compared to larger ones.

Further on, Kanana (2019) assessed the various marketing mix strategies applied to improve growth of North Imenti's SMEs related to Jua Kali business. The study included 128 managers who were sampled using stratified sampling method to obtain 97 samples. They

were issued with questionnaires which had 61(63%) response rate. Among the four objectives, the influence of pricing supported by cost of production on growth was assessed. According to Kanana (2019), prices of Jua Kali products had a significance influence on growth of SMEs but lower than other strategies related to promotion and distribution. Nevertheless, the descriptive results presented by Kanana (2019) indicated that majority of the respondents agreed with all the questions signifying a normality test issue since the responses were not evenly distributed but inclined to the positive side. Additionally, Kanana (2019) included Jua Kali SMEs such as tailors, carpenters agrovets, leather dealers, metal fabricators and waster recyclers. The study therefore did not assess other Jua Kali businesses such as masonry.

2.7 Dynamic Pricing and Growth

This was a type of pricing strategy where the prices of products and services change based on the demand (Xu, 2021). In this study, dynamic pricing was measured using peaking pricing, random market fluctuations pricing, time-based pricing, segmented pricing, and training on application of dynamic pricing (Amin, 2021; Tanyi, 2021). Peaking pricing is a change of prices due to peak hours such as increase of bus fares in the morning and evening hours (Awol, 2022). Random market fluctuations pricing occurs when SMEs increase their prices due to unexpected demand on their product due to random factors (Awol, 2022). This could be as a result of government regulations such as immediate increment of fuel by petrol stations when the government announces an increase on purchasing cost to suppliers (Cheruiyot, 2021). Time-based pricing occurs when an SME charges higher prices for supply of product and service within a short duration of time such as receiving an ordered

parcel the same day (Awol, 2022). Segmented pricing occurs when an SME charges differently based on the profile of the client (Xu, 2021). This could include higher prices of item on politicians and social influencers among others. Past studies have been documented providing information on how value-based pricing affect the overall SMEs' growth criteria.

Globally, Awol (2022) examined past studies that talked about the marketing strategies related to pricing in organizations, industries and farms. Among the objectives assessed the demand of a product in relation to pricing was considered. On the one hand, the study found out that the two were inversely correlated such that the higher the price, the lower the demand. However, when the product or service was a luxury, high prices increased the demand. On the other hand, an introduction of a new product, sales policy change, incorporation of technology, use of internet marketing, retail consolidation and innovation of a product results to higher demand. Nevertheless, Awol (2022) did not assess how prices change as a result of favorable government trade policies. Further, the examination of secondary studies posed a biasness concern on the results and conclusion of the study.

Additionally, Franco-Angel and Urbano (2022) assessed how Columbian SMEs were applying various marketing strategies in the cause of doing business. The study assessed eight manufacturing SMEs which had been in existence for not less than 10 years and not less than 50 staff who were interviewed. Notably, Franco-Angel and Urbano (2022) established that the manufacturing SMEs did not follow marketing models but rather worked closely with the clientele demands and as a result, the prices kept increasing. If clients demanded that there should be provision of a specific product with a certain color, the manufacturing SME provided and also set a higher price for the item. However, Franco-

Angel and Urbano (2022) did not assess other SMEs in other sectors such as hospitality, food and transport industries among others.

Regionally, Amin (2021) examined how Abuja's SMEs performance was affected by strategies related to marketing, whereby dynamic pricing was considered as one of the pricing indicators. The sample population was three hundred and thirty-nine SMEs derived from a larger population of two thousand, eight hundred and twenty-five, through simple random method. The study had a low return rate of one hundred and seventeen returned questionnaires translating to thirty-five percent. According to Amin (2021), there was a negative influence of dynamic pricing and performance of SMEs. This was because, any increment of prices was negatively perceived by customers who either declined or stopped altogether purchasing the products and services. However, the study had a very low response rate for the findings to hold.

Locally, Cheruiyot (2021) evaluated how 2,419 Bixa Orrellana farming SMEs' performance was affected by strategies related to marketing mix in Kwale County. Pricing strategy was one of the key objectives of the study. The SMEs were sampled to 169 using Nassiuma (2000) formula and latter selected using simple random method who were issued with structured questionnaire to respond to. According to Cheruiyot (2021), there pricing strategies such as dynamic, entry, competitive, and contract prices had a positive influence on and performance of the farmers SMEs.

2.8 Summary of Gaps

The gaps identified after reviewing studies on value-based pricing includes; Christen et al. (2022) did not assess the applicability of pricing based on value on e-platforms of

manufacturing, food, and processing industries. Further, Kissi et al. (2019) did not assess other value-based price indicators such as customer loyalty and diverse brand values. Further, was only conducted in the construction industry and not any other industry. Furthermore, Ndumia et al. (2020) consulted managers and supervisor and did not include officers.

The gaps identified after reviewing studies on competition-based pricing includes; Dewanti et al. (2021) did not specify the methods used by SMEs to research on the competition prices to make informed decisions on pricing. Additionally, Amoah et al. (2022) did not assess other service-related industries such as air and road transport SMEs which were also a key determinant on success rate of tourist SMEs. In addition, Njeri (2019) failed to provide the policy framework related to competitive pricing as used by the SMEs.

The gaps identified after reviewing studies on cost-plus pricing includes; Alserhan (2021) failed to elaborate the job description of the sixty-five employees to ascertain their suitability to include both the management and operations staff. Further, there was less elaboration on the sampling procedures used nor the entire target population. Nagode et al. (2022) focused on only customer retention and not any other performance measures such as revenue and management structure. Kanana (2019) included Jua Kali SMEs such as tailors, carpenters, agrovets, leather dealers, metal fabricators and waster recyclers. The study therefore did not assess other Jua Kali businesses such as masonry.

The gaps identified after reviewing studies on dynamic pricing includes; Awol (2022) did not assess how prices change as a result of favorable government trade policies. Further, the examination of secondary studies posed a biasness concern on the results and conclusion of

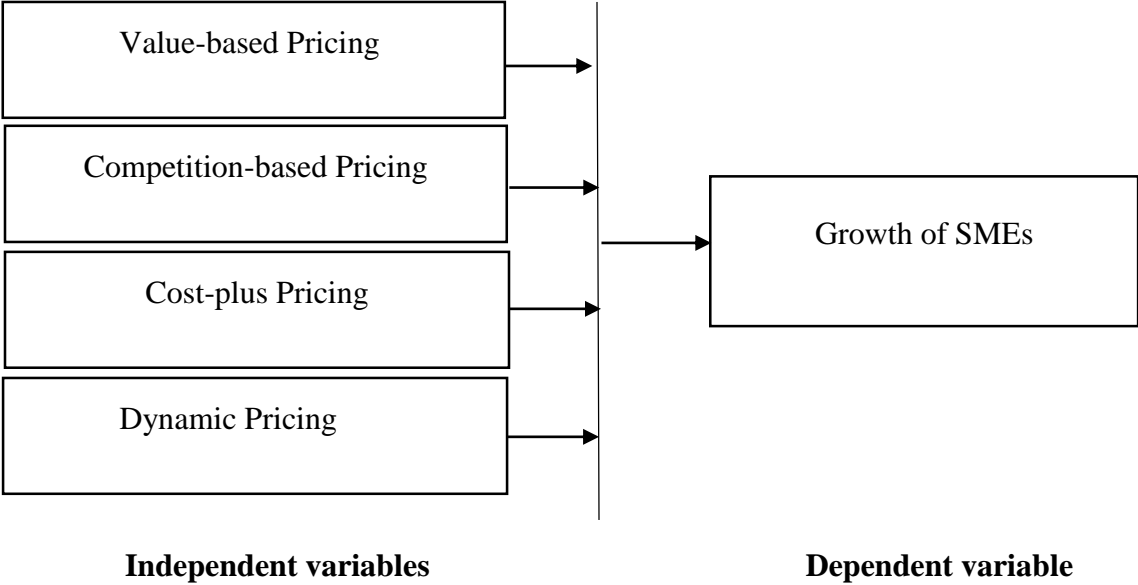
the study. Further on, Franco-Angel and Urbano (2022) did not assess other SMEs in other sectors such as hospitality, food and transport industries among others.

2.9 Conceptual Framework

The study was guided by a conceptual framework to elaborate the relationship that exists among the variables. The dependent variable which was located on the right side of Figure 2.1 was growth of SMEs. The independent variables which were located on the left side of Figure 2.1 were value-based pricing, competition-based pricing, cost-plus pricing and dynamic pricing.

