

**E-MARKETING AND THE GROWTH OF SMALL AND MEDIUM SIZED
ORGANIZATIONS IN UGANDA. A CASE STUDY OF PRIDE MICROFINANCE, KAMPALA.**

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ABSTRACT

This study focused on E-marketing and growth of SMOs. In this study e-marketing (measured by e-marketing channels, e-marketing techniques and e-marketing benefits attributes) was the independent variable and growth of SMOs (measured by cost minimization, market size and profitability) was the dependent variable. The study used cross sectional design which enabled the researcher to draw the samples from the population over a short period of time. The study focused on the pride microfinance employees. Each of the departments was used as a cluster in which stratified random sampling was used to select the respondents from all layers in the cluster. Primary data and secondary data collection methods were used. Quantitative methods were used to collect and analyze the data. The research findings shown by correlation analysis generally indicated that there was a significant positive relationship between the e-marketing measures (e-marketing channels, e-marketing techniques and e-marketing benefits) and growth of SMOs measures (cost minimization, market size and profitability). From the findings, it was observed that all the independent variables were good and significant predictors, with e-marketing benefits being the best predictor because it had the highest Beta value (.718). This is further supported by the sig. values ($p = .000 < .01$), followed by e-marketing channels and finally e-marketing techniques. The researcher recommended that the management of pride microfinance should put more resources into e-marketing for support the growth of the organization.

Key words: e-marketing, growth, small and medium sized organizations

Background to the study

Globally, in many countries, and in particular OECD countries, governments are facing the challenges of low growth, weak trade and investment, and rising (Winny et al., 2023), or persistently high inequality. They also face a growing dissatisfaction among citizens with the current state of affairs, which is also manifesting itself in the form of a backlash against globalisation and technological change (Alex & Kazaara, 2023). However, boosting SMO potential for participating in and reaping the benefits of a globalised and digital economy depends to a great degree on conducive framework conditions and healthy competition. Due to constraints internal to the firm, SMOs are disproportionately affected by market failures and barriers and inefficiencies in the business environment and policy sphere (Tasha et al., 2023b). SMOs' contributions also depend on their access to strategic resources, such as skills, knowledge networks, and finance, and on public investments in areas such as education and training, innovation and infrastructure (Emmanuel et al., 2023).

The SMO policy space is complex. It comprises framework conditions; broad policies that impact SMOs; and specific targeted policies (Lydia et al., 2023). These areas often cut across the boundaries of ministries and government

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agencies, as well as across levels of government. Since SMOs are often embedded in local eco-systems, which represent their primary source of knowledge, skills, finance, business opportunities and networks (Tasha et al., 2023a), it is also important to consider factors affecting framework conditions at the local level, and how policies developed at national level are tailored to local conditions, as well as how they coordinate with policies that are shaped at the regional or territorial level (Damasus et al., 2023). In Africa, significant growth in SMOs has been seen compared to the rest of the world. For instance, since in the ten years, while the rest of the world economies struggled with economic growth, African growth averaged more than 5% far above America, Europe and South America (W. Paul & Kazaara, 2023). The businesses account for 99% of all businesses in developing countries thereby signifying their importance. For instance, SMOs account for 52% of the private work force and 51% to United States (USA) GDP while in the United Kingdom (UK), they are associated with 62% of total employment and 25% to GDP (Frank et al., 2023). In Uganda SMEs are important contributors to growth and employment in the developing world and create employment for a significant share of the Ugandan labour force, comprising over 90 % of the private sector (Uganda Bureau of Statistics, 2017). Therefore, it is essential to understand the impact of the COVID-19 crisis on the SME sector. Moreover, as Uganda experienced some of the toughest lockdown measures in the world, it becomes important to trace how this impacts SMEs (Turyatamba et al., 2022).

Internet Marketing or e-marketing is any effort made to do a product or service marketing through or using media. The word e-marketing means electronic (electronic) which means that the marketing activities in question are carried out electronically via the Internet or cyber networks (Oscar et al., 2023).

