Internal environmental factors influencing the implementation of marketing strategies by garment- making micro-enterprises in Kenya

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Abstract: Marketing is important in any organization that aims at gaining a competitive edge. In Kenya, the clothing industry is characterized by a very dynamic environment and intense competition caused mainly by enlarging globalization, trade liberalization and the second-hand (mitumba) clothes. In such an environment, it is difficult for an enterprise to maintain long-term success. Thus, a sound marketing strategy is critical to the survival and growth of micro-enterprises in the garment making sector. Numerous studies acknowledge that strategies frequently fail because of ineffective implementation. This research aimed at determining the Internal Environmental (IE) factors that enable or impede effective strategy implementation in the garment making micro-enterprises. Ex-post facto design was used and data collected using an interview guide and a questionnaire from a randomly selected sample of 265 respondents for the survey and 40 respondents for the interview. Data was analyzed both quantitatively and qualitatively using exploratory factor analysis and multiple regression analysis to identify and determine the IE factors influencing strategy implementation. Business organizational structure and Culture; and Record Keeping and Financial Management were found to have the greatest influence on the marketing strategy implementation. Further research is recommended to explore the impact of the internal environment factors on the enterprise performance and growth.

Keywords: Marketing strategies, garment-making, micro-enterprises, implementation

1. INTRODUCTION

In general, many manufacturing micro-enterprises in Kenya have stagnated in terms of growth (Mulu et al., 2004). Micro-enterprises in both developed and developing countries are faced by similar constraints though to different extents (Ngoze, 2006). Among these constraints, marketing is seen as one of the major issues that need to be addressed by the entrepreneurs if their enterprises are to survive (Ngoze 2006; Gakure, 2006) indicates that in a developing economy, many principles of marketing (formulated mainly in the developed economies) are inappropriate for micro-enterprises. It is apparent that marketing in micro-enterprises is fundamentally different from that of large firms (Bjork, et al., 2004; Simpson, et al., 2005; Stokes, 2003; Wagar, et al., 2007)). Hills and Hultman (Hills & Hultman, 2006), argue that the difference between marketing

in large firms and micro- enterprises is partly because of the way marketing is implemented.

Successful marketing strategy implementation (especially in fashion), is faced with many challenges that are on the increase due to resource constraints, inflationary tendencies, changing lifestyles, rapid technological advancement and increased competition both at local and international levels. This indicates that many garment making micro-enterprises operate in a very turbulent environment of increased risks. Stokes and Wendy (Stpkes & Wendy, 2008). argue that marketing plays an essential role in micro-enterprises and it is an important factor in business growth. In addition, a good strategy helps an enterprise to develop a long-range plan to ensure its survival, profitability, growth, and perpetuity (Schiffman & Kanuk, 1992, Cohen et al., 2007; Ahmed & Rafiq, 1995), posit that one of the pertinent areas in the field of marketing is the strategy implementation. (Zarvnik & Mumel, 2007), indicate that the key success factor for any business in the clothing industry is the implementation of the marketing strategies. Strategy implementation effectiveness requires the planned execution of the appropriate activities. (Pearce & Robinson, 2005; White, et al., 2008), indicate that marketing strategies are only beneficial to a firm when they are successfully implemented and specific functional tactics are identified. Implementation is critical to the success of any firm because it is responsible for putting the marketing strategy into action. According to Pearce and Robinson, implementation is the cause

for the difference between intended marketing strategy (what the firm wants to happen) and realized marketing strategy (the strategy that actually takes place).

According to Thomson (Thomson, 2002), there are many factors that affect the implementation of the marketing strategies. These include factors related to the strategy itself, the entrepreneur orientation, the market environment (internal and external) and the target market characteristics. (Gakure, 2006) argues that sales are the life blood of any business. (Bjork et al., 2004, Stokes, 2003; Cohen et al., 2007), all indicate that if an enterprise has to survive and grow, it has to find a competitive edge. However, securing sales and gaining a competitive edge largely depend on identifying, researching and addressing the existing and potential markets correctly in such a way as to differentiate oneself from the competitors. According to a study by (Lewa, 2003), on strategic management practices in Kenya's small and micro-enterprises, only 13% implemented their strategies and they performed better than those which did not. Though the marketing function is important (Bjork et al., 2004), the internal environment has an impact on the way marketing strategies are implemented, (Thelma & Whittaker, 2003; Kruger, 2004; Foss & Klein, 2004). According to (Wilson & Wong, 2003), implementation is critical to marketing effectiveness and an area of weakness in many businesses.

In view of the importance of a sound marketing strategy, this paper focuses on the internal environment forces that influence the implementation of the marketing

strategies in garment making micro-enterprises.