Figure 2.1

Conceptual Framework



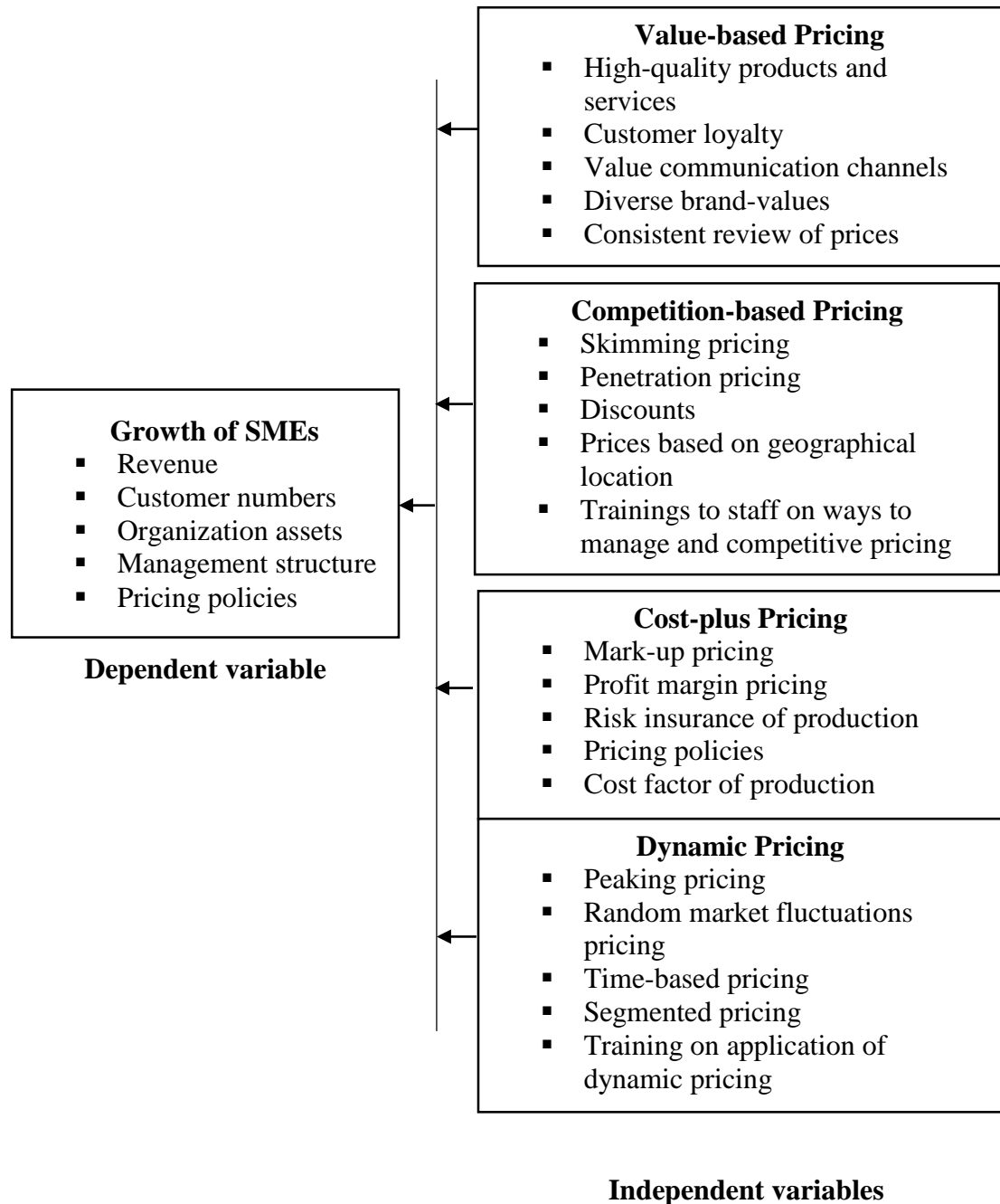
Source: Researcher (2024)

2.10 Operational Framework

Figure 2.2 provides the operational framework of the study.

Figure 2.2

Operational Framework



As per Figure 2.2., growth was measured using metric such as revenue, customer numbers, staff turnover, organization assets, management structure, and pricing policies (CBK, 2021). Value-based pricing was measured using high-quality products and services, customer loyalty, value communication channels, diverse brand-values, pricing policies service, and consistent review of prices (Christen et al., 2022; Kissi et al., 2019). Competition-based pricing was measured using skimming pricing, penetration pricing, discounts, prices based on geographical location, and trainings to staff on ways to manage and competitive pricing (Amoah et al., 2022; Musundi, 2022). Cost-plus pricing was measured using mark-up pricing, profit margin pricing, risk insurance of production, pricing policies, and cost factor of production (Jain, 2021; Kanana, 2019; Onyeaghala et al., 2019). Dynamic pricing was measured using peaking pricing, random market fluctuations pricing, time-based pricing, segmented pricing, and training on application of dynamic pricing (Amin, 2021; Tanyi, 2021).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter indicates the technique used in identifying the population and entire data collection process. It is organized to entail research design, location, target population, sampling technique, data collection instruments, pilot study, data collection procedure, data analysis and ethical presentation.

3.2 Research Design

The study used descriptive and correlational research designs in the quest for identifying the trends of regular historical and current pricing strategies from the sample size and linked them to the entire population (Sileyew, 2019). Therefore, the designs were suitable to the study since it enabled the study to explain the current pricing strategies as they had been occurring hence the findings could be espoused for a comparable character in the population where a sample is used for depiction. Further, the advantage of descriptive design is that when collecting data, the agents did not interfere with the daily operations of the respondents. That is, the respondents were not required to stop working but rather create some time during their free time to answer the study's queries (Siedlecki, 2020). Additionally, correlational research design was a key aspect in determining how value-based pricing strategies affected performance; what could be done to ensure cost-plus pricing remained stable so as to positively affect performance; and when does competition-based and dynamic pricing affect the overall performance of SMEs.

3.3 Target Population

The study's target population was 25 SMEs in Imenti North Sub-County, Meru County. Whose respondents were 58 managers and 234 officers in marketing, procurement, and finance were consulted (Meru County, 2024). A Small and Medium Enterprise [SME] is any business venture that have employed ten to hundred people whose annual income ranges from five hundred thousand to thirty million shillings (Central Bank of Kenya, 2021). Therefore, the twenty-five SMEs were categorized as supermarkets, hotels, manufacturing, assembly, processing, whole sale and retail institutions (appendix VII). Additionally, the managers in various departments were considered advanced in knowledge in various aspects related to pricing strategies implemented. Considerably, the officers were involved in the study since they were the agents used in the implementation process of price strategies. An SME was taken to mean any registered business with ten to hundred employees and whose revenue ranges from half a million to thirty million shillings (NCLR, 2012).

3.4 Sampling Technique

The study adopted simple random method so as to identify the sample size from the population that fit in such a way that it would not be too large or small (Mugenda & Mugenda, 2003). Therefore, the study got 30% of the 25 SMEs to obtain 8 SMEs from which the respondents would be drawn as indicated in Table 3.1 and later the respondents from the sampled SMEs were consulted in the data collection process as described in Table 3.2.

Table 3.1*Sampled Population*

SME	Total SME Population	Total Sampled SME population	Sampled SMEs Identity
Supermarket SMEs	4	1	Magunas
Hotel SMEs	10	3	Meru slopes, Three steers, Royal, & West wind
Manufacturing SMEs	1	1	Silver spread
Assembly SMEs	2	1	CMC
Whole sale and retail SMEs	3	1	Best lady's
Processing SMEs	7	1	Afya maize millers, Mafuko
TOTAL	27	8	

Table 3.2*Respondent's Distribution*

SME	Marketi ng manage rs	Procureme nt managers	Financ e manag ers	Marketin g officers	Procur e officer s	Financ e officer s	Total
Supermarket s	1	2	1	7	3	2	16
Hotels	3	3	3	3	2	3	17
Manufacturi ng SMEs	2	1	2	2	4	1	12
Assembly SMEs	1	1	1	3	3	3	12
Whole sale and retail SMEs	2	1	1	8	4	2	18
Processing SMEs	3	1	2	16	3	2	27
Total	13	9	9	39	19	13	102

Source: Researcher 2023

3.5 Data Collection Instruments

The study collected qualitative and quantitative data inform of interview guide to the managers and closed-ended questionnaire for officers. The questionnaires had an Ordinal Likert Scale from 1-5 (Busetto et al., 2020; Schoonenboom, 2023). This is where, 1 indicated strongly disagree, 2 indicated disagree, 3 indicated neutral, 4 indicated agree and 5 indicated strongly agree (see appendix II). Ordinal Likert scale is a measure that is highly

recommended for social science studies. The scale provides a chance for uniform results that enable quality results in the analysis stage. The questionnaire had 6 parts whereby the first part asked questions on the background of the respondents. Part 2 asked questions linked to the influence of value-based pricing on growth. Part 3 asked questions linked to the influence of competition-based pricing on growth. Part 4 asked questions linked to the influence of cost-plus pricing on growth. Part 5 asked questions linked to the influence of dynamic pricing on growth. Part 6 asked questions linked to the growth of SMEs.

3.6 Piloting of Research Instruments

The piloting of the questionnaires was conducted at Fairlymatt supermarket and Happy foods farms limited in Imenti South Sub-County, Meru County. This was because these SMEs had experienced challenges related to poor market access both from local and international perspective. The respondents included 1 marketing, procurement and finance managers. The officers included 4 in marketing, 2 in procurement and 1 in finance departments. They were sampled using simple random method and as a result of 10% from the study's sample size O'Neill (2022). They answered pilot test questionnaires and interviews similar to the one that was used in the main study.

3.6.1 Reliability

The study used Cronbach Alpha to test the reliability of the questionnaires (Taber, 2018). This is a statistical measurement tool that had a range from 0 to 1 whereby from 0.7 to 1 indicated that the questionnaires were reliable. Further, when the range is below 0.7, it indicated that the questionnaires were unreliable. Therefore, through assessing the

reliability, the study got assurance that the instruments could be used more than one time to provide the same results.