Problem statement

Today, despite the fact that E-marketing is a real need for SMOs in Uganda, few enterprises actually operate online. Very many SMOs in Uganda cannot apply E-marketing, don't appreciate the benefits of E-marketing, and are ignorant on how to conduct their business activities online such that the number of SMOs who apply E-marketing for their plans is very minimal amongst the SMOs in Uganda (Suzan & Kazaara, 2023). Consequently, many SMOs in Uganda are struggling to grow into big enterprises while others have failed and closed business. E-marketing is an approach that must be adopted considering its benefits to the SMOs in Uganda though it has challenges (Alex & Kazaara, 2023). However, it is not very clear where all this emerges from, hence the need for this research to investigate the relationship between e-marketing and growth of SMOs looking at the E-marketing channels, the suitable e-marketing techniques the benefits of E-marketing (District et al., 2023).

Objectives of the study

1. To establish the relationship between E-marketing channels and growth of SMOs in Uganda.
2. To assess the relationship between E-marketing techniques and growth of SMOs in Uganda.
3. To find the relationship between benefits of E-marketing and growth of SMOs in Uganda.
4. To find the relationship between E-marketing and Growth of small and medium enterprises.

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Research questions

1. What is the relationship between E-marketing channels and growth of SMOs in Uganda?
2. What is the relationship between E-marketing channels and growth of SMOs in Uganda?
3. What is the relationship between benefits of E-marketing and growth of SMOs in Uganda?
4. What is the relationship between E-marketing and Growth of small and medium enterprises.

Methodology

Research Design

The study used both cross sectional and quantitative research design. Cross sectional design was used to allow the study draw one or more samples from the population at one time and was used to give in depth investigation of the relationship between variables (Sekaram, 2000). The study focused on the staff of Pride micro finance, Kampala.

Study population

A target population is any indefinable total set of elements about which the researcher wishes to make inferences (Collins & Hussey, 2009). In this case, the population of 180 workers was considered (Pride microfinance annual report, 2019).

Sample size

The sample size was determined basing on the population with the help of Krejcie and Morgan (1970) tables. Thus, a sample size of respondents was considered for interviews since the minimum sample size in this case was 118 for a population of 180 (Krejcie & Morgan, 1970).

Sampling design

Stratified random sampling was used whereby each of the departments was a stratum. In each stratum, simple random sampling was applied to select the representative sample in which case each member had the same chance of being selected. The number of respondents in each stratum was calculated by dividing the sample size by the number of strata. In case, the number of respondents in a given stratum was less than the calculated one, then a census was taken for that particular stratum whereby all the workers in that stratum was considered. To avoid biasness, the total number of workers to be interviewed in a given stratum (department) was spread appropriately so that each of the departments was appropriately represented.

Data collection methods and instruments

Self administered questionnaires were used to collect data from the respondents. The questionnaires were distributed to the selected respondents/workers and then collected after they had been filled. The questionnaire was based on a 5-point Likert scale anchored on “strongly disagree (1) to strongly agree (5)”.

Validity and Reliability of Research Instruments

The study used content validity checks to ensure that the scale items are meaningful. Cronbach's alpha (α) coefficient test (Cronbach 1951) were used. If the alpha (α) was equal or above the minimum 0.70, then the variables was

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accepted. This test was used because the study was explanatory (confirmatory). George and Mallery (2003) provide the following rule of thumb that was used to measure the degree of validity depending on the value of α : $\alpha \geq 0.9$ (excellent), $\alpha \geq 0.8$ (good), $\alpha \geq 0.7$ (acceptable), $\alpha \geq 0.6$ (questionable), $\alpha \geq 0.5$ (poor), $\alpha < 0.5$ (unacceptable). Pretest of the questionnaire was carried out by using content validity Index (CVI) which was ascertained as: CVI equals accepted statements (the ones responded to) /total statements in the questionnaire. The more this index tends to one (1), the greater was the validity and reliability of the questionnaire.