2. METHODS

The purpose of this paper was to identify the internal environmental factors that influence the implementation of marketing strategies by garment making micro enterprises in Nakuru, Kenya. It was hypothesized that internal environmental factors do not have any influence on the implementation of the marketing strategies. An ex-post facto research design was adopted since the independent variables (factors) were already in existence. The research started with determining the dependent variables (marketing strategies) with the view of establishing the influence of the independent on the dependent variables. (Foss & Klein, 2004), maintain that ex-post facto design involve a systematic empirical study whereby the researcher does not manipulate or control the variables being studied. According to (Cohen et al., 2007), ex-post facto is a valuable exploratory tool because it yields useful information with regard to the nature of a phenomenon in terms of what goes on and under what conditions. It tests the influence (negative or positive) of the classification variable. Based on a total target population of 385 garment-making micro- enterprises, confidence level of 0.05 and confidence interval of 3, a sample of 295 respondents was selected and used for the survey and 40 respondents for the interviews (10% of total target population). The sample size figures were rounded off to the higher multiple of five. 30 respondents participated in the pre-testing of the questionnaires and 10 in the

pre-testing of the interview guide. A preliminary survey was conducted to confirm the physical locations and whether there were some that had moved or new ones who joined the business by the time of the study.

Data were collected by use of a questionnaire and an interview guide. The primary method used for data collection was the questionnaires that comprised questions on a 5-Point likert scale ranging from "all the time" to "never" in relation to the types of marketing strategies that were implemented (30 items), while the internal environmental factors that influenced their implementation ranged from "strongly agree" to "strongly disagree". Some items were positively worded while others were negatively worded (reverse scored) to reduce response bias. For the sake of data analysis, all the scored items were reversed so that a higher response on the likert would represent the same scale. To ascertain the reliability and validity level of the instruments used, a pre-test was conducted. According to (Mugenda & Mugenda, 2003), a sample size of 1% to 10% of the population may be selected for the purpose of pre-testing the research instrument. A sample of 30 respondents was thus used for the survey while 10 respondents were used for the interview.

Reliability for the questionnaire was measured using Cronbach's Alpha coefficient. This alpha was used to test the reliability since it required only a single administration to provide unique estimate of the reliability for the given test. It also gave the average value of the reliability

coefficients one would obtain for all possible combinations of items when split into two half-tests. The pre-tested questionnaire had a reliability coefficient of .795. To ascertain content validity, the research instruments were reviewed by three experts in research methodologies in social sciences, marketing and entrepreneurship. Exploratory Factor Analysis was conducted to determine the internal environmental factors that influence the implementation of the marketing strategies. The rationale for conducting factor analysis was to reduce the data by summarizing the important information contained in the variables by a fewer number of factors. (Fraenkel & Wallen, 2009), posit that with factor analysis, variables that are highly correlated with one another can be condensed into factors. It was also used to determine which of the variables contained in these factors were the most important when it came to the implementation of marketing strategies by garment- making micro-enterprises. Only the variables with factor loading above 0.5 were used for further analysis. Factor loadings are parameter estimates that indicate the correlation between the observed variables and the factors extracted. Factor analysis produced descriptive summaries of data matrices which aided in the control for the extraneous variables. It also yielded regression factor scores that were used for further analysis.

Using the mean scores for the strategies and the regression factor scores for the independent factors, multiple regression analysis was conducted to determine which among the independent factors influenced the dependent variables and determine the nature of the influence. The multiple regression procedure was used because it provided a way of analyzing the influence by more than one independent variable. Regression factor scores obtained from factor analysis were used for the multiple regression analysis in order to eliminate the multi-collinearity problem.

The coefficient of determination (R-square) was used to indicate the percentage of variability of the marketing strategy implemented that was accounted for by all the factors under analysis. The standardized beta (β) coefficients were used to indicate the direction (positive or negative) and magnitude of influence as well as compare the relative contribution of each independent factor in the implementation of the marketing strategies. The regression model summary indicated whether or not there are internal environmental factors influencing the implementation of the marketing strategies while the beta coefficients were used to single out the specific factors influencing the implementation of each strategy at a significance level of $p \leq 0.05$. The interview results were used for triangulation and clarification of information as well as convergence among the results. The analysis involved extracting issues that clarified or supported aspects that arose during the discussion.