3.6.2 Validity

Validity is the process of ensuring that the instruments of data collection are able to measure what they are supposed to measure with uttermost clarity (Sürücü & Maslakçı, 2020). The study examined three types of validity which are face, content and criterion. Face validity was measured by ensuring that the data collection instruments assessed the influence of each pricing strategies on growth of SMEs. That is the influence of value-based pricing, competition-based pricing, cost-plus pricing and dynamic pricing on growth of SMEs. Content validity was measured by ensuring that the questionnaires and interview guide asked questions related to the variables of the study and not off topic questions. Criterion validity was ensured when every finding generated by the study was compared to past studies.

3.7 Data Collection Procedure

The researcher obtained the requirements needed for data collection such as introduction letter and research permits. Thereafter, the researcher appointed a research assistant that was instrumental in data collection from the samples SMEs. The assistant was knowledgeable in identifying the various SMEs in the location of the study. When collecting data using questionnaires, the researcher printed them out and proceeded to various SMEs. On reaching the venue, the researcher and the assistant introduced themselves to customer service staff and stated the purpose of their visit as pertaining to

collecting data on pricing strategies. Thereafter, they requested to be allowed to collect data from managers and officers. Immediately they were allowed, the researcher sought consent from the sampled participants (see appendix I). After the approval of the consent from the respondents, the researcher and the assistant distributed the questionnaires. The researcher distributed the questionnaires to the managers while the assistant distributed the questionnaires to the officers. Immediately the participants handed back the filled-in questionnaires, the researcher and the assistant thanked them and stored the questionnaires in a safe place till and after data analysis process was completed.

3.8 Data Analysis and Presentation

The data analyst sorted and cleaned the data from the questionnaires such that all incomplete ones were eliminated. Thereafter the data was entered in SPSS version 24 for report generation. The study conducted descriptive statistics such as frequency, percentage and mean. The inferential statistics that were conducted were correlation and multiple regression. This included model summary, ANOVA and regression coefficients to answer the study's model. Additionally, the various diagnostic tests conducted included normality, linearity, and multicollinearity. Thereafter, the study presented the findings using tables and explanation.

The study's model was as follows:

$$Y = C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Growth of SMEs

β_i = Coefficients to be estimated

C= Constant

X1= Value-based Pricing

X2 = Competition-based Pricing

X3 = Cost-plus Pricing

X4 = Dynamic Pricing

e= error term

3.9 Ethical Considerations

The study ensured that there were various ethical standards that were maintained throughout the study. The standards related to seeking authorization from KeMU and NACOSTI for research permit. Further, the study also ensured that the interactions with the respondents and data preservation were ethically conducted. This was in terms of seeking consent from the respondents through a letter of introduction. Further on, there were no question inquired outside the scope of the study but in relation to the influence of pricing strategies on performance. It was also notable that there was total confidentiality on the identities of the respondents or what they indicated as their response. To ensure this happened, the study did not inquire on personal details such as names, emails addresses or telephone contacts. In addition, there was no fabrication of previous data to be indicated as from the current study and to ensure that did not happen, there were in-text citations of all write-ups not originally from the current study. They were acknowledged and revealed in the reference list in accordance to APA 7th edition.

CHAPTER FOUR
RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents findings on the influence of pricing strategies on growth of SMEs. It covers reliability results, response rate, background information, diagnostic tests, descriptive statistics and inferential statistics.

4.2 Response Rate

The study sampled 13 marketing managers, 9 procurement managers, 9 finance managers, 39 marketing officers, 19 procurement officers and 13 finance officers making a total of 102 respondents. They were issued with questionnaires as provided in Table 4.1.

Table 4.1

Response Rate

Respondents	Sampled	Response	Percentage
Marketing Managers	13	9	69%
Procurement Managers	9	7	78%
Finance Managers	9	6	67%
Marketing Officers	39	34	87%
Procurement Officers	19	16	84%
Finance Officers	13	10	77%
Total	102	82	80%

Table 4.1 indicates that out of 102 sampled respondents, there were 82 returned questionnaires which is 80%. Therefore, this shows that the study had high response rate due to the willingness of the respondents to provide feedback on how prices affected growth of SMEs. According to Mugenda and Mugenda (2003) that when a study has response rate that are above 70%, they are excellent.

4.3 Reliability Results

The study conducted a pilot study at Fairlymatt supermarket and happy foods farms limited in Imenti South Sub-County, Meru County. Table 4.2 provides the results.

Table 4.2

Reliability Results

Instrument	Cronbach's Alpha	N of Items
Value-Based Pricing	0.845	10
Competition-Based Pricing	0.785	10
Cost-Plus Pricing	0.891	10
Dynamic Pricing	0.925	10
Growth of SMEs	0.869	10
Average	0.863	10

Table 4.2 shows that the average Cronbach Alpha coefficient was 0.863, which exceeded 0.7. According to Taber (2018), a coefficient of 0.7 to 1 suggests that the instruments are very reliable, whereas a range of less than 0.7 indicates that the instruments are unreliable. As a result, the questionnaires utilized in the study were reliable, as proved by their coefficient of 0.863.

4.4 Background Information

The study asked background information from the respondents which included their job positions and work experience as provided in Table 4.3.

Table 4.3*Demographic Information of the Respondents*

Job position	Frequency	Percent	Cumulative Percent
Marketing Managers	9	11	11
Procurement Managers	7	9	20
Finance Mangers	6	7	27
Marketing Officers	34	41	68
Procurement Officers	16	20	88
Finance Officers	10	12	100
Total	82	100	
Work experience in the SME	Frequency	Percentage	Cumulative Percent
Over 21 years	9	11	11
11 to 20years	12	15	26
5 to 10years	43	52	78
Less than 5 years	18	22	100
Total	82	100	

Table 4.3 indicates that there were 34(41%) marketing officers, 16(20%) procurement officers, 10(12%) finance officers, 9(11%) marketing managers, 7(9%) procurement managers and 6(7%) finance managers. The results reveal that most of the participants that took part in the study were marketing and procurement officers whereas procurement managers were the least group of participants.

Additionally, majority of the study's participants who were 43(52%) had 5-10 years of experience while 18(22%) had less than 5 years in the SME. However, only 9(11%) had over 21 years of experience in the SME. The results imply that the participants of the study had worked for a period of 5-10 years indicating that they were well versed with how various pricing strategies had been implemented at the SME in different economic cycles.

Therefore, they were well positioned to give tangible information in regards to the implications of various pricing strategies caused a spur in growth or a decline in growth perspectives. As also noted by Zhang & Hagos (2020) when there was a population of staff

that had worked for longer durations of time in an organization, they were best suited to steer various marketing mix operations which brought about a competitive advantage to Ethiopia's SMEs.

4.5 Diagnostic Test

The study conducted various diagnostic tests such as normality, linearity, multicollinearity, autocorrelation and heteroskedasticity

4.5.1 Normality Test

The study conducted normality test as a regression assumption which is in Table 4.4.

Table 4.4

Normality Test

		Value Based Pricing	Competiti on Based Pricing	Cost Plus Pricing	Dynamic Pricing	Growth of SMEs
N		82	82	82	82	82
Normal Parameters ^{a,b}	Mean	14.6463	13.7317	14.9146	12.7927	14.524
	Std. Deviation	2.79493	3.16637	2.70893	3.56505	2.9741
Most Extreme Differences	Absolute	.099	.092	.100	.095	.125
	Positive	.096	.076	.096	.095	.119
	Negative	-.099	-.092	-.100	-.084	-.125
Kolmogorov-Smirnov Z		.898	.829	.901	.859	1.127
Asymp. Sig. (2-tailed)		.396	.498	.391	.451	.157

a. Test distribution is Normal.

b. Calculated from data.

Table 4.4 indicates that value-based pricing had a significance of 0.396; competition-based pricing had a significance of 0.498; cost plus pricing had a significance of 0.391; Dynamic pricing had a significance of 0.451; and Growth of SME had a significance of 0.157. Therefore, it is noted that the significance index of all values was more than 0.05 revealing

that the data collected was normal such that the responses given on various statements were evenly distributed across the options given.

4.5.2 Linearity Test

The study conducted linearity test to determine the influence of pricing strategies on growth of SMEs. Table 4.5 provides the results

Table 4.5

Linearity Test

			Sum of Squares	df	Mean Square	F	Sig.
Growth of SMEs * Value Based Pricing	Between Groups	(Combined)	161.320	12	13.443	1.671	.093
		Linearity	37.096	1	37.096	4.611	.035
	Within Groups	Deviation from Linearity	124.224	11	11.293	1.404	.191
		Total	555.131	70	8.045		
Competition Based Pricing	Between Groups	(Combined)	135.884	14	9.706	1.120	.357
		Linearity	1.298	1	1.298	.150	.700
	Within Groups	Deviation from Linearity	134.586	13	10.353	1.195	.303
		Total	580.567	68	8.665		
Cost Plus Pricing	Between Groups	(Combined)	101.566	13	7.813	.864	.593
		Linearity	8.885	1	8.885	.983	.325
	Within Groups	Deviation from Linearity	92.681	12	7.723	.854	.596
		Total	614.886	69	9.042		
Dynamic Pricing	Between Groups	(Combined)	142.723	14	10.194	1.191	.303
		Linearity	14.675	1	14.675	1.714	.195
	Within Groups	Deviation from Linearity	128.047	13	9.850	1.150	.335
		Total	573.729	68	8.563		
Total			716.451	82			

Table 4.5 indicates that value-based pricing had a significance of 0.191; competition-based pricing had a significance of 0.303; cost plus pricing had a significance of 0.596; Dynamic pricing had a significance of 0.335. Therefore, it is noted that the significance index of all values was more than 0.05 meaning that there was a relationship between various pricing strategies and growth of SMEs.

4.5.3 Multicollinearity

The study conducted multicollinearity test to ascertain the unique characteristics of pricing strategies variables against growth. Table 4.6 provides the results.

Table 4.6

Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Value-Based Pricing	.961	1.041
Competition-Based Pricing	.965	1.037
Cost-Plus Pricing	.781	1.019
Dynamic Pricing	.876	1.016

Table 4.6 indicates that value-based pricing had a tolerance of 0.961 and VIF of 1.041; competition-based pricing had a tolerance of 0.965 and VIF of 1.037; cost-plus pricing had a tolerance of 0.781 and VIF of 1.019; and dynamic pricing had a tolerance of 0.876 and VIF of 1.016. Therefore, it was deduced that all the variables had tolerance level that were above 0.2 and VIF of less than 5. This implied that all the four pricing strategies had reliable characteristic that enabled them interact with growth without losing their original value character.

4.5.4 Autocorrelation Test

The study conducted an autocorrelation test using Durbin Watson as shown in Table 4.7.

Table 4.7

Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.752 ^a	.565	.525	2.29349	1.755

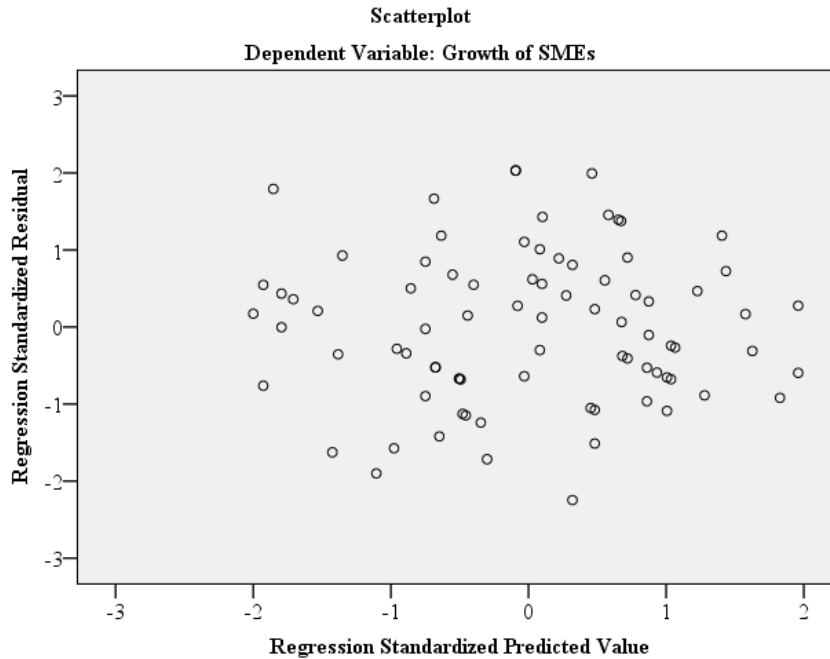
According to Table 4.7, the Durbin Watson was 1.755 which was an indicator that there was a positive correlation. This is because when Durbin Watson was 0-2, it indicated that there was a positive correlation and 2-4 indicated a negative correlation.

4.5.5 Heteroskedasticity Test

The study conducted an heteroskedasticity test as shown in Figure 4.1.

Figure 4.1

Heteroskedasticity Test/Scatter Plot



As noted by Figure 4.1, the residues were equally distributed over a range of measured values hence an indication that the results that were generated were valid.

4.6 Descriptive Statistics of Growth of SMEs

Growth of SMEs was the dependent variable and it had indicators such as revenue, customer numbers, staff turnover, organization assets, management structure, and pricing policies. The tables had an ordinal Likert scale whereby 1 represented strongly disagree; 2-disagree; 3-neutral; 4-agree and 5-strongly agree. Table 4.8 provides the results.

Table 4.8*Descriptive Statistics of Growth of SMEs*

Statements N=60	1	2	3	4	5	Mean
Increase of revenue	4 (7%)	7 (12%)	6 (10%)	21 (35%)	22 (36%)	4.61
Customers increase due to competition-based pricing	0 (0%)	7 (12%)	10 (17%)	18 (30%)	25 (41%)	4.58
Robust management structure	5 (9%)	19 (31%)	11 (18%)	13 (22%)	12 (20%)	3.25
Multiplication of organization assets	5 (8%)	7 (12%)	11 (18%)	21 (35%)	16 (27%)	3.94
Quality pricing policies	8 (13%)	13 (22%)	16 (27%)	16 (27%)	7 (11%)	2.88

Table 4.8 indicates that 22(36%) strongly agreed and 21(35%) agreed that value-based pricing had increased revenue in the SMEs (mean-4.61). Further, 25(41%) strongly agreed and 18(30%) agreed that the number of customers had increased due to competition-based pricing (mean-4.58). Nevertheless, 8(13%) strongly disagreed and 13(22%) disagreed that there were quality pricing policies that guided the pricing structure which led to growth of SME (mean-2.88).

The results mean that as a result of implementing value-based pricing in SMEs, they were able to generate more income from sales. Additionally, the SMEs were able to acquire

more clientele since they offered best competitive prices. Regardless, the changes instigated in the pricing structure did not follow specific plan hence able to be implemented in the structure as a guideline to future business decisions. According to Nagode et al. (2022), most SMEs rely on the owners to make price changes which could happen impromptu and without a clear strategic pricing plan. Notably, Musundi (2022) who also established similar findings revealed that pricing setting was influenced by both individual and business characteristics. However, SMEs which were greatly steered by specific individuals were disadvantaged since owner's intuition carried the day in most pricing decisions implemented over the specific business cycles.

4.7 Descriptive Statistics of Value-Based Pricing

Value-based pricing was the first independent variable and it had indicators such as high-quality products and services, customer loyalty, value communication channels, diverse brand-values, pricing policies service, and consistent review of prices. Table 4.9 provides the results.

Table 4.9*Descriptive Statistics of Value-based Pricing*

Statements	1	2	3	4	5	Mean
N=60						
Production of high-quality products and services	11 (18%)	13 (21%)	10 (17%)	16 (27%)	10 (17%)	3.04
Loyalty of customers	1 (2%)	0 (0%)	16 (26%)	14 (23%)	29 (49%)	4.24
Clear communication systems	19 (32%)	13 (21%)	8 (13%)	12 (20%)	8 (14%)	2.66
Availability of qualified personnel and quality machinery	7 (11%)	21 (35%)	10 (17%)	10 (17%)	12 (20%)	3.02
Consistent review of prices	16 (27%)	16 (27%)	7 (12%)	11 (18%)	10 (16%)	2.68

Table 4.9 indicates that 29(49%) strongly agreed and 14(23%) agreed that customers had become loyal due to considerations given on every complain they made (mean-4.24). However, 19(32%) strongly disagreed and 13(21%) disagreed that there were clear communication systems that allowed information to swiftly reach the top management in less time (mean-2.66). Additionally, 16(27%) strongly disagreed and 16(27%) disagreed

there were consistent review of prices to ensure that value was delivered in the produced products and services (mean-2.68).

The findings imply that most SMEs had succeeded in clinching a niche in the business environment which was categorized by the loyalty from the customers. This was closely associated with their short turn-around time in handling pricing related and other complaints from the clientele. Nevertheless, the communication patterns between the management and the operations staff were still lagging. This was due to the fact that most pricing decisions made by the senior management did not have a window for discussion or seeking the operations staff's opinion. Comparatively, Gikera and Bula (2023) established that getting the attention of management by junior staff was hard in SMEs since any comments regarding prices was not entertained and attracted disciplinary measures such as suspension and job termination.

Additionally, it was also noted in the current study's findings that price review was not consistently done despite the changes in the value of products and services offered to variety of clients. As noted by Kawira (2021), the changes in prices were mainly attributed to the chosen few who were considered as the key decision makers. Therefore, if this group of decision makers did not see the need for changes in prices, it became otherwise unimplementable.

4.8 Descriptive Statistics of Competition-Based Pricing

Competition-based pricing was measured using skimming pricing, penetration pricing, discounts, prices based on geographical location, and trainings to staff on ways to manage and competitive pricing. Table 4.10 provides the results.

Table 4.10*Descriptive Statistics of Competition-Based Pricing*

Statements	1	2	3	4	5	Mean
N=60						
Presence of skimmed prices	1 (2%)	19 (32%)	11 (18%)	19 (31%)	10 (17%)	3.91
Access to new market	15 (25%)	7 (12%)	8 (14%)	19 (31%)	11 (18%)	3.75
Discounts during holidays	11 (18%)	8 (13%)	16 (26%)	11 (18%)	15 (25%)	3.04
Policies of price catalogues	22 (36%)	16 (27%)	7 (11%)	9 (15%)	6 (10%)	2.37
Frequent training of staff	0 (0%)	8 (13%)	14 (23%)	15 (25%)	23 (39%)	4.82

Table 4.10 indicates that 23(39%) strongly agreed and 15(25%) agreed that there were frequent trainings to staff on ways to manage and counter competition-based pricing in the market (mean-4.82). Further, 10(17%) strongly agreed and 19(31%) agreed that products and services produced had different skimmed prices depending on the brand and quality to attract new clients (mean-3.91). However, 22(36%) strongly disagreed and 16(27%) disagreed that the management had developed policies that provided different price catalogues on prices based on geographical location (mean-2.37).

The results mean that SMEs had put into consideration on the need to offer staff training on how to negotiate with clients on the best prices the institution had despite the competition from the market prices. This was mainly made possible by ensure that there were different quality and brands of products to suit different income levels of the clientele. However, it was noted that despite SMEs having different branches in various places, they did not differentiate their prices to suit the needs of different clients. It was ensured by the management that constant prices were applicable irrespective of the geographical location the SME was located. Comparatively, Masroor and Asim (2019) also noted the same finding on products but when it came to different service prices, they were customized based on geographical region the SME was operating in. Additionally, Osano (2019) also discovered that the customization of prices based on geographical region was an aspect that was only applicable as a strategy in global expansion and not within national perspectives by SMEs located in Kenya.

4.9 Descriptive Statistics of Cost-Plus Pricing

Cost-plus pricing was measured using mark-up pricing, profit margin pricing, risk insurance of production, pricing policies, and cost factor of production. Table 4.11 provides the results.

Table 4.11*Descriptive Statistics of Cost-Plus Pricing*

Statements	1	2	3	4	5	Mean
N=60						
Qualified staff to deduce mark-up pricing	4 (7%)	17 (28%)	17 (28%)	13 (21%)	9 (15%)	3.07
Risk management and assessment	7 (12%)	12 (20%)	2 (3%)	19 (32%)	20 (33%)	4.61
Price change briefing of staff	5 (9%)	17 (28%)	14 (23%)	14 (23%)	10 (17%)	3.13
Efficiency in decision making	6 (10%)	10 (17%)	16 (26%)	21 (35%)	7 (12%)	3.23
Consistent review of prices	18 (30%)	6 (10%)	11 (18%)	16 (27%)	9 (15%)	2.87

Table 4.11 indicates that 20(33%) strongly agreed and 19(32%) agreed that the SME has developed risk assessment and management policies to ensure that production is insured from unnecessary risk (mean-4.61). Further, 7(12%) strongly agreed and 21(35%) agreed that there had been efficiency in decision making since pricing instigated to include profit margin was widely consulted among the management team (mean-3.23). However,

18(30%) strongly disagreed and 6(10%) disagreed that employee training had enabled the staff understand how the prices of each product and service came about after including the cost factor of production (mean-2.87).

The results imply that SMEs had not only developed pricing strategies but also insured their operations from losses emanating from failed pricing strategies that had been implemented. Therefore, this shows that the management were keen towards ensuring that the decisions made on pricing strategies were well articulated, informed and included cost and profit margins. That notwithstanding, there was a disconnect between what the management were doing and their operations staff. This was noticed since the management hardly trained the staff on the various factors considered so as to set the prices at a particular point. The employees did not seem to understand how the prices of each product and service came about after including the cost factor of production, a sign of poor information issued to them. Jain (2021) also noted the same concern by establishing that high job turnover of skilled staff had caused the management of various SMEs avoid discussing key business points related to product pricing and decision. This is since this information would be shared with their competitors in the market when the staff resigns.

4.10 Descriptive Statistics of Dynamic Pricing

Dynamic pricing was measured using peaking pricing, random market fluctuations pricing, time-based pricing, segmented pricing, and training on application of dynamic pricing. Table 4.12 provides the results.

Table 4.12*Descriptive Statistics of Dynamic Pricing*

Statements	1	2	3	4	5	Mean
N=60						
Peak pricing in national holidays	9 (15%)	7 (12%)	10 (17%)	13 (22%)	21 (35%)	4.87
Policies of price setting	1 (2%)	19 (31%)	3 (5%)	19 (32%)	18 (30%)	3.57
Customized services on delivery	6 (10%)	10 (16%)	23 (39%)	14 (24%)	7 (11%)	3.11
Database of high worth clients	7 (12%)	4 (6%)	10 (16%)	26 (44%)	13 (22%)	3.84
Consistent review of prices	13 (21%)	19 (31%)	11 (18%)	10 (17%)	8 (13%)	2.72

Table 4.12 indicates that 21(35%) strongly agreed and 13(21%) agreed that SME took advantage of peak pricing especially during national holidays to improve the sales (mean-4.87). Additionally, 13(22%) strongly agreed and 26(44%) agreed that the SMEs were able to maintain a database of the high worth clients to offer them different segmented prices based on their ability to buy a product (mean-3.84). However, 13(21%) strongly disagreed and 19(31%) disagreed that the staff were offered frequent in-job trainings to understand what and how dynamic pricing was applied (mean-2.72).

The results mean that SMEs were able to improve their sales during festivities and national holidays. For continued business, the SMEs management had devised a reliable database on clients who bought products and services in large amounts. This database enabled them inform these clients when the quantities of similar goods and services were increased in the stores. They were then offered the best prices based on the negotiation process implemented and their purchasing power. That notwithstanding, it was noted that there was still a gap of training to the staff on what dynamic pricing is all about and how it was applied. According to Njeri (2019), most employees of SMEs were only informed on the decision to lower the prices during festivities and national holidays but did not understand what considerations were made to settle on the 10,20,30 or 40% discounted rates.

4.11 Interview Results

The study conducted interviews to 22 managers and they were required to answer a series of questions. The first question required them to explain the policy framework that was in place to ensure that your products and services are provided in e-platforms. The managers indicated that there were financial policies and operational policies. In regards to financial policies, the study noted that there were portion ranging from 1% to 2% of the total revenue to facilitate for the charges such as recruitment of pricing and marketing experts, internet charges, website maintenance and taxation purposes. In regards to operational policies, the management had established departments that dealt with pricing while other SMEs had established checks and balances to ensure pricing was accurate.

The second question required the managers to highlight the challenges they encountered in ensuring that the pricing of products and services were based on value. The challenges

mentioned were related to lack of pricing experts, limited finances, limited historical information on value-based pricing systems in different markets.

The third question required them to highlight the sources of information that guided on decision making on competition-based pricing. The various sources mentioned included personal experiences, institutional policy framework, internet, government sources, individual non-governmental reports, main stream media and internal reports. The fourth question required them to describe the computerized systems utilized in SMEs to ascertain the accurate cost-plus pricing. The managers mentioned the use of Ms Excel, and Quick books.

The fifth question required them to elaborate the input of the government policies have had on the dynamic pricing. The managers mentioned that increased taxation measures had caused the pricing to be skewed upwards so as to survive in the tough economical periods. The last question required the managers to describe the challenges faced in ensuring that the SME experienced growth. The challenges mentioned included competition from rival SMEs, lack of markets, reduction in quality of supplies and inflation rates.

4.12 Correlation Analysis

The study had four research hypotheses which was to examine the influence of value-based pricing on growth of SMEs; To investigate the influence of competition-based pricing on growth of SMEs; To explore the influence of cost-plus pricing on growth of SMEs; and to determine the influence of dynamic pricing on growth of SMEs. The study conducted a correlation analysis as shown in Table 4.13.

Table 4.13*Correlation Analysis*

		Growth of SMEs	Value Based Pricing	Competiti on Based Pricing	Cost Plus Pricing	Dynamic Pricing
Growth of SMEs	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	82				
Value Based Pricing	Pearson Correlation	.628*	1			
	Sig. (2-tailed)	.000				
	N	82	82			
Competition Based Pricing	Pearson Correlation	.443	.161	1		
	Sig. (2-tailed)	.004	.049			
	N	82	82	82		
Cost Plus Pricing	Pearson Correlation	.711	.117	.020	1	
	Sig. (2-tailed)	.009	.297	.859		
	N	82	82	82	82	
Dynamic Pricing	Pearson Correlation	.509	.028	.101	.068	1
	Sig. (2-tailed)	.000	.799	.006	.541	
	N	82	82	82	82	82

*. Correlation is significant at the 0.05 level (2-tailed).

As per Table 4.13, the correlation of value-based pricing $r=0.628$; competition-based pricing $r=0.443$; cost-plus pricing $r=0.711$; and dynamic pricing $r=0.509$ at $\alpha < 0.000$ and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p-value was less than 0.05, the study rejected all the null hypothesis. The results reveal that cost-plus pricing had the highest influence while competition-based pricing had the lowest influence on SMEs growth.

Table 4.13 indicates that correlation of value-based pricing $r=0.628$ at $\alpha < 0.000$ and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p-value

was less than 0.05, the study rejected the null hypothesis. Similar results were established by Moller (2020) who pointed that value-based pricing increased the growth pattern of an institution especially after an introduction of a new product to the market. Moller (2020) conducted a case study of how European SMEs could develop prices based on values on new products. The study was able to interview staff in operations and sales. Additionally, Moller (2020) also collected secondary data from marketing strategies, solution and project plan reports. The study established that for the purpose of setting prices based on value, corporates set the intended objectives, analyzed the needs of clients, calculated the cost incurred on production of goods and also the profit generated, analyzed the market competition in place, put the price range that were most suitable and then marketing procedures of the new product to be rolled-out. However, Moller (2020) failed to provide the uncertainties that encountered new product prices particularly when the clients had not used the new product to explore whether they would get the value for their money.

In addition, Zhang and Hagos (2020) conducted a study to examine how use of marketing mix improved the competitive ability of Ethiopian SMEs in Bole district. The study randomly selected two hundred SMEs with a seventy-five-response rate. Among the variables assessed, pricing was discussed at length whereby demand (value-based), cost-plus and competitive pricing were included.

Therefore, Zhang and Hagos (2020) established that when SMEs were introducing new products or services, they should maximize use of demand pricing which was charging a higher price than the normal market rate so as to attract high worth clients. However, this was a pricing strategy used only for SMEs that were already in business for a long-time hence wanted to attract high worth customer loyalty and also make higher profits. For the

new SMEs, Zhang and Hagos (2020) suggested use of penetration pricing strategy. Regrettably, Zhang and Hagos (2020) admitted that the pricing strategies on products and services assessed from Bole could not be replicated to other regions due to influence of culture dynamic marketing environment.

Table 4.13 indicates that correlation of competition-based pricing $r=0.443$ at $\alpha < 0.004$ and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p-value was less than 0.05, the study rejected the null hypothesis. Similarly, Nagode et al. (2022) also noted that Nigeria's petroleum retail outlets improved their customer numbers and they took into perspective the competition-based pricing. Further on, Harjadi et al. (2020) assessed how the features of products and competitive pricing approaches were related to the performance of Indonesian SMEs. Working on a sample of one hundred and sixty-five Cirebon city's SMEs, the study administered questionnaires to the owners. It was noted one hundred and ten participants were female and the majority ages were 41 to 50 years. According to Harjadi et al. (2020), features of products and competitive pricing approaches were positively related to the performance of SMEs. Therefore, the study suggested that Indonesian SMEs have mastered the art of segmenting their products and services to avoid monotony hence fetching competitive pricing. Nevertheless, Harjadi et al. (2020) did not provide any competitive pricing models that were mainly used by the SMEs that had applied product differentiation to ensure they were profitable.

Additionally, Bello et al. (2020) assessed how Kaduna state-Nigerian SMEs were affected by pricing and product strategies. Seventy-five managers from respective SMEs participated in the study by answering questionnaires in a cross-sectional approach. According to Bello et al. (2020) constant pricing and product strategies had a high chance

of increasing the growth of SMEs. It was also noted that one of the recommendations given by Bello et al. (2020) was that the SMEs should mainly adopt skimming and penetration pricing strategies to remain competitive and serve both high-ended and low-ended clientele respectively. Therefore, there is need of assessing the various competition-based pricing that have been applied by SMEs in Imenti North Sub-County.

Table 4.13 indicates that correlation of cost-plus pricing $r=0.711$ at $\alpha < 0.009$ and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p-value was less than 0.05, the study rejected the null hypothesis. Comparatively, Amin (2021) indicated that performance of SMEs improved when there was implementation of strategies that allowed factor in cost-plus pricing when selling products and services. Further, Jain (2021) reviewed the elements that affected how the decisions on price of products were made at an SME. The study categorized these elements into two major areas which were both internal and external. The internal elements assessed included investment rates, cash flows, market shares, profits and product cost. The external elements included demand elasticity, unswerving competitors pricing, and pricing of correlated products.

According to Jain (2021), there was a positive influence between revenue prices and price strategy. Nevertheless, the higher the manufacturing cost, the higher the pricing would be in both local and international firms. In this regard, Jain (2021) advised that SMEs should see to it that they have reduced the costs of manufacturing through setting goals of cost minimization and benefit maximization. This is by working on the views of their clientele on areas of improvement then regenerate the products following that policy.

Additionally, in relation to SMEs related to consumable goods in Nigeria, Onyeaghala et al. (2019) assessed how sales performance was affected by pricing strategy. Thirty-two

SMEs were sampled using purposive method whose managers were drawn to give their feedback on the distributed questionnaires. Among the objectives of the study, cost-based pricing was measured through cost-plus and direct methods. According to Onyeaghala et al. (2019), cost-based pricing did not have any significant influence on sales performance. Therefore, there was an emphasis that SMEs should minimize on paying too much attention on cost-plus strategies since they did not contribute to increased sales. These sentiments were also shared by Nagode et al. (2022) who noted that inclusivity of fixed costs negatively affected the performance of the SMEs. Therefore, since Onyeaghala et al. (2019) and Nagode et al. (2022) drew their conclusions on manufacturing and processing SMEs respectively, there is need to expand the study to other types of SMEs such as in assembly line of business and ascertain whether they would have similar results.

Table 4.13 indicates that correlation of dynamic pricing $r=0.509$ at $\alpha < 0.000$ and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p-value was less than 0.05, the study rejected the null hypothesis. The same case was also noted by Bello et al. (2020) who indicated that among various product and pricing strategies such as dynamic pricing, performance of Kaduna State's SMEs improved significantly. Further on, Xu (2021) reviewed how e-dynamic price approaches affected clientele loyalty and trust among the SMEs in Austria. The study through literature review approach, revealed that when prices kept changing due to the demand in place, the old clientele's loyalty and trust was negatively affected leading to decline in their numbers. Additionally, some of the factors influencing dynamic pricing related to time scale, weather, institutional objectives, and elasticity of demand. However, Xu (2021) did not give the positive impact of changes of prices but only concentrated on the negative impacts of dynamic pricing to customers.

Notably, Tanyi (2021) explored how policies related to pricing increase performance in an organization. The study was qualitative with maximization of reports and documents related to Finnair airline in Finland. Among the pricing policies assessed, dynamic pricing was one of them. According to Tanyi (2021), airlines practiced dynamic pricing more frequently as compared to other types of pricing. This was because, they needed to increase revenue on a fixed number of chairs in each airplane to cover the cost when it is not flying. The study further pointed out that for dynamic pricing to effectively work, the airline had established policies that allowed use AI to map-out clients' ways of purchase of air tickets and preferences. However, the decision by Tanyi (2021) to examine the reports and documents from one airline in Finland could mislead the body of research hence the need to assess two or more airlines to ascertain that the findings were reliable and common.

4.13 Multiple Regression

The study conducted a multiple regression analysis which included model summary, ANOVA and regression coefficients.

4.13.1 Model Summary

A model summary was analyzed as shown in Table 4.14 to examine the percentage influence of pricing strategies on SMEs' growth.

Table 4.14*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.659 ^a	.435	.430	2.29349	1.755

a. Predictors: (Constant), Dynamic Pricing, Value Based Pricing, Cost Plus Pricing, Competition Based Pricing

b. Dependent Variable: Growth of SMEs

Table 4.14 indicates that $R=0.659$ and r-square is 0.435. This shows that pricing strategies had a 43.5 percentage influence on growth of SMEs. The other 56.5% was due to other factors not examined in the study. Therefore, the results imply that pricing strategies had a moderate to high influence towards causing growth in SMEs. This was because precaution was needed to know when a certain pricing strategy should be implemented to spur growth.

4.13.2 ANOVA

The study had a general objective of determining the influence of pricing strategies on growth of SMEs. Table 4.15 indicated the ANOVA analysis conducted.

Table 4.15*ANOVA*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	311.425	4	77.856	414.801	.000 ^b
	Residual	405.026	77	5.260		
	Total	716.451	81			

a. Dependent Variable: Growth of SMEs

b. Predictors: (Constant), Dynamic Pricing, Value Based Pricing, Cost Plus Pricing, Competition Based Pricing

Table 4.15 indicates that the p-value was 0.000 at an F-statistic of 414.801. Therefore, since the p-value was less than 0.05, the study deduced that pricing strategies had a positive influence on the growth of SMEs. Similarly, Kissi et al. (2019) noted that Ghana's construction SMEs improved when various tender pricing strategies were implemented consistently.

4.13.3 Regression Coefficients

The study had a model which was as follows: $Y = C + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$. This was where:

Y = Growth of SMEs

β_i = Coefficients to be estimated

C= Constant

X1= Value-based Pricing

X2 = Competition-based Pricing

X3 = Cost-plus Pricing

X4 = Dynamic Pricing

The study thus conducted a regression coefficient analysis to determine the values of the model as shown in Table 4.16.

Table 4.16*Regression Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	8.474	1.000		8.472	.000
(Constant)					
1	.116	.173	.060	4.673	.003
Value Based Pricing					
1	.376	.193	.169	2.942	.006
Competition Based Pricing					
1	.411	.219	.557	6.058	.000
Cost Plus Pricing					
1	.543	.177	.271	3.078	.003
Dynamic Pricing					

a. Dependent Variable: Growth of SMEs

According to Table 4.16, Constant is 8.474, value-based pricing is 0.116, competition-based pricing is 0.376, cost plus pricing is 0.411, and dynamic pricing is 0.543. Therefore, the results reveal that performance = 8.474C+ 0.116X1+ 0.376X2+ 0.411X3 +0.543X4. The results reveal that individually, all pricing strategies were significant but when combined only value-based pricing was statistically significant. This means that SMEs should ensure that their pricing structures should be inclusive of competitive, dynamic and have cost plus attributes. However, more effort should be channeled in ensuring that value-based pricing is consistently practiced.

This is because it had the highest chances of causing a turn-around on growth prospects of the SMEs. There should be provision of high-quality product and services which enable the customers derive value for money spent. As also noted by Taiwo and Esomu (2023) SMEs should also encourage customer loyalty through the administration of value communication channels and providing diverse brand values. According to OECD (2019),

SMEs' management should consistently review their prices and set up pricing policies services that the staff are equally informed and oriented through in-job training.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The general objective was to determine the influence of pricing strategies on growth of small and medium enterprises in Imenti North Sub-County, Kenya. The specific objectives were to examine the influence of value-based pricing, competition-based pricing, cost-plus pricing and dynamic pricing on growth of SMEs in Imenti North Sub-County, Kenya. The theories of the study were marketing mix theory, competitive signaling theory and theory of pricing.

Theory of pricing guided both value-based and dynamic pricing variables. Competitive signaling theory guided competitive-based and cost-plus pricing. Further on, descriptive research design was used in data collection from 27 SMEs. The respondents were 58 managers and 234 officers in marketing, procurement, and finance who answered questionnaires. The study adopted simple random method so as to identify the sample size from the population to get 30% of the 27 SMEs resulting to 9 SMEs from which the respondents would be drawn. Further, the study collected quantitative data inform of closed-ended questionnaire from both managers and officers,

5.2 Summary of Results

Section 5.21 to 5.2.5 provides a summary of the research findings.

5.2.1 Growth of SMEs

The results from the questionnaire indicated that 22(36%) strongly agreed and 21(35%) agreed that value-based pricing had increased revenue in the SMEs (mean-4.61). Further,

25(41%) strongly agreed and 18(30%) agreed that the number of customers had increased due to competition-based pricing (mean-4.58). Nevertheless, 8(13%) strongly disagreed and 13(22%) disagreed that there were quality pricing policies that guided the pricing structure which led to growth of SME (mean-2.88).

The interview results noted that the challenges faced in ensuring that the SME experienced growth included competition from rival SMEs, lack of markets, reduction in quality of supplies and inflation rates. On normality test, growth of SME had a significance of 0.157. On autocorrelation test, the Durbin Watson was 1.755 which was an indicator that there was a positive correlation. On heteroskedasticity test, the residues were equally distributed over a range of measured values hence an indication that the results that were generated were valid.

5.2.2 Value-based Pricing

The results from the questionnaire indicated that 29(49%) strongly agreed and 14(23%) agreed that customers had become loyal due to considerations given on every complain they made (mean-4.24). However, 19(32%) strongly disagreed and 13(21%) disagreed that there were clear communication systems that allowed information to swiftly reach the top management in less time (mean-2.66). Additionally, 16(27%) strongly disagreed and 16(27%) disagreed there were consistent review of prices to ensure that value was delivered in the produced products and services (mean-2.68).

The interview questions revealed that there were financial policies and operational policies that were in place to ensure that your products and services are provided in e-platforms. The challenges encountered by SMEs in ensuring that the pricing of products and services

were based on value included lack of pricing experts, limited finances, limited historical information on value-based pricing systems in different markets. The correlation of value-based pricing $r=0.628$ at $\alpha < 0.000$ and 99% significance level hence a decision to reject the null hypothesis was made. On normality test, value-based pricing had a significance of 0.396. On linearity test, value-based pricing had a significance of 0.191. On multicollinearity test, value-based pricing had a tolerance of 0.961 and VIF of 1.041.

5.2.3 Competition-Based Pricing

The results from the questionnaire indicated that 23(39%) strongly agreed and 15(25%) agreed that there were frequent trainings to staff on ways to manage and counter competition-based pricing in the market (mean-4.82). Further, 10(17%) strongly agreed and 19(31%) agreed that products and services produced had different skimmed prices depending on the brand and quality to attract new clients (mean-3.91). However, 22(36%) strongly disagreed and 16(27%) disagreed that the management had developed policies that provided different price catalogues on prices based on geographical location (mean-2.37).

The interview results noted that the sources of information that guided on decision making on competition-based pricing included personal experiences, institutional policy framework, internet, government sources, individual non-governmental reports, main stream media and internal reports. The correlation of competition-based pricing $r=0.443$ at $\alpha < 0.004$ and 99% significance level hence a decision to reject the null hypothesis was made. On normality test, competition-based pricing had a significance of 0.498. On linearity test, competition-based pricing had a significance of 0.303. On multicollinearity test, competition-based pricing had a tolerance of 0.965 and VIF of 1.037.

5.1.4 Cost-Plus Pricing

The results from the questionnaire indicated that 20(33%) strongly agreed and 19(32%) agreed that the SME has developed risk assessment and management policies to ensure that production is insured from unnecessary risk (mean-4.61). Further, 7(12%) strongly agreed and 21(35%) agreed that there had been efficiency in decision making since pricing instigated to include profit margin was widely consulted among the management team (mean-3.23). However, 18(30%) strongly disagreed and 6(10%) disagreed that employee training had enabled the staff understand how the prices of each product and service came about after including the cost factor of production (mean-2.87).

The interview results revealed that the computerized systems utilized in SMEs to ascertain the accurate cost-plus pricing included use of Ms Excel, and Quick books. The correlation of cost-plus pricing $r=0.711$ at $\alpha < 0.009$ and 99% significance level hence a decision to reject the null hypothesis was made. On normality test, cost plus pricing had a significance of 0.39. On linearity test, cost plus pricing had a significance of 0.596. On multicollinearity test, cost-plus pricing had a tolerance of 0.781 and VIF of 1.019.

5.1.4 Dynamic Pricing

The results from the questionnaire indicated that 21(35%) strongly agreed and 13(21%) agreed that SME took advantage of peak pricing especially during national holidays to improve the sales (mean-4.87). Additionally, 13(22%) strongly agreed and 26(44%) agreed that the SMEs were able to maintain a database of the high worth clients to offer them different segmented prices based on their ability to buy a product (mean-3.84). However,

13(21%) strongly disagreed and 19(31%) disagreed that the staff were offered frequent in-job trainings to understand what and how dynamic pricing was applied (mean-2.72).

The interview results revealed that the effect of the government policies on the dynamic pricing related to increased taxation measures causing pricing to be skewed upwards so as to survive in the tough economical periods. The correlation of dynamic pricing $r=0.509$ at $\alpha < 0.000$ and 99% significance level hence a decision to reject the null hypothesis was made. On normality test, dynamic pricing had a significance of 0.451. On linearity test, dynamic pricing had a significance of 0.335. On multicollinearity test, dynamic pricing had a tolerance of 0.876 and VIF of 1.016.

5.3 Conclusions of the Study

On value-based pricing, the study concluded that there was a short turn-around time taken by SMEs to address the various pricing complaints from the clients. That notwithstanding, most value-based pricing decisions made by the senior management did not have a window for discussion with junior staff. This was mainly attributed to the fact that price review was not consistently done despite the changes in the value of products and services offered to variety of clients.

On competition-based pricing, the study concluded that SMEs had trained their staff on negotiation skills to counter the competitive market prices through provision of diverse quality and brands of products to suit different income levels of the clients. Nevertheless, most SMEs had not differentiated their prices to suit the needs of different clients in various geographical locations. This meant that there were constant prices applicable irrespective of the geographical location the SME was located.

On cost-plus pricing, the study concluded that decisions related to strategies of pricing were well informed, articulated and took into consideration the cost and profit margins of the SMEs. That notwithstanding, there were still lapses on training gaps related to how prices were set. It was noticed that the staff did not comprehend how the prices of each product and service came about after including the cost factors of production.

On dynamic pricing, the study concluded that SMEs were able to improve their sales on national holidays due to adjustment of prices. Additionally, when it not holiday session, they ensured continued sales by marketing additional products to previous clients. That notwithstanding, there was a concern of low involvement of staff in suitable decisions making whereby they got direct trained on how dynamic prices were established.

5.4 Recommendations of the Study

The recommendations on value-based pricing are that there should be policy framework establishment by the management to expose staff into processes used to determine various prices. This is because with correct exposure to decision making, the potential skills hidden within the staff would provide invaluable in spurring growth of SMEs. Additionally, there should be provision of bonuses offered by financial management to outstanding staff as a measure of encouraging them to serve the clients even better.

The recommendations on competition-based pricing are that the management should diversify into various products and services to promote differentiation of prices. Additionally, the government agencies such KRA should also provide tax incentives to SMEs that are compliant in bid of encouraging them to expand their business initiatives into various geographical locations. This will ensure that products and services are brought

closer to the public to facilitate differentiation of prices based on the competition in place. Further, the management of SMEs should seek the services of market analysts to conduct research on the competition prices in various regions for purposes of setting informed prices.

The recommendations on cost-plus pricing are that the SMEs' management should set frequent training programs that equip the staff on basic information of cost related factors that are mainly considered when setting prices. This will enable them have an articulate background information that they could use to sustain a successful negotiation with the clients for consistent growth of the SME.

The recommendations on dynamic pricing are that the SMEs' management should ensure that they also take advantage of international holiday such as black Fridays, Mother's Day, and Father's Day for consistent sales. Additionally, the SMEs sales team leaders should incorporate special weekend sales to encourage people that are busy during the week to make more purchases.