Data Analysis

After collecting data from respondents using self administered questionnaires, it was edited, coded, entered into a computer, and analyzed using Statistical Package for Social Scientists (SPSS) (Nelson et al., 2022). Frequencies and percentage distributions were used to analyze data on the demographic characteristics of respondents.

Correlations and regression analysis were also used to measure the relationship between the independent and the dependent variables.

RESULTS**Job title of the respondents.**

Table 1: Distribution of respondents by their job titles.

Job title	Frequency	Valid Percent	Cumulative Percent
Director	5	4.2	4.2
Marketing manager	17	14.4	18.6
IT Officer	23	19.5	38.1
Data entrant	22	18.6	56.8
Finance officer	12	10.2	66.9
Sales person	39	33.1	100.0
Total	118	100.0	

Source: *Primary Data 2022*

Table 1 showed that majority of the respondents (33.1) were sales persons, followed by IT officers (19.5%), data entrants (18.6%), marketing managers (14.4%), finance officers (10.2%) and directors (4.2%) respectively.

Department of the respondent

Table 2: Distribution of the respondents by their department

Department	Frequency	Valid Percent	Cumulative Percent
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Administration	23	19.5	19.5
HRM	38	32.2	51.7
IT	39	33.1	84.7
Security	3	2.5	87.3
Finance	15	12.7	100.0
Total	118	100.0	

Source: Primary data 2022

From Table 2 above, it is indicated that 19.5% of the respondents were from the Administration department, 32.2% from the Human resource department, 33.1% from the IT department, 2.5% from the security department (Ntirandekura & Christopher, 2022) and 12.7% from the finance department. Hence, the security department had the smallest proportion of the respondents while IT had the largest proportion of the respondents (Wegulo et al., 2023).

Number of years of the respondent in business

Table 3: Distribution of respondents by their number of years in Business

Number of years in business	Frequency	Valid Percent	Cumulative Percent
<1	9	7.6	7.6
1-3 years	30	25.4	33.1
4-6 years	31	26.3	59.3
7-9 years	23	19.5	78.8
10-12 years	16	13.6	92.4
13-14 years	8	6.8	99.2
15+ years	1	.8	100.0
Total	118	100.0	

Source: primary data 2022

From Table 3, it was noted that 7.6% of the respondents had been in business for less than one year; 25.4% had been in business for 1-3 years; 26.3% had been in business for 4-6 years; 19.5 had been in business for 7-9 years; 13.6% for 10-12 years; 6.6% for 13-14 years while .8% had been in business for 15 and more years. This implies that majority (26.3%) had been in business 4-6 years while the least (.8%) had been in business for atleast 15 years.

Table 4: Pearson Correlations Matrix

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Correlations	E-MKTG	E- MKTG channels	E-MKTG techniques	E-MKTG benefits	Growth of SMOs
Pearson Correlation	1	.920**	.938**	.844**	.790**
E-MKTG Sig. (2-tailed)(p)		.000	.000	.000	.000
N	118	118	118	118	118
E- Pearson Correlation(r)	.920**	1	.759**	.621**	.628**
MKTG Sig. (2-tailed)	.000		.000	.000	.000
channels N	118	118	118	118	118
E-MKTGPearson Correlation	.938**	.759**	1	.815**	.752**
techniqueSig. (2-tailed)	.000	.000		.000	.000
s N	118	118	118	118	118
E-MKTG Pearson Correlation	.844**	.621**	.815**	1	.854**
benefit Sig. (2-tailed)	.000	.000	.000		.000
N	118	118	118	118	118
Growth Pearson Correlation	.790**	.628**	.752**	.854**	1
of SMOs Sig. (2-tailed)	.000	.000	.000	.000	
N	118	118	118	118	118

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

Source:primary data 2022

To establish the relationship between E-marketing channels and growth of SMOs.