3. RESULTS AND DISCUSSIONS

Eight marketing strategies that were being implemented by the garment making micro

enterprises were identified using Varimax rotation method (ref. Table 1). These include Interactive Marketing (66%), Branding and Cost Reduction Strategy (61%), Customer Focus (57%), Market Penetration (56%), Product Differentiation (55%), Pricing (46%), Product Quality Strategy (37%) and E-marketing (21%). Four internal environmental factors influencing the implementation of marketing strategies were identified as Culture and Structure (62%); Resources (56%); Record Keeping and Financial Management (46%); and Flexibility of Implementation (38%) (ref. Table 2). Branding and Cost Reduction was 0.596 (p-value =.000); Customer Focus was 0.082 (p-value = .000); Pricing was 0.253 (p-value = .000); Product Differentiation was 0.125 (p-value = .000); Product Quality was 0.140 (p-value = .000); and for Interactive Marketing was 0.046 (p-value = .019). For all the strategies the influence was statistically significant at 0.05. This was an indication that some of the internal environmental factors had influence on those strategies.

Culture and Structure had a positive statistically significant influence on Market Penetration strategy (β= .227, sig.000), Branding and Cost Reduction strategy (β= .771, sig. 0.000), Interactive Marketing strategy (β= .151, sig. 0.015) and Product Differentiation strategy (β= .124, sig. 0.036). However, it had no significant influence on E-marketing strategy (β= .051, sig. 0.411) and Product Quality (β= .047, sig. 0.424). It is worth noting that respondents who said Culture and Structure influenced how they market their products were those with employees and those who indicated it does not were enterprises without employees. The typical structure found in the garment making enterprises was the entrepreneurial organization, where the owner-manager has full central control of the activities and decisions in the enterprise including delegation of responsibilities, communication and involvement of employees in organizational activities as described by (Stpkes & Wendy, 2008). The culture that emerged from this study was characterized by employees being responsible for their own work. However, when there was much work, they assisted one another. It also emerged that work was given based on capabilities and experience; and incase modifications were needed; the person who was involved did the changes.

Table 1 Implementation of the Marketing Strategies by the Micro-enterprises

Strategy	Implemented	Didn't Implement	Ranking
Interactive Marketing	170(66%)	86(34%)	1
Branding and Cost Reduction	155(61%)	101(39%)	2
Customer Focus	146(57%)	110(43%)	3
Market Penetration	144(56%)	112(44%)	4
Product Differentiation	141(55%)	115(45%)	5
Pricing	119(46%)	137(54%)	6
Product Quality	96(37%)	160(63%)	7
E-marketing	54(21%)	202(79%)	8

Culture and Structure, as a factor positively influenced Market Penetration; Branding and Cost Reduction; and Product Differentiation while negatively influenced Interactive Marketing. This implies that the structure and culture of an enterprise is an important factor to consider in the implementation of marketing strategies. As indicated by (Le & Eppler, 2008), culture influences the perception of the employees and this has impact on how they handle customers. As structures and culture gets formal and complicated, the enterprise loses the personal touch with the customers. On the contrary, they are able to penetrate the market more. Resources had a positive statistically significant influence on Market Penetration (β= .182, sig.001) and Customer Focus (β= .268, sig. 0.000). There was a negative influence which was statistically significant on E-marketing (β= -.166, sig. 0.008) and Product Quality (β= -.259, sig. 0.000). A positive statistically insignificant influence was on Pricing (β= .051, sig. 0.352) while there was a negative statistically insignificant influence on Branding and Cost Reduction (β= -.035, sig. 0.390), Interactive Marketing (β= -.005, sig. 0.939) and Product Differentiation (β= -.093, sig. 0.115). According to (Ferreira & Azevedo, 2007), the resource factor is very critical in any entrepreneurial decisions. The results of this study indicated that many garment making enterprises lacked finances; personnel in marketing; and marketing skills and knowledge. Most of the entrepreneurs indicated inability to access loans, lack of capital, high costs of electricity and high rent as major resource factors that had great influence on marketing their businesses. This confirms (Dinning, 2010), remarks that micro-entrepreneurs in Kenya lack sufficient resources and capital to run their enterprises. This therefore implied that the garment making entrepreneurs were inhibited in terms of marketing and for any marketing efforts to bear fruits these issues will need to be addressed.