5.5 Suggestion for Future Studies

The study was conducted in Imenti North Sub County hence future studies should expand to other sub counties and counties to assess how different pricing strategies affect growth. Further, the study concentrated on only SMEs hence future studies should consider MSMEs and larger corporates. The key specific objectives which included value-based pricing, competition-based pricing, cost-plus pricing and dynamic pricing, were the only ones addressed in this study. Future studies should include other pricing strategies that spur growth in organizations.

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APPENDICIES

Appendix I: Introduction Letter

Romano Mugambi Mwito

Bus-3-0250-1/2020

Kenya Methodist University

School of Business and Economics

Department of Business Administration

P.O Box 267 – 60200

MERU.

Dear Sir/Madam

RE: LETTER OF CONSENT TO PARTICIPATE IN THE STUDY

Am a student at Kenya Methodist University pursuing a Master's Degree in Business Administration specializing in marketing. As a compulsory requirement, I am expected to carry out research and am conducting a study on ascertaining the influence of pricing strategies on growth of small and medium enterprises in Imenti North Sub-County, Kenya.

I humbly request that you spare a few minutes of your schedule to complete the attached questionnaire. The questions seek your opinions regarding various pricing strategies such as value-based pricing, competition-based pricing, cost-plus pricing and dynamic pricing. There are no right or wrong answers; I only need your honest opinion. Your anonymity is assured and the information you will provide will remain confidential.

Once you consent to participate in the study, please fill in the questionnaires. Thank you for your cooperation and contribution in this study.

Yours faithfully,

Romano Mugambi Mwito

BUS-3-0250-1/2020

Appendix II: Questionnaires for Officers

This is a questionnaire that seeks to ascertain the influence of pricing strategies on growth of small and medium enterprises in Imenti North Sub-County, Kenya. Please provide the opinion that you feel is accurate as per the questions asked through ticking on the provided spaces.

SECTION A: DEMOGRAPHIC INFORMATION

1. What is your job position

- Marketing manager ()
- Procurement manager ()
- Finance manager ()
- Marketing officer ()
- Procurement officer ()
- Finance officer ()

2. How long have you worked in this SME

- Over 21 years ()
- 11-20 years ()
- 5-10 years ()
- Less than 5 years ()

SECTION B: INFLUENCE OF VALUE-BASED PRICING ON GROWTH OF SMES

The section seeks to assess the influence of value-based pricing on growth of SMEs. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
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1.	This SME produced high quality products and services to capture the taste and preference of clients.					
2.	Customers have become loyal due to considerations given on every complain they made					
3.	There are clear communication systems that allows information to swiftly reach the top management in less time					
4.	Availability of qualified staff and quality machinery has enabled the SME develop different brands of products and services					
5.	There is consistent review of prices to ensure that value is delivered in the produced products and services.					

SECTION C: INFLUENCE OF COMPETITION-BASED PRICING ON GROWTH OF SMES

The section seeks to assess the influence of competition-based pricing on growth of SMEs. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	Products and services produced have different skimmed prices depending on the brand and quality to attract new clients					
2.	It has been possible to access new local international local markets due to penetration pricing					
3.	The SME offers discounts during holidays to increase sales					
4.	The management has developed policies that provide different price catalogues on prices based on geographical location					
5.	There are frequent trainings to staff on ways to manage and counter competition-based pricing in the market					

SECTION D: INFLUENCE OF COST-PLUS PRICING ON GROWTH OF SMES

The section seeks to assess the influence of cost-plus pricing on growth of SMEs. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	There are qualified staff that are able to articulately deduce mark-up pricing to each unit of a product hence increased sales					
2.	The SME has developed risk assessment and management policies to ensure that production is insured from unnecessary risk.					
3.	The staff are briefed on any changes of prices through pricing policies					
4.	There has been efficiency in decision making since pricing instigated to include profit margin is widely consulted among the management team					
5.	Employee training has enabled the staff understand how the prices of each product and service came about after including the cost factor of production.					

SECTION E: INFLUENCE OF DYNAMIC PRICING ON GROWTH OF SMES

The section seeks to assess the influence of dynamic pricing on growth of SMEs. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	The SME takes advantage of peak pricing especially during national holidays to improve the sales					
2.	There are clear policies that guide the sales team on how prices of product and service are to be set when there have been random market fluctuations					
3.	Management encourages the staff to offer customized services on delivery of products so as to increase time-based pricing					

4.	The SME is able to maintain a database of the high worth clients to offer them different segmented prices based on their ability to buy a product					
5.	The staff are offered frequent in-job trainings to understand what and how dynamic pricing should be applied					

SECTION F: GROWTH OF SMES

The section seeks to assess growth of SMEs. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes. 1-strongly disagree, 2-disagree, 3-neutral, 4, agree, 5- strongly agree.

No	Statement	1	2	3	4	5
1.	Value-based pricing has increased the revenue of your SME					
2.	The number of customers has increased due to competition-based pricing					
3.	Structure of management has consistently remained robust due to articulate decisions made on cost-plus pricing of products and services					
4.	Organization's assets have multiplied due to increased sales made when dynamic pricing was implemented					
5.	There have been quality pricing policies that guide the pricing structure which leads to growth of our SME					

Appendix III: Interview Guides for Managers

1. How long have you served in this position?
2. Explain the policy framework that is in place to ensure that your products and services are provided in e-platforms?
3. Highlight the challenges you have encountered in ensuring that the pricing of products and services is based on value?
4. Highlight the sources of information that guides on decision making on competition-based pricing?
5. Please describe the computerized systems utilized in your organization to ascertain the accurate cost-plus pricing?
6. Elaborate the input of the government policies that has had on the dynamic pricing?
7. Please describe the challenges faced in ensuring that the SME experiences growth?

Appendix V: Introduction Letter from KeMU



KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya

Fax: 254-64-30162

Tel: 254-064-30301/31229/30367/31171

Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

March 14, 2024

Commission Secretary
National Commission for Science, Technology and Innovations
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: ROMANO MUGAMBI MWITO (REG. NO. BUS-3-0250-1/2020)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Master's Degree in Business Administration. He is conducting research on; "Influence of Pricing Strategies on Growth of Small and Medium Enterprises in Imenti North Sub-County, Kenya".

We confirm that his research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a research license to enable him collect data.

Any assistance accorded to him will be highly appreciated.

Yours sincerely,

Dr. John M. Muchiri (PhD)

Dean, Postgraduate Studies

Cc: Dean, KeBS

CoD, Business Administration

Postgraduate Coordinator

Supervisors

Appendix VI: Ethical Clearance



KENYA METHODIST UNIVERSITY

P. O. BOX 267 MERU - 60200, KENYA
TEL: 254-064-30301/31229/30367/31171

FAX: 254-64-30162
EMAIL: INFO@KEMU.AC.KE

March 14, 2024

Our Ref: KeMU/ISERC/BUS/09/2024

ROMANO MUGAMBI MWITO
BUS-3-0250-1/2020

Dear Romano,

SUBJECT: INFLUENCE OF PRICING STRATEGIES ON GROWTH OF SMALL AND MEDIUM ENTERPRISES IN IMENTI NORTH SUB-COUNTY, KENYA

This is to inform you that Kenya Methodist University Institutional Scientific Ethics and Review Committee has reviewed and approved your research proposal. Your application approval number is KeMU/ISERC/BUS/09/2024. The approval period is 14th March, 2024–14th March, 2025.

This approval is subject to compliance with the following requirements:-

- I. Only approved documents including (informed consents, study instruments, MTA) will be used.
- II. All changes including (amendments, deviations, and violations) are submitted for review and approval by Kenya Methodist University Institutional Scientific Ethics and Review Committee.
- III. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to KeMU ISERC within 72 hours of notification.
- IV. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to KeMU ISERC within 72 hours.

- V. Clearance for export of biological specimens must be obtained from relevant institutions.
- VI. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- VII. Submission of an executive summary report within 90 days upon completion of the study to KeMU ISERC.






Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://oris.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,



MR. HERBERT KIBEBE
CHAIR (ISERC)

Appendix VII: NACOSTI Permit

 <p>REPUBLIC OF KENYA</p>	 <p>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
<p>Ref No: 497157</p>	<p>Date of Issue: 04/April/2024</p>
<p>RESEARCH LICENSE</p>	
	
<p>This is to Certify that Mr.. ROMANO MUGAMBI MWITIO of Kenya Methodist University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Meru on the topic: INFLEUNCE OF PRICING STRATEGIES ON GROWTH OF SMALL AND MEDIUM ENTERPRISES IN IMENTI NORTH SUB-COUNTY, KENYA for the period ending : 04/April/2025.</p>	
<p>License No: NACOSTI/P/24/34213</p>	
<p>497157</p>	
<p>Applicant Identification Number</p>	<p>Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
<p>Verification QR Code</p>	
	
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	
<p>See overleaf for conditions</p>	

Appendix VIII: SMEs in Imenti North Sub-County

Supermarket SMEs	Magunas, Mathai, Sayen, and Society
Hotel SMEs	Alba, Check mate, Continental, Gatimene gardens, Meru slopes, Three steers, Royal and West wind.
Manufacturing SME	Silver spread
Assembly SMEs	CMC motors, Toyota
Whole sale and retail SMEs	Harun Ayub and sons ltd, Best lady's.
Processing SMEs	Afya maize millers, British American Tobacco, Kenya Planters Cooperative Union (KPCU), Mafuko industries, Kenya Tea Development Agency (KTDA), National cereal and produce board, Supa loaf industries, Cakemeaway by Almasi cakes.