Table 4 indicated that there was a high and significant positive relationship between e-marketing channels and growth in SMOs since, $r = .920^{**} < .01$ and $p = .000 < .01$. This implied that a change in the e-marketing channels leads to a change in growth of SMOs in the same direction. Therefore, to enhance growth of SMOs, there is need to ensure there are clearly defined e-marketing channels. If $.1 < r \leq .3$, it implied that there was a medium positive relationship while those which show Pearson correlations of such that $.3 < r \leq .5$ imply that there was larger positive relationship between the attributes (Nelson et al., 2023).

It is important to note that the diagonal correlation values are such that $r = 1$, because the relationship between a variable and itself is perfect.

Relationship between E-marketing techniques and growth of SMOs.

Table 4 showed that there was high and significant positive relationship between e-marketing techniques and growth of SMOs since $r = .938$, $p = .000 < .01$. As the e-marketing techniques changes, the growth of SMOs changes in the

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same direction. Thus, to enhance growth of SMOs, there is need for the pride microfinance to ensure improved e-marketing techniques. Therefore, pride microfinance should ensure that the e-marketing techniques are well designed and appropriately applied (Moses et al., 2023).

Relationship between benefits of E-marketing and growth of SMOs

Table 4 showed that the correlation between e-marketing benefits and growth of SMOs is such that $r=.844$ and $p=.000<.01$. This implies that generally, e-marketing benefits and growth of SMOs were positively correlated. The significant value $p = .000 < .01$, implied that the relationship between e-marketing benefits and growth of SMOs was significant (K. Paul et al., 2023).

Relationship between E-marketing and growth of SMOs

From Table 4 it was observed that the relationship between e-marketing and growth of SMOs was such that $r=.790$ and $p= .000<.01$. This implies that there was a high positive and significant relationship between e-marketing and growth of SMOs. Therefore, if pridemicrofinance is to have high growth, then there is need to ensure that e-marketing paid attention to. This further explained that e-marketing greatly impacts the growth of SMOs (Victor et al., 2023).

Regression analysis

Table 5: Regression Model for the study variables

Regression Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.190	2.177		-.546	.586
E- marketing channels	.098	.054	.131	1.808	.073
E-marketing techniques	.066	.096	.067	.685	.494
E-marketing benefits	1.122	.127	.718	8.833	.000

a. Dependent Variable: Small and medium sized organizations

R Square =.746

F Statistic = 111.856

Adjusted R Square =.740

Sig. F Statistic =.000

Predictors in the Model: (Constant), E-marketing channels, E-marketing techniques and E-marketing benefits).

Y=-1.190+B_iX_i

i = 1,2,3,4

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Table 5 showed that R Square = .746 was adjusted to .740 to provide for the potential errors in the raw data. This means that a combination of e-marketing channels, e-marketing techniques and e-marketing benefits accounted for only 74.0% variation in the growth of SMOs. The other 26% variation in the growth of SMOs was explained by other factors. This is because there are other factors other than the ones under study that influence growth of SMOs (Winny et al., 2023).

From Table 5, it was observed that all the independent variables were good and significant predictors, with e-marketing benefits being the best predictor because it had the highest Beta value (.718) (Alex & Kazaara, 2023). This is further supported by the sig. values ($p = .000 < .01$), followed by e-marketing channels and finally e-marketing techniques. Therefore, pride microfinance needs to give priority to e-marketing benefits then other factors next if growth of SMOs is to be achieved (Derrick et al., 2023).

Conclusions

It was observed that correlations between e-marketing techniques and growth of SMOs was positive and significant as evidenced by the values of “ r ” and “ p ” which are such that $r = .844$; $p = .000 < .01$ in the Table 4. Furthermore, considering Regression analysis in relation to second objective it was found out as shown in Table 5 that e-marketing contributed much less significantly compared to e-marketing channels to the explanation of the variation in growth of SMOs. Therefore, pride microfinance management needs to ensure that e-marketing techniques are available and the staff should use them appropriately.

Recommendations

The researcher recommended that the management of pride microfinance should put more resources into e-marketing for support the growth of the organization.

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