Table 2 Internal Environmental Factors

IE factor	Influencing	Not influencing
Culture and Structure	158 (62%)	98 (38%)
Resources	144 (56%)	112 (44%)
Record Keeping and Financial Management	118 (46%)	138 (54%)
Flexibility of Implementation	98 (38%)	158 (62%)

The R-square for Market Penetration was 0.207 (p-value = .000) (ref. Table 3);

Record Keeping and Financial Management had a positive influence which was statistically significant on Market Penetration (β= .332, sig. 0.000), Interactive Marketing (β= .141, sig. 0.023), Pricing (β= .450, sig. 0.000), Product Differentiation (β= .225, sig. 0.000) and Product Quality (β= .210, sig. 0.000). This factor also had a positive influence which was not statistically significant on E- marketing (β= .007, sig. 0.905) and Branding and Cost Reduction (β= .003, sig. 0.948). However, the influence on Customer Focus (β= -.097, sig. 0.111) was negative and not statistically

significant. Record keeping is important because an entrepreneur is able to monitor the progress of the business; keep track of income and expenditure; and be able to prepare financial statements. If an enterprise is able to keep daily records, then managing finances is easy. However, garment making micro enterprise found it difficult to keep record hence managing the finance also become difficult. As indicated by (Atieno, 2009), record keeping is necessary for a growth-oriented enterprise. Based on the results of this study, record keeping and financial management was a challenge for many entrepreneurs because most of them relied on the daily collections to cater for immediate family needs or to cover daily transport costs.

Table 3 Regression Model Summary for Internal Environmental Factors

Marketing strategy	R	RSquare	Adjusted R Square	Std.Error of the Estimate	Sig.
Market Penetration	.454[a]	.207	.194	.945	.000*
Branding and Cost Reduction	.772[a]	.596	.589	.900	.000*
Customer Focus	.287[a]	.082	.068	.610	.000*
Pricing	.503[a]	.253	.242	.990	.000*
Product Differentiation	.354[a]	.125	.111	.659	.000*
Product Quality	.374	.140	.126	.958	.000*
Interactive Marketing	.214[a]	.046	.031	.438	.019*
E-marketing	.176[a]	.031	.015	.440	.095

This therefore meant they were not able to tell how much money they collected per day or per week. Lack of proper record keeping had an impact on the enterprises especially when accessing credit. Most of the respondents indicated that keeping records required high discipline which was hard to maintain. However, they mentioned they were keen in keeping records related to customer orders. These included customers' personal measurements, sketches for garment construction and receipts indicating how much deposit had been paid and the balance yet to be cleared. From the findings, record keeping and financial management had a positive influence on Market Penetration; Customer Focus; Pricing; Product Differentiation and Product Quality strategies. This means the success of these strategies rely much on how an enterprise is able to keep records and manage its finances. Flexibility of Implementation had a positive influence which was statistically significant on Pricing (β= .206, sig. 0.000) and Product Quality (β= .162, sig. 0.006). On Product Differentiation (β= -.224, sig. 0.000), the influence was negative but statistically significant. E-marketing (β= .026, sig. 0.676), Market Penetration (β= .109, sig. 0.054) and Customer Focus (β= .013, sig. 0.826) were influenced positively though this was found to be insignificant. The influence on Branding and Cost Reduction (β= -.017, sig. 0.671) and Interactive Marketing (β= -.055, sig. 0.378) was negative and statistically insignificant.

Flexibility of Implementation was in terms of ability to adjust to changes in prices and accommodate customer complaints within one's schedule. This implied that there was latitude for making adjustments allowing the entrepreneur to act proactively paving way for a customization in the marketing approach as well as cope with environment uncertainties. These results are consistent with arguments by (Stpkes & Wendy, 2008), that most entrepreneurs in micro-enterprises have the advantage of acting quickly and opportunistically more than those in large firms because they rely mostly on their own judgment. They are also able to adapt to customers' needs due to the nature and size of their enterprises; and have ability to effect changes in a timely manner. Many scholars hold the opinion that flexibility is a function of the structure and considered as a competitive priority that must be given priority if an enterprise is seeking competitive advantage. However, as indicated in this study, it was a factor that stood on its own as far as the garment making micro- enterprises were concerned. This meant that garment-making micro-enterprises were able to adjust swiftly based on customer needs.

Only two strategies, Pricing and Product Quality, were influenced positively by flexibility of strategy implementation in a significant way. This implied that Pricing and Product quality strategies are dependent on how flexible the enterprise was in the implementation of decisions.

4. CONCLUSION

Structure and Culture, Record Keeping and Financial Management were the only factors that had a positive significant influence on the implementation of all the marketing strategies studied. This implies that micro-enterprises need to focus on how records are kept, finances are managed, communication is done and the enterprise is structured in order to effectively implement the marketing strategies. The hypothesis that internal environment did not significantly influence the implementation of marketing strategies by garment-making micro-enterprises was rejected. Internal environmental factors play a role in implementation of marketing strategies in garment making micro-enterprises. Therefore, successful implementation of marketing strategies in garment making micro enterprises is dependent on the internal factors though the influence will differ based on the type of strategy being implemented.